

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  
2 Federated States of Micronesia is hereby further amended to read  
3 as follows:

4           "Section 402.   Definitions.

5           As used in this chapter:

6           (1) 'Administrator' means the National Government  
7 Employees' Health Insurance Plan Administrator  
8 established by the provisions of this chapter.

9           (2) 'Agency' means any municipal, State or  
10 National Government public agency, institution or  
11 entity.

12           (3) 'Board' or 'Board of Directors' means the  
13 National Government Employees' Health Insurance Plan  
14 Board of Directors established under the provisions of  
15 this chapter.

16           (4) 'Business' means any quasi-public or private  
17 business entity which is duly licensed to do business  
18 under, and is doing business under, the laws of the  
19 Federated States of Micronesia or its political

1 subdivisions, which is also a participant in the Social  
2 Security system of the Federated States of Micronesia,  
3 and which has been qualified to participate in the plan  
4 pursuant to the regulations promulgated by the Director  
5 under section 409 of this chapter.

6 (5) 'Costs of administration' means the following  
7 costs of administering the plan:

8 (a) wages or salaries for personnel engaged in  
9 administering the plan;

10 (b) necessary travel for personnel engaged in  
11 administering the plan;

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

14 (d) the costs of processing claims;

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

17 (f) the costs of necessary supplies and  
18 equipment;

19 (g) the costs of communications necessary to the  
20 operation of the plan;

21 (h) the costs of professional services necessary  
22 to the operation of the plan.

23 (6) 'Dependents' means:

24 (a) the members of an employee's immediate  
25 family, including grandchildren, dependent parents, and

1 dependent parents-in-law.

2 (7) 'Employee' means an employee of the National  
3 Government of the Federated States of Micronesia, an  
4 employee of a participating agency, or an employee of a  
5 participating business.

6 (8) 'Full-time employee' means an employee who  
7 works at least thirty-two hours of the regular and  
8 scheduled workweek.

9 (9) 'Full-time student' means a student who  
10 currently enrolled in classes totaling 12 or more  
11 semester units at an accredited post-secondary  
12 educational institution.

13 (10) 'Participating agency' or 'participating  
14 agencies' means any public agency, public institution or  
15 other public entity, either municipal, State or  
16 National, participating in the plan pursuant to section  
17 403 of this chapter.

18 (11) 'Participating business' or 'participating  
19 businesses' means any business entity, whether quasi-  
20 public or privately owned, participating in the plan  
21 pursuant to section 403 of this chapter.

22 (12) 'Plan' means the National Government  
23 Employees' Health Insurance Plan."

24 Section 2. Section 404 of title 52 of the Code of the  
25 Federated States of Micronesia is hereby amended to read as

1 follows:

2 "Section 404. Establishment of Employees' Health  
3 Insurance Fund.

4 (1) There is established a National Government  
5 Employees' Health Insurance Fund, (hereinafter  
6 'Employees' Health Insurance Fund') which shall be  
7 separate from the General Fund or other funds. All sums  
8 appropriated by Congress representing contributions of  
9 the National Government to the plan, all sums  
10 representing contributions of participating agencies to  
11 the plan, and all employee contributions to the plan,  
12 shall be deposited in the Employees' Health Insurance  
13 Fund. Any unexpended money in the Employees' Health  
14 Insurance Fund shall not revert to the General Fund or  
15 lapse at the end of the fiscal year, but shall remain in  
16 the Employees' Health Insurance Fund.

17 (2) The Board of Directors shall have the sole  
18 authority to administer the Employees' Health Insurance  
19 Fund in accordance with regulations promulgated under  
20 this act. The Board shall maintain this Employees'  
21 Health Insurance Fund in a separate custodial trust  
22 account and may, from time to time, invest such moneys  
23 that are in excess of the amount deemed necessary for  
24 the operation of the plan during the reasonable future.  
25 Such investments shall be low-risk and made in

1           consultation with the Secretary of the Department of  
2           Finance. The investments shall at all times be made so  
3           that all of the assets of the Employees' Health  
4           Insurance Fund shall be readily convertible into cash  
5           when needed for the purpose of this act. All income  
6           earned on these investments shall be deposited into the  
7           Employees' Health Insurance Fund."

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

11                 "Section 405. Premium contributions.

12           Employees participating in the plan shall contribute the  
13           percentage of the premium not paid by their employer for  
14           insurance under the plan. The National Government of  
15           the Federated States of Micronesia shall contribute at  
16           least fifty-two percent of the premium for eligible  
17           employees of the National Government participating in  
18           the plan. Any participating agency or participating  
19           business shall contribute at least fifty-two percent of  
20           the premium for their employees participating in the  
21           plan, or may at their request contract with the Board to  
22           contribute more than fifty-two percent."

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

1           "Section 407. Health Insurance Plan Board of Directors  
2           and Administrator.

3           (1) Creation. There is hereby established a National  
4           Government Employees' Health Insurance Plan Board of  
5           Directors to oversee the Plan and the assets of the  
6           Employees' Health Insurance Fund. There is also hereby  
7           established a new full-time position of National  
8           Government Employees' Health Insurance Plan  
9           Administrator. The Administrator shall be appointed by  
10          the Board.

11          (2) Composition. The National Government Employees'  
12          Health Insurance Plan Board of Directors shall consist  
13          of not less than seven (7) members, including one  
14          representative from each State of the Federated States  
15          of Micronesia, who shall be recommended by the Governor  
16          of the relevant State; one representative from the  
17          National Government of the Federated States of  
18          Micronesia; one representative from the private  
19          healthcare sector; and the Administrator. Each  
20          appointed member of the Board shall be appointed by the  
21          President with the advice and consent of the Congress.  
22          The Administrator shall serve as ex officio member of  
23          the Board. All members of the Board shall be voting  
24          members of the Board.

25          (3) Terms. Each appointed member of the Board shall

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

14           (4) Organization. The Board shall provide for its own  
15          organization and procedure, except that the Board shall,  
16          at a minimum, designate a Chairman and a Secretary. The  
17          Secretary shall keep all records of, and actions taken  
18          by, the Board. These records shall be open to the  
19          public\_for public inspection. The Secretary of Justice  
20          of the\_Federated States of Micronesia shall act as legal  
21          advisor to the Board.

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

1 four (4) members. All meetings shall be open to the  
2 public and public notice of the time and place of such  
3 meetings shall be posted in public places and shall be  
4 announced on radio and television throughout the FSM and  
5 in newspapers of general circulation in the FSM. Four  
6 (4) members of the Board shall constitute a quorum for  
7 the transaction of business.

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

17 (7) General powers and duties.

18 (a) It shall be the responsibility of the Board  
19 to promote the soundness, stability, growth and  
20 development of the National Government Employees' Health  
21 Insurance Plan and the National Government Employees'  
22 Health Insurance Fund. To that end, the Board shall  
23 have overall responsibility for administration of the  
24 Plan, PROVIDED, however, that day-to-day operations of  
25 the Plan shall be the responsibility of Administrator.



1           The Board shall have such other powers and duties as may  
2           be necessary to carry out the purposes of this chapter.

3                   (b) Responsibility for the proper day-to-day  
4           operation of the Plan shall be vested in Administrator  
5           who shall have power to delegate duties and  
6           responsibilities to such employees of the Plan as the  
7           Administrator deems feasible and desirable to carry out  
8           the provisions of this chapter.

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

17                   (8) Time for Implementation.

18                   (a) All nominations for all positions on the  
19          Board shall be transmitted to Congress within ninety  
20          (90) days of the date this act becomes law.

21                   (b) The Board shall appoint an Administrator  
22          within 90 days of the date all Board members have been  
23          appointed by Congress. If no Administrator is appointed  
24          within this time, the Board shall submit to Congress a  
25          detailed account of the steps it is taking to appoint an

1 Administrator and the reasons why it has not done so.

2 (c) Immediately upon the appointment of the  
3 Administrator, all employees of the Plan who hold a job  
4 title containing the word 'Chief' shall be given a new  
5 job title and the word 'Chief' shall be deleted from the  
6 job title.

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

10 "Section 408. Reporting.  
11 Prior to the commencement of each regular May session of  
12 Congress, the Board, through the Administrator, shall  
13 prepare and submit to the President of the Federated  
14 States of Micronesia and to the Speaker of the Congress  
15 an annual report on the status of the plan. This report  
16 shall include a statement of the amount of money on  
17 deposit in the Employees' Health Insurance Fund as of  
18 the date of the annual report, the amount of premiums  
19 collected and interest earned during the preceding  
20 fiscal year, the amount of money disbursed for claims  
21 during the preceding fiscal year, the number of claims  
22 paid during the preceding fiscal year, the costs of  
23 administration, and such other information as the Board  
24 may deem appropriate."

25 Section 6. Section 409 of title 52 of the Code of the

1 Federated States of Micronesia is hereby amended to read as  
2 follows:

3 "Section 409. Promulgation of regulations.

4 (1) The Board, with the approval of the President,  
5 shall promulgate regulations, pursuant to chapter 1 of  
6 title 17 of this code, governing the amount of the  
7 premium for insurance under the plan, the procedure for  
8 making claims under the plan, the amount and type of  
9 benefits under the plan, the policy limits under the  
10 plan, and such other matters as may be consistent with  
11 the contents and purpose of this chapter, including the  
12 implementation of those provisions of this chapter  
13 pertaining to participating agencies and participating  
14 businesses.

15 (a) The Board shall promulgate no regulation  
16 allowing a claim for benefits under the plan to be  
17 denied on the grounds that the medical condition giving  
18 rise to the claim existed before the person making the  
19 claim began participating in the plan. Any such  
20 existing regulation is hereby retroactively repealed for  
21 a period of six months from the date this act becomes  
22 law.

23 (2) The plan may:

24 (a) provide, arrange for, pay for, or reimburse  
25 the costs of medical, dental and vision treatment and

1 care, hospitalization, surgery, prescription drugs,  
2 medicine, prosthetic appliances, out-patient care, and  
3 other medical care benefits, in cash or the equivalent  
4 in medicines and supplies;

5 (b) provide life insurance benefits;

6 (c) contract with private sector insurance  
7 companies to provide benefits; and

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

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

12 "Section 410. Off-island medical referral.

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

15 (a) The procedure is one which must or may be  
16 performed off-island under the standard medical referral  
17 criteria, or cannot be effectively performed at the  
18 referring hospital, and the referral conforms to all  
19 referral procedures set forth in the regulations; or

20 (b) The Administrator that a medical emergency  
21 existed, the necessary surgery or treatment could not  
22 have been performed effectively at the referring  
23 hospital, and the delay necessary to follow proper  
24 procedures would have resulted in death or permanent  
25 serious damage to the health of the patient; or



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