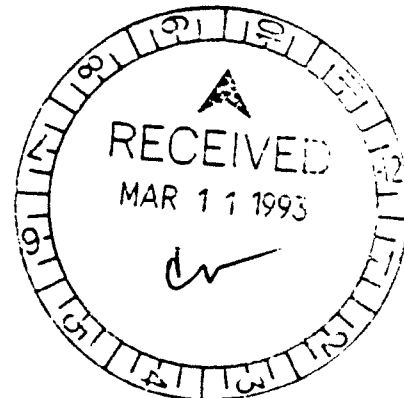


LEGACY PUBLICATIONS

The 22nd Guam Legislature
Pacific Arcade Building
155 Hesler Street
Agana, Guam 96910



Dear Senators,

As a local businessman and registered voter I would like to pledge my support of Bill No. 327 which affirms the right of Staywell Health Plan to pay refunds to it's members.

I believe strongly in free enterprise and competition in our capitalistic and democratic society. And I know Bill No. 327 works toward these principles, especially in concerns with health insurance and health care.

Sincerely,


Manny Crisostomo
Publisher

cc: Don Davis, Staywell
Fran Baumann, Baumann Advertising

Public Hearing on Stavwell Refund Program 3/11/93
Submitted by: Sandy Gould-Yow

My name is Sandy Gould-Yow and my family and I, including my mother, who is a government of Guam retiree, are members of Stavwell and have been for several years. For us, the appeal of Stavwell over other health plans is not one single feature of the plan, because there are several. We are able to choose our medical physicians here and anywhere in the world, our premiums are reasonable and if we are fortunate enough not to utilize all the care we pay for, Stavwell will return a portion of our paid premiums.

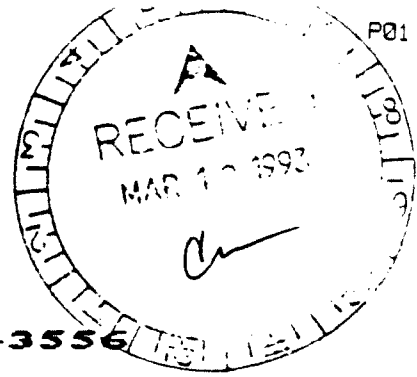
I ask you, what is wrong with this approach to marketing a product or service especially in a system of government which prides itself in free enterprise. I see this as nothing more complicated or controversial than a clever marketing tool which has been successful and which, in design is not so different than the many other rebate or refund programs we hear of everyday. How is this so different than car insurance programs which hold rates down for clients who don't make claims?

In our free enterprise system, businesses should be encouraged, not discouraged by government to be creative and competitive. And, in regard to the issue before you, I ask, isn't it more honest and forthright to commit to your clients to return unused portions of monies paid for services as part of your business plan...or, to quietly adjust premiums upward upon the renewal of a car insurance policy?

Some say health care is different. They say people are being bribed into not seeing the doctor when necessary. I'm not sure I understand this argument, primarily because it assumes that money, to some people is more important than their health...but, if this were true, then why would these same people purchase any sort of health insurance at all?

I think our people deserve more credit from this government for knowing that this one feature of Stavwell does not compromise it's members health, but provides them a percentage of unused premiums back.

Finally, I would like to remind all of us that government is here to guide, to support, to analyze existing laws and create new and better ones, to keep law and order and to improve our lives. How you address this question before you today and your ultimate decision will send a message to the people of Guam. I know this because my husband and I operated a Quarantine and Kennel station for four years but then opted to get out of the business because the government frequently vacillated on issues that would put us out of business. Similarly, the recent publicity surrounding the company Bungie International and it's difficulties in working with the government is another example of government intervention in free enterprise. And there are numerous others. Please consider carefully the issue at hand, give your people more credit...and, send them the right message.



SENT VIA FACSIMILE: (671) 472-3556

March 10, 1993

Senator Ben Pangelinan, Chairman
Committee on Economic Development
& Agriculture
22nd Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Senator Pangelinan:

RE: STAYWELL REFUNDS

This is in support of Bill No. 327.

For several years I was a GovGuam employee and was insured with STAYWELL. I also have medical problems which has left me without any refunds at the end of the contract year. However, this did not dissuade me from joining STAYWELL. STAYWELL provides the same services as the other GovGuam insurance carriers, however at a lower premium rate.

My opinion is insurance rates are based on utilization. WHY should I be obligated to pay for insurance coverage which I did not use. My understanding is the government pays a certain percentage of the insurance rate and the major portion is paid by the employee.


Because of medical problems, I utilize the services of a physician, pharmacy, physical therapy and radiology more often than the average individual. I do not expect the general public to subsidize these services.

The REFUND is not only an incentive but a savings for the individual. Health care is an expensive commodity.

I urge you and your colleagues to support Bill No. 327.

Thank you for your attention on this matter.

Sincerely,


NADYNE M. TORRES



the
Pediatric
Dental Center

Francisco J. Romero, D.D.S., M.S.D.

March 11, 1993

Senator for the People of Guam
22ND GUAM LEGISLATURE

Subject: Staywell Hearing

Dear Senator:

I must advise you of my great concern for the right of patients to contract for health/dental insurance services with Staywell under the existing rebate structure.

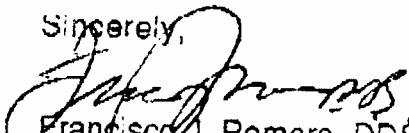
As a dental health care provider, I can state that Staywell is unequal in supporting quality health care for its members. No other plan provides positive incentives for their plan members to seek and maintain preventive health care. Staywell provides increasing benefits as the patients health improves and is maintained by utilization of plan benefits. The Staywell plan provides a substantial increase in plan member benefits as they maintain their routine preventive dental recall visits.

Staywell does not discriminate or contract with specific providers or clinics for patients care. Patients are free to choose the provider and switch providers easily. The ability to switch providers easily is very important because the patient is able to gain access to care on his terms and needs rather than their Doctor's availability or insurance plan restrictions. Many dentists and physicians are currently overwhelmed by the numbers of patients requesting care. Patients frequently do not have ready access to definitive care when need. This condition is perpetuated by the overzealous, very effective, and expensive marketing programs of capitation programs. Other local insurance plans, e.g., GMHP and FHP, contract or employ too few doctors and clinics to provide care for an overly large number of patients contracted for care.

In this age of health care cost control, Staywell is ahead of its time. It allows the end user to participate in the cost, quality and quantity of care required. It provides patient flexibility. It is cost efficient. It saves money. I believe the other plans should follow Staywell's lead.

I urge you to support the Staywell position.

Sincerely,



Francisco J. Romero, DDS



American Academy of Pediatric Dentistry

Reflection Center • Suite 301 • 222 Chalan Santo Papa • Agana • Guam • 96910
Tel: (671) 477-6235/6 • Fax: (671) 477-6237



Francisco J. Romero, D.D.S., M.S.E

March 11, 1993

Senator for the People of Guam
22ND GUAM LEGISLATURE

Subject: Staywell Hearing

Dear Senator:

I must advise you of my great concern for the right of patients to contract for health/dental insurance services with Staywell under the existing rebate structure.

As a dental health care provider, I can state that Staywell is unequal in supporting quality health care for its members. No other plan provides positive incentives for their plan members to seek and maintain preventive health care. Staywell provides increasing benefits as the patients health improves and is maintained by utilization of plan benefits. The Staywell plan provides a substantial increase in plan member benefits as they maintain their routine preventive dental recall visits.

Staywell does not discriminate or contract with specific providers or clinics for patients care. Patients are free to choose the provider and switch providers easily. The ability to switch providers easily is very important because the patient is able to gain access to care on his terms and needs rather than their Doctor's availability or insurance plan restrictions. Many dentists and physicians are currently overwhelmed by the numbers of patients requesting care. Patients frequently do not have ready access to definitive care when need. This condition is perpetuated by the overzealous, very effective, and expensive marketing programs of capitation programs. Other local insurance plans, e.g., GMHP and FHP, contract or employ too few doctors and clinics to provide care for an overly large number of patients contracted for care.

In this age of health care cost control, Staywell is ahead of its time. It allows the end user to participate in the cost, quality and quantity of care required. It provides patient flexibility. It is cost efficient. It saves money. I believe the other plans should follow Staywell's lead.

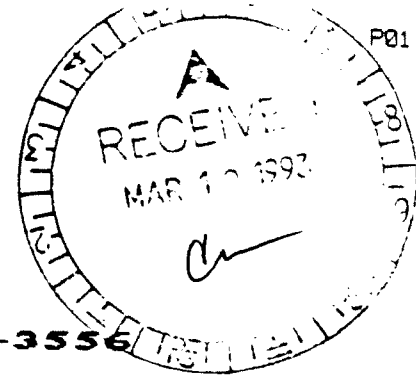
I urge you to support the Staywell position.

Sincerely,



Francisco J. Romero, DDS





SENT VIA FACSIMILE: (671) 472-3556

March 10, 1993

Senator Ben Pangelinan, Chairman
Committee on Economic Development
& Agriculture
22nd GUAM Legislature
155 Hesler Street
Agana, Guam 96910

Dear Senator Pangelinan:

RE: STAYWELL REFUNDS

This is in support of Bill No. 327.

For several years I was a GovGuam employee and was insured with STAYWELL. I also have medical problems which has left me without any refunds at the end of the contract year. However, this did not dissuade me from joining STAYWELL. STAYWELL provides the same services as the other GovGuam insurance carriers, however at a lower premium rate.

My opinion is insurance rates are based on utilization. WHY should I be obligated to pay for insurance coverage which I did not use. My understanding is the government pays a certain percentage of the insurance rate and the major portion is paid by the employee.

Because of medical problems, I utilize the services of a physician, pharmacy, physical therapy and radiology more often than the average individual. I do not expect the general public to subsidize these services.

The REFUND is not only an incentive but a savings for the individual. Health care is an expensive commodity.

I urge you and your colleagues to support Bill No. 327.

Thank you for your attention on this matter.

Sincerely,


NADYNE M. TORRES

March 11, 1993

Senator Ben Pangelinan - Chairman
22nd Guam Legislature
Agana, Guam

I brought a written testimony today just incase my throat fails me and not finish what I wish to say this afternoon.

What's **"bugging"** our government officials that they want to manage the Private Sector, they want to see some changes thats benefiting our people who stay healthy and not frequenting the doctor's office or hospital. What's wrong with the **Refund?** It's been going on for almost ten (10) years if not more and now they decided it's not right, it's not good, we must stop it - **Why?** Is it because they're not in **Staywell?** Come join the Club. Could it be because they're not getting **Refunds** if they're in Staywell? Read your policy and you'll know why - as for the ones getting Refunds - it pays to stay well and their living up to their Name & Policies - And if you're still not satisfied you can cancel -- People join Staywell for different reasons - but as for me - it's because I can go to any doctor and any hospital including off-island without any problem - I'm talking of my own experience - I haven't received any refund for the last 5 or 6 years but I'm not complaining or envious of the ones who remain healthy and get their refunds.

I am a Retiree of the Government of Guam and I've covered a lot of territory. I started with HML a subsidiary of FHP who refuse to pay for my surgery (1978) which was a referral from my primary doctor. HML will not acknowledged the referral nor make the payment. Staywell has paid well for my health, such as hospital bills, doctor's visits and medications. These needs and cares were taken care here, Queens in Hawaii, St. Rose in San Antonio, Texas. I see my doctor faithfully every 3 to 4 months, Laboratory test about the same time, the Eye Specialist must check my eye at the request of my primary physician for Glaucoma or Cataracts and other check ups. For all these Health Care Staywell takes care of it financially, of course, as a client I know my

obligation of 20% for the first \$5,000 after that Staywell pays 100%.

This is why I prefer Staywell. I have the freedom of going off-island and to any off-island medical facilities, etc.. Staywell wants you to "stay well" but if you need medical attention they'll be right there to assist you - and if you live up to their objective - of staying well - you will be richer and ready for your Thanksgiving Dinner and probably even Christmas shopping.

Our officials say it's illegal, it took them all these years to discover that there's such an organization out there doing something illegal and surprisingly Staywell officials are not behind bars yet ~~it~~ they are doing something illegal. Do these people think they are gods they know everything and won't be challenged by good people doing good for both young and old. Is it true that they also say the unhealthy and the elderly are discriminated? Discriminated? Where did you hear that? The policy is very clear about refunds - so young or old - Black, White, Brown, Purple or Orange, it will be applied fairly. A healthy person who did not use his contribution, young or old will get a refund. I know because I pick up two elderly's check - one 77 years old and the other 73 years. They're still getting refunds - Why? Healthy Senior Citizen - God bless them. As for me - **No Refund** and I'm much younger than the two and many others who get refunds. Should I feel bad, envious, jealous, etc. No! I'm happy for them. They can prepare their family Thanksgiving Dinner with their refund and say "Thank you Lord for these food and thy blessings on this Thanksgiving Day and thank you for **Staywell** who gave me a refund.

Senators, let Staywell continue to be the good Samaritan, let Staywell, stay well for us who wants to stay well, (and it would be nice if the other insurance companies would offer a little of their wealth). God will always bless them because they're are practicing charity to their fellowmen.

Arthur S. Hayes
Govt. of Hawaii
Retiree

Testimony on Bill ~~344~~²⁷

March 11, 1993

My name is Robert Wade. I am a retired teacher from Mangilao. I have been a Stay-Well member since its inception. I joined for three reasons: First, I believe people who follow good health practices and hence are healthier should be rewarded with lower premiums. Secondly, I think each of us should be aware of our medical costs and take some responsibility for containing the cost. Finally the ability to use any medical facility anywhere is important.

Stay-Well has the lowest premiums without the rebate. The rebate is additional incentive to follow good health practices. I originally chose Stay Well because I am healthy. Although I am not young any more I try to act young and give myself the best chance of having a productive healthy life as long as I'm alive. I do not smoke, I exercise every day and watch my diet. These lifestyle choices keep me out of doctor's offices most of the time, and I have not been hospitalized since I had my appendix removed 30 years ago. Stay Well allows me to save some money because I work hard at being healthy.

Stay-Well's 20% co-payment helps me be aware of the cost of medical treatment. A few months ago I stepped on a nail on the week end.

As a precaution I went to the emergency room. The doctor examined me, took x-rays and gave me a tetanus shot. The bill for this half hour visit was over \$300. Unless we know the cost of medical treatment it will be difficult to contain these costs. I do seek medical treatment when I need it, however I do not run to the doctors for every headache. If medical costs are brought under control we all will have to do our part.

Finally I want to be able to chose any doctor and any hospital anywhere. Stay Well allows me to do this. I am not limited to one or two clinics on Guam and I can see a specialist without a referral.

These are the main reasons I think Stay Well is the best health care alternative for me. However all of the health care plans available to Gov Guam retiree's have a serious flaw. We cannot retain our coverage if we leave Guam for more than 60 consecutive days at a time. Many of us retire so we can travel, this clause in the master policy causes us great difficulty. I would propose that retirees be allowed unlimited travel and still maintain their health insurance as long as they pay income tax on Guam and maintain a voting residence on Guam.

Robert F. Wood

**Testimony on Bill 327 by Bill Phillips
before the Committee on Economic &
Agricultural Development & Insurance
March 11, 1993**

Mr. Chairman and members of the Committee, my name is Bill Phillips and my family and I are StayWell subscribers. I am appearing before you today to testify in favor of Bill 327.

I am not an attorney so I can only comment on the bill's intent and I believe it is a good one. I am unable to analyze fully the Insurance Commissioner's position, but I am sure his attorneys did a thorough job researching this matter. It appears that Bill 327 may not cover several practices engaged in by StayWell such as early refunds and the 180-day membership requirement.

This bill proposes what I thought was in place before the recent ruling: Each insurer can start their own refund program. I wish they all would, although I heard that one wanting to do so last year held back because of this impending ruling. More refund programs would insure greater competition in the marketplace that would in turn bring the greatest benefits to consumers. In fact, I hope that before the next negotiation period, the Insurance Commissioner would begin to discuss a managed competition plan for Guam that would bring even greater cost benefits to the people.

I believe that the StayWell refund plan is vastly superior to other plans. Standard health care programs tend to encourage frivolous and unnecessary visits to clinics because subscribers know that their insurance pays for every visit to the doctor. Many people also feel that they will get their "money's worth" from their health insurance by making frequent visits to the doctor. I believe that the net effect is an increase in health care costs for everyone.

The StayWell program on the other hand, gives the subscriber a refund for unused services, effectively discouraging its subscribers from making frivolous and unnecessary visits to a clinic. I can find nothing whatsoever wrong with paying only for services rendered once basic fees are taken care of. This is certainly not a new concept and it is not one that the administration should oppose.

The Insurance Commissioner says that a program like StayWell's is illegal in 48 states and we should be like those 48 states. Well, there are 50 states that don't want their military bases closed. Should we be like them as well? Maybe the 48 states are wrong. Maybe the fact that 48 states don't allow this kind of cost controlling benefit to their health care subscribers is one reason that the cost for health care on the mainland is out of control.

The Insurance Commissioner says this plan is discriminatory and quotes Section 43386 (a) of the Government Code. Mr. Commissioner, what you are calling for is discrimination against the healthy. For many years I have been unfairly discriminated against because my healthy family of three pays the same rate as an unhealthy family of ten. Non-refund programs such as FHP and GMHP force small, healthy families to pay artificially higher rates because of (in the Insurance Commissioner's own words) "...the high concentration of high risk groups in those plans." What you are effectively saying is that you want to end one form of discrimination so that another form of discrimination can continue.

This brings us to a larger issue. There seems to be a lack of concern over the needs and desires of the people of Guam being demonstrated by the executive branch of this government. I am a government employee and I believe that the government and its agents should constantly be asking, "Is this the right thing to do for the people? If there is a problem, what is the

solution?" I can't find solutions in the Insurance Commissioner's ruling or statements to the media.

This ruling against the refund program gives legally researched, well stated and I am sure quite expensive reasons why the StayWell refunds are illegal. There is not one word proposing any remedy or alternative that would keep the program functioning. There is no mention of any action possible to help keep health care costs under control. I am sure the Insurance Commissioner will say that that is not his job. But he is a government employee, paid by the people of Guam to serve them. Shouldn't government of Guam employees always be mindful of the best interests of the people? Government employees are supposed to be working for us, not against us. If representatives of the government can pay attorneys and researchers to find out what is wrong with our island, at the same time can't they also develop ways to fix the problem?

Mr. Chairman, I encourage you and your committee to pass Bill 327 and encourage competition. I hope you will also find other means to lower the cost of health care in a manner that treats everyone fairly and equitably.

Thank you for allowing me to present my views.

###



STANLEY Y. YASUHIRO, D.D.S.
TUMON DENTAL OFFICE

Suite 204 Pacifica Plaza
667 North Marine Drive
Tumon, Guam 96911
Tel: (671) 646-3679/2823
Fax: (671) 646-2824

March 11, 1993

Senator Vicente Pangelinan, Chairman
Committee on Health, Welfare and Ecology
Twenty Second Guam Legislature

RE: Bill Number 327 and Decreased Health Care Cost.

Dear Senator Pangelinan and members of the Committee:

My name is Dr. Stanley Yasuhiro. I am a private dentist who has been practicing dentistry for the last ten years on Guam. I have been a resident of Guam for twenty nine years and a product of the Department of Education Public School System. Today's testimony is given to you as a concerned Dentist and Health Insurance Consumer.

I am here today to give support for Bill 327 and to encourage the Twenty Second Guam Legislature to enact this Bill into Law for the people of Guam. In my view, this law would allow not only Staywell, but any other health insurance company to provide refundable health insurance to the people of Guam. The concept of the insurance subscriber decreasing their health insurance cost is a clever and popular one as 27,000 people can attest to. Unlike the Automobile Insurance on Guam, this is the only method of insurance on Guam that does not penalize the non-users for claims made by the users. Having this type of health insurance growing for the last eleven years shows that the people of Guam are responsible and conscious of their health care costs.

Staywell is one of the active companies that we submit claims to. Currently, I have seventeen companies that I deal with on a regular basis for dental claims. I would like to list some of the experiences I have had with Staywell:

1. I have never encountered any situation where the health of the patient was compromised due to any insurance refund to the patients.
2. A company like Staywell helps reduce health care increases by minimizing involvement in doctor-patient relationships and paying for claims to the doctors without the use of restricted self imposed fees by some health insurance companies (insurance companies call these self imposed fees UCR or Usual, Customary and Reasonable Fees).
3. The dental policy is simple enough to where most patients and dental office personnel do not have confusion or frustration due to specific coverage of treatment, insurance paper work or delay in treatment (insurance companies call this pre-authorization).

Staywell is no longer the only refund type of health insurance on Guam. The Administrators of SaveCare have developed this type of insurance as they have most likely seen the success of Staywell. I have not read the details of this plan but I assume that the two plans are very similar. This type of competition is good for the people of Guam. With more companies developing the refund type of insurance, we may see significantly lower health insurance and health care costs.

The refund concept makes one think about how an insurance company can function by providing lower premiums and refunds, while other companies have higher premiums and no refund. I think that if an insurance company is content with a certain profit and has enough monies for refunds, any consumer would feel that they are getting their money's worth.

As for the concern for the people not seeking treatment in order to save their refund, the financial "risk" of treatment is basically the same with all health insurances. All insurances have rules, restrictions, exclusions and limitation on coverage in the policies. The only difference in the refund type of insurance is that the subscriber is also responsible for treatment. Traditional health insurances (indemnity insurance) carry the financial "risk" while some insurances place the financial "risk" on the doctors.

This Bill will provide an advantage for the people of Guam. As Staywell and other refund type insurances are offered to the public, there will be a definite decrease in the gross expenditure for health insurance as compared to the non-refund type of insurance and, hopefully, minimize the need for increase in health care cost. Please allow Staywell, SaveCare and others to provide the refund health insurance to the people of Guam.

Thank you,


Stanley Y. Yasuhiro, D.D.S.

10 March 1993

Dear Senators:

My name is Robert A. Williams, a private citizen and StayWell subscriber, here to speak in favor of Bill 327. My interest in this matter was piqued when I heard Mr. Blas of Rev and Tax address the issue on TV. As I recall, the basic thrust of his argument against the bill was that it "wasn't fair" and that the bill "was discriminatory". I hate to be the bearing of bad tidings to Mr. Blas, but life isn't fair. For example, I could be starving to death in the lobby of a Denny's restaurant, and they would have absolutely no obligation to feed me. And closer to home, the president of the company I work for is compensated substantially more than I am, even though I work just as hard, and am arguably just as smart. With regard to the subject of the rebates being discriminatory, he should be aware that medical treatment itself is discriminatory. If you don't believe me, try going to a Beverly Hills plastic surgeon when you have no insurance and no money. To quote Steve Martin from his movie "The Jerk" - "Oh, it's a profit thing, huh?". Yes, senators, it's a profit thing.

During the newscast, Mr. Blas went on to state that "48 out of 50 states prohibit rebates". In another segment on that same newscast, Robert Underwood was deriding the U.S. as being out of touch with contemporary thinking as related to the commonwealth issue. I would just like to point out to Mr. Blas that anyone who thinks that the U.S. Government knows what it is doing has never visited the U.S. Post Office in Tamuning.

It is a given fact that health-care costs are spiraling out of control. It takes creative thinking health care providers to explore new and better ways to control these costs. Rebates are certainly one method. The incentive is clear - don't abuse your medical insurance coverage and you will be rewarded. To the best of my knowledge, Staywell has never encouraged it's subscribers to avoid or even delay necessary medical care. Unfortunately, too much of medical care and treatment is unnecessary. I am sure that each and every one of you has heard someone make a statement to the effect that "you should go see the doctor - your insurance will cover it" in response to the complaint of any ailment, no matter how minor. This, unfortunately, is the prevalent thinking in today's society. This thinking seems to be limited to health insurance - I have never heard anyone encouraging an associate to wrap their car around a post in order to take advantage of their automobile policy. Too often, people seem to think that they have the right to abuse the privilege of having medical insurance. Make no mistake - medical insurance is a privilege, not a right. Eventually, it may become a right, but if health care costs are not controlled, this right will cripple our nation.

The group care providers seem to be the prime movers in defeating this legislation. They claim, in the testimony heard earlier today, that they are burdened by clients who require more health care than the typical StayWell subscriber. If this is true, then they should be in favor of this legislation, as they could take tremendous advantage of it. When the legislation is passed, these carriers could offer their problem clients a rebate if they agree to switch their coverage to another insurance carrier.

There is the implied impression that a factor in attempting to defeat this legislation has to do with GOVQUAM being somehow damaged as a result of not receiving any portion of their employee's rebates. If the senate and GOVQUAM feel this is true, this issue should be resolved within GOVQUAM. The general public should not be penalized. The facts of the matter, as shown in Exhibit "A" of Mr. Blaz's paper, don't support this position. It shows that no GOVQUAM employee who subscribes to StayWell can ever receive all of their individual contributions back, even if they have no claims. However, any employee who limits his or her claims, be they a GOVQUAM worker or someone in private industry, will benefit all members in the plan by keeping the costs down. It doesn't take a rocket scientist to realize that premiums will go up as costs go up, which will effect the payments that GOVQUAM will have to pay once it comes time to re-negotiate their agreement with StayWell.

Our country, and the world in general, is in a state of tremendous transition. In order to compete in this economy, it will take many creative people with many creative ideas. Companies like General Motors and IBM, who in the past have been examples of the capitalist system working at it's best, are now in great difficulty due to the fact that they have not reacted quick enough to the changing environment. Many businesses find that they are so strangled by government regulations that they are no longer globally competitive. President Clinton now wants to punish big business by regulating the salaries paid to top executives. This is wrong. It is equally wrong to punish health care providers who come up with creative approaches to control health care costs, while attempting to provide the best in health care for their subscribers. I urge you to pass Bill 327, in the interest of your constituents and the population in general.

Thank you for your attention and consideration.

March 10, 1993

Honorable Chairperson and Senators:

I would like to express my strong support for Bill #327 - "AN ACT TO REPEAL AND RE-ENACT SECTION 43255 OF THE GOVERNMENT CODE RELATIVE TO CLARIFYING THAT REBATES MAY BE PAID TO INSUREES OF HEALTH INSURANCE PLANS".

I possess a Masters Degree in Public Health Administration and a Masters Degree in Health Education. I have been involved in health care administration and/or planning for close to twenty years including six years on Guam. I was employed at the Guam Health Planning and Development Agency in the early 80's and am currently employed at the Department of Public Health and Social Services. I am appearing at today's hearing as a private citizen concerned with this issue.

In 1981, I was a member of the Government of Guam Insurance negotiating committee. That was the first year of STAYWELL's existence - a time when STAYWELL had approximately 150 members. Despite the limited enrollment and the untraditional approach of the plan, I was extremely impressed with the general STAYWELL concept - specifically that of offering a financial incentive in the form of a rebate for members who did not utilize services. I felt then that this was an exciting and novel approach for the control of health care utilization and ultimately health care expenditures. When one looks at STAYWELL today, my early optimism concerning the STAYWELL concept has certainly been validated.

Costs of health care and general health care expenditures have been spiraling out of control for many years. Traditional programs have not worked well in controlling expenditures. The major problem with the health care system found in the States and to a large degree in Guam, is that for many, there are no incentives to prevent the over utilization of services or in other words inappropriate visits to the physician.

Various studies conducted have indicated that approximately fifty per cent of all visits to family practice physicians are unnecessary. The beauty of the STAYWELL plan is that a member will take to consider the need for a visit being that a financial incentive exists. A member under another plan, that does not include a rebate, will determine quickly that there is no reason why he/she should not see the physician. The individual will logically conclude that the/she paid their health care premium and are therefore entitled (and actually encouraged) to see their physician.

Most health care economists have stressed the need for the development of financial incentives into our health care plans if

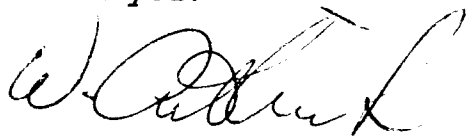
we are going to contain costs. The Bush Administration was an advocate of making health care benefits a taxable benefit - the rationale being that consumer would look for plans that would strike a reasonable balance between benefits and cost. Undoubtedly, any health care plan that will come out of Washington in the near future will have some type of financial incentive built into the system. Without such incentives, we are mostly likely looking at a system that will fail in terms of containing costs.

What ramifications are we facing if this legislation is not passed. First and foremost is that a program that is in fact keeping health care expenditures down will most likely be eliminated. This result in higher health higher premiums for many individuals. Also, it would result in higher premium payment on the part of the Government of Guam being that government workers would enroll in other plans that have higher premiums.

Physician visits would also increase being that there would be less incentives for individuals not to over utilize services. As we know, there is currently a shortage of family practitioners on island. This would just aggravate an already difficult situation.

In addition to discouraging unnecessary physician visits, the STAYWELL plan encourages individuals to take more responsibility for their health in terms of developing healthy lifestyles being that there is less of a dependency on a physician. This is a most important point and a key in our struggle to contain health care costs.

In sum, STAYWELL offers a program that is innovative and undoubtedly has reduced health care expenditures. It has been a bold, progressive step forward in terms of Guam coming to grips with this problem. It certainly is not a panacea or cure all, but it has been a very positive step in the right direction. By elimination of the STAYWELL program, we will be taking a major step in the wrong direction. In this day age when we are desperately seeking ways to contain health expenditures, lets not go backwards, but through passage of this bill, continue to progress forward. Thank you.



WAYNE ANTKOWIAK, M.P.H., M.Ed.

MARCH 11, 1993

TO: SENATOR BEN PANGELINAN, CHAIRMAN,
COMMITTEE ON ECONOMIC-AGRICULTURAL DEVELOPMENT AND INSURANCE

FROM: WAYNE & JUDY CAGLE

REGARDING: BILL NO. 327

DEAR SENATOR PANGELINAN,

OUR NAMES ARE WAYNE & JUDY CAGLE.

WE ARE RESIDENTS OF GUAM LIVING IN THE VILLAGE OF YIGO AND ARE
OVER 18 YEARS OF AGE.

WE STRONGLY SUPPORT BILL No. 327 WHICH AFFIRMS THE RIGHT OF
STAY WELL HEALTH PLAN TO PAY REFUNDS TO ITS MEMBERS.

BILL NO. 327 ALLOWS NOT ONLY STAY WELL BUT ALSO ITS COMPETITORS
TO OFFER REFUNDS TO THEIR MEMBERS WHICH MAY RESULT IN AN OVERALL
LOWERING OF HEALTH INSURANCE PREMIUMS IN GUAM.

SINCERELY,

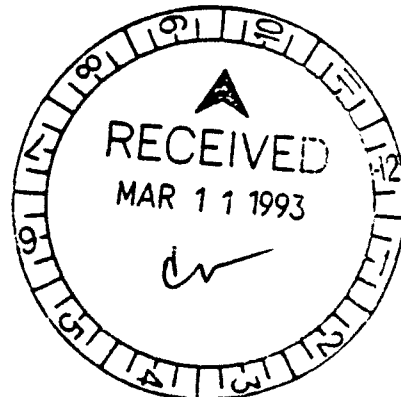
Wayne & Judy Cagle

WAYNE & JUDY CAGLE



LEGACY PUBLICATIONS

The 22nd Guam Legislature
Pacific Arcade Building
155 Hesler Street
Agana, Guam 96910



Dear Senators,

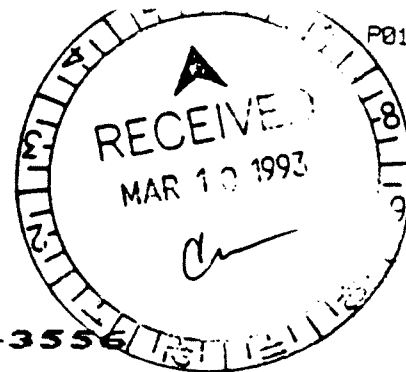
As a local businessman and registered voter I would like to pledge my support of Bill No. 327 which affirms the right of Staywell Health Plan to pay refunds to it's members.

I believe strongly in free enterprise and competition in our capitalistic and democratic society. And I know Bill No. 327 works toward these principles, especially in concerns with health insurance and health care.

Sincerely,

Manny Crisostomo
Publisher

cc: Don Davis, Staywell
Fran Baumann, Baumann Advertising



SENT VIA FACSIMILE: (671) 472-3556

March 10, 1993

Senator Ben Pangelinan, Chairman
Committee on Economic Development
& Agriculture
22nd Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Senator Pangelinan:

RE: STAYWELL REFUNDS

This is in support of Bill No. 327.

For several years I was a GovGuam employee and was insured with STAYWELL. I also have medical problems which has left me without any refunds at the end of the contract year. However, this did not dissuade me from joining STAYWELL. STAYWELL provides the same services as the other GovGuam insurance carriers, however at a lower premium rate.

My opinion is insurance rates are based on utilization. WHY should I be obligated to pay for insurance coverage which I did not use. My understanding is the government pays a certain percentage of the insurance rate and the major portion is paid by the employee.


Because of medical problems, I utilize the services of a physician, pharmacy, physical therapy and radiology more often than the average individual. I do not expect the general public to subsidize these services.

The REFUND is not only an incentive but a savings for the individual. Health care is an expensive commodity.

I urge you and your colleagues to support Bill No. 327.

Thank you for your attention on this matter.

Sincerely,


NADYNE M. TORRES

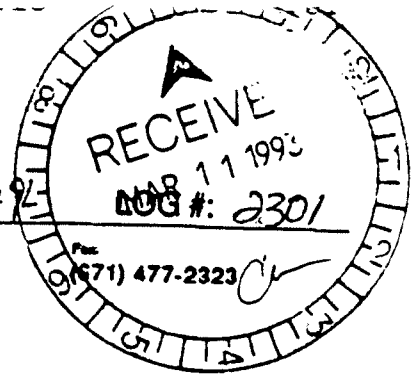
Baumann
Advertising

DATE: 3/10/93

TIME: 4:29

Office:
Suite 103, First Savings Building
140 Aspinall Avenue
Agana, Guam 96910 U.S.A.

Phone:
(671) 477-3741/2



FAX FROM:

Fran Baumann

FAX TO:

Senator Ben Pangelinan

COMPANY/LOCATION:

Guam Legislature

FAX NUMBER:

472-3554

Total number of pages including this sheet: 1
If you do not receive all pages, please notify us.

MESSAGE RE:

Save StayWell Refund: Bill #327

Dear Senator Pangelinan,

As a member of StayWell, I want to thank you for your efforts to protect my right to receive a refund by introducing Bill No. 327 and pressing for its passage.

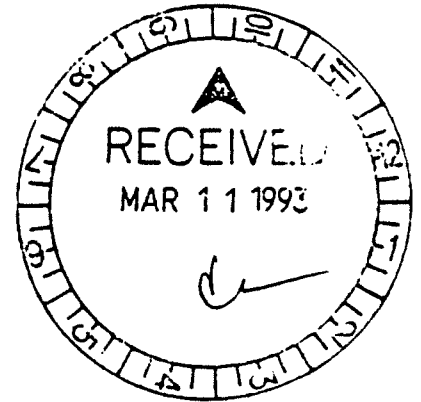
I also wish to thank your staff, especially Betty Lujan, for the help given to my agency over this matter. I am sure the more than 27,000 members of StayWell will also appreciate your efforts in their behalf.

Sincerely,

Fran Baumann

MEMORANDUM

TO: Sen. Pangelinan
FROM: Joyce K. McCauley
SUBJECT: Staywell
DATE: March 10, 1993



I don't understand the decision to disallow Staywell refunds. Please add my name to the list of supporters of Bill No. 327.

Staywell spends a great deal of time and effort to communicate to their members the importance of good health. We have been members for many years and believe the incentive of the refund is an incentive to keep healthy. At the end of the year, we look forward to our "reward."

Please help keep the refund.

A large, stylized handwritten signature in cursive script, appearing to read "J. McCauley".

Dear Senator:

My name is _____ (please print)

I am over 18 years of age and I am a resident of Guam living in the village of _____

Social Security # _____ (optional)

I am StayWell member: Yes _____ No _____

I strongly support Bill No. 327 which affirms the right of StayWell Health Plan to pay refunds to its members.

Bill No. 327 allows not only StayWell but also its competitors to offer refunds to their members which may result in an overall lowering of health insurance premiums in Guam.

Sincerely,

The public hearing on this bill will be held on Thursday, March 11, 1993. Please either fax this form to StayWell at 477-5096 or have it delivered to our office. We will present it to the Legislature at the hearing to help support your health plan. Your attendance at the hearing in support of your health plan is welcomed.

The Honorable Vicente C. Pangelinan
Chairman
Committee on Economic and Agricultural Development
22nd Guam Legislature
Agana, Guam

Mr. Chairman, Honorable Senators:

My name is Rosalia T. Perez. I am a mother of four children, three sons still live at home and are covered under my Staywell subscription. I submit this testimony in support of Bill No. 327, which should more appropriately be titled: an act to protect the accessibility to affordable medical insurance for government employees and their families.

I have been employed by the government of Guam as a registered nurse since 1969 and I work hard for this government and the people of Guam who have need for public health services. Since that time I have been a subscriber to three government health insurance plans: first, AFIA, then GMHP, and now Staywell. I subscribed to AFIA simply because it was the only plan available at the time. I was a GMHP subscriber for many years before I decided to join the Staywell plan. I have been a Staywell subscriber since 1987. As a government employee I have watched the cost of health insurance increase on a yearly basis until it has become unaffordable to a great many employees of the government. As a registered nurse I enjoy a good salary but even with that salary I find that the

Staywell plan is the only health insurance program that is affordable. Over the last few years, the bi-weekly employee contribution for GMHP and FHP insurance has increased faster than even the GPA rates or the cost of SPAM. If there are any questions as to why government employees are switching to Staywell, you don't have to look any further than the bi-weekly deduction for each plan. You will find that Staywell is considerably lower than GMHP and FHP. Over the last few years Staywell premiums have been not only lower than the other two health plans but the rate of increase each year has been lower.

Mr Chairman, I elected to subscribe to Staywell, not because Staywell gives a refund if I stay away from the doctor or if I don't provide proper medical attention to my three sons.. As a mother who loves her family dearly, I seriously resent even the slightest implication that I would compromise my family's health for any amount of money. As a registered nurse, I feel professionally insulted that someone who would even think that way. I would also like to express anger that anyone would imply that any one with a family would be so callous as to take such a gamble. I would like to think that no subscriber to the Staywell plan would be so cold.

I think that if every Staywell subscriber were asked if the refund was their primary reason for subscribing to the Staywell plan, their answer would be an emphatic NO. However, I think that if you ask them if the primary reason was the lower

premium, the greater majority would emphatically say YES. But, the best way to determine if Staywell subscribers are purposely avoiding their doctors is to review the claims and utilization record of every subscriber to Staywell. I think that such a review will reveal that Staywell subscribers are seeing their doctors when necessary, and I think that it will show from the type of utilization that Staywell subscribers are healthy.

Mr. Chairman, I find it difficult to believe that Staywell's refund policy is unfair competition to GMHP or FHP. If this were the case, why did these two plans wait for so many years to complain to the insurance commissioner about that policy? The Staywell policy has been in place for ten years now. For ten years GMHP, FHP and Staywell have sat down with the government to negotiate the terms, conditions and rates of each of the individual plans. For ten years, Staywell has sat in front of government negotiators, some appointed by the insurance commissioner, and a member of Attorney General's staff, and never once in those negotiations has the subject of unfair and illegal competitive advantage been discussed. The Attorney General, the insurance commissioner and the Governor have all signed off on those contracts and there has never been questions of unfair and illegal competitive advantage. Why now?

Likewise, I find it difficult to believe that the refund policy is not contained in Staywell's contract. How then can Staywell representatives be permitted into the departments to offer

something that is not contained in a contract? I doubt if the management officials at Staywell would be so careless with a contract worth millions of dollars. Going back to a previous question, Why Now? If the people at RevTax knew that the refund policy was illegal, why have they permitted the practice to go on for so many years after they have spent so many hours reviewing the provisions of the plan and negotiating terms and conditions?

Mr. Chairman, in the final analysis, the questions will focus on the policy the government formulates on this issue and who in the government will do such formulating. As the elected officials charged with the formulation of laws, no one has a greater responsibility for such policy than Senators of this Legislature. In view of this, I, as a government employee, together with many other government employees, propose that the best policy is that which has been found to work for many years. The Staywell Plan works for over 66% of the employees of the government of Guam. The Staywell Plan has worked for ten years and there is no reason why it won't work for another ten, twenty or thirty years. Hopefully, the other health insurance plans will adopt the Staywell Plan and adjust it to fit their needs so that health care can and will be affordable and accessible to all employees, be they government, private sector or otherwise.

But whether or not GMHP or FHP decides to follow in the footsteps of Staywell remains to be seen. The question at hand is

whether this Legislature should permit the unilateral and arbitrary destruction of a program that benefits over 20,000 men, women and children of this island.

Mr. Chairman, the old saying that if something ain't broke, don't fix it becomes all the more meaningful when applied to the Staywell Plan. It has worked for ten years and it ain't broke, so why must someone try to fix it. Many of us remember what happened to the government's life insurance program when someone tried to fix it. Now we only have a shell of what we had before. Because someone decided to fix something that wasn't broke, many of us have had to secure additional life insurance policies to make sure that our families are protected.

Mr. Chairman, the Staywell Plan ain't broke; please don't let anyone in the government try to fix it. Bill No. 327 will not only permit other health insurance carriers to follow Staywell's lead but Bill No. 327 will prevent the fixing of something that ain't broke. The 20,000 plus members of Staywell urge you to pass it.

Thank you for permitting me this opportunity.

Dear Senator:

My name is FRANKLIN J. PEREZ (please print)

I am over 18 years of age and I am a resident of Guam living in the village of DIMITZ HILL

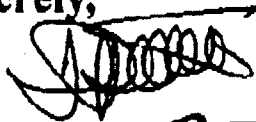
Social Security # 506-01-5015 (optional)

I am StayWell member: Yes _____ No

I strongly support Bill No. 327 which affirms the right of StayWell Health Plan to pay refunds to its members.

Bill No. 327 allows not only StayWell but also its competitors to offer refunds to their members which may result in an overall lowering of health insurance premiums in Guam.

Sincerely,

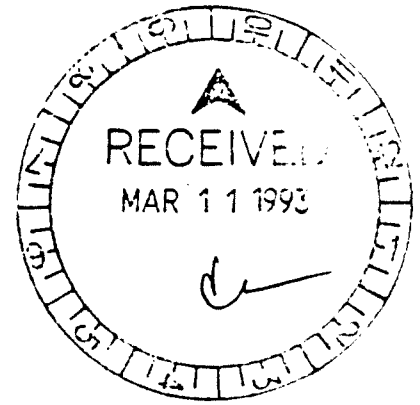


F. J. PEREZ

The public hearing on this bill will be held on Thursday, March 11, 1993. Please either fax this form to StayWell at 477-5096 or have it delivered to our office. We will present it to the Legislature at the hearing to help support your health plan. Your attendance at the hearing in support of your health plan is welcomed.

MEMORANDUM

TO: Sen. Pangelinan
FROM: Joyce K. McCauley
SUBJECT: Staywell
DATE: March 10, 1993



I don't understand the decision to disallow Staywell refunds. Please add my name to the list of supporters of Bill No. 327.

Staywell spends a great deal of time and effort to communicate to their members the importance of good health. We have been members for many years and believe **the incentive of the refund is an incentive to keep healthy.** At the end of the year, we look forward to our "reward."

Please help keep the refund.

A large, stylized handwritten signature in black ink, which appears to read "J. McCauley".

MARCH 11, 1993

TO: SENATOR BEN PANGELINAN, CHAIRMAN,
COMMITTEE ON ECONOMIC-AGRICULTURAL DEVELOPMENT AND INSURANCE
FROM: WAYNE & JUDY CAGLE
REGARDING: BILL NO. 327

DEAR SENATOR PANGELINAN,
OUR NAMES ARE WAYNE & JUDY CAGLE.
WE ARE RESIDENTS OF GUAM LIVING IN THE VILLAGE OF YIGO AND ARE
OVER 18 YEARS OF AGE.

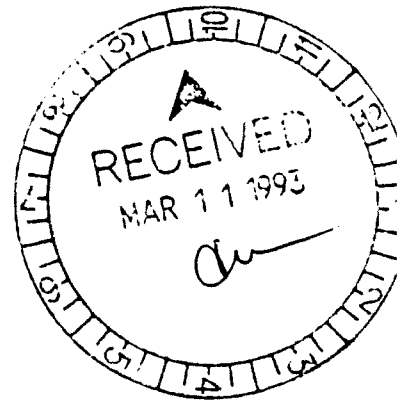
WE STRONGLY SUPPORT BILL No. 327 WHICH AFFIRMS THE RIGHT OF
STAY WELL HEALTH PLAN TO PAY REFUNDS TO ITS MEMBERS.

BILL NO. 327 ALLOWS NOT ONLY STAY WELL BUT ALSO ITS COMPETITORS
TO OFFER REFUNDS TO THEIR MEMBERS WHICH MAY RESULT IN AN OVERALL
LOWERING OF HEALTH INSURANCE PREMIUMS IN GUAM.

SINCERELY,

Wayne & Judy Cagle

WAYNE & JUDY CAGLE



Dear Senator:

My name is Kathleen Perez (please print)

I am over 18 years of age and I am a resident of Guam living in the village of Barrigada Heights

Social Security # 518-54-7516 (optional)

I am StayWell member: Yes No

I strongly support Bill No. 327 which affirms the right of StayWell Health Plan to pay refunds to its members.

Bill No. 327 allows not only StayWell but also its competitors to offer refunds to their members which may result in an overall lowering of health insurance premiums in Guam.

Sincerely,

Kathleen Perez

The public hearing on this bill will be held on Thursday, March 11, 1993. Please either fax this form to StayWell at 477-5096 or have it delivered to our office. We will present it to the Legislature at the hearing to help support your health plan. Your attendance at the hearing in support of your health plan is welcomed.

GUAM HEALTH PLAN

1985-1990



PLANON SAUT PARA GUAMAN

K. Mechanisms for Financing Health Care

No Guam resident is denied access to medical care because of an inability to pay. This policy is specifically stated in Title XLVII of the Government Code of Guam (P.L. 7-101) Section 49008, which reads:

"... It is the policy of the Government of Guam that no person shall be denied complete medical care and services by reason of his partial or complete inability to pay therefore. All persons, however, shall be required to pay for such care and services in accordance with their means..."

At this point concrete and conclusive data for actual costs and reimbursement of health care have not been established. It is known, however, that a major portion of Guam's population is covered by various private health insurance plans, Medicaid or Medicare, and those without insurance receive locally funded medical assistance, either through the mandated "free" health services for special conditions or the Medically Indigent Program (MIP). The figures detailed below are approximate but still allow for a more or less accurate picture of health care financing for Guam's civilian population.

TABLE 78
Civilian Population by Health Care Payment Sources
Guam: 1985

Method of Payment/ Insurance Coverage	Approximate Percent of Population
Health Maintenance Organizations:	
FHP, Inc.	26
Guam Memorial Health Plan (GMHP)	17
Group or Other Indemnity Plans	
Staywell/Calvo	2
Health Maintenance Life (HML)	5
Calvo	7
Others	4
Federally Supported Health Insurance:	
Medicaid	8
Medicare	2
Military/V.A. Medical Care	8
Self-Pay	5
Uninsured persons depending on MIP or "free" services coverage	16

Source: Reported by Insurers

The data from TABLE 78 is somewhat corroborated by the results of the GHPDA Health Status Survey, which are listed below.

TABLE 79
Proportion of Health Status Survey Respondents
Covered by Health Insurance
Guam: 1984

Insurance Coverage	Percent
Health Maintenance Organizations:	
FHP	24
GMHP	17
Group or Other Indemnity Plan:	
HML	5
Other Insurers	17
Federally Supported Health Insurance:	
Medicaid	5
Medicare	1
Medicare and Medicaid	1
Medicaid and Other	1
Military/V.A. Medical Care	7
Uninsured/Self-Pay	22

Source: GHPDA-CDI Health Status Survey, 1984.

Both the tables clearly show that the HMOs are the major providers of health coverage, followed by several indemnity plans.

(1) Health Maintenance Organizations

This form of prepaid health care coverage has been readily accepted by Guam's inhabitants and is the most preferred way to safeguard the health of individuals and their families. Almost half of the population, 43 percent, is covered by either FHP or GMHP.

(a) FHP, Inc.

This federally qualified, California-based HMO is built upon the foundation of a medical group practice consisting of approximately 40 health professionals in various specialities who are practicing at the FHP Clinic in Tamuning. The clinic is essentially self-contained, since it operates its own dental clinic, X-ray department, clinical laboratories, pharmacy, physical and occupational therapy unit, as well as home care services. Persons covered under FHP also have the option of utilizing the Seventh Day Adventist Clinic which offers total patient care services similar to those provided at the FHP clinic. Approximately 25 health professionals representing the various medical specialities are employed at SDA, providing a wide spectrum of preventive, diagnostic, primary, and specialized services.

Government of Guam and federal government employees make up the bulk of FHP enrollees. Those covered under the plan pay only minimal co-payments for physician care and drug prescriptions. However the amount of the co-payment varies with the benefit package negotiated by different employer groups.

(b) Guam Memorial Health Plan

GMHP originated as a division of the Guam Memorial Hospital Authority and was sponsored by the Government of Guam to provide low-cost health care coverage to the citizens of Guam. GMHP has since severed its ties with the government and is now a private non-profit and federally approved health maintenance organization, who offers its services to government employees as well as any other interested individual in the community. The HMO is organized along the lines of an independent practice association (IPA) by which the services of the Guam Memorial Hospital, approximately 40 physicians providing primary and specialized care, 9 dental clinics, 16 pharmacies, 8 optometrists, and 3 clinical laboratories are contracted for the subscribers of GMHP.

GMHP is the major insurer of Government of Guam employees; 45 percent of these employees opting for health insurance have purchased such insurance from this health plan. Only minimal co-payments are required for physician visits and pharmaceuticals. GMHP covers 80 percent of the first \$5,000 and 100 percent of all charges incurred thereafter, up to a maximum of \$45,000. GMHP will be offered to federal employees for the first time this year.

While the two health maintenance organizations provide excellent insurance for preventive, primary, and specialized health care, the ceilings of \$25,000 (FHP) and \$45,000 (GMHP) for off-island medical care are not sufficient to pay for catastrophic illness which cannot be adequately treated on Guam.

(2) Group and Other Indemnity Plans

The second most popular mode of health insurance for Guamanians is the purchase of or participation in group health plans. Approximately 25 percent of Guam's population are covered under these insurance programs.

HML, Staywell, and about 20 other group plans available on Guam are purely indemnity insurance programs like the more familiar Aetna, Prudential, or Hawaii Medical Service Association. Because of the customary deductible and co-insurance features that are standard among such plans, the group plans have been subscribed to at a far lesser degree than either FHP or GMHP, which offer lower out-of-pocket expenses at the point of service at a somewhat higher premium cost. The lower market penetration of these group and other indemnity plans on Guam is in direct contrast to their predominance in other places, and stands as clear testimony to the local preference for the more organized health maintenance forms of programs. This probably, in the case of Guam, stems from the earlier days when virtually all medical care was provided in highly organized, governmental clinic settings as opposed to the more traditional solo physician office setting in the U.S. mainland.



TWENTY SECOND GUAM LEGISLATURE
FIRST(1993) REGULAR SESSION

Introduced

MAR 15 '93

Bill No. 327 (COR)

Introduced by:

V.C. Pangelinan 


AN ACT TO REPEAL AND RE-ENACT SECTION
43255 OF THE GOVERNMENT CODE RELATIVE
TO CLARIFYING THAT REBATES MAY BE PAID
TO INSUREDS OF HEALTH INSURANCE PLANS.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2

3 SECTION 1. Section 43255 of the Government Code of Guam is
4 repealed and re-enacted to read:
5

6 "§43255. **Rebates.** (a) Except for health insurance, it is
7 unlawful for an insurer, broker, agent, or solicitor to pay or
8 offer to pay, directly or indirectly, to any person as an
9 inducement for such person to enter into an insurance contract
10 on any risk in Guam, any rebate of the whole or part of the
11 premium or commission payable thereon, or any valuable
12 consideration which is not clearly specified, promised or
13 provided for in the policy.

1 (b) Except for health insurance, it is unlawful for any person to
2 accept, directly or indirectly, as an inducement to such person
3 to enter into an insurance ~~contract~~ on any risk in Guam, any
4 rebate of the whole or part of the premium or commission
5 payable thereon, or any valuable consideration which is not
6 clearly specified, promised or provided for in the policy.

7 (c) Except for health insurance, it is unlawful for any insurer or
8 general agent to appoint an agent for the purpose of enabling
9 such agent, or other person, to obtain at a cost less than that
10 specified in the policy any insurance from such insurer.