

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam.

OCT 16 2014

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Dos Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

32-14-2137
Office of the Speaker
Judith T. Won Pat, Ed.D

Date: 10-17-14
Time: 4:11pm
Received By: [Signature]

2014 OCT 17 PM 4:53
Hansen

Dear Madame Speaker:

Transmitted herewith is Bill No. 299-32 (COR) "AN ACT TO AMEND §§ 4301(a) AND (b), 4301.1(a), 4302, AND 4302.2(c); AND TO ADD A NEW SUBSECTION (h) TO § 4301.1, ALL OF ARTICLE 3, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCLUDING FOSTER CHILDREN IN THE GOVERNMENT OF GUAM GROUP HEALTH INSURANCE CONTRACT PROSPECTIVELY," which I signed into law on October 13, 2014 as Public Law 32-189.

Senseramente,

EDDIE BAZA CALVO

2137

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2014 (SECOND) Regular Session

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

This is to certify that Bill No. 299-32 (COR), "AN ACT TO AMEND §§ 4301(a) AND (b), 4301.1(a), 4302, AND 4302.2(c); AND TO ADD A NEW SUBSECTION (h) TO § 4301.1, ALL OF ARTICLE 3, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCLUDING FOSTER CHILDREN IN THE GOVERNMENT OF GUAM GROUP HEALTH INSURANCE CONTRACT PROSPECTIVELY," was on the 3rd day of October, 2014, duly and regularly passed.

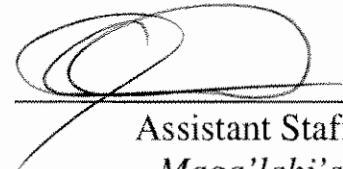


Judith T. Won Pat, Ed.D.
Speaker

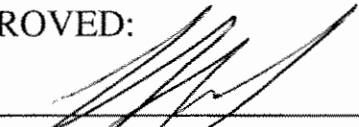
Attested:


Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 6 day of Oct,
2014, at 6:32 o'clock P.M.


Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


EDWARD J.B. CALVO
I Maga'lahaen Guåhan

Date:

OCT 13 2014

Public Law No. 32-189

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2014 (SECOND) Regular Session

Bill No. 299-32 (COR)

As amended on the Floor.

Introduced by:

Michael F. Q. San Nicolas
Aline A. Yamashita, Ph.D.
Brant T. McCreadie
V. Anthony Ada
Dennis G. Rodriguez, Jr.
T. R. Muña Barnes
T. C. Ada
FRANK B. AGUON, JR.
B. J.F. Cruz
Chris M. Dueñas
Michael T. Limtiaco
Tommy Morrison
R. J. Respicio
Judith T. Won Pat, Ed.D.

AN ACT TO AMEND §§ 4301(a) AND (b), 4301.1(a), 4302, AND 4302.2(c); AND TO ADD A NEW SUBSECTION (h) TO § 4301.1, ALL OF ARTICLE 3, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCLUDING FOSTER CHILDREN IN THE GOVERNMENT OF GUAM GROUP HEALTH INSURANCE CONTRACT PROSPECTIVELY.

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

2 **Section 1. Short Title.** This Act *shall* be cited as the “Responsible Foster
3 Children Health Insurance Act.”

4 **Section 2. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
5 that children in foster care may have previously suffered from abuse and neglect,

1 or have been abandoned and, therefore, may have extensive physical and mental
2 health needs that require immediate and quality medical care.

3 *I Liheslatura* finds that the Child Protective Services Division of the
4 Department of Public Health and Social Services, as of March 19, 2014, has a total
5 of eighty-eight (88) foster children under its legal custody, of which two (2) foster
6 children are covered by the Medically Indigent Program, and eighty-six (86) foster
7 children are covered by Medicaid.

8 *I Liheslatura* finds that the amount of health care providers able to provide
9 services to foster children is limited due to restrictions on care by the Medically
10 Indigent Program, and certain private physicians' unwillingness to accept
11 Medicaid as a payor for their services. However, the insurance offered to
12 employees of the government of Guam, retirees, and their survivors allows more
13 health care provider options.

14 *I Liheslatura* finds that it is more fiscally responsible to cover foster children
15 under the government of Guam health insurance plan due to the increased
16 competition in the government of Guam health insurance pool. By covering foster
17 children under the government of Guam health insurance, excess funding may be
18 used for other client needs.

19 It is, therefore, the intent of *I Liheslaturan Guåhan* to improve the access
20 and quality of medical care for foster children and allow foster children to be
21 covered by the government of Guam health insurance plan for employees, retirees,
22 and their survivors by amending Article 3 of Chapter 4, Title 4, Guam Code
23 Annotated.

24 **Section 3. Group Insurance.** Subsection (a) of § 4301 of Article 3,
25 Chapter 4, Title 4, Guam Code Annotated, is hereby *amended* to read:

26 “(a) *I Maga’lahi* (the Governor) is authorized to enter contracts and
27 reject proposals, with the written concurrence of the Speaker of *I*

1 *Liheslaturan Guåhan* (the Guam Legislature) or the Presiding Judge of the
2 Superior Court of Guam whose consents may be withheld in their sole
3 discretion, with one (1) or more insurance companies, authorized to do
4 business in Guam, for group insurance, including, but *not* limited to,
5 hospitalization, medical care, life, and accident, for all employees or
6 separate groups of employees, and foster children, of the government of
7 Guam. If the Legislative or Judicial Branches of government elect to enter
8 into separate contracts for their employees as authorized in §4301(c), *I*
9 *Maga'lahi shall* obtain the written concurrence of the Branch electing to
10 remain with the Executive Branch before the group insurance contract is
11 entered into or a proposal rejected. The government *shall not* be construed as
12 an agent of any insurance company in negotiating or administering this
13 group insurance program. Health benefits provided under this authority may
14 be self funded and administered by a third party if it is determined to be
15 cost-effective.”

16 **Section 4. Government of Guam to Cover Full Cost of Insurance for**
17 **Foster Children.** Subsection (b) of § 4301 of Article 3, Chapter 4, Title 4, Guam
18 Code Annotated, is hereby *amended* to read:

19 “(b) All participation by employees in such contracts of insurance
20 *shall* be on a voluntary basis. Effective in the next contract following the
21 enactment of this subparagraph, the government’s contribution for health
22 and dental insurance *shall* be uniform within each class (including separate
23 classes and rates for retired employees and their survivors) for all competing
24 plans, and *shall not* be less than fifty percent (50%) of the lowest premium
25 for a single employee, except that the government *shall* increase the
26 contributions it makes on behalf of a retired employee or survivor of a
27 retired employee so that the retired employee or the survivor of a retired

1 employee contributes *no more than* an active employee who is otherwise in
2 the same class. Notwithstanding any other provision of this Section to the
3 contrary, the government of Guam *shall* cover the full cost of insurance
4 coverage for foster children, and such coverage *shall* require no co-payments
5 nor deductibles for the foster children insured pursuant to this Section.”

6 **Section 5. Definition of Health Insurance Providers.** Subsection (a) of
7 § 4301.1 of Article 3, Chapter 4, Title 4, Guam Code Annotated, is hereby
8 *amended* to read:

9 “(a) Health Insurance Providers are all companies or other legal
10 entities providing or applying to provide health insurance or the provision of
11 healthcare to government employees and retirees, and foster children.”

12 **Section 6. Prescribed Use of Foster Children.** A new Subsection (h) is
13 hereby *added* to § 4301.1 of Article 3, Chapter 4, Title 4, Guam Code Annotated,
14 to read:

15 “(h) Foster children *shall* include *only* those foster children under
16 the legal custody of the Child Protective Services Division of the
17 Department of Public Health and Social Services.”

18 **Section 7. Same: Health Insurance or Provision of Health Care.** §
19 4302 of Article 3, Chapter 4, Title 4, Guam Code Annotated, is hereby *amended* to
20 read:

21 “§ 4302. **Same: Health Insurance or Provision of Health Care.**

22 (a) All companies or other legal entities providing or applying to
23 provide health insurance or the provision of health care to government of
24 Guam employees and foster children *shall* make their audited financial
25 statements available to the Director of Administration annually. Such
26 records *shall* be public records.

1 (b) The Director of Administration *shall, no later than* March 1,
2 1986, promulgate rules and regulations setting forth the other information
3 she/he requires from the companies or legal entities and the method by
4 which such information shall be reported. This information *shall* be
5 equitably required of each company and *shall* be submitted *no less than* ten
6 (10) days before any negotiations or active consideration of proposals
7 commences. Materials submitted in fulfillment of this requirement *shall not*
8 be considered public records, except for the detailed claims utilization and
9 cost information required by § 4302(g), which *shall* be provided to current
10 and prospective health insurance carriers as part of the invitation to bid for
11 coverage to government of Guam employees and retirees, and foster
12 children.

13 (c) The Government of Guam Health Insurance Negotiating Team
14 *shall* consist of the Director of Administration, who *shall* be the
15 Chairperson; the Administrator of the Department of Integrated Services for
16 Individuals with Disabilities (DISID), or his or her designee; the Director of
17 the Bureau of Budget and Management Research, or his or her designee; an
18 employee representative from the Judicial Branch to be appointed by the
19 Chief Justice of the Supreme Court of Guam; an employee representative of
20 the Legislative Branch to be appointed by the Speaker of *I Liheslaturan*
21 *Guåhan*; the Superintendent of the Department of Education, or his or her
22 designee; the Director of the Government of Guam Retirement Fund, or his
23 or her designee; a retiree who is a member of the Government of Guam
24 Retirement Fund to be appointed by the Board of Trustees of the
25 Government of Guam Retirement Fund; one (1) member of the general
26 public, appointed by *I Maga'lahen Guåhan*, who is not an employee of the
27 government of Guam, not an employee of a health insurance company,

1 hospital, or medical provider, or not an appointee by *I Maga'lahi* (the
2 Governor) to any government agency, board or commission, and who *shall*
3 affirm by affidavit that he or she agrees to comply with all provisions in
4 Chapter 15 of Title 4 of the Guam Code Annotated, also known as the
5 Standard of Conduct for Elected Officers, Appointed Officers, and Public
6 Employees of the government of Guam; the Chairperson of the Committee
7 on Health or the successor committee of *I Liheslaturan Guåhan*, or his or
8 her designee, who *shall* sit as an ex-officio non-voting member; and the
9 Chairperson of the Committee on Appropriations, or the successor
10 committee of *I Liheslaturan Guåhan*, or his or her designee, who *shall* sit as
11 an ex-officio non-voting member. The Negotiating Team *shall* examine the
12 financial information of the prepaid health insurance companies, health care
13 providers or other legal entities for the purpose of developing the most
14 economical and beneficial health plan for the government of Guam
15 employees and retirees, and foster children. The Negotiating Team may
16 obtain technical support from other financial and health-related agencies.
17 The Negotiating Team *shall* develop its rules of procedure in accordance
18 with the Administrative Adjudication Law. The Negotiating Team *shall*
19 develop minimum qualification for proposals to be submitted for health
20 insurance coverage. The Negotiating Team *shall* also develop a ranking
21 system to rank the proposals. The Negotiating Team, with the approval of *I*
22 *Maga'låhi*, is authorized to contract an actuary competent to develop
23 proposed health insurance rates or other recognized expert to train and/or
24 advise the Negotiating Team. Notwithstanding any other provision of law,
25 each fiscal year, the Negotiating Team *shall* solicit both exclusive and non-
26 exclusive proposals from each Health Insurance Provider and enter into
27 negotiations with the top three (3) ranked Health Insurance Providers

1 submitting qualified proposals for health insurance coverage for qualified
2 active employees and qualified retirees, and foster children, of the
3 government of Guam.

4 (1) The Director of the Department of Administration *shall*
5 plan, and implement prior to discussions for the 2011-2012 Fiscal
6 Year, an expanded competitive Request for Proposal process. The
7 Director *shall* announce in publications of general circulation in
8 Guam, in top publications nationally and in leading publications
9 internationally, a Request for Proposal from Health Care Insurance
10 Providers for health insurance coverage for qualified active employees
11 and qualified retirees, and foster children, of the government of
12 Guam.

13 (A) Health Care Insurance Providers that respond and
14 express interest in providing coverage to qualified active
15 employees and retirees, and foster children *shall*, if selected,
16 maintain a bona-fide office and operations base in Guam and
17 possess a business privilege license to do business in Guam.

18 (2) The negotiating team upon selection and review of the
19 best available proposals by participating healthcare
20 respondents/providers which reflect the most economical and
21 beneficial healthcare insurance proposal plan for government of Guam
22 employees and retirees, and foster children, *shall* forward the accepted
23 proposals to *I Maga'lahaen Guåhan* for consideration, and to *I*
24 *Lihselaturan Guåhan* for final approval *no later than* July 31, and
25 prior to the annual legislative sessions wherein the upcoming fiscal
26 year budget for the government of Guam is before *I Lihselaturan*
27 *Guåhan* for consideration.

1 (3) Within one hundred eighty (180) days of this Act, the
2 Director of the Department of Administration *shall* issue a Request for
3 Proposal from qualified individuals or firms to conduct a feasibility
4 study for a non-profit public healthcare insurance option for Guam.

5 The RFP *shall* call for a plan that provides for a level playing
6 field with current and future private insurers, and the non-profit public
7 healthcare insurance option which pays for care from individual
8 premiums and co-payments not of the General Fund of the
9 government of Guam.

10 (d) No health insurance company or health care provider contracted
11 to provide health care to government of Guam employees and foster children
12 may deny coverage to the employee or dependents, or foster children, on the
13 basis of a congenital anomaly. Congenital anomalies *shall* be covered,
14 subject to contract negotiations.

15 (e) Effective October 1, 1986, the contract period for health
16 insurance or provision of health care *shall* coincide with the fiscal year of
17 the government of Guam. To that end, the contract period preceding the one
18 for FY 1987 may be for less than twelve (12) months.

19 (f) All companies, or other legal entities providing or applying to
20 provide health insurance or the provision of health care, *shall* have contracts
21 for services with all government of Guam entities that are providing health
22 care services to any and all of their subscribers. This requirement *shall* be
23 met prior to, and as a condition to, the start of negotiations for the
24 government of Guam Fiscal Year 1999. Any dispute or controversy between
25 contracting parties *shall* be submitted to arbitration according to the
26 generally accepted local practice.

1 (g) All health insurance companies or health care providers
2 contracted to provide health care to government of Guam employees and
3 retirees, to include foster children, beginning on the first fiscal year
4 following the inclusion of foster children under the government of Guam
5 health insurance contract for employees and retirees pursuant to § 4301 of
6 this Article, *shall* provide to the Negotiating Team, defined in § 4302(c), and
7 the Office of Finance and Budget, fifteen (15) months of detailed claims
8 utilization and cost information from period October 1 to September 30 of
9 the previous fiscal year, and October 1 to December 31 of the current fiscal
10 year, *no later than* March 1 for the final updated data for the previous fiscal
11 year in an electronic database file format, such as Microsoft Access or
12 Microsoft Excel.

13 The detailed claims utilization and cost information must total in
14 aggregate all the experience data used to calculate government of Guam
15 insurance rates for the fiscal year following the current fiscal year. Claims
16 incurred but not received calculations *shall* be reported separately and must
17 be derived from detailed claims utilization and cost information submitted
18 and reviewed and approved by a credentialed actuary from a recognized
19 organization, such as the American Academy of Actuaries or Society of
20 Actuaries.

21 The detailed claims utilization and cost information required under
22 this Subsection *shall* include only de-identified health information as
23 permitted under the Health Insurance Portability and Accountability Act of
24 1996, and *shall not* include any protected health information, as defined in
25 the Health Insurance Portability and Accountability Act of 1996.

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

4 (1) type of contract based on all tiers used in program design
5 (EE, EE + SPOUSE, FAMILY, etc.);

6 (2) patient demographics, date of birth, gender, relationship
7 to subscriber;

8 (3) medical, dental and vision claims, line detail including
9 diagnosis code (ICD9 or ICD10), procedure codes (CPT, HCPC,
10 CDT), revenue codes, service dates, service provider (name, tax id,
11 provider id, specialty code, city, state, zip code), plan payments,
12 member payment responsibility (co-pay, co-insurance, deductible),
13 claim paid date, type of bill and facility type;

14 (4) prescription drug claims, to include NDC codes,
15 formulary tier identifier, pharmacy (name, provider id, city, zip code),
16 plan payments, member payment responsibility (co-pay, co-insurance,
17 deductible) claim paid date, injectable drug indicator, GPI number,
18 ingredient cost, dispensing fee and rebates; and

19 (5) any other detailed demographic and claims utilization
20 and cost information as requested by the Negotiation Team in the
21 Invitation to Bid (ITB) for the fiscal year following the current fiscal
22 year.

23 Failure to comply with the requirements of this Section will result in a
24 2.5% reduction of the quarterly premiums from the non-compliant health
25 insurance carrier. The information *shall* be provided quarterly. The reduction
26 *shall* be deducted from the premiums due to the carrier in the succeeding
27 quarter, if the information is *not* received within forty-five (45) days of the

1 end of the quarter. The Negotiating Team defined in §4302(c) at their
2 discretion, at any time during the following fiscal year health insurance
3 negotiations, may disqualify proposals from health insurance carriers *not* in
4 compliance with this Section for their in force contract.

5 (h) No health insurance company or health care provider contracted
6 to provide health care to government of Guam employees and foster children
7 may deny coverage to the employee or dependents or foster children on the
8 basis of chronic orthopedic deformities. Chronic orthopedic deformities,
9 which may include orthopedic and external prosthetic devices, including, but
10 *not* limited to, artificial joints and limbs, will be covered and may be subject
11 to maximum limitations per annum.

12 (i) No health insurance company or health care provider contracted
13 to provide health care to government of Guam employees and foster children
14 may deny coverage to the employee or dependents or foster children on the
15 basis of blood or blood derivatives. Blood and blood derivatives will be
16 covered and may be subject to maximum limitations per annum.”

17 **Section 8. Government of Guam Self Funded Employee Health**
18 **Benefits Trust Fund Accounts.** Subsection (c) of § 4302.2 of Article 3, Chapter
19 4, Title 4, Guam Code Annotated, is hereby *amended* to read:

20 “(c) All employer and employee premium payments *shall* be
21 deposited in the respective Self Funded Health Benefits Plan Trust Fund
22 Account. Any foster children covered by a Self Funded Health Benefits Plan
23 *shall* be fully paid for by the government of Guam;”

24 **Section 9. Effective Date.** This Act *shall* be effective prospectively
25 starting with the next open enrollment period, and the foster children under legal
26 custody of the Child Protective Services Division of the Department of Public
27 Health and Social Services *shall* be included in the risk pool for the next health

- 1 insurance contract negotiated by the Government of Guam Health Insurance
- 2 Negotiating Team pursuant to § 4302 of Title 4 GCA.