To further amend title 52 of the Code of the Federated States of Micronesia, as amended, by further amending section 402, as amended by Public Laws Nos. 7-16 and 8-53, for the purpose of redefining the category of employees' dependents eligible for coverage under the National Health Insurance Plan, and defining businesses which may participate in the plan; by further amending section 403, as amended by Public Law No. 8-53, for the purpose of making the participation of National Government employees discretionary, and further identifying persons eligible to be insured under the plan; by further amending section 405, as amended by Public Law No. 8-53, for the purpose of broadening the definition of entities eligible to participate in the plan; by further amending section 409, as amended by Public Law No. 8-53, for the purpose of extending the Director's authority to promulgate regulations to participating businesses; 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 States of Micronesia, as amended by Public Laws Nos. 7-16 and 8-53, is hereby further amended to read as follows:

4 "Section 402. Definitions. As used in this chapter:

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

8 (2) '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 pursuant to the regulations promulgated by the Director under section 409 of this chapter.

16 (3) 'Costs of administration' means the following costs of administering the plan:

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

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

21 (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.

(4) 'Dependents' means:

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

(5) 'Director' means the Director of the Office of Administrative Services of the Federated States of Micronesia.

(6) '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.

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

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

(9) '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.

(10) '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.

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

Section 2. Section 403 of title 52 of the Code of the Federated
States of Micronesia, as amended by Public Law No. 8-53, is hereby
further amended to read as follows:

"Section 403. Eligibility.

(1) All full-time employees of the National Government of
the Federated States of Micronesia may 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
Director, as administrator of the plan, 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 their dependents
to the plan; and
(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."

Section 3. Section 405 of title 52 of the Code of the Federated
States of Micronesia, as amended by Public Law No. 8-53, is hereby
further 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 fifty-two 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 fifty-two percent of the premium for
their employees participating in the plan, or may at their
request contract with the Director to contribute more than
fifty-two percent."

Section 4. Section 409 of title 52 of the Code of the Federated
States of Micronesia, as amended by Public Law No. 8-53, is hereby
further amended to read as follows:
"Section 409. Promulgation of regulations.

(1) The Director, with the approval of the President, shall promulgate regulations, pursuant to chapter 1 of title 17 of this Code, governing the amount 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 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 Director 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 5. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

February 7, 1995

Bailey Olter
President
Federated States of Micronesia