A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, by amending sections 401 to 409, to realign the name of the Plan, through clarify the roles of the Administrator, and to expand the eligibility requirements, and for other purposes.

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

Section 1. Section 401 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

“Section 401. Short Title. This chapter shall be known as the ‘[National Government Employees’] MiCare Health Insurance Plan Act of 1984.’

Section 2. Section 402 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

“Section 402. Definitions. As used in this chapter:

(1) “Administrator” means the Administrator appointed by the Board of Directors of [National Government Employees’] MiCare Health Insurance Plan [Administrator] established by the provisions of this chapter.

(2) “Agency” means any municipal, State or National Government public agency, institution or entity.

(3) “Board” or “Board of Directors” means the [National Government Employees’] MiCare Health Insurance
Plan Board of Directors established under the provisions of this chapter.

(4) “Business” means any quasi-public or private business entity which is duly licensed to do business under, and doing business under, the laws of the Federated States of Micronesia or its political subdivisions, which is also a participant in the Social Security system of the Federated States of Micronesia, and which has been qualified to participate in the [plan] MiCare Health Insurance Plan pursuant to the regulations promulgated by the Board of Directors under section 409 of this chapter.

(5) “Costs of administration” means the following costs of administering the Plan:

(a) wages or salaries for personnel engaged in administering the Plan;

(b) necessary travel for personnel engaged in administering the Plan;

(c) costs and expenses for training of personnel engaged in administering the Plan;

(d) the costs of processing claims;

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

(f) the costs of necessary supplies and equipment;
(g) the costs of communications necessary to the operation of the Plan;

(h) the costs of professional services necessary to the operation of the Plan.

(6) “Dependents” means the members of an employee’s immediate family, including grandchildren, dependent parents, and dependent parents-in-law.

(7) “Employee” means an employee of the National Government of the Federated States of Micronesia, an employee of a participating agency, or an employee of a participating business.

(8) “Full-time employee” means an employee who works at least 32 hours of the regular and scheduled workweek.

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

(10) “Participating agency” or “participating agencies” means any public agency, public institution or other public entity, either municipal, State or National, participating in the Plan pursuant to section 403 of this chapter.

(11) “Participating business” or “participating businesses” means any business entity, whether quasi-public or privately owned, participating in the Plan pursuant to section 403 of this chapter.
"Plan" means the MiCare Health Insurance Plan."

Section 3. Section 403 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

"Section 403. Eligibility.

(1) All full-time employees of the National Government of the Federated States of Micronesia shall participate in the Plan.

(2) Other persons who may participate in the Plan are:

(a) The full-time employees of each participating agency and business which has entered into a contract with the Plan [the Director, as administrator of the,] whereby such agencies or businesses have agreed to participate in the Plan.

(b) The dependents of full-time employees of the National Government, participating agencies and participating businesses;

(c) Members of an employee’s household who are dependent upon the employee, but are not otherwise defined as “dependents” under the provisions of this Act, if the employee pays 100 percent of the premiums for such persons to the Plan;

(d) Government employees whose State or agency does not participate in the Plan, and their dependents,
if they pay 100 percent of the premiums for themselves
and the dependents to the Plan;

(e) Former enrollees in the Plan, and their
dependents, if they pay 100 percent of the premiums for
themselves and their dependents to the Plan; and

(f) Full-time students enrolled at any
postsecondary institution in the FSM, if the
postsecondary institution has entered into a contract of
participation with the Plan and the students pay 100
percent of the premium for themselves to the Plan.

(g) Individuals who were previously enrolled in
the Plan as dependents of primary enrollees if they pay
100 percent of the premiums.”

Section 4. Section 404 of title 52 of the Code of the
Federated States of Micronesia (Annotated), as amended, is hereby
amended to read as follows:

“Section 404. Establishment of [Employees’] MiCare
Health Insurance Fund.

(1) There is established a [National Government
Employees’] MiCare Health Insurance Fund, (hereinafter
MiCare [‘Employees’] Health Insurance Fund) which shall
be separate from the General Fund or other funds. All
sums appropriated by Congress representing contributions
of the National Government to the Plan, all sums
representing contributions of participating agencies and
participating businesses to the Plan, and all employee contributions to the Plan, shall be deposited in the [Employees’] MiCare Health Insurance Fund. Any unexpended money in the [Employees’] MiCare Health Insurance Fund shall not revert to the General Fund or lapse at the end of the fiscal year, but shall remain in the [Employees’] MiCare Health Insurance Fund.

(2) The Board of Directors shall have the sole authority to administer the [Employees’] MiCare Health Insurance Fund in accordance with regulations promulgated under this Act. The Board shall maintain this [Employees’] MiCare Health Insurance Fund in a separate custodial trust account and may, from time to time, invest such moneys that are in excess of the amount deemed necessary for the operation of the Plan during the reasonable future. Such investments shall be low-risk and made in consultation with the Secretary of the Department of Finance. The investments shall at all times be made so that all of the assets of the [Employees’] MiCare Health Insurance Fund shall be readily convertible into cash when needed for the purpose of this Act. All income earned on these investments shall be deposited into the [Employees’] MiCare Health Insurance Fund.”

Section 5. Section 405 of title 52 of the Code of the
Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

"Section 405. Premium Contributions.

Employees participating in the Plan shall contribute the percentage of the premium not paid by their employer for insurance under the Plan. The National Government of the Federated States of Micronesia shall contribute at least 52 percent of the premium for eligible employees of the National Government participating in the Plan. Any participating agency or participating business shall contribute at least 50 percent of the premium for their employees participating in the Plan, or may at their request contract with the Board to contribute more than 50 percent. All contributions, including premium contributions by participating agencies, individual insureds and participating businesses shall be deposited in the MiCare Health Insurance Fund on a timely bi-weekly basis or monthly basis, or at any timely intervals or frequency as required by Regulations of the Board."

Section 6. Section 406 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

"Section 406. Disposition of Fund.

All money deposited in the [Employees'] MiCare Health
Insurance Fund shall be used to pay claims, except that a sum representing not more than ten percent (10%) of the estimated income for that year from contributions and income on investments may be expended for costs of administration.”

Section 7. Section 407 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

“Section 407. Health Insurance Plan Board of Directors and Administrator.

(1) Creation. There is hereby established a [National Government Employees’ Health Insurance Plan] Board of Directors to oversee and govern the Plan [and the assets of the Employee’s Health Insurance and MiCare Health Insurance Fund established under section 404. There is also hereby established [a new] the Administrator’s full-time position [of National Government Employees’] for the MiCare Health Insurance Plan [Administrator]. The Administrator shall be appointed by the Board and serve at the pleasure of the Board. The Administrator [shall serve at the pleasure of the Board of Directors and] shall be exempt from the provisions of the National Public Service System Act.

(2) Composition. The [National Government Employees’] MiCare Health Insurance Plan Board of
Directors shall consist of not less than seven members, including one representative from each State of the Federated States of Micronesia, who shall be recommended by the Governor of the relevant State; one representative from the National Government of the Federated States of Micronesia; one representative from the private sector; and the Administrator. Each appointed member of the Board shall be appointed by the President with the advice and consent of the Congress. The Administrator shall serve as ex officio member of the Board. All members of the Board shall be voting members of the Board.

(3) Terms. Each appointed member of the Board shall serve for a period of three years, except that initial appointments to the Board shall be made as follows: two members for a period of one year; two members for the period of two years; and two members for a period of three years. Successor to the first appointees hereunder shall be appointed for terms of three years each. Vacancies other than by expiration of term shall be filled by the President by appointment, in the same manner as the original appointment was made, for the unexpired term. Appointed members shall not hold-over at the expiration of their terms, but may be reappointed to consecutive terms in the manner set forth in this
(4) **Organization.** The Board shall provide for its own organization and procedure, except that the Board shall, at a minimum, designate a Chairman and a Secretary. The Secretary shall keep all records of, and actions taken by, the Board. These records shall be open to the public for public inspection. The Secretary of Justice of the Federated States of Micronesia shall act as legal advisor to the Board.

(5) **Meetings.** The board shall meet at least once every six months. Meetings may be held at any time or place within the FSM to be determined by the Board upon the call of the Chairman or upon written request of any four members. All meetings shall be open to the public and public notice of the time and place of such meetings shall be posted in public places and shall be announced on radio and television throughout the FSM and in newspapers of general circulation in the FSM, provided such meetings are matters of public information and shall not relate to matters that reveal confidentiality of health records of a member of the Plan. Four members of the Board shall constitute a quorum for the transaction of business.

(6) **Compensation.** Members of the Board shall be paid at a rate established by the Board when actually
performing their duties under this chapter; provided
that officials and employees of the State governments or
the Government of the Federated States of Micronesia who
are members of the Board shall not receive any
compensation. All members shall be entitled to receive
travel costs and per diem at standard National
Government rates when actually attending Board meetings
or engaged in the performance of duties authorized by
the Board. Any employee of the National Government
shall be granted leave with pay when actually attending
Board meetings or engaged in the performance of duties
authorized by the Board.

(7) General powers and duties.

(a) It shall be the responsibility of the Board
to promote the soundness, stability, growth and healthy
development of the National Government Employees’ Plan
and the National Government Employees’ MiCare Health
Insurance Fund. To that end, the Board shall have
overall responsibility for administration of the Plan
and Fund, PROVIDED, however, that day-to-day operations
of the Plan shall be the responsibility of
Administrator. The Board shall have such other powers
and duties as may be necessary to carry out the purpose
of this chapter.

(b) Responsibility for the proper day-to-day
operation of the Plan shall be vested in Administrator
who shall have power to establish contractual service
arrangements with healthcare providers, to determine
types and forms of services, to oversee the financial
accounting and auditing responsibilities, and to
delegate duties and responsibilities to such employees
of the Plan as the Administrator deems feasible and
desirable to carry out the provisions of this chapter.

(c) The Board shall periodically consult with,
and seek the advice of, interested members of relevant
government authorities, the public in each respective
State of the Federated States of Micronesia regarding
the operation, safety, soundness, protection, and
survivability of the Plan and shall endeavor to ensure
that such consultations are done with persons broadly
representative of actual and potential participants in
the Plan, including representatives of the medical
profession and participating businesses.

(d) Plan shall conduct claim audit to identify
possible claim frauds and abuses, and findings shall be
reported to the Board of Directors, to the Office of the
Public Auditor of the Federated States of Micronesia and
the Department of Justice of the Federated States of
Micronesia for appropriate review and action.

(e) If the result of the investigation is
conclusive that the insured or provider engaged in insurance fraud activity, the Plan may terminate the insurance policy and institute means to recover any or all of the expenses it incurred, or in the case of a provider, the Plan may terminate its agreement with the provider and institute means and mechanism to recover any or all payments made to the provider.

(f) Plan shall establish a formulary with prices of all covered medicine and pharmaceutical supplies.
Likewise, a Relative Unit Value (RUV) schedule shall be established and updated from time to time as required to guide the costs of medical services covered under the Plan;

(8) Time for Implementation.

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

(b) The Board shall appoint an Administrator within 90 days of the date all Board members have been appointed by Congress. If no Administrator is appointed within this time, the Board shall submit to Congress a detailed account of the steps it is taking to appoint an Administrator and the reasons why it has not done so.

(c) Immediately upon the appointment of the Administrator, all employees of the Plan who hold a job
title containing the word “Chief” shall be given a new job title and the word “Chief” shall be deleted from the job title."

Section 8. Section 408 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:

"Section 408. Reporting.

Prior to the commencement of each regular May session of Congress, the Administrator through the Board, shall prepare and submit to the President of the Federated States of Micronesia and to the Speaker of the Congress an annual report on the status of the Plan. This report shall include a statement of the amount of money on deposit in the [Employees’ Health Insurance] MiCare Health Insurance Fund as of the date of the annual report, the amount of premiums collected and interest earned during the preceding fiscal year, the amount of money disbursed for claims during the preceding fiscal year, the number of claims paid during the preceding fiscal year, the costs of administration, and such other information as the Board may deem appropriate."

Section 9. Section 409 of title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended to read as follows:
"Section 409. Promulgation of regulations.

(1) The Board, with the approval of the President, shall promulgate regulations, pursuant to chapter 1 of title 17 [of this code] of the Code of the Federated States of Micronesia, governing the amount and payment for insurance [of the] premium for insurance under the Plan, the procedure for making claims under the Plan, the amount and type of benefits under the Plan, the policy limits, exclusions, conditions, and coverages under the Plan, and such other matters as may be consistent with the contents and purpose of this chapter, including the implementation of those provisions of this chapter pertaining to participating agencies and participating businesses.

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

(2) The Plan may:

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

(b) provide life insurance benefits;

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

(d) contract for other services as needed."

Section 10. This act shall become law upon approval by the President of the Federated States of Micronesia or upon becoming law without such approval.