

I MINA' TRENTAI UNO NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION

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CJSM

Bill No. 29-3 (COR)

Introduced By:

B.J.F. Cruz
T.R. Muña Barnes

RELATIVE TO AMENDING §26208 OF TITLE 11 OF THE GUAM CODE ANNOTATED TO INCREASE DEPOSITS TO THE GUAM MEMORIAL HOSPITAL AUTHORITY PHARMACEUTICALS FUND FROM FOUR PERCENT (4%) TO SIX AND ONE-HALF PERCENT (6.5%) OF BUSINESS PRIVILIGE TAXES AND TO REQUIRE THE IMPLEMENTATION OF ZERO BASED BUDGETING AT THE GUAM MEMORIAL HOSPITAL AUTHORITY

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Intent.** It is the finding of *I Liheslaturan*
3 *Guåhan* that the fiscal instability of the Guam Memorial Hospital continues
4 to negatively impact patient care. Periodic shortages in medicine and
5 medical supplies must be eliminated to maintain accreditation. It is the intent
6 of *I Liheslaturan Guåhan* to provide the Guam Memorial Hospital Authority
7 with an incentive to reform its financial management by increasing deposits
8 of Business Privilege Taxes into the *Guam Memorial Hospital Authority*
9 *Pharmaceutical Fund* from Four percent (4%) to Six and One-half percent
10 (6.5%) and requiring 'Zero-Based Budgeting' to maintain this increase in
11 funding. The adoption of Zero-Based Budgeting will increase accountability
12 in the financial management of the hospital.

13 **Section 2.** §26208 of Title 11 of the Guam Code Annotated is

1 *amended* to read as follows:

2 **“§26208. Creation of the Guam Memorial Hospital**
3 **Authority Pharmaceuticals Fund.** (a) There is hereby created,
4 separate and apart from other funds of the government of Guam, a
5 fund known as the “Guam Memorial Hospital Authority
6 Pharmaceuticals Fund.” This Fund *shall not* be commingled with the
7 General Fund and *shall* be kept in a separate bank account of which
8 GMHA will be authorized to withdraw from the funds. Four percent
9 (4%) of all Business Privilege Taxes collected in Guam *shall* be
10 deposited in the Guam Memorial Hospital Authority Pharmaceuticals
11 Fund and *shall* be appropriated by *I Liheslaturan Guåhan* to fund all
12 pharmaceutical, drug, medical supplies, medical equipment, blood and
13 blood products, and medicine requirements for Guam Memorial
14 Hospital. The Department of Administration *shall* deposit, on the last
15 day of each month, a sum equal to four percent (4%) of all Business
16 Privilege Taxes collected for that month in the Guam Memorial
17 Hospital Authority Pharmaceuticals Fund. The Department of
18 Administration *shall* be required to first and foremost fund the Guam
19 Memorial Hospital Authority Pharmaceuticals Fund *prior to*
20 distribution to any other source in accordance with the provisions of
21 this requirement. The Guam Memorial Hospital Authority
22 Pharmaceutical Fund will *not* be subject to *I Maga’lahen Guåhan’s*
23 transfer authority or any method of withholding of appropriations that
24 may be imposed by the Bureau of Budget and Management Research
25 (BBMR).

26 (b) Beginning on March 1, 2011, the Department of
27 Administration shall increase the amounts of Business Privilege Taxes

1 deposited in the Guam Memorial Hospital Authority Pharmaceuticals
2 Fund from Four percent (4%) as authorized in subsection (a) to Six
3 and one-half percent (6.5%). Beginning with FY2012 and each fiscal
4 year thereafter, the Guam Memorial Hospital Authority shall utilize
5 'Zero-Based Annual Budgeting' for financial management and submit
6 such budgets to the Director of the Bureau of Budget and
7 Management Research for certification to maintain this funding level.
8 The amount of Business Privilege Taxes to be deposited in the Guam
9 Memorial Hospital Authority Pharmaceutical Fund shall revert to
10 Four percent (4%) for each fiscal year that certification is not
11 obtained.

12 (c) For purposes of subsection (b), 'Zero-Based Budget' is a
13 method of budgeting in which all expenses must be justified for each
14 new period. 'Zero-based budgeting' starts from a "zero base" and
15 every function within an organization is analyzed for its needs and
16 costs. Budgets are then built around what is needed for the upcoming
17 period, regardless of whether the budget is higher or lower than the
18 previous one."