



EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

May 3, 2013

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina Trentai-dos na Liheslaturan Guahan
155 Hesler Place
Hagatna, Guam 96932

2013 MAY -3 PM 6:43
32-13-374
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date May 3, 2013
Time 4:58
Received by [Signature]

Dear Madam Speaker,

Attached is Bill No. 81-32 (COR) entitled "*An Act to Provide Health Insurance to Government of Guam Employees and Retirees for Fiscal Year 2014*" which I have vetoed.

How many times must the government tamper with the procurement process before expensive lessons are learned from the politics surrounding the annual health insurance provisions? How much money must taxpayers lose and how much time must pass before the finance chairman ends this political witch hunt?

Let's stop beating around the bush on this issue and call this for what it is. The half-dozen pieces of legislation authored over the past two years seeking to alter the health insurance contract and negotiations process have nothing to do with saving taxpayers any money. If they did, there would be empirical data to back all the claims made by the author of these bills. All we have at our disposal are the author's innuendo, backed only by a record of incorrect assumptions, assumptions that in like manner in similar subjects nearly led this government to bankruptcy.

As a matter of fact, all of the data and professional hypotheses by independent third parties (including those commissioned by the author himself), tell this government that meddlesome and political legislation like Bill No. 81 will end up costing government of Guam employees and the taxpayers of Guam even more money.

Senators, we went through this same debate last year. The Department of Administration clearly warned the legislature of the consequences of meddling with the procurement process in the middle of the process. The omen was that tinkering with the process will likely lead to a lengthy protest of the health insurance contract. Senators ignored our advice, and the employees and taxpayers were left holding the bag. The last of the protests were only recently resolved.

There is no common-sense reason for the passage of this latest bill. I can only imagine this legislation was authored to again stymie the current process, one which *already* allows for multiple insurance carriers to provide insurance to GovGuam employees *if* such provisions

actually reduce the costs for the subscribers *and* the taxpayers. This is another attempt to slow progress for political advantage. If this point is lost on any of the members, perhaps we should count the number of times the legislature attempted to thwart the health insurance procurement process in the years before I came to office. I know the answer because before I was governor, I was a member of the legislature; the answer is 'none.' This was never an issue until the author made it one for political purposes.

I must remind senators of an issue of credibility, one which belies all the fancy rhetoric and the powerful oratory on the floor of the legislature:

1. The financial strategies I have presented to the legislature, which the legislature agreed to undertake, have worked, despite the repeated objections of the author.
2. Many of the reasons our government was on the verge of bankruptcy are the severe miscalculations and misrepresentations of the Office of Finance and Budget, calculations that again have been presented in support of Bill No. 81.
3. We need only look back in recent history to the failure of the multi-carrier system, in which government of Guam employees and retirees almost were left without any insurance option (once when all other carrier pulled out, and again last year when the government had to make a last-ditch effort to continue the services of the current provider).

I have spoken with the professionals in government, who understand this process better than the politicians, and as a result I provide to you the details of the facts surrounding the reason this bill will be another catastrophe for this government and its taxpayers:

1. Bill 81 contains many of the deficiencies in an earlier failed bill, 513-31. It ignores the findings of a Health Insurance Review Committee established by Public Law 27-125, a law co-sponsored by Senator Pangelinan. That Health Insurance Review Committee commissioned Lewis & Ellis, Inc. Actuaries and Consultants, who released a report in January 2007 on the costs of health care for GovGuam employees and retirees. Their analysis indicated that "GovGuam would be better off with fewer benefit offerings (no more than 2) and probably only one carrier."
2. It is disingenuous for Senator Pangelinan to now attempt to rebut the findings of an internationally recognized actuary based on his own unsubstantiated and unvetted assumptions, all because that committee didn't come up with the answer that he wanted.
3. Bill 81 eliminates the negotiations process that has been an essential cost savings component for the government. The current solicitation process assures expert scrutiny of the health insurance proposals received by the government; it relies on the participation of professionals from the various government agencies and within the health

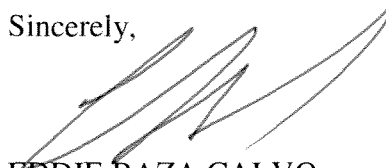
industry field, including several actuaries, consultants and attorneys. Under the current process, approximately 1300 manpower hours are spent in the development of the RFP, review of the proposals and negotiation of the final contract. Bill 81 completely disregards this highly technical and essential vetting process.

4. By removing negotiations and simply awarding a contract to everyone who qualifies, the government loses the ability to negotiate the best rates and the highest benefits for the employees of the government. The benefit of negotiations was evident by the decrease in FY2012 by \$11.5 million over the FY2011 rates while expanding benefits.
5. As a further practical matter, the Department of Administration, relying on expert opinion and available claims data, has testified that there is no mathematical formula which supports a combined medical and dental premium cap of \$68.9 million for all non-exclusive proposals. The Hay Group memo attached to the veto message of Bill 513-31 rebuts any mathematical assumptions of even this new bill. With the possibility of a divided insurance pool, each insurance provider would have to calculate the possibility of receiving a disproportionate number of the higher-risk insureds, thus assuring that the non-exclusive proposals will exceed this cap. There is no independent actuarial analysis offered by Senator Pangelinan to rebut this Hay Group memo.
6. The Hay Group memo further warned that one of the impacts would be to raise costs for retirees, especially those over 65, and that for all employees “the possibility over paying would be huge.” Instead of addressing this concern, Bill 81 ignores it and imposes even further financial restrictions on the premium for retirees, thereby making the math even more out-of-sync with the realities of the insurance market.
7. As a catch-all, in the event that the \$68.9 million cap is exceeded, Bill 81 simply cancels the solicitation. It is unacceptable that the bill’s author and its supporters insist on pursuing an “all or nothing” approach to the solicitation of insurance for 11,300 government of Guam employees and retirees. If the proposed process fails, and the actuarial experts are assuring us it will, the government would be left without any provision whatsoever for the solicitation of health insurance for the government of Guam. The only alternative left to the legislature would be to hastily draft new legislation and hope that works. The health insurance of the government of Guam employees is too important an issue to subject to a game of try-it-and-hope-it-works legislation.

Bill 81 is fiscally irresponsible. It is mathematically and actuarially impossible. It abandons a proven process for the solicitation and negotiation of the best health insurance plan for the government. It introduces an unacceptable level of uncertainty in the procurement of insurance for the government of Guam. This administration will not enact legislation that

increases the uncertainty and the cost of necessities on our manamko and on our hardworking employees.

Sincerely,

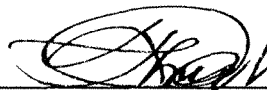
A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name Eddie Baza Calvo.

EDDIE BAZA CALVO

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

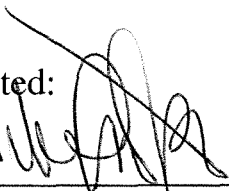
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 81-32 (COR), "AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014", was on the 22nd day of April, 2013, 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'lahen Guåhan* this 22nd day of April,
2013, at 7:30 o'clock p.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED: **V E T O**

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: MAY 02 2013

Public Law No. _____

I MINA 'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION

Bill No. 81-32 (COR)

As substituted by the Committee on General
Government Operations and Cultural Affairs
and amended on the Floor.

Introduced by:

Vicente (ben) C. Pangelinan

B. J.F Cruz

T. C. Ada

V. Anthony Ada

Frank B. Aguon, Jr.

Chris M. Dueñas

Michael T. Limtiaco

Brant T. McCreadie

Tommy Morrison

T. R. Muña. Barnes

R. J. Respicio

Dennis G. Rodriguez, Jr.

Michael F. Q. San Nicolas

Aline A. Yamashita, Ph.D.

Judith T. Won Pat, Ed.D.

**AN ACT TO PROVIDE HEALTH INSURANCE TO
GOVERNMENT OF GUAM EMPLOYEES AND
RETIREEES FOR FISCAL YEAR 2014.**

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

2 **Section 1. Invitation for Bid for the Government of Guam's Group**
3 **Health Insurance Program for Fiscal Year 2014.** Notwithstanding any other
4 provision of law, the procurement of medical and dental insurance for government
5 of Guam employees and retirees for Fiscal Year 2014 (FY2014) *shall* conform to
6 the competitive sealed bidding procedures set forth in this Act. The provisions of

1 Title 4, Guam Code Annotated, Chapter 4, Article 3; and Title 5, Guam Code
2 Annotated, Chapter 5 not inconsistent herewith are applicable to achieve the
3 purposes of Sections 1 through Section 9.

4 (A) The Chief Procurement Officer of the government of Guam (CPO), as
5 defined by Title 5 GCA §§5030(c) and 5110, *shall* serve as Chairperson of the
6 Government of Guam Health Insurance Negotiating Team (GGNT). The CPO, on
7 behalf of the GGNT, *shall* issue an invitation for bid (IFB) for medical and dental
8 insurance for government of Guam employees and retirees *no later than* May 23,
9 2013 for FY2014. The GGNT membership of the CPO *shall* be non-voting and the
10 Director of the Department of Administration *shall* remain a voting member.

11 (B) Any previous procurement solicitations for the GHIP FY2014 medical
12 and dental insurance prior to the enactment of this Act are hereby cancelled as of
13 the enactment of this Act, and *shall not* be reissued *except* by IFB pursuant to the
14 provisions of this Act.

15 (C) All actions related to the IFB *shall* occur in meetings announced by
16 the CPO and must comply with the Open Government Law of Guam. For purposes
17 of this Act, all meetings of the GGNT *shall* be deemed special meetings of a public
18 agency for which notice *shall* be provided one time, *at least* 48 hours prior to the
19 start of such meeting, and in all other respects consistent with Title 5 GCA §
20 8107(b); and which *shall* be open meetings pursuant to Title 5 GCA § 8103. A
21 recording *shall* be made of all meetings of the GGNT, which *shall* be further
22 documented by public minutes compiled by the Department of Administration.
23 The electronic recording and public minutes *shall* comply with the provisions
24 outlined in Title 5 GCA § 8113.1. *Except* as stated herein, no actions related to the
25 IFB shall be considered privileged, including legal advice provided to the GGNT
26 or CPO. Nothing in this Act shall prevent the Office of the Attorney General from
27 representing the government of Guam in any court or Office of Public

1 Accountability proceedings related to the FY2014 GHIP procurement. The
2 attorney-client privilege between the Office of the Attorney General and the
3 Government of Guam Negotiating Team is retained and *shall* be asserted in the
4 event of a procurement protest or appeal, or in the event of any other legal action
5 that is commenced concerning the solicitation of medical and dental insurance for
6 FY2014. The IFB for FY2014 *shall*:

7 (1) solicit medical and dental insurance for the period starting
8 October 1, 2013 and ending September 30, 2014;

9 (2) be announced in publications of general circulation in Guam,
10 and in top publications nationally, and in leading publications
11 internationally; and

12 (3) require all responses to the IFB by prospective bidders be
13 submitted at a predetermined meeting date and time, *no more than* twenty-
14 three (23) calendar days, after the initial publication of the solicitation of the
15 IFB. If the twenty-third day falls on a Saturday, Sunday, or legal holiday, the
16 meeting *shall* be held on the next business day. At the same meeting, the
17 bids will be unsealed by the CPO in the presence of a quorum of the GGNT
18 and the names of all bidders and the amounts of their bids *shall* be entered in
19 the minutes. The GGNT *shall* accept all bids and award a contract to all
20 bidders that meet the requirements in Section 2 of this Act.

21 (D) A quorum for purposes of this Act *shall* be seven (7) total members who
22 may be voting or non-voting.

23 **Section 2. Invitation for Bid Requirements.** Notwithstanding any other
24 provision of Guam procurement law, the procurement of medical and dental
25 insurance for government of Guam employees and retirees for FY2014 *shall*
26 conform to the requirements set forth in this Section.

1 (A) The medical and dental plans offered by all bidders *shall* provide the
2 same benefits and levels of coverage consistent with the Schedules of Benefits
3 previously defined in Exhibit R of Procurement No. DOA/HR-RFP-GHI-13-001,
4 as modified to be in compliance with the provisions of the Patient Protection and
5 Affordable Care Act applicable to Guam, and inclusive of the Wellness Benefit
6 that meets the requirements outlined in Exhibit 2 of this Act. Bidders may opt to
7 cover items that are listed as exclusions in Exhibit R of Procurement No.
8 DOA/HRD-RFP-GHI-13-001. A formal request to cover any excluded items *shall*
9 be included as part of the sealed bid and are subject to the approval of the GGNT.

10 (B) The medical and dental plans *shall* use the following subscriber tiers
11 and weighting of premiums:

12	(1)	Employee/Retiree Only	1.0
13	(2)	Employee/Retiree and Spouse	2.2
14	(3)	Employee/Retiree and Child(ren)	1.8
15	(4)	Employee/Retiree and Family	3.0

16 (C) The monthly government contribution for the medical and dental
17 plans *shall* be applied uniformly to all bidders awarded a contract and *shall* equal
18 the following amount by tier by plan by subscriber. If any plan's monthly
19 government contribution in any tier exceeds the total monthly premium for said
20 tier, then the monthly government contribution *shall* decrease for said tier such that
21 the government contribution for said tier equals the total monthly premium.

22	(1)	Employee/Retiree Only		
23		i.	HSA/HRA2000 Active	\$119.97
24		ii.	1500 Deductible Active	\$172.67
25		iii.	HSA/HRA2000 Retiree	\$312.44
26		iv.	1500 Deductible Retiree	\$586.77
27		v.	Dental Active & Retiree	\$16.13

1	(2)	Employee/Retiree and Spouse		
2	i.	HSA/HRA2000	Active	\$191.96
3	ii.	1500 Deductible	Active	\$336.11
4	iii.	HSA/HRA2000	Retiree	\$615.39
5	iv.	1500 Deductible	Retiree	\$1,245.02
6	v.	Dental	Active & Retiree	\$19.22
7	(3)	Employee/Retiree and Child(ren)		
8	i.	HSA/HRA2000	Active	\$157.05
9	ii.	1500 Deductible	Active	\$275.01
10	iii.	HSA/HRA2000	Retiree	\$503.49
11	iv.	1500 Deductible	Retiree	\$1,019.03
12	v.	Dental	Active & Retiree	\$15.73
13	(4)	Employee/Retiree and Family		
14	i.	HSA/HRA 2000	Active	\$261.75
15	ii.	1500 Deductible	Active	\$458.34
16	iii.	HSA/HRA2000	Retiree	\$839.13
17	iv.	1500 Deductible	Retiree	\$1,698.04
18	v.	Dental	Active & Retiree	\$26.21

19 (D) The total monthly premium rates for retirees for all plans *shall* equal
20 exactly 2.5x the premium rates of active employees.

21 (E) The total monthly premiums of the 1500 Deductible plan *shall* equal
22 exactly 2x the premium rates of the HSA2000 and HRA2000 plan.

23 (F) The government *shall* contribute Seven Hundred Fifty Dollars
24 (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars
25 (\$1,500.00) for all other subscribers [tiers] who elect the HSA2000 plan, provided
26 the subscriber has a Health Savings Account pursuant to 26 U.S.C. Section 223(d),
27 as amended. The government *shall* distribute the contribution amount to eligible

1 Health Savings Accounts in two equal installments with a pay date thirty (30) days
2 after the start of the plan year, and a pay date one hundred eighty (180) days after
3 the start of the plan year.

4 (G) The government *shall* contribute Seven Hundred Fifty Dollars
5 (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars
6 (\$1,500.00) for all other subscribers [tiers] who elect the HRA2000 plan, provided
7 that the subscriber has a Health Reimbursement Arrangement Plan pursuant to
8 Sections 105 and 106 of the Internal Revenue Service Code, and as defined in IRS
9 Notice 2002-45. The government *shall* distribute the contribution amount to
10 eligible HRA accounts in two equal installments with a pay date thirty (30) days
11 after the start of the plan year, and a pay date one hundred eighty (180) days after
12 the start of the plan year.

13 (H) The calculation of medical and dental premiums in Section 4(D) of
14 this Act *shall* use the January 2013 enrollment data submitted as an official
15 message to *I Liheslaturan Guåhan*, registered as document *32GL-13-0123*. The
16 HSA2000 plan *shall* be the equivalent of the HSA2000/HRA2000, and the SC1500
17 plan *shall* be the equivalent of the 1500 Deductible for the purposes of calculating
18 premiums in the IFB.

19 (I) The Group Health Insurance Agreements (Contracts) for the
20 HSA2000/HRA2000, 1500 Deductible and Dental plans *shall* be exactly the same
21 as the FY 2012 Contracts with revisions deemed, by the GGNT, in the best interest
22 of the government, its employees, and retirees for all successful bidders with the
23 exception of a separate Article for each bidder's medical and dental premium rates
24 submitted as part of bid process outlined in Section 1(C)(3) of this Act. A written
25 report of the revisions deemed in the best interest of the government by the GGNT
26 *shall* include the justification for such changes, and *shall* be submitted by the
27 GGNT to the Speaker of *I Liheslaturan Guåhan* no later than when the Contracts

1 are finalized. The Contracts *shall* be finalized by the AGO *no later than* fifteen
2 (15) working days after the provisions of this Act become law, and included in the
3 IFB. The contract *shall* include a one page addendum for bidders that agree to
4 submit to a Participating Experience Contract that requires eighty-six percent
5 (86%) of premiums to be spent on medical and dental claims pursuant to Section
6 4(F).

7 (J) The IFB package *shall*, at the minimum, contain the following
8 information:

9 (1) a copy of a uniform contract to be executed by all prospective
10 bidders who participate in the provision of medical and dental insurance to
11 the government;

12 (2) the electronic Microsoft Excel files containing the GHIP
13 Claims data for the period October 1, 2010 to March 31, 2013 provided to
14 the Department of Administration and Office of Finance and Budget
15 pursuant to 4GCA, Chapter 4, §4302(g);

16 (3) the Schedule of Benefits of the dental and medical plans
17 previously identified as Exhibit R of Procurement No. DOA/HRD-RFP-
18 GHI-13-001, as modified to be in compliance with the provisions of the
19 Patient Protection and Affordable Care Act applicable to Guam and
20 inclusive of the wellness benefit that meets the requirements outlined in
21 Exhibit 2; and

22 (4) the Microsoft Excel template “Exhibit 1 – Required Premium
23 Calculation” for the calculation of the premium by prospective bidders.
24 Exhibit 1 of this Act *shall* be the template included in the IFB.

25 (5) No bid bond shall be required.

26 (K) The financial solvency of all bidders *shall* be subject to the review of
27 the Office of Banking and Insurance Commissioner (Commissioner).

1 (L) Bidders awarded a contract *shall* file the health insurance policy with
2 the Commissioner *at least* fifteen (15) days prior to the policy's effective date and
3 pay the applicable fees.

4 **Section 3. Authorization to Establish Health Reimbursement**
5 **Arrangement Plan for Eligible Actives, Retirees and Dependents.** It is the
6 intent of *I Liheslaturan Guåhan* for the government of Guam to provide Health
7 Reimbursement Arrangement (HRA) Plans to eligible actives, retirees and
8 dependents who *do not* qualify for a Health Savings Account (HSA). The
9 government of Guam *shall* offer a plan (HRA2000) with the same benefits as the
10 HSA2000 and a Health Reimbursement Arrangement (HRA) for the benefit of its
11 actives, retirees and dependents that are *not* eligible for a Health Savings Account
12 due to enrollment in Medicare.

13 **Section 4. Invitation for Bid Responsiveness.** Notwithstanding any other
14 provision of Guam procurement law, for the purposes of procuring health
15 insurance for government of Guam employees and retirees in FY2014, a
16 responsive bidder *shall* mean a bidder conforming to the requirements set forth in
17 this Section:

18 (A) All bidders shall provide a copy of a current Certificate of Authority
19 issued by the Commissioner at the time of bid submission.

20 (B) In the event any risks for health is reinsured or transferred by the
21 bidder to a reinsurance company, the reinsurer that assumes the risk *shall* also
22 provide a copy of a current Certificate of Authority to transact reinsurance business
23 on Guam.

24 (C) All bidders, to include agents, reinsurers and underwriters, must
25 submit a copy of a current Guam business license.

26 (D) The total annual medical and dental premium calculation of the bid
27 *shall not* exceed Sixty Eight Million Nine Hundred Eighty-Eight Thousand One

1 Dollars (\$68,988,001) for all carriers for twelve (12) months. The premium
2 calculation *shall* be derived by multiplying the total number of subscribers by
3 twelve (12) by the equivalent submitted plan rates. Exhibit 1 of this Act *shall* be
4 used to calculate the premiums and identify whether the rates conform to the
5 requirements in Section 2(B), (D) and (E). In the event all the bids exceed the
6 amount specified in this Subsection, then the solicitation *shall* be cancelled.

7 (E) All bidders *shall* submit signed Contracts for the
8 HSA2000/HRA2000, 1500 Deductible and Dental plans as part of its submitted
9 sealed bid package.

10 (F) Bidder *shall* declare whether it agrees to a Participating Experience
11 Contract that requires eighty-six percent (86%) of premiums to be spent on
12 medical and dental claims. Bidders not agreeing to a Participating Experience
13 Contract *shall* by default be required to reconcile premiums and claims pursuant to
14 PPACA Section 2718 MLR standards.

15 **Section 5. Bid Submittal.** All bids *shall* be submitted to the General
16 Services Agency and *shall* be maintained by the General Services Agency
17 throughout the solicitation, consistent with the provisions of Title 5, Chapter 5
18 Guam Code Annotated *not* inconsistent herewith, established policies of the
19 General Services Agency, and with instructions to be provided in the Invitation For
20 Bids and Section 1(C)(3) of this Act.

21 **Section 6. Inquiries of Prospective Bidders.** All prospective bidders
22 *shall* submit in writing all inquiries relating to the interpretation and technical
23 details of the IFB at a pre-bid conference meeting *no more than* eleven (11)
24 calendar days after the IFB issuance. If the eleventh day falls on a Saturday,
25 Sunday, or legal holiday, the meeting *shall* be held on the next business day.

26 At the same meeting, the written inquiries will be received by the CPO in the
27 presence of a quorum of the GGNT. To the maximum extent practicable, all

1 written inquiries will be reviewed by the CPO and members of the GGNT at the
2 meeting to assure that the inquiry is understood. All written inquiries *shall* be
3 responded to in writing by the CPO, with input from the GGNT, within seven (7)
4 calendar days of the meeting. Copies of all written inquiries and written responses
5 *shall* be delivered to all prospective bidders. All written determinations allowable
6 under Guam procurement law *shall* be made by the GGNT.

7 **Section 7. Binding Bid.** After bid opening, a bidder *may not* change the
8 price or any other provision of the bid. An award on the bid is a binding contract
9 with terms and conditions that *do not* vary from the terms and conditions of the
10 contract, the Invitation For Bids, and any addenda.

11 **Section 8. Non-Exclusive Awards.** Notwithstanding any other provision
12 of law, the award(s) resulting from the solicitation provided for in this Act *shall* be
13 non-exclusive award(s) for health insurance coverage for qualified active
14 employees and qualified retirees of the government of Guam, who *shall* have a
15 choice of one of the insurers receiving an award for FY2014 for health insurance.

16 **Section 9. Duties of GGNT.** Notwithstanding any other provision of law,
17 for the FY2014 GHIP procurement, the GGNT *shall not* develop a ranking system
18 to rank the bids or rank said bids.

19 **Section 10. Expedited Protest Process.** Notwithstanding any other
20 provision of law and any rules promulgated therefore, *if* an actual or non-selected
21 bidder is aggrieved by the solicitation of or an award or a contract for medical and
22 dental insurance for government employees and retirees for FY2014 the procedure
23 for the protest outlined in this Section *shall* apply, and *shall* be the exclusive means
24 available to resolve the concerns of persons aggrieved in connection with awards
25 or solicitations, in whole or in part. The protest *shall* be submitted to the Public
26 Auditor who may settle and resolve a protest by one (1) or more of the following
27 means:

- 1 (A) amending or canceling the solicitation;
- 2 (B) terminating the contract that was awarded;
- 3 (C) declaring the contract null and void from the time of its award; *or*
- 4 (D) affirming the contract award decision.

5 If the protest is *not* resolved by mutual agreement, the Public Auditor *shall*
6 issue a decision, in writing, within *no more than* ten (10) working days of receipt
7 of the protest. The decision *shall* state the reasons taken. A copy of the written
8 decision *shall* be mailed, using certified mail, *or* otherwise furnished to the bidder
9 who initiated the protest, the person awarded the contract, and to all other non-
10 selected bidders.

11 For purposes of this Section, the determination of facts and decision by the
12 Public Auditor for the resolution of protests *shall* be final and conclusive with *no*
13 right of appeal *or* judicial review. The fact that a protest has been filed pursuant to
14 this Section *shall not* stay the procurement process or award any contract for
15 medical and dental insurance for government employees and retirees for FY2014,
16 whether in whole or in part, *unless* so ordered by the Public Auditor. A request for
17 reconsideration *shall also not* stay the award of any contract, whether in whole or
18 in part, *unless* so ordered by the Public Auditor.

19 **Section 11. Severability.** If any provisions of this Act or the application
20 thereof to any person or circumstance is held invalid, such invalidity *shall* not
21 affect any other provision or application of this Act which can be given effect
22 without the invalid provision or application, and to this end the provisions of this
23 Act are severable.

Exhibit 1 - Required Premium Calculation Government of Guam Health Insurance Program FY 2014

Instructions: Enter single rate for HSA/HRA2000 Plan in cell [K13] and single rate for Dental in cell [K24]

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
FY MONTH		FY2013 January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[1]	MEDICAL	6,682	984	1,741	1,825	11,232	21,868
[2]	HSA2000	2,735	279	586	666	4,266	7,895
[3]	ACTIVE	1,918	187	546	608	3,259	6,562
[4]	RETIREE	817	92	40	58	1,007	1,333
[5]	SC1500	3,947	705	1,155	1,159	6,966	13,973
[6]	ACTIVE	2,171	323	985	978	4,457	10,239
[7]	RETIREE	1,776	382	170	181	2,509	3,734

[J]	[K]	[L]	[M]	[N]
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
MEDICAL				
HSA/HRA2000				
A	\$128.00	\$281.60	\$230.40	\$384.00
R	\$320.00	\$704.00	\$576.00	\$960.00
1500 DEDUCTIBLE				
A	\$256.00	\$563.20	\$460.80	\$768.00
R	\$668.50	\$1,470.70	\$1,203.30	\$2,005.50

FY MONTH		FY2013 January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[8]	DENTAL	5,283	689	1,622	1,670	9,264	18,922

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
DENTAL	\$29.00	\$63.80	\$52.20	\$87.00

PROJECTED MEDICAL & DENTAL PREMIUM						
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY	TOTAL	
[29]	MEDICAL					
[30]	HSA/HRA2000					
[31]	ACTIVE	\$2,946,048	\$631,910	\$1,509,581	\$2,801,664	\$7,889,203
[32]	RETIREE	\$3,137,280	\$777,216	\$276,480	\$668,160	\$4,859,136
[33]	1500 DEDUCTIBLE					
[34]	ACTIVE	\$6,669,312	\$2,182,963	\$5,446,656	\$9,013,248	\$23,312,179
[35]	RETIREE	\$14,247,072	\$6,741,689	\$2,454,732	\$4,355,946	\$27,799,439
[36]	TOTAL MEDICAL	\$26,999,712	\$10,333,778	\$9,687,449	\$16,839,018	\$63,859,957
[38]	TOTAL DENTAL	\$1,838,484	\$527,498	\$1,016,021	\$1,743,480	\$5,125,483
[40]	TOTAL MEDICAL & DENTAL	\$28,838,196	\$10,861,277	\$10,703,470	\$18,582,498	\$68,985,440

Premiums Below IFB Required Level. Bid is Responsive

Exhibit 2

WELLNESS & FITNESS BENEFIT *must* include at least the following:

- A) Cardiovascular Training;
- B) Resistance and Strength Training;
- C) Flexibility Training conducted by certified personal trainers;
- D) Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
- E) Monthly Nutrition Classes by certified nutritionists;
- F) Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
- G) Have the capacity to service large number of subscribers with fitness attendants available at all times to assist subscribers with cardiovascular machines, circuit weight machines, and free weight areas;
- H) Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
- I) Provide child care services to subscribers utilizing wellness program facilities;
- J) Hours of operation Monday through Sunday, *except* for holidays and special events.
- K) Free utilization of any gym facilities per member/per dependent per the plan year as an integral part of the wellness benefit.

EXHIBIT R

FY12 Plan Design Details

Schedule of Benefits

Important information about your coverage	When you go to PARTICIPATING Providers after Deductible is met:	When you go to NON-PARTICIPATING Providers after Deductible is met:
Deductible Per Individual Member	\$1,500	\$3,000
Deductible Per Family The entire family deductible amount of \$4,500 must be satisfied by one or more family members before the plan begins to pay for any covered expense	\$4,500	\$8,000
Coverage Maximums Individual member annual maximum	\$750,000	
Out-of-Pocket Maximums (Including deductible)		
• Per Individual member per policy year	\$3,000	No Maximum
• Per Family per policy year	\$9,000	No Maximum
Any Services in The Philippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits	Deductible does not apply to these benefits when you go to a Participating Provider	PARTICIPATING Providers <i>Deductible does not apply to this benefit</i> after Deductible is met:	NON-PARTICIPATING Providers after the Deductible is met:
Annual Refraction Eye Exam \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
Immunizations (Routine) U.S. Public Health schedule of immunizations up to 18 years of age		Plan pays 100%	Plan 70%* Member 30%
Outpatient Physician Care & Services			
1. Primary Care Visits		\$20 Member Co-Payment	Plan 70%* Member 30%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 70%* Member 30%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 70%* Member 30%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 70%* Member 30%
5. Hospice Care in Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 70%* Member 30%
7. X-Ray Services		\$20 Member Co-Payment	Plan 70%* Member 30%
8. Injections		\$20 Member Co-Payment	Plan 70%* Member 30%
Prescription Drugs (Including Birth Control Pills) Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
Preventive Services (Routine) Annual Physical Exam includes Gynecological Exam, Mammogram and Labs (in accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B)		Plan pays 100%	Not Covered
Well-Baby Care For children up to age two. Maximum 5 visits per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
Acupuncture 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
AIDS Treatment Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
AIPFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
Allergy Testing/Treatment \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
Ambulatory Surgical-Center Care (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
Blood & Blood Derivatives \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
Breast Reconstructive Surgery (in accordance with 1998 W.H.C.R.A)		Plan 80% Member 20%	Plan 70%* Member 30%
Cardiac Surgery \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
Cataract Surgery Includes Lens Implant, Outpatient only		Plan 80% Member 20%	Plan 70%* Member 30%

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Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
Chemical Dependency		Plan 80% Member 20%	Plan 70%* Member 30%
Chemotherapy Benefit		Plan 80% Member 20%	Plan 70%* Member 30%
Chiropractic Care	20 visits per member per plan year. Maximum \$25 per visit	Plan 80% Member 20%	Not Covered
Congenital Anomaly Diseases Coverage		Plan 80% Member 20%	Plan 70%* Member 30%
Diagnostic Testing	MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)	Plan 80% Member 20%	Plan 70%* Member 30%
Durable Medical Equipment (DME)	Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)	Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery	(Pre-Certification Required)	Plan 80% Member 20%	Plan 70%* Member 30%
Emergency Care	1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)	Plan 80% Member 20%	Plan 70%* Member 30%
End Stage Renal Disease/Hemodialysis		Plan 80% Member 20%	Plan 70%* Member 30%
Hearing Aids	Maximum \$500 per member per plan year	Plan 80% Member 20%	Plan 70%* Member 30%
Hospitalization & Inpatient Benefits	1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services	Plan 80% Member 20%	Plan 70%* Member 30%
Implants	Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)	Plan 80% Member 20%	Plan 70%* Member 30%
Inhalation Therapy		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care	Pre-natal care and Delivery	Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care For Non-spouse Dependents	Outpatient care only. Maximum \$500 per member per plan year	Plan 80% Member 20%	Not Covered
Mental Health Care		Plan 80% Member 20%	Plan 70%* Member 30%
Nuclear Medicine	Maximum \$25,000 per member per plan year (Pre-Certification required)	Plan 80% Member 20%	Plan 70%* Member 30%
Orthopedic Conditions	Internal and External Prostheses Maximum \$50,000 per member per plan year for Chronic Conditions and related services	Plan 80% Member 20%	Plan 70%* Member 30%
Physical Therapy	(Pre-Certification required)	Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70%* Member 30%
Radiation Therapy	Maximum \$25,000 per member per plan year (Pre-Certification required)	Plan 80% Member 20%	Plan 70%* Member 30%
Skilled Nursing Facility	Maximum 60 days per member per plan year (subject to pre-approval by Plan)	Plan 80% Member 20%	Plan 70%* Member 30%
Specialty Drugs	(Pre-Certification and prior approval from SelectCare is required)	Plan pays 80% of AWP	Not Covered
Sterilization Procedures	1. Tubal Ligation 2. Vasectomy (Outpatient Only)	Plan 80% Member 20%	Plan 70%* Member 30%

Additional Benefits	What Calvo's SelectCare covers		
Wellness & Fitness Benefit	*Refer to attachment		
1. Wellness Benefit at SDA Wellness Center (Pre-certification required)		Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 50% of charges thereafter	Not covered
2. Fitness Benefit	* Kofinas Gym * Paradise Fitness Center	Free access to the Gym for the plan year	

Off-Island

* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

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Important information about your coverage	When you go to PARTICIPATING Providers after deductible is met	When you go to NON-PARTICIPATING Providers after deductible is met
Deductible Per Individual Member	\$2,000	\$4,000
Deductible Per Family The entire family deductible amount of \$8,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$8,000	\$12,000
Coverage Maximums Individual member annual maximum		\$750,000
Out-of-Pocket Maximums (including deductible) • Per Individual member per policy year • Per Family per policy year	\$4,000 \$11,900	No Maximum No Maximum
Any Services in The Philippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after deductible is met	NON-PARTICIPATING Providers after deductible is met
Acupuncture 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
AIDS Treatment Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
AIRFARE Benefit to Centers of Excellence Only For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
Allergy Testing/Treatment \$500 per member per plan year		Plan 80% Member 20%	Plan 50% Member 50%
Ambulatory Surgi-Center Care (Pre-Certification Required)		Plan 80% Member 20%	Plan 50% Member 50%
Annual Refraction Eye Exam \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
Blood & Blood Derivative \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50% Member 50%
Breast Reconstructive Surgery (in accordance with 1996 W.H.C.R.A)		Plan 80% Member 20%	Plan 50% Member 50%
Cardiac Surgery \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50% Member 50%
Cataract Surgery Includes Lens Implant. Outpatient only		Plan 80% Member 20%	Plan 50% Member 50%
Chemical Dependency		Plan 80% Member 20%	Plan 50% Member 50%
Chemotherapy Benefit		Plan 80% Member 20%	Plan 50% Member 50%
Chiropractic Care 20 visits per Plan Year. Maximum \$25 per visit		Plan 80% Member 20%	Not Covered
Congenital Anomaly Diseases Coverage		Plan 80% Member 20%	Not Covered
Diagnostic Testing MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 50% Member 50%
Durable Medical Equipment (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery (Pre-Certification Required)		Plan 80% Member 20%	Plan 50% Member 50%
Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 50% Member 50%
End Stage Renal Disease/Hemodialysis		Plan 80% Member 20%	Plan 50% Member 50%
Hearing Aids Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 50% Member 50%
Immunizations (Routine) U.S. Public Health schedule of Immunizations up to 18 years of age Deductible for Participating Providers does not apply for this benefit		Plan pays 100%	Plan 50% Member 50%

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Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)		Plan 80% Member 20%	Plan 50% Member 50%
Inhalation Therapy		Plan 80% Member 20%	Plan 50% Member 50%
Maternity Care Pre-natal care and Delivery		Plan 80% Member 20%	Plan 50% Member 50%
Maternity Care For Non-spouse Dependents Outpatient care only, Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 50% Member 50%
Mental Health Care		Plan 80% Member 20%	Plan 50% Member 50%
Nuclear Medicine Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50% Member 50%
Orthopedic Conditions Internal and External Prosthesis Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 50% Member 50%
Outpatient Physician Care & Services			
1. Primary Care visits		\$20 Member Co-Payment	Plan 50% Member 50%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 50% Member 50%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 50% Member 50%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 50% Member 50%
5. Hospice Care in Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 50% Member 50%
7. X-Ray Service		\$20 Member Co-Payment	Plan 50% Member 50%
8. Injections		\$20 Member Co-Payment	Plan 50% Member 50%
Physical Therapy (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 50% Member 50%
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Prescription Drugs (Including Birth Control Pills) Limited to generics only, unless specified by your doctor			Plan pays 60% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
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Radiation Therapy Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50% Member 50%
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Specialty Drugs (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
Sterilization Procedures			
1. Tubal Ligation		Plan 80% Member 20%	Plan 50% Member 50%
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Well-Baby Care For children up to age two, Maximum 5 visits per member per plan year Deductible for Participating Providers does not apply for this benefit		Plan 80% Member 20%	Plan 50% Member 50%

Additional Benefits	What Calvo's SelectCare covers		
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		Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit		Free access to the Gym	
• Körtandas Gym		For the plan year	
• Paradise Fitness Center			

Off-Island

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6. Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
7. Have the capacity to service a large number of subscribers with fitness attendants available at all times to assist subscribers with Cardio Vascular Machines, Circuit Weight Machines, and Free Weight Areas;
8. Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
9. Provide child care services to subscribers utilizing wellness program facilities;
10. Hours of operation Monday through Sunday, except for holidays and special events.