
A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by amending sections 402, 404, 405, 407, 408, 409 and 410 to provide for a Board of Directors to oversee the National Government Employees' Health Insurance Plan and National Government Employees' Health Insurance Fund, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 402 of title 52 of the Code of the Federated
2 States of Micronesia is hereby further amended to read as follows:

3 "Section 402. Definitions.

4 As used in this chapter:

5 (1) "Agency" means any municipal, State or National
6 Government public agency, institution or entity.

7 (2) "Board" or "Board of Directors" means the National
8 Government Employees' Health Insurance Plan Board of
9 Directors established under the provisions of this chapter.

10 ([2]3) "Business" means any quasi-public or private
11 business entity which is duly licensed to do business under,
12 and doing business under, the laws of the Federated States of
13 Micronesia or its political subdivisions, which is also a
14 participant in the social Security system of the Federated
15 States of Micronesia, and which has been qualified to
16 participate in the plan pursuant to the regulations
17 promulgated by the Director under section 409 of this
18 chapter.

1 ([3]4) "*Costs of administration*" means the following costs
2 of administering the plan:

3 (a) wages or salaries for personnel engaged in
4 administering the plan;

5 (b) necessary travel for personnel engaged in
6 administering the plan;

7 (c) costs and expenses for training of personnel
8 engaged in administering the plan;

9 (d) the costs of processing claims;

10 (e) the costs of printing informational booklets,
11 claim forms, and other necessary materials;

12 (f) the costs of necessary supplies and equipment;

13 (g) the costs of communications necessary to the
14 operation of the plan;

15 (h) the costs of professional services necessary to
16 the operation of the plan.

17 ([4]5) "*Dependents*" means:

18 (a) the members of an employee's immediate family,
19 including grandchildren, dependent parents, and dependent
20 parents-in-law.

21 [~~(5) "Director" means the Director of the Office of~~
22 ~~Administrative Services of the Federated States of~~
23 ~~Micronesia.]~~

24 (6) "*Employee*" means an employee of the National Government
25 of the Federated States of Micronesia, an employee of a

1 participating agency, or an employee of a participating
2 business.

3 (7) *Full-time employee*" means an employee who works at
4 least thirty-two hours of the regular and scheduled workweek.

5 (8) *"Full-time student"* means a student who currently
6 enrolled in classes totaling 12 or more semester units at an
7 accredited post-secondary educational institution.

8 (9) *"Participating agency"* or *"participating agencies"*
9 means any public agency, public institution or other public
10 entity, either municipal, State or National, participating in
11 the plan pursuant to section 403 of this chapter.

12 (10) *"Participating business"* or *"participating businesses"*
13 means any business entity, whether quasi-public or privately
14 owned, participating in the plan pursuant to section 403 of
15 this chapter.

16 (11) *"Plan"* means the National Government Employees' Health
17 Insurance Plan."

18 Section 2. Section 404 of title 52 of the Code of the Federated
19 States of Micronesia is hereby amended to read as follows:

20 "Section 404. Establishment of Employees' Health Insurance
21 Fund.

22 (1) There is established a National Government Employees'
23 Health Insurance Fund, (hereinafter 'Employees' Health
24 Insurance Fund') which shall be separate from the General
25 Fund or other funds. All sums appropriated by Congress

1 representing contributions of the National Government to the
2 plan, all sums representing contributions of participating
3 agencies to the plan, and all employee contributions to the
4 plan, shall be deposited in the Employees' Health Insurance
5 Fund. Any unexpended money in the Employees' Health
6 Insurance Fund shall not revert to the General Fund or lapse
7 at the end of the fiscal year, but shall remain in the
8 Employees' Health Insurance Fund.

9 (2) The [~~Director~~] Board of Directors shall have the sole
10 authority to administer the Employees' Health Insurance Fund
11 in accordance with regulations promulgated under this act.
12 The [~~Director~~] Board shall maintain this Employees' Health
13 Insurance Fund in a separate custodial trust account and may,
14 from time to time, invest such moneys that are in excess of
15 the amount deemed necessary for the operation of the plan
16 during the reasonable future. Such investments shall be
17 low-risk and made in consultation with the Secretary of the
18 Department of Finance. The investments shall at all times be
19 made so that all of the assets of the Employees' Health
20 Insurance Fund shall be readily convertible into cash when
21 needed for the purpose of this act. All income earned on
22 these investments shall be deposited into the Employees'
23 Health Insurance Fund."

24 Section 3. Section 405 of title 52 of the Code of the Federated
25 States of Micronesia is hereby amended to read as follows:

1 "Section 405. Premium contributions.
2 Employees participating in the plan shall contribute the
3 percentage of the premium not paid by their employer for
4 insurance under the plan. The National Government of the
5 Federated States of Micronesia shall contribute at least
6 fifty-two percent of the premium for eligible employees of
7 the National Government participating in the plan. Any
8 participating agency or participating business shall
9 contribute at least fifty-two percent of the premium for
10 their employees participating in the plan, or may at their
11 request contract with the [~~Director~~] Board to contribute more
12 than fifty-two percent."

13 Section 4. Section 407 of title 52 of the Code of the Federated
14 States of Micronesia is hereby amended to read as follows:

15 "Section 407. [~~Administration of the plan~~] Health Insurance
16 Plan Board of Directors.

17 [~~The plan shall be administered by the Director.~~]

18 (1) Creation. There is hereby established a National
19 Government Employees Health Insurance Plan Board of Directors
20 to oversee the Plan and the assets of the Employees' Health
21 Insurance Fund.

22 (2) Composition. The National Government Employees' Health
23 Insurance Plan Board of Directors shall consist of not less
24 than six (6) members, including one representative from each
25 State of the Federated States of Micronesia, who shall be

1 recommended by the Governor of the relevant State; one
2 representative from the National Government of the Federated
3 States of Micronesia; and the Chief Operating Officer of the
4 Plan. Each appointed member of the Board shall be appointed
5 by the President with the advice and consent of the Congress.
6 The Chief Operating Officer of the Plan shall serve ex
7 officio and as a non-voting member of the Board. All other
8 members of the Board shall be voting members of the Board.

9 (3) Terms. Each appointed member of the Board shall serve
10 for a period of three (3) years, except that initial
11 appointments to the Board shall be made as follows: two
12 members for a period of one year; two members for a period of
13 two years; and one member for a period of three years.
14 Successors to the first appointees hereunder shall be
15 appointed for terms of three years each. Vacancies other
16 than by expiration of term shall be filled by the President
17 by appointment, in the same manner as the original
18 appointment was made, for the unexpired term. Appointed
19 members shall not hold-over at the expiration of their terms,
20 but may be re-appointed to consecutive terms in the manner
21 set forth in this section.

22 (4) Organization. The Board shall provide for its own
23 organization and procedure, except that the Board shall, at a
24 minimum, designate a Chairman and a Secretary. The Secretary
25 shall keep all records of, and actions taken by, the Board.

1 These records shall be open to the public for public
2 inspection. The Secretary of Justice of the Federated States
3 of Micronesia shall act as legal advisor to the Board.

4 (5) Meetings. The Board shall meet at least once every 6
5 months. Meetings may be held at any time or place within the
6 FSM to be determined by the Board upon the call of the
7 Chairman or upon written request of any four (4) members.

8 All meetings shall be open to the public and public notice of
9 the time and place of such meetings shall be posted in public
10 places and shall be announced on radio and television
11 throughout the FSM and in newspapers of general circulation
12 in the FSM. Four (4) members of the Board shall constitute a
13 quorum for the transaction of business.

14 (6) Compensation. Members of the Board shall serve without
15 compensation as such, but shall be entitled to receive travel
16 costs and per diem at standard National Government rates when
17 actually attending Board meetings or engaged in the
18 performance of duties authorized by the Board. Any employee
19 of the National Government shall be granted leave with pay
20 when actually attending Board meetings or engaged in the
21 performance of duties authorized by the Board.

22 (7) General powers and duties.

23 (a) It shall be the responsibility of the Board to
24 promote the soundness, stability, growth and development of
25 the National Government Employees' Health Insurance Plan and

1 the National Government Employees' Health Insurance Fund. To
2 that end, the Board shall have overall responsibility for
3 administration of the Plan, PROVIDED, however, that day-to-
4 day operations of the Plan shall be the responsibility of the
5 Chief Operating Officer of the Plan. The Board shall have
6 such other powers and duties as may be necessary to carry out
7 the purposes of this chapter.

8 (b) Responsibility for the proper day-to-day operation
9 of the Plan shall be vested in the Chief Operating Officer
10 who shall have power to delegate duties and responsibilities
11 to such employees of the Plan as the Chief Operating Officer
12 deems feasible and desirable to carry out the provisions of
13 this chapter.

14 (c) The Board shall periodically consult with, and
15 seek the advice of, interested members of the public in each
16 respective State of the Federated States of Micronesia
17 regarding the operation of the Plan and shall endeavor to
18 ensure that such consultations are done with persons broadly
19 representative of actual and potential participants in the
20 Plan, including representatives of the medical profession and
21 participating businesses."

22 Section 5. Section 408 of title 52 of the Code of the Federated
23 States of Micronesia is hereby amended to read as follows:

24 "Section 408. Reporting.

25 [~~The Director~~] Prior to the commencement of each regular May

1 session of Congress, the Board, through the Chief Operating
2 Officer, shall prepare and submit to the President of the
3 Federated States of Micronesia and to the Speaker of the
4 Congress an annual report on the status of the plan [~~prior to~~
5 ~~the commencement of each regular May session of Congress~~].
6 This report shall include a statement of the amount of money
7 on deposit in the Employees' Health Insurance Fund as of the
8 date of the annual report, the amount of premiums collected
9 and interest earned during the preceding fiscal year, the
10 amount of money disbursed for claims during the preceding
11 fiscal year, the number of claims paid during the preceding
12 fiscal year, the costs of administration, and such other
13 information as the Director may deem appropriate."

14 Section 6. Section 409 of title 52 of the Code of the Federated
15 States of Micronesia is hereby amended to read as follows:

16 "Section 409. Promulgation of regulations.

17 (1) The [~~Director~~] Board, with the approval of the
18 President, shall promulgate regulations, pursuant to chapter
19 1 of title 17 of this code, governing the amount of the
20 premium for insurance under the plan, the procedure for
21 making claims under the plan, the amount and type of benefits
22 under the plan, the policy limits under the plan, and such
23 other matters as may be consistent with the contents and
24 purpose of this chapter, including the implementation of
25 those provisions of this chapter pertaining to participating

1 agencies and participating businesses.

2 (a) The [~~Director~~] Board shall promulgate no
3 regulation allowing a claim for benefits under the plan to be
4 denied on the grounds that the medical condition giving rise
5 to the claim existed before the person making the claim began
6 participating in the plan. Any such existing regulation is
7 hereby retroactively repealed for a period of six months from
8 the date this act becomes law.

9 (2) The plan may:

10 (a) provide, arrange for, pay for, or reimburse the
11 costs of medical, dental and vision treatment and care,
12 hospitalization, surgery, prescription drugs, medicine,
13 prosthetic appliances, out-patient care, and other medical
14 care benefits, in cash or the equivalent in medicines and
15 supplies;

16 (b) provide life insurance benefits;

17 (c) contract with private sector insurance companies
18 to provide benefits; and

19 (d) contract for other services as needed."

20 Section 7. Section 410 of title 52 of the Code of the Federated
21 States of Micronesia is hereby amended to read as follows:

22 "Section 410. Off-island medical referral.

23 (1) No payment shall issue for any off-island medical
24 referral unless:

25 (a) The procedure is one which must or may be

1 performed off-island under the standard medical referral
2 criteria, or cannot be effectively performed at the referring
3 hospital, and the referral conforms to all referral
4 procedures set forth in the regulations; or

5 (b) The [~~Director~~] Chief Operating Officer determines,
6 subject to review by the Board, that a medical emergency
7 existed, the necessary surgery or treatment could not have
8 been performed effectively at the referring hospital, and the
9 delay necessary to follow proper procedures would have
10 resulted in death or permanent serious damage to the health
11 of the patient; or

12 (c) The patient is outside of the Federated States of
13 Micronesia when a medical emergency arises, or is covered by
14 a supplemental or non-resident plan, as set forth in the
15 regulations."

16 (2) The [~~Director~~] Board shall consult with the Directors
17 of the member States' Health Services, and shall develop
18 standard medical referral criteria within six months of the
19 date this act becomes law, to be applied to all off-island
20 medical referrals."

21 Section 8. This act shall become law upon approval by the
22 President of the Federated States of Micronesia or upon its becoming
23 law without such approval.

24
25 Date: _____ Introduced by: _____

Dohsis Halbert