



COMMITTEE ON RULES

I Mina'trentai Unu na Libeslaturan Guåhan • The 31st Guam Legislature
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Senator
vicente c. pangelinan

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Senator
Christopher M. Duenas

May 16, 2011

MEMORANDUM

To: Patricia C. Santos
Clerk of the Legislature

From: Rory J. Respicio
Chairperson, Committee on Rules

Subject: Written Testimonies -Bill No. 139-31 (COR)

Hafa Adai!

Transmitted herewith is a memo from Senator vicente (ben) c. pangelinan, Chairperson, Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement and Land, forwarding additional testimonies on Bill No. 139.

Please include this memo and the attachment as a "Supplement" to the Committee Report on Bill No. 139-31 (COR).

Please make the appropriate indication in your records; and forward to MIS for posting on our website.

Si Yu'os ma'åse'!

cc: All Senators

2011 MAY 17 AM 9:11Z



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Supplement to the Committee Report On Substitute Bill No. 139-31 (COR)

**"AN ACT TO ADD A NEW ARTICLE 3A
TO CHAPTER 4, TITLE 4 GCA
RELATIVE TO REGULATION FOR
UNIFORM DEFINITIONS AND
STANDARDIZED METHODOLOGIES
FOR CALCULATION OF A MEDICAL
LOSS RATIO REBATE FOR THE
GOVERNMENT OF GUAM HEALTH
INSURANCE PROGRAM."**

*NOTE: The original Committee Report on
Substitute Bill No. 139-31 (COR)
was filed on May 2, 2011.



the People

I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 12, 2011

Memorandum

To: Senator Rory Respicio
Chairman
Committee on Rules

From: Senator Vicente (ben) Cabrera Pangelinan

Re: Testimony for Bill No. 139

Please find attached a copy of a testimony from the Guam Federation of Teachers on Bill No. 139. As the committee report has been filed with the Committee on Rules, I ask that this testimony be included in the committee report.

Si Yu'os Ma'ase.

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

RESERVED
5/12/11

Matt Rector
President

Tim Fedenko
Vice-President

Sanjay Sharma
Secretary

James Lujan
Treasurer



AFT Local 1581
AFL-CIO

May 10, 2011

Honorable Senator Vicente C. Pangelinan
31st Guam Legislature
Suite 101 Quan Building
324 W. Soledad Avenue
Hagåtña, Guam 96910



Dear Senator Pangelinan:

Buenas yan Háfa Adai!!! I apologize for not being able to testify in person on Bill 139, as I'm sure you and your staff know the Affordable Care Act is an extremely voluminous and complicated law and I needed time to make sure that I could provide meaningful input. That being said it is obvious from your careful drafting of your bill that you and your staff have done an excellent job of wading through the Act's complexities. After careful review by our experts in Washington DC and myself we propose a couple of amendments that I believe will help us to achieve our goal of lowering our cost, improving our quality and widening our coverage of health care for all of Guam's families.

Our experts in Washington DC advised that the bill is consistent with the Patient Protection and Affordable Care Act (PPACA), and provided the following suggestions:

- **Sec. 4313 (1)(c) Definition of non-claims costs** (in other words, the 15% of premium dollars that are not spent on providing care)
 - It would be good for all consumers for the bill to explicitly state that non-claims costs include any and all fees, commissions, and salaries paid to brokers and sales agents, consistent with PPACA § 158.160.
 - This has been a contentious issue with the brokers and agents (as you might imagine), so having strong language would be a good safeguard.
 - If the health plans are subject to federal or territorial taxes, consider whether you might be able to include the taxes as part of the non-claims costs. This might be difficult, because the PPACA allows federal and state taxes "allocated to health insurance coverage" (i.e., not taxes on an insurance company's investment income or capital gains) to be excluded from non-claims costs.
 - As it stands now, the Guam bill does not mention how taxes are treated. Consider whether that ambiguity works for us or against us.

6. Improve all of our families' health by improving access to preventative healthcare.
7. Alleviate public officials from potential conflicts of interest because every health insurance company will be on the same level playing field.

I hope that you and your colleagues will not only pass this bill but upgrade it with the amendments I proposed. We will do our best to assist you in this effort by communicating with our members and their families as to the importance of this bill and the amendments.

Si Yu'os Ma'ase.

Sincerely,

Matthew Rector
President

Cc: Honorable Senators of the 31st Guam Legislature

- **Sec. 4315. Frequency and Timing of MLR Rebate Calculations and Rebate Payments.** Be aware that the deadlines for reporting and rebates in the bill are different than those given in the Affordable Care Act. The PPACA says that reports are due June 1 for the previous calendar year (MLR report for 2011 is due June 1, 2012), rebates are due in August.

After further research, taking into account Guam's unique needs and the funding provided by the Patient Protection and Affordable Care Act (PPACA) for Guam to establish a health exchange I suggest the following additions to the bill:

- All health insurance providers doing business on Guam must participate in the GovGuam health plan for both active and retired workers.
- GovGuam workers and retirees shall be offered both the Gold and Platinum plan as established and certified by the National Institute of Health.
- The Government of Guam shall pay the full premiums for a single person covered under a certified Platinum health plan or the full premiums for a family under covered by a certified Gold health plan for both active and retired GovGuam employees.
- There shall be created a health insurance exchange by the office of the Governor with the approval of the legislature a health insurance exchange as defined by the Patient Protection and Affordable Care Act (PPACA) by October 1st, 2012. Which will make available to all of Guam's families the same Bronze, Silver, Gold and Platinum health plans, certified by the National Institute of Health that are available to GovGuam employees and retirees.

These additions to your bill will accomplish the following:

1. Create a system where every person on Guam will be able to have decent, affordable health insurance for their family.
2. Save the Government of Guam money because there will be no need pull GovGuam workers away from their duties or to hire a negotiating team to establish health plans as they will already be established by the National Institute of Health and the rates will already be set by the other provisions in your bill.
3. Establish a fair and competitive environment for Guam's Health insurance providers, because they will all have the same plans and be able to compete on how well they service their customers, how efficient their companies are and how well they can communicate with potential customers.
4. Save the Government of Guam money because now the majority of people will be able to pay their bills at GMH (currently 76% can't).
5. Save the Government of Guam and Guam's family's money because people will now be able to afford preventative care which is far cheaper than catastrophic care.