EIGHTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST REGULAR SESSION, 1993

CONGRESSIONAL BILL NO. B-76, C.D.1, C.D.2

PUBLIC LAW NO. 8 - 53

AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-21, 6-114, 7-16, 7-90 and 7-121, by amending sections 403, 404, 405, 407, 408, and 409; by further amending section 402, as amended by Public Law No. 7-16; by further amending section 406, as amended by Public Law No. 6-114; and by adding a new section 410 to improve the Plan and to provide the Director with the necessary flexibility; and for other purposes.

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

Section 1. Section 402 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Law No. 7-16, is hereby further amended to read as follows:

"Section 402. Definitions. As used in this chapter:
(1) 'Agency' means any municipal, State or National Government public agency, institution or entity.
(2) '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."
(3) 'Dependents' means the employee's:
   (a) lawful spouse;
   (b) dependent children who are less than
   22 years of age;
   (c) dependent children with disabilities regardless
   of age, who are physically or mentally incapable of earning
   a living and who have been continuously incapacitated
   and dependent on the insured employee from the limiting
   age of 22; and
   (d) dependent parents.

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

(5) 'Employee' means an employee of the National
Government of the Federated States of Micronesia or an
employee of a participating agency.

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

(7) '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.

(8) '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 is hereby amended to read as follows:

"Section 403. Eligibility. All full-time employees of the National Government of the Federated States of Micronesia shall participate in the plan. In addition, the Director, as administrator of the plan, may contract with other agencies so that all full-time employees of each such participating agency may be insured under the plan. The dependents of employees may be insured under the plan. Government employees whose State or agency does not participate in the plan, and their dependents, may be insured under the plan if they pay 100 percent of the premiums for themselves and their dependents to the plan."

Section 3. Section 404 of title 52 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

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

(1) There is established a National Government Employees' Health Insurance Fund, (hereinafter '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 to the plan, and all employee contributions to the plan, shall be deposited in the
Employees' Health Insurance Fund. Any unexpended money in
the Employees' 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' Health Insurance Fund.

(2) The Director shall have the sole authority to
administer the Employees' Health Insurance Fund in
accordance with regulations promulgated under this act. The
Director shall maintain this Employees' 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' 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'
Health Insurance Fund."

Section 4. Section 405 of title 52 of the Code of the Federated
States of Micronesia 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 fifty-two percent of the premium for
eligible employees of the National Government participating
in the plan. Any participating agency shall contribute at
least fifty-two percent of the premium for the participating
agency’s employees participating in the plan, or may at its
request contract with the Director to contribute more than
fifty-two percent."

Section 5. Section 406 of title 52 of the Code of the Federated
States of Micronesia, as amended by Public Law No. 6-114, is hereby
further amended to read as follows:

"Section 406. Disposition of fund.

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

(2) The Employees’ Health Insurance Fund shall
maintain a separate account for each of the States, which
shall include all contributions from that State, plus
interest, minus administrative costs. A State’s account may
not be charged for any services rendered to a member who
resides in any other State, unless, in the case of a State-
wide emergency, both States transmit their agreement in
writing to the Plan Director.

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(3) If a State's premium payments are current, the Plan may use any amount which remains in a State's account at the end of the fiscal year, and which exceeds 25 percent of the total premium paid by that State in that fiscal year, to purchase hospital supplies, equipment or medicines for that State's hospital."

Section 6. Section 407 of title 52 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 407. Administration of the plan. The plan shall be administered by the Director."

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

"Section 408. Reporting. The Director shall prepare and submit an annual report on the status of the plan prior to the commencement of each regular May session of Congress. This report shall include a statement of the amount of money on deposit in the Employees' 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 Director may deem appropriate."

Section 8. Section 409 of title 52 of the Code of the Federated States of Micronesia is hereby amended to read as follows:
"Section 409. Promulgation of regulations. 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. The plan may 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, and may provide life insurance benefits. The plan may contract with private sector insurance companies to provide benefits, and may contract for other services as needed."

Section 9. Title 52 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 410 to read as follows:

"Section 410. Off-island medical referral.

(1) No payment shall issue for any off-island medical referral unless:
(a) The procedure is one which must or may be performed off-island under the standard medical referral criteria, or cannot be effectively performed at the referring hospital, and the referral conforms to all referral procedures set forth in the regulations; or 

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

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

(2) The Director shall consult with the Directors of the member States' Health Services, and shall develop standard medical referral criteria within six months of the date this act becomes law, to be applied to all off-island medical referrals."
Section 10. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

________________________, 1994

Bailey Olter
President
Federated States of Micronesia