

I MINA'BENTE SIETE NA LIHESLATURAN GUÑHAN
2005 (FIRST) REGULAR SESSION

Bill No. 108 (EC)

Introduced by:

Edward J.B. Calvo *EJC*

AN ACT TO ADD §26209 AND §26210 TO ARTICLE 2, CHAPTER 26, DIVISION 2 OF 11 GCA AND A NEW §28108.2 AND §28108.3 TO ARTICLE 2, CHAPTER 28, DIVISION 2 OF 11 GCA EARMARKING THE PROCEEDS FROM GROSS RECEIPTS TAX COLLECTIONS ON THE SALE OF MEDICINE, PHARMACEUTICALS, MEDICAL EQUIPMENT AND MEDICAL SUPPLY AS WELL AS THE PROVISION OF MEDICAL SERVICES AND USE TAX COLLECTIONS ON THE IMPORTATION OF MEDICAL EQUIPMENT AND MEDICAL SUPPLIES AND TO ADD §80119 TO DIVISION 4, CHAPTER 80, 10 GCA ESTABLISHING THE "GUAM MEMORIAL HOSPITAL IMPROVEMENT FUND" TO IMPROVE, MODERNIZE, EXPAND OR CONSTRUCT NEW HEALTH CARE FACILITIES AND FOR THE PURCHASE OF NEW MEDICAL EQUIPMENT FOR THE GUAM MEMORIAL HOSPITAL.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guñhan*
3 finds that the Guam Memorial Hospital ("GMHA") is the *only* full-care
4 civilian medical facility. Established in 1964 as a government line agency and
5 becoming a non-profit public corporation under a Board of Trustees in 1977,

1 the hospital accepts every patient needing medical attention including those
2 who may *not* have the financial resources to pay for medical services. Its
3 “*open door policy*” in addition to the hospital’s difficulty in collecting
4 millions of dollars owed, surgeons refusing to take house calls, the
5 unavailability of prescription medication, and millions owed the Retirement
6 Fund has placed the hospital in an operational crisis. A decrease in General
7 Fund subsidies due to declining revenues and poor hospital collections have
8 made it difficult for the hospital to meet its current operations. Appropriations
9 in the last four (4) years have enabled limited investment to upgrade hospital
10 facilities, medical equipment and information technology but not at the pace
11 the hospital desires in providing quality of health care worthy to the people of
12 Guam.

13 Certain medical specialties that require specially equipped facilities and
14 staff are not available at the hospital. Gastroenterology, oncology, urology,
15 neurology, advance cardiology, orthopedic and gerontology services are
16 referred off-island. Government of Guam medical referral offices in Hawaii,
17 Los Angeles and the Philippines annually assist hundreds of local families and
18 patients for such specialized medical treatment.

19 *I Liheslaturan Guåhan* recognizes the importance to ensure that health,
20 education and public safety services continue to operate. *I Liheslaturan*

1 *Guåhan* finds that a dedicated income source will allow the Guam Memorial
2 Hospital Authority to purchase new medical equipment and expand its
3 facilities.

4 The Act proposes the creation of the “*Guam Memorial Hospital*
5 *Improvement Fund*” supported by Gross Receipts Tax (GRT) proceeds
6 collected on the sale of medicine, pharmaceuticals, medical equipment,
7 medical supply, medical services, importation of medical equipment and
8 medical supplies. The fund may also be used as a debt instrument towards
9 securing a bond or loan.

10 This Act will provide financial relief to the hospital in meeting with its
11 Accreditational objectives by enabling the hospital to purchase new medical
12 equipment or to construct and modernize its health care facilities. *I*
13 *Liheslaturan Guåhan* recognizes that the Act will alleviate a portion of the
14 financial burden placed upon the hospital ensuring that the people of Guam
15 receive quality medical care and services.

16 **Section 2. Gross Receipts Tax Collected for the Guam Memorial**
17 **Hospital.** A new §26209 is added to Article 2, Chapter 26, Division 2 of
18 11GCA to read:

19 **“§26209. Gross Receipts Tax Collected on the Sale of**
20 **Medicine, Pharmaceuticals, Medical Equipment, Medical Supplies,**

1 **and for Medical Services.** The proceeds identified within this Section
2 shall be deposited into the *Guam Memorial Hospital Improvement Fund*
3 on Gross Receipts Tax collected for services and for purchases made on
4 the following:

- 5 a. any medicine or medication, whether sold by prescription or
6 without prescription;
- 7 b. any pharmaceutical or medical supply;
- 8 c. any piece of medical equipment when such equipment is being
9 purchased by a patient for their own use;
- 10 d. any piece of medical equipment when such equipment is being
11 purchased by a hospital, doctor, doctor's office or practice,
12 medical clinic, medical center or medical treatment center for the
13 diagnosis or treatment of patients;
- 14 e. any piece of medical equipment when such equipment is being
15 purchased by a person donating such equipment for a patient's
16 use;
- 17 f. any services provided to a patient by an allied health
18 professional;
- 19 g. any domiciliary or respite care services provided to a patient by
20 an institution or caregiver; and

1 h. any services provided by a licensed physician to a patient.

2 For the purposes of this Section, a patient shall be defined as
3 someone who is receiving treatment or care, undergoing diagnosis for a
4 possible disease, malady, medical condition or disorder or a person
5 receiving treatment consequent to a prescription, referral or treatment
6 plan by a licensed physician, licensed
7 allied health professional or care giver.”

8 **Section 3. Creation of the Guam Memorial Hospital**
9 **Improvement Fund.** A new §80119 is added to Division 4, Chapter
10 80, 10 GCA to read:

11 **“§80119. Guam Memorial Hospital Improvement Fund.**

12 There is created separate and apart from all other accounts and funds
13 of the government of Guam, a special fund known as the “*Guam*
14 *Memorial Hospital Improvement Fund*” (hereinafter referred to as
15 the *Fund*). The *Fund* shall not be commingled with the General
16 Fund, any fund of the Guam Memorial Hospital or any other fund of
17 the government of Guam. All interest generated shall remain with
18 the *Fund*. Expenditures of the fund shall be by appropriation by *I*
19 *Liheslaturan Guåhan*. The following restrictions shall apply to the
20 *Fund*:

- 1 a. The *Fund* is hereby *excluded* from any transfer authority
2 given to *I Maga'lahaen Guåhan*. Any authorization, granting *I*
3 *Maga'lahaen Guåhan* authority to transfer funds categorically
4 or through a blanket authorization from *I Liheslaturan*
5 *Guåhan* from the Special Funds must reference the "*Guam*
6 *Memorial Hospital Improvement Fund*" as a source to allow
7 any transfer of funds to occur.
- 8 b. Appropriations made from the *Fund* shall be used solely for
9 capital expenses and improvements not limited to physical
10 plant improvements, new medical equipment, new medical
11 facilities, and new ancillary health facilities. The *Fund* may
12 be used to service debt payments of revenue bonds or loans
13 which may be issued to fund new construction or medical
14 equipment purchases.
- 15 c. The *Fund* shall not be used for any personnel expenses or for
16 the repair or maintenance of any capital equipment.
- 17 d. The Guam Memorial Hospital Authority, ninety (90) days
18 before the end of a fiscal year shall provide to *I Maga'lahaen*
19 *Guåhan*, the Speaker and Chairmen of the standing
20 committees of *I Liheslaturan Guåhan* having oversight over

1 the hospital and the budget of the government of Guam, a
2 capital outlay request for appropriation from the *Fund*.

3 e. Notwithstanding the general provisions of §22406 of 5 GCA,
4 which requires that unused and de-appropriated funds revert
5 to the General Fund, or any other provision of Guam law to
6 the contrary, any capital outlay appropriation by *I*
7 *Liheslaturan Guåhan* from the *Fund* shall be carried over onto
8 succeeding fiscal years until such capital project or capital
9 expenditure is completed.”

10 **Section 4. GRT Tax Procedures for the Guam Memorial Hospital**

11 **Improvement Fund.** A new §26210 is added to Article 2, Chapter 26,
12 Division 2 of 11GCA to read:

13 **“§26210. Gross Receipts Tax Collection Procedures for**
14 **the Guam Memorial Hospital Improvement Fund.** The Department
15 shall implement procedures for businesses on the collection of taxes
16 required by §26109.”

17 **Section 5. Use Tax Collected for the Guam Memorial Hospital.** A

18 new §28108.2 is added to Chapter 28, Article 2, Chapter 28, 11GCA to read:

19 **“§28108.2. Use Tax Collected on Medicine, Pharmaceuticals,**
20 **Medical Equipment, and Medical Supply.** Proceeds from the

1 collection of Use Tax for any medicine, pharmaceutical, medical
2 equipment and medical supply shall be deposited into the *Guam*
3 *Memorial Hospital Improvement Fund*”

4 **Section 6. Use Tax Procedures for the Guam Memorial Hospital**
5 **Improvement Fund.** A new §28108.3 is added to Article 2, Chapter 28,
6 Division 2 of 11GCA to read:

7 **“§28108.3. Use Tax Collection Procedures for the**
8 **Guam Memorial Hospital Improvement Fund.** The Department and
9 the Customs and Quarantine Agency shall implement Use Tax
10 collection procedures and forms for taxes collected pursuant to
11 §28108.2.”

12 **Section 7. Effective Date.** The provisions of this Act shall become
13 effective on July 1, 2005.

14 **Section 8. Severability.** *If* any provision of this Law or its
15 application to any person or circumstance is found to be invalid or contrary to
16 law, such invalidity shall *not* affect other provisions or applications of this
17 Law which can be given effect without the invalid provisions or application,
18 and to this end the provisions of this Law are severable.