



Office of the Governor of Guahan

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

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The Honorable Judith T. Won Pat, Ed.D.
Speaker
Mina' Trenta Na Liheslaturan Guahan
155 Hessler Street
Hagåtña, Guam 96910

Dear Speaker Won Pat:

Transmitted herewith is Bill No. 107-30 (LS): "AN ACT TO REPEAL §4301(g), AND TO REPEAL AND RE-ENACT §4302(g), OF CHAPTER 4, ARTICLE 3, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTALS, VISIONS AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS" which was signed into law on February 9, 2010 as Public Law 30-93.

Sinseru yan Magåhet,

FELIX P. CAMACHO
I Maga'låhen Guahan
Governor of Guahan

Attachment: copy of Bill

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 107-30 (LS), "AN ACT TO REPEAL §4301(g), AND TO REPEAL AND RE-ENACT §4302(g), OF CHAPTER 4, ARTICLE 3, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS," was on the 22nd day of January, 2010, duly and regularly passed.



Judith T. Won Pat, Ed. D.
Speaker

Attested:


Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 28th day of January 2010, at 3:34 o'clock P.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:



MIKE W. CRUZ, MD
GOVERNOR OF GUAM ACTING

Date: 9 FEB '10

Public Law No. P.L. 30-93

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) Regular Session

Bill No. 107-30 (LS)

As amended by the Committee on Economic Development, Health & Human Services, and Judiciary; and further substituted and amended on the Floor.

Introduced by:

v. c. pangelinan
Judith T. Won Pat, Ed.D.
T. C. Ada
F. B. Aguon, Jr.
F. F. Blas, Jr.
E. J.B. Calvo
B. J.F. Cruz
J. V. Espaldon
Judith P. Guthertz, DPA
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
R. J. Respicio
Telo Taitague
Ray Tenorio

AN ACT TO REPEAL §4301(g), AND TO REPEAL AND RE-ENACT §4302(g), OF CHAPTER 4, ARTICLE 3, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that over three (3) decades ago, the government of Guam contracted with one (1)
4 insurance carrier to provide health insurance coverage for its retirees and active
5 employees. To protect the interest of the government of Guam and to ensure
6 consistent and reliable coverage, a continuing clause provision was mandated,
7 which meant that when the government of Guam entered into a contract with the
8 lone health insurance carrier, they could *not* terminate the agreement without legal
9 clause.

10 *I Liheslaturan Guåhan* further finds that over the past several years since the
11 implementation of the continuing clause provision, there are now other insurance
12 carriers on Guam available to negotiate contractual agreements with the
13 government of Guam for health insurance coverage. §4301(g), Chapter 4, Article
14 3, Title 4, Guam Code Annotated, allowed the incorporation of the continuing
15 clause provision to any health insurance company on Guam and was subject to the
16 District Court of Guam Appellate Division Case *Government of Guam v. FHS,*
17 *Inc.*, (D.Guam App.Div.1991) ruling which allows health insurance carriers to
18 terminate their agreement with the government of Guam..

19 The purpose of the continuing clause provision was necessary at the time of
20 its implementation; however, it has now proved to be unnecessary given the fact
21 that the government of Guam can now negotiate with numerous health insurance
22 companies who have proven stability in our community. The continuing clause is
23 also counter-productive to reducing cost because it prevents the negotiating team
24 defined in §4301(c), Chapter 4, Article 3, Title 4, Guam Code Annotated, the
25 flexibility to award the entire government of Guam health insurance competitive
26 bid contract to one (1) carrier if that carrier does not have an existing contract with
27 the government of Guam.

1 Therefore, it is the intent of *I Liheslaturan Guåhan* to remove the continuing
2 clause provision for health insurance carriers contracting with the government of
3 Guam for health care coverage and to require utilization data for those entering
4 into contractual agreements with the government of Guam for health care
5 coverage.

6 Within the last five (5) years, two (2) health insurance carriers have declined
7 to provide health insurance to the Government of Guam. Since that time, *only* one
8 (1) health insurance carrier has submitted a proposal to provide health insurance.

9 The intent of *I Liheslaturan Guåhan* to require health insurance carriers
10 contracted with the Government of Guam to provide claim level detail to its
11 negotiating team is to attract health insurance carriers to bid for the Government of
12 Guam business by making available quantifiable and verifiable risk pool data.
13 Such information is also useful for developing benefit design changes to improve
14 health outcomes and reduce program cost.

15 **Section 2.** §4301(g), Chapter 4, Article 3, Title 4, Guam Code Annotated,
16 is hereby *repealed* in its entirety to become effective January 1, 2011.

17 **Section 3.** §4302(g), Chapter 4, Article 3, Title 4, Guam Code Annotated,
18 is hereby *repealed* and *re-enacted* to read as follows:

19 “(g) All health insurance companies or health care providers
20 contracted to provide health care to government of Guam employees and
21 retirees *shall* provide to the negotiating team, defined in §4302(c), and the
22 Office of Finance and Budget, fifteen (15) months of detailed claims
23 utilization and cost information from period October 1 to September 30 of
24 the previous fiscal year, and October 1 to December 31 of the current fiscal
25 year, *no later than* March 1 for the final updated data for the previous fiscal
26 year in electronic database file format such as Microsoft Access or Microsoft
27 Excel.

1 The detailed claims utilization and cost information must total in
2 aggregate all the experience data used to calculate government of Guam
3 insurance rates for the fiscal year following the current fiscal year. Claims
4 incurred but *not* received calculations *shall* be reported separately and must
5 be derived from detailed claims utilization and cost information submitted
6 and reviewed and approved by a credentialed actuary from a recognized
7 organization such as the American Academy of Actuaries or Society of
8 Actuaries.

9 The detailed claims utilization and cost information required under
10 this Subsection *shall* include *only* de-identified health information as
11 permitted under the Health Insurance Portability and Accountability Act of
12 1996 and *shall not* include any protected health information, as defined in
13 the Health Insurance Portability and Accountability Act of 1996.

14 Detailed demographic and claims utilization and cost information
15 *shall* include the following information with a unique contract identifier that
16 links all the following data to the same contract:

- 17 (1) Type of contract based on all tiers used in program design (EE,
18 EE + SPOUSE, FAMILY, etc.);
- 19 (2) Patient demographics, date of birth, gender, relationship to
20 subscriber;
- 21 (3) Medical, Dental and Vision claims, line detail including
22 Diagnosis code (ICD9 or ICD10), Procedure codes (CPT,
23 HCPC, CDT), Revenue codes, Service dates, Service provider
24 (name, tax id, provider id, specialty code, city, state, zip code),
25 Plan payments, Member payment responsibility (copay,
26 coinsurance, deductible), Claim paid date, Type of bill and
27 Facility type;

- 1 (4) Prescription Drug claims, to include NDC codes, Formulary tier
2 identifier, pharmacy (name, provider id, city, state, zip code),
3 Plan payments, member payment responsibility (copay,
4 coinsurance, deductible) Claim paid date, Injectable drug
5 indicator, GPI number, ingredient cost, dispensing fee and
6 rebates; and
- 7 (5) Any other detailed demographic and claims utilization and cost
8 information as requested by the negotiation team in the
9 Invitation to Bid (ITB) for the fiscal year following the current
10 fiscal year.

11 Failure to comply with requirements of this Section will result in a
12 2.5% reduction of the quarterly premiums from the non-compliant health
13 insurance carrier. The information *shall* be provided quarterly. The
14 reduction *shall* be deducted from the premiums due to the carrier in the
15 succeeding quarter, if the information is *not* received within forty-five (45)
16 days of the end of the quarter. The negotiating team defined in §4302(c) at
17 their discretion, at *any* time during the following fiscal year health insurance
18 negotiations, *may* disqualify proposals from health insurance carriers *not* in
19 compliance with this Section for their in force contract.”

20 **Section 4. Effective Date.** Section 3 of this Act *shall* become effective on
21 October 1, 2010.

22 **Section 5. Severability.** *If* any of the provisions of this Act or the
23 application thereof to any person or circumstance is held invalid, such invalidity
24 *shall not* affect any other provision or application of this Act which can be given
25 effect without the invalid provision or application, and to this end the provisions of
26 this Act are severable.