



Office of the Governor of Guam

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Felix P. Camacho  
Governor

Michael W. Cruz, M.D.  
Lieutenant Governor

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

DEC 29 2010

10-30-1096

Office of the Speaker  
Judith T. Won Pat, Ed.D.

Date: 12/29/2010  
Time: 4:07 pm  
Received by: [Signature]

2010 DEC 29 AM 8:46  
W

Dear Speaker Won Pat:

Transmitted herewith is Bill 252-30 (COR) "AN ACT TO AMEND §4301(a), AND TO ADD NEW §§4301.1(d) AND 4302.1 OF ARTICLE 3, CHAPTER 4 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE GOVERNMENT OF GUAM EMPLOYEE HEALTH BENEFITS TRUST FUND BY THE DIVISION OF ACCOUNTS OF THE DEPARTMENT OF ADMINISTRATION," which I signed into law on August 28, 2010 as **Public Law 30-187**.

*Sins eru 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

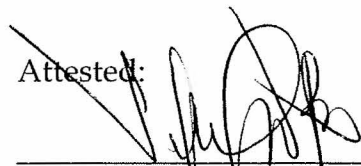
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Bill No. 252-30 (COR), "AN ACT TO AMEND §4301(a), AND TO ADD NEW §§ 4301.1(d) AND 4302.1 OF ARTICLE 3, CHAPTER 4 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE GOVERNMENT OF GUAM EMPLOYEE HEALTH BENEFITS TRUST FUND BY THE DIVISION OF ACCOUNTS OF THE DEPARTMENT OF ADMINISTRATION", was on the 16<sup>th</sup> day of August, 2010, duly and regularly passed.



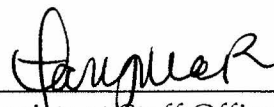
Judith T. Won Pat, Ed. D.  
Speaker

Attested:



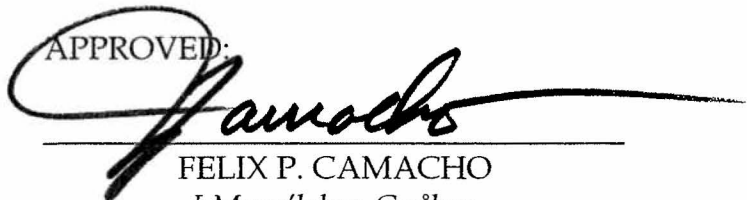
Tina Rose Muña Barnes  
Legislative Secretary

This Act was received by I Maga'lahaen Guåhan this 17<sup>th</sup> day of Aug., 2010, at  
4:40 o'clock P.M.



Assistant Staff Officer  
Maga'lahaen's Office

APPROVED:



FELIX P. CAMACHO  
I Maga'lahaen Guåhan

Date: AUG 28 2010

Public Law No. P.L. 30-187

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

**Bill No. 252-30 (COR)**

As amended.

Introduced by:

v. c. pangelinan  
T. C. Ada  
V. Anthony 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  
Judith T. Won Pat, Ed.D.

**AN ACT TO *AMEND* §4301(a), AND TO *ADD* NEW §§  
4301.1(d) AND 4302.2 OF ARTICLE 3, CHAPTER 4 OF  
TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO  
CREATING THE GOVERNMENT OF GUAM  
EMPLOYEE HEALTH BENEFITS TRUST FUND BY  
THE DIVISION OF ACCOUNTS OF THE  
DEPARTMENT OF ADMINISTRATION.**

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

2       **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that there is a need to include an authorization for self funded government of Guam  
4 employee health benefits in order to provide cost effective alternatives to

1 purchasing group health insurance. Self funded health benefits reduce the  
2 purchasing cost to both the government of Guam and its employees through  
3 minimal administrative cost by eliminating corporate profit and premium tax  
4 expenses associated with buying group health insurance. Increasing health benefit  
5 options also enables the government of Guam to attract and retain qualified  
6 employees by providing comprehensive health benefits similar to those commonly  
7 provided in private industry at a lower cost.

8 *I Liheslaturan Guåhan* finds that the creation of a government of Guam  
9 Employee Health Benefits Trust Fund (Fund) is required to protect the government  
10 of Guam and its employees' contributions to pay for self funded health benefits.  
11 These contributions are currently set aside for group health insurance policies  
12 purchased from private industry. The Fund will serve as the source to pay for  
13 expenses related to any self funded health benefit plans, including, but *not limited*  
14 *to*, claims, stop-loss insurance and administrative fees.

15 **Section 2.** §4301(a) of Article 3, Chapter 4 of Title 4, Guam Code  
16 Annotated, is hereby *amended* to read:

17 “(a) *I Maga’lahi* (the Governor) is authorized to enter contracts and  
18 reject proposals, with the written concurrence of the Speaker of *I*  
19 *Liheslaturan Guåhan* (the Guam Legislature) *or* the Presiding Judge of the  
20 Superior Court of Guam whose consents may be withheld in their *sole*  
21 discretion, with one (1) *or* more insurance companies, authorized to do  
22 business in Guam, for group insurance, including, but *not limited to*,  
23 hospitalization, medical care, life and accident, for all employees *or* separate  
24 groups of employees of the government of Guam. *If* the Legislative *or*  
25 Judicial Branches of government elect to enter into separate contracts for  
26 their employees as authorized in §4301(c), *I Maga’lahi shall* obtain the  
27 written concurrence of the Branch electing to remain with the Executive

1 Branch before the group insurance contract is entered into *or* a proposal  
2 rejected. The government *shall not* be construed as an agent of any  
3 insurance company in negotiating *or* administering this group insurance  
4 program. Health benefits provided under this authority may be self funded  
5 and administered by a third party *if* it is determined to be cost-effective.”

6 **Section 3.** A new §4301.1(d) of Article 3, Chapter 4 of Title 4, Guam  
7 Code Annotated, is hereby *added* to read:

8 “(d) *Health benefits* is a defined set of benefit coverage consisting of,  
9 but *not limited to*, medical *or* dental care which is provided directly, through  
10 insurance *or* reimbursement, *or* otherwise, and including items and services  
11 paid for considered care that is self funded *or* offered by a health insurance  
12 provider.”

13 **Section 4.** A new §4302.2 of Article 3, Chapter 4 of Title 4, Guam Code  
14 Annotated, is hereby *added* to read:

15 “§4302.2. Creation of the government of Guam Self Funded  
16 Employee Health Benefits Trust Fund Accounts, herein referred to as “Trust  
17 Fund Accounts”.

18 (a) The Trust Fund Accounts are hereby created and *shall*  
19 *not* be commingled with the General Fund *or* any other funds of the  
20 government of Guam;

21 (b) A separate bank account for all Trust Fund Accounts  
22 *shall* be established for each Self Funded Health Benefits Plan;

23 (c) All employer and employee premium payments *shall* be  
24 deposited in the respective Self Funded Health Benefits Plan Trust  
25 Fund Account;

26 (d) Moneys in the Trust Fund Accounts *shall* be used by the  
27 Department of Administration to pay health benefit related claims

1 and associated administrative costs for any Self Funded Health  
2 Benefits Plan negotiated by the team authorized in §4302(c) of  
3 Chapter 4, Article 3, Title 4, Guam Code Annotated;

4 (e) Income earned on the moneys in the Trust Fund  
5 Accounts *shall* be credited to the respective Self Funded Health  
6 Benefits Plan's Trust Fund Account;

7 (f) Moneys in the Trust Fund Accounts are continuously  
8 appropriated in accordance with this Section and are *not* subject to  
9 any transfer authority of *I Maga'lahi*;

10 (g) The Trust Fund Accounts *shall* maintain a minimum  
11 reserve equal to twenty-five percent (25%) of prior fund year  
12 coverage claim payments including incurred but *not* reported (IBNR)  
13 claim liability for the same period;

14 (h) There *shall* be an annual audited report based on  
15 generally accepted accounting principles and generally accepted  
16 auditing standards, and supported by actuarial review and opinion of  
17 IBNR claims and other future contingent liabilities. The report *shall*  
18 include at a minimum, but *not limited to*, the following:

19 (1) Opinion of Independent Certified Public Accountant;

20 (2) Balance Sheet;

21 (3) Statement of Revenues and Expenses;

22 (4) Statement of Changes in Fund Balances;

23 (5) Statement of Cash Flows, direct method;

24 (6) Notes to Financial Statements; and

25 (7) A premium equivalency charge developed from total  
26 fund year expenditures, including an estimate for IBNR claim  
27 cost.”

1           **Section 5. Effective Date.** This Act *shall* become effective upon  
2 enactment.

3           **Section 6. Severability.** *If* any provisions of this Act or the application  
4 thereof to any person or circumstance is held invalid, such invalidity shall *not*  
5 affect any other provision or application of this Act which can be given effect  
6 without the invalid provision or application, and to this end the provisions of this  
7 Act are severable.