



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM


APR 10 2002

The Honorable Joanne M. S. Brown  
Legislative Secretary  
I Mina Bente Sais na Liheslaturan Guåhan  
Twenty-Sixth Guam Legislature  
Suite 200  
130 Aspinal Street  
Hagåtña, Guam 96910

Dear Legislative Secretary Brown:


Enclosed please find Bill No. 288 (COR) "AN ACT TO IMPLEMENT AN INTERIM MEDICALLY INDIGENT PROGRAM REIMBURSEMENT FEE SCHEDULE AND FOR OTHER PURPOSES" which were enacted into law without the signature of the Governor. This legislation is now designated as **Public Law No. 26-80**.

Very truly yours,

  
Carl T. C. Gutierrez  
I Maga'Lahen Guåhan  
Governor of Guam

Attachments: original bill for vetoed legislation or  
copy of bill for signed or overridden legislation  
and legislation enacted without signature

cc: The Honorable Antonio R. Unpingco  
Speaker


OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	
Time	11:15
Date	4/10/02

0194


**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**2002 (SECOND) Regular Session**

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


This is to certify that Substitute Bill No. 288 (COR) "AN ACT TO IMPLEMENT AN INTERIM MEDICALLY INDIGENT PROGRAM REIMBURSEMENT FEE SCHEDULE AND FOR OTHER PURPOSES," was on the 27<sup>th</sup> day of March, 2002, duly and regularly passed.

  
\_\_\_\_\_  
**ANTONIO R. UNPINGCO**  
Speaker

Attested:

  
\_\_\_\_\_  
**JOANNE M.S. BROWN**  
Senator and Legislative Secretary

-----  
This Act was received by *I Maga'lahen Guåhan* this 28 day of MARCH, 2002,  
at 3:10 o'clock P.M.

  
\_\_\_\_\_  
Assistant Staff Officer  
*Maga'lahi's Office*

APPROVED:

\_\_\_\_\_  
**CARL T. C. GUTIERREZ**  
*I Maga'lahen Guåhan*

Date: April 10, 2002

Public Law No. 26-80

Became law without the signature of  
I Maga'lahen Guahan, the Governor  
of Guam.

**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**2002 (SECOND) Regular Session**

**Bill No. 288 (COR)**

As substituted on the Floor  
and amended.

Introduced by:

E. B. Calvo  
J. F. Ada  
T. C. Ada  
F. B. Aguon, Jr.  
J. M.S. Brown  
F. P. Camacho  
M. C. Charfauros  
Mark Forbes  
L. F. Kasperbauer  
L. A. Leon Guerrero  
K. S. Moylan  
V. C. Pangelinan  
A. L.G. Santos  
A. R. Unpingco  
J. T. Won Pat

**AN ACT TO IMPLEMENT AN INTERIM  
MEDICALLY INDIGENT PROGRAM  
REIMBURSEMENT FEE SCHEDULE AND FOR  
OTHER PURPOSES.**

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

2           **Section 1.** *I Liheslaturan Guåhan* finds there is a moral and social  
3 obligation to increase access to quality health care for those persons who lack  
4 sufficient financial resources to meet the costs of medical care. The original  
5 Medically Indigent Program ("MIP") has served Guam since its inception in  
6 the mid 1980s. *However*, significant changes have occurred in the provision of  
7 medical services on Guam these past fifteen (15) years, resulting in the  
8 enactment of Public Law Number 25-163 revising MIP to better allocate scarce  
9 government resources, and more efficiently provide health care services to  
10 our families most in need.

11           This Act will implement an interim reimbursement rate schedule for  
12 Providers to better allocate health care resources. It is also intended that,  
13 whenever possible, the benefits available under this Act shall be medically  
14 necessary and *not* duplicate benefits or services already provided by other  
15 Federal or local health care programs. This Act will better insure that our  
16 families most in need receive the best health care possible while better  
17 utilizing scarce public resources in the continued administration of this  
18 Program.

19           The implementation of an interim MIP reimbursement fee schedule  
20 mirrors 10 G.C.A. § 2916, as repealed and reenacted by § 1 of Public Law  
21 Number 25-163. Public Law Number 25-163 will be implemented on October  
22 1, 2002. The implementation of this law has been postponed twice at the  
23 request of the Department of Public Health and Social Services. The interim  
24 reimbursement fee schedule mirrors the language contained within 10 G.C.A.  
25 § 2916 of that law. It provides cost-saving measures that will require claim

1 reimbursements after April 1, 2002 to follow Medicare Rates. The language  
2 has been aligned matching the allowable claim reimbursement services of MIP  
3 and to the existing codified version.

4 Many families on Guam rely upon MIP for healthcare services that they  
5 could *not* otherwise afford. MIP is a locally funded program for certain low-  
6 income and needy people. Serious funding issues have been raised by the  
7 Department of Public Health and Social Services surrounding MIP, issues that  
8 apparently may have those who have no other means of medical insurance  
9 left without the desperately needed coverage. This Act also addresses the  
10 critically-needed funding to supplement the needs of MIP and for other  
11 welfare-related public assistance programs. Funding for prior year MIP  
12 obligations is also addressed.

13 **Section 2. Short Title.** This Act shall be known as the "*Interim*  
14 *Medically Indigent Reimbursement Fee Schedule Act of 2002.*"

15 **Section 3. Interim Definitions.** Definitions contained within this  
16 Section shall be applicable *only* to § 4 of this Act, *infra*; shall take effect on  
17 April 1, 2002; and shall remain in effect until the implementation of 10 G.C.A.  
18 § 2903, as repealed and reenacted by § 1 of Public Law Number 25-163, on  
19 October 1, 2002.

20 (a) "*Director*" means the Director of the Department of Public  
21 Health and Social Services.

22 (b) "*Administrator*" means the administrator of the Guam  
23 Medically Indigent Program.

24 (c) "*Clean Claim*" means a claim that may be processed without  
25 the need of additional information from the provider of service or from

1 a third-party, but does *not* include any claim under investigation for  
2 fraud or abuse, or claims under review for medical necessity. In no  
3 event may a claim be contested or denied upon the Health Plan  
4 Administrator's ability to adjudicate the claim.

5 (d) "*Non-Provider*" means a person who provides hospital,  
6 medical or dental care, but does *not* have a contract or subcontract with  
7 the Medically Indigent Program.

8 (e) "*Provider*" means any person who contracts with the  
9 Medically Indigent Program for the provision of hospitalization,  
10 medical or dental care to members.

11 (f) "*Program*" means the Guam Medically Indigent Program  
12 established by 10 G.C.A. § 2902, as repealed and reenacted by § 1 of  
13 Public Law Number 25-163.

14 **Section 4. Implementation of the Interim MIP Reimbursement Fee**  
15 **Schedule.** The Interim Medically Indigent Program Reimbursement Fee  
16 Schedule shall take effect on April 1, 2002 and shall remain in effect until the  
17 implementation of 10 G.C.A. § 2916, as repealed and reenacted by § 1 of Public  
18 Law Number 25-163, on October 1, 2002.

19 Interim Medically Indigent Program Reimbursement Fee Schedule for  
20 the Medically Indigent Program:

21 (a) Reimbursements to Providers and Non-Providers shall be in  
22 amounts not to exceed the following:

23 (1) for inpatient hospital services, the Program shall  
24 reimburse services in accordance with the annual Medicare per  
25 diem rates set for the Guam Memorial Hospital Authority's

1 inpatient services;

2 (2) for outpatient hospital services, the Program shall  
3 reimburse a hospital by applying the annual Medicare hospital  
4 specific outpatient cost-to-charge ratio to the covered charges;

5 (3) for skilled nursing services, the Program shall  
6 reimburse services in accordance with the annual Medicare PPS  
7 rates;

8 (4) for intermediate care services, the Program shall  
9 reimburse services at sixty percent (60%) of the Medicare PPS rate  
10 for the skilled nursing facility;

11 (5) for professional fees and home health services, the  
12 Program shall reimburse services at one hundred percent (100%)  
13 of the Medicare Participating Provider fee schedule rate adjusted  
14 in accordance with the Hawaii or Guam conversion factor, as  
15 applicable; *and*

16 (6) for dental fees, the National Dental Advisory Schedule  
17 shall be used to reimburse services.

18 (b) The Director or Administrator of the Medically Indigent  
19 Program shall have discretionary authority to establish Provider and  
20 Non-Provider reimbursement rates for services which are *not*  
21 specifically addressed herein, but which are consistent with the Program  
22 services provided within Article 9 of Chapter 2, Division 1, Part 1 of  
23 Title 10 of the Guam Code Annotated. Said schedules will be developed  
24 in conjunction with the Administrator's duties to secure the necessary  
25 Provider and Non-Provider relationships to ensure the availability of

1 adequate medical care and assistance to all Program recipients.

2 (1) The Program shall *not* pay claims for Program-covered  
3 services that are initially submitted more than twelve (12) months  
4 after the date of the service as clean claims, *except* for claims  
5 submitted for services to members involving the coordination of  
6 benefits amongst multiple payers.

7 (2) Payments shall be made on clean claims in accordance  
8 with the reimbursement rates set forth in this Section.

9 (c) "*Clean claims*" as defined by § 3 of this Act and as further  
10 defined herein shall mean:

11 (1) **For a Hospital Bill.** A hospital bill is considered  
12 received for purposes of this Subsection upon initial receipt of the  
13 legible claim form by the administration *if* the claim includes the  
14 following error-free documentation in legible form:

- 15 (i) an admission face sheet;  
16 (ii) an itemized statement;  
17 (iii) an admission history and physical;  
18 (iv) a discharge summary or an interim summary *if*  
19 the claim is split;  
20 (v) an emergency record, *if* admission was through  
21 the Emergency Room;  
22 (vi) operative reports, *if* applicable; *and*  
23 (vii) a labor and delivery room report, *if* applicable.

24 (2) **For Medical Service Claims.** For medical service



1 claims, a claim that is submitted on a HCFA 1500 reflecting CPT  
2 and HCPCS codes for services and supplies. Services requiring  
3 prior authorization shall have a copy of the approved  
4 authorization form attached. Specialist services shall have the  
5 appropriate referral form attached.

6 (3) **For Dental Claims.** For dental claims, a claim that  
7 is submitted on the ADA claim form reflecting proper codes for  
8 services.

9 (d) Payment received by a Provider or Non-Provider from the  
10 Program is considered payment by the Program of the Program's  
11 liability for the member's bill. A Provider may collect any unpaid  
12 portion of its bill from other third party payers, or the member in the  
13 event of non-covered services. A Provider or Non-provider shall *not*:

14 (1) charge, submit a claim to, demand or otherwise collect  
15 payment from a member or person who has been determined  
16 eligible, *unless* specifically authorized by Article 9 of Chapter 2,  
17 Division 1, Part 1 of Title 10 of the Guam Code Annotated; *or*

18 (2) refer or report a member who has been determined  
19 eligible to a collection agency or credit reporting agency for the  
20 failure of the member to pay charges for Program-covered care or  
21 services, *unless* specifically authorized by Article 9 of Chapter 2,  
22 Division 1, Part 1 of Title 10 of the Guam Code Annotated.

23 (e) The Administrator may conduct post-payment review of all  
24 claims paid by the Program and may recoup any monies erroneously  
25 paid. The Administrator shall adopt rules that specify procedures for

1 conducting post-payment review. The Program Administrator shall  
2 review all payments and may conduct a post-payment review of all  
3 claims paid by the Program, and may recoup monies that are  
4 erroneously paid.

5 Any Provider receiving reimbursements under this Program for  
6 which they were *not* entitled on the basis of false claims filed on behalf  
7 of any person receiving assistance shall be liable for repayment, and  
8 shall be guilty of a misdemeanor or felony, depending upon the amount  
9 paid for which the person was *not* entitled, as specified in Title 9 of the  
10 Guam Code Annotated (Crimes & Corrections).

11 (f) Claims for Program-covered services which are determined  
12 valid by the Administrator pursuant to the Program and the  
13 Department's grievance and appeal procedures shall be paid by  
14 Program funds.

15 (g) For purposes of this Section, "Program-covered services"  
16 excludes administrative charges for operating expenses.

17 (h) All payments for services established by the Program shall  
18 be accounted for by the Administrator for the fiscal year in which the  
19 claims were paid, regardless of the fiscal year in which the payments  
20 were incurred.

21 (i) Notwithstanding any other law to the contrary, government-  
22 owned Providers are subject to all claims processing and payment  
23 requirements or limitations of the Program, which are applicable to non-  
24 government Providers.

25 (j) Notwithstanding any law to the contrary, the Director or

1 Administrator may receive confidential adoption information for the  
2 purposes of identifying adoption-related third party payers in order to  
3 recover the total costs for prenatal care and the delivery of the child,  
4 including capitation reinsurance and any fee-for-service costs incurred  
5 by the Program on behalf of an eligible person who the Administrator  
6 has reason to believe had an arrangement to have the eligible person's  
7 newborn adopted. *Except* for the sole purpose of identifying adoption-  
8 related third party payers, the Administrator shall *not* further disclose  
9 any information obtained pursuant to this Subsection, and shall develop  
10 and implement safeguards to protect the confidentiality of this  
11 information, including limiting access to the information to *only* those  
12 Program personnel whose official duties require it. At no time shall the  
13 Director or Administrator release to the adoptive parents' or "birth  
14 parents'" insurance carrier, personal identifying information regarding  
15 the other party. Any person who knowingly violates the requirements  
16 of this Subsection pertaining to confidentiality is guilty of a Class 6  
17 felony.

18 **Section 5. Implementation of Catastrophic Illness Program Cap.**

19 Section 2919 of Article 9, Chapter 2, Division 1, Part 1 of Title 10 of the Guam  
20 Code Annotated, as repealed and reenacted by § 1 of Public Law Number 25-  
21 163, shall take effect on April 1, 2002.

22 **Section 6. Special Funds Used.** *Unless* otherwise restricted by a bond  
23 covenant or any loan restriction requirement, *I Maga'lahaen Guåhan* is  
24 authorized to transfer from any Special Fund, Trust Fund and Revolving  
25 Fund, *excepting* any of the funds identified subsequently herein, any excess

1 amounts over that which is already mandated by law to be expended from  
2 any special funds of the government of Guam *solely* to supplement the cash  
3 obligations of the Medically Indigent Program, Medicaid, Medicare,  
4 Children's Health Insurance Program, Temporary Assistance for Needy  
5 Families Program ("TANF") or the General Assistance Program of the  
6 Department of Public Health and Social Services.

7 Any transfer of funds is hereby appropriated specifically for the use of  
8 that program, and such appropriations may be expended for the payment of  
9 prior year's obligations. Notice of any transfer shall be delivered to the  
10 Speaker and the Chairman of the Committee on Ways and Means of *I*  
11 *Lihselaturan Guåhan* by *I Maga'lahaen Guåhan* within ten (10) days after such  
12 transfer.

13 For purposes of this Section *I Maga'lahaen Guåhan* shall *not* transfer from  
14 the following funds: the Water Research and Development Fund; the Solid  
15 Waste Management Fund; the Litter Control Revolving Fund; the Guam  
16 Environmental Trust Fund; the Air Pollution Control Special Fund; the  
17 Hazardous Substances Emergency Response and Remedial Action Fund; the  
18 Guam Wildlife Conservation Fund; the Territorial Education Facilities Fund;  
19 the Junior Reserve Officers Training Corp Fund; the Summer School Fund; the  
20 Dededo Buffer Strip Revolving Fund; the Student Activity Funds in the  
21 Department of Education; and the Mayors' Council of Guam Operations  
22 Fund.

23 **Section 7. (a)** Section 2920 is hereby *added* to Article 9, Chapter 2,  
24 Division 1, Part 1 of Title 10 of the Guam Code Annotated to read as  
25 follows:

1                   **"Section 2920. Payer of Last Resort.** The Director of the  
2 Department of Public Health and Social Services is required to  
3 institute all necessary measures to assure that the Medically  
4 Indigent Program is the payer of last resort for medical services for  
5 those persons who cannot pay for medical services as required in  
6 this Article. The Director is also required to submit a plan of  
7 execution to *I Maga'lahaen Guåhan* and to *I Liheslaturan Guåhan* for  
8 submission to the Health Care Financing Administration  
9 ('HCFA'), and to other applicable Federal agencies for enhanced  
10 participation and benefit availability of the Children's Health  
11 Insurance Program ('CHIP'). Such plan may include the extension  
12 of CHIP health insurance benefits to schools and to other  
13 applicable programs providing health care needs for Guam's  
14 children."

15                   (b) Subsection (a) of this Section shall take effect on April 1,  
16 2002.

17 **Section 8. (a) Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
18 finds that Public Law Number 25-187, as amended, established the  
19 Health Security Trust Fund, into which approximately fifty percent  
20 (50%) of the proceeds of the sale of the Guam Economic Development  
21 Authority Tobacco Settlement Asset-Backed Bonds, Series 2001A and  
22 Series 2001B ("Bonds") have been deposited. In accordance with Public  
23 Law Number 25-187, as amended, the Health Security Trust Fund is  
24 subject to legislative appropriation with monies contained therein to be  
25 expended *exclusively* for the purpose of funding the operations and

1 capital expenditures at the Guam Memorial Hospital Authority  
2 (“GMHA”).

3 Two (2) Sub-accounts were established on June 21, 2001 within the  
4 Health Security Trust Fund: the Series 2001A Sub-account, with a total  
5 of Four Million Nine Hundred Eleven Thousand Two Hundred Thirty-  
6 six Dollars and Thirty Cents (\$4,911,236.30) on deposit; and the Series  
7 2001B Sub-account, with a total of Five Million Eight Hundred Twenty-  
8 eight Thousand Seven Hundred Forty Dollars and Forty-five Cents  
9 (\$5,828,740.45).

10 On October 1, 2001, Public Law Number 26-35 was ratified with §  
11 21 of Chapter III appropriating Two Million Four Hundred Thousand  
12 Dollars (\$2,400,000.00) from the Series 2001A Sub-account of the Health  
13 Security Trust Fund to GMHA to pay for prior years’ vendor payment  
14 obligations, as well as vendor payments for Fiscal Year 2002. The  
15 legislative intent contained in § 21(a) of Chapter III of Public Law  
16 Number 26-35, *however*, incorrectly identified that approximately fifty  
17 percent (50%) of the monies contained in the Series 2001A Sub-account  
18 may be used to fund current operational expenditures at GMHA, when  
19 in fact all of the monies contained in said account may be used to fund  
20 operating and capital expenses. It is therefore the intent of *I Liheslaturan*  
21 *Guåhan* to correct this inconsistency, as well as to provide financial  
22 assistance to GMHA by appropriating Two Million Five Hundred  
23 Thousand Dollars (\$2,500,000.00) from the Series 2001A Sub-account of  
24 the Health Security Trust Fund to GMHA for capital expenses.

25 (b) Section 21(a) of Chapter III of Public Law Number 26-35 is

1 hereby *repealed and reenacted* to read as follows:

2           “(a) **Legislative Findings and Intent.** *I Liheslaturan*  
3 *Guåhan* finds that the Guam Memorial Hospital Authority  
4 (‘GMHA’) is the only full-care medical facility that accepts all  
5 individuals seeking medical assistance. This includes individuals  
6 who do *not* have the financial resources to pay for medical  
7 services. Because of this ‘open door policy,’ coupled with the  
8 declining revenues of the General Fund, reduced cash collections  
9 and millions of dollars owed to hospital vendors, GMHA has  
10 found itself in a financial crisis and is in need of supplemental  
11 funding.

12           Concurrently, *I Liheslaturan Guåhan* finds that Public Law  
13 Number 25-187, as amended, established the Health Security Trust  
14 Fund, into which approximately fifty percent (50%) of the  
15 proceeds of the sale of the Guam Economic Development  
16 Authority Tobacco Settlement Asset-Backed Bonds, Series 2001A  
17 and Series 2001B (‘Bonds’) have been deposited. In accordance  
18 with Public Law Number 25-187, as amended, the Health Security  
19 Trust Fund is subject to legislative appropriation with monies  
20 contained therein to be expended *exclusively* for the purpose of  
21 funding the operations and capital expenses at GMHA.  
22 Furthermore, the Health Security Trust Fund, *subject* to legislative  
23 approval, may be invested or reinvested in bonds or in securities  
24 that are approved for the Retirement Fund, or according to  
25 modern investment practices of similar funds, as such

1 appropriations are limited as set forth in Public Law Number 25-  
2 187, as amended, and by certain covenants of the government  
3 relating to the Bonds.

4 Two (2) Sub-accounts were established on June 21, 2001  
5 within the Health Security Trust Fund: the Series 2001A Sub-  
6 account, with a total of Four Million Nine Hundred Eleven  
7 Thousand Two Hundred Thirty-six Dollars and Thirty Cents  
8 (\$4,911,236.30) on deposit; and the Series 2001B Sub-account, with  
9 a total of Five Million Eight Hundred Twenty-eight Thousand  
10 Seven Hundred Forty Dollars and Forty-five Cents (\$5,828,740.45)  
11 on deposit.

12 *I Liheslaturan Guåhan* further finds that all of the monies  
13 contained in the Series 2001A Sub-account may be used to fund  
14 operating expenses or capital expenses.

15 It is therefore the intent of *I Liheslaturan Guåhan* to  
16 appropriate a sum of Two Million Four Hundred Thousand  
17 Dollars (\$2,400,000.00) from the Series 2001A Sub-account of the  
18 Health Security Trust Fund to GMHA for prior years' vendor  
19 payment obligations, as well as vendor payments for Fiscal Year  
20 2002. The supplemental funding provided by this Act will  
21 alleviate a portion of the financial burden that has been placed  
22 upon GMHA and to ensure that safe and quality medical care will  
23 be afforded to the People of Guam."

24 **Section 9. GMHA Appropriation for Capital Expenses.**

25 Pursuant to Public Law Number 25-187, as amended, and notwithstanding



1 any other provision of law, the sum of Two Million Five Hundred Thousand  
2 Dollars (\$2,500,000) is hereby appropriated from the Series 2001A Sub-account  
3 of the Health Security Trust Fund to GMHA to be used *exclusively* for capital  
4 expenses.

5       **Section 10.       Restriction Upon *I Maga'laha*n Guåhan's Transfer**  
6 **Authority Relative to the Series 2001A Sub-account of the Health Security**  
7 **Trust Fund.**       Notwithstanding any other provision of law, *I Maga'laha*n  
8 *Guåhan* shall *not* use his transfer authority to utilize any monies appropriated  
9 from the Series 2001A Sub-account of the Health Security Trust Fund to  
10 GMHA, and said funds shall *not* be transferred or used for any other purpose.

11       **Section 11.       Reversion of Funds Appropriated from the Series**  
12 **2001A Sub-account of the Health Security Trust Fund.**   Notwithstanding  
13 the general provisions of § 22406 of Title 5 of the Guam Code Annotated,  
14 which require that unused and de-appropriated funds revert to the General  
15 Fund, or any other provision of law to the contrary, all unused funds  
16 appropriated from the Series 2001A Sub-account of the Health Security Trust  
17 Fund shall, in all circumstances, and whether in whole or in part, remain in  
18 the GMHA fund, shall be carried over into the next fiscal year and shall be  
19 expended *exclusively* for capital expenses.

20       **Section 12. Reporting Requirement.**   The Guam Memorial Hospital  
21 Authority shall submit a detailed report of the expenditures of the funds  
22 appropriated by § 9(b) of this Act to the Speaker of *I Liheslaturan Guåhan*; to  
23 the Chairpersons of the Committee on Ways and Means; to the Committee on  
24 Public Works, Health and Human Services of *I Liheslaturan Guåhan*; and to the

1 Director of the Guam Economic Development Authority within sixty (60) days  
2 following the close of Fiscal Year 2002. If any unused portion of the funds  
3 appropriated herein is carried over into Fiscal Year 2003, the provisions  
4 contained in this Section shall apply.

5 **Section 13. Effective Date.** The provisions of this Act shall become  
6 effective *immediately* upon enactment, *unless* specified otherwise.

7 **Section 14. Severability.** *If* any provision of this Law or its  
8 application to any person or circumstance is found to be invalid or contrary to  
9 law, such invalidity shall *not* affect other provisions or applications of this  
10 Law which can be given effect without the invalid provisions or application,  
11 and to this end the provisions of this Law are severable.




**MINA' BENTE SAIS NA LIHESLATURAN GUÅHAN**  
TWENTY-SIXTH GUAM LEGISLATURE  
155 Hessler Place, Hagåtña, Guam 96910

**2002 (SECOND) Regular Session**

I, Antonio R. Unpingco, Speaker of *I Mina'Bente Sais Na Liheslaturan Guåhan*, hereby certify, in conformance with Title 2 Guam Code Annotated § 2103, *Public Hearings Mandatory*, as amended, that an emergency condition exists involving danger to the public health and welfare of the People and therefore waive the statutory requirements for a public hearing on Bill Number 288 (COR), "AN ACT TO IMPLEMENT AN INTERIM MEDICALLY INDIGENT PROGRAM REIMBURSEMENT FEE SCHEDULE AND FOR OTHER PURPOSES," which was introduced on March 25, 2002, and therefore waive the statutory requirements for a public hearing on Bill Number 288 (COR).

Dated: March 27, 2002

  
\_\_\_\_\_  
ANTONIO R. UNPINGCO  
Speaker and Presiding Officer




**MINA' BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**TWENTY-SIXTH GUAM LEGISLATURE**  
155 Hessler Place, Hagåtña, Guam 96910

**2002 (SECOND) Regular Session**

I, Antonio R. Unpingco, Speaker of *I Mina'Bente Sais Na Liheslaturan Guåhan*, hereby certify, in conformance with Title 2 Guam Code Annotated § 2103, *Public Hearings Mandatory*, as amended, that an emergency condition exists involving danger to the public health and welfare of the People and therefore waive the statutory requirements for a public hearing on Bill Number 288 (COR), "AN ACT TO IMPLEMENT AN INTERIM MEDICALLY INDIGENT PROGRAM REIMBURSEMENT FEE SCHEDULE AND FOR OTHER PURPOSES," which was introduced on March 25, 2002, and therefore waive the statutory requirements for a public hearing on Bill Number 288 (COR).

Dated: March 27, 2002

  
\_\_\_\_\_  
**ANTONIO R. UNPINGCO**  
Speaker and Presiding Officer



MINA' BENTE SAIS NA LIHESLATURAN GUÅHAN  
TWENTY-SIXTH GUAM LEGISLATURE

SENATOR EDDIE BAZA CALVO

Chairman

COMMITTEE ON PUBLIC WORKS, HEALTH AND HUMAN SERVICES

E-Mail address: [sencalvo@ite.net](mailto:sencalvo@ite.net)

120 Father Dueñas Avenue, Capitol Plaza, Suite 109  
Hagåtña, Guam 96910

Telephone: (671) 472-4040/4518

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March 26, 2002

The Honorable Antonio "Tony" R. Unpingco  
Speaker  
*Mina' Bente Sais Na Liheslaturan Guåhan*  
155 Hesler Street  
Hagåtña, GU 96910

*OK*

**Reference: Request for Emergency Session**

*Håfa Adai!* Mr. Speaker:

I respectfully request for an Emergency Session as soon as possible to address the status of the Medically Indigent Program (MIP) funding level expected to diminish by March 31, 2002. Director Dennis Rodriguez issued a public statement that MIP cards released come April 1, 2002 will reflect a 57% ratable reduction due to shortage of funding for the program by *I Liheslaturan Guåhan*.

Senator Ben Pangelinan and I have introduced Bill 286 and 288 respectively to address the non issuance of MIP cards and the proposed ratable reduction for the program. I believe both legislation will offer cost containment measures to make MIP an affordable program and provides the governor authority to identify and fund MIP.

Attached is a copy of Bill No. 288 - "An Act to Implement an Interim Medically Indigent Program reimbursement Ree schedule and for other purposes.

*Senseramente,*

EDDIE BAZA CALVO

Attachment

cc: All Senators

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: March 26, 2002

Time: 10:55 am

Rec'd by: [Signature]

Print Name: [Signature]

6

# I MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

2002 (SECOND) Regular Session

Date: 3/27/02

## VOTING SHEET

5 Bill No. 288 (COR)

Resolution No. \_\_\_\_\_

Question: \_\_\_\_\_

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Joseph F.	1 ✓				
ADA, Thomas C.	✓				
AGUON, Frank B., Jr.	✓				
BROWN, Joanne M. S.	✓				
CALVO, Eddie B.	✓				
CAMACHO, Felix P.	11 ✓				
CHARFAUROS, Mark C.					✓
FORBES, Mark					✓
KASPERBAUER, Lawrence F.	1 ✓				
LEON GUERRERO, Lourdes A.					✓
MOYLAN, Kaleo S.	✓				
PANGELINAN, Vicente C.	✓				
SANTOS, Angel L.G.	✓				
UNPINGCO, Antonio R.	✓				
WON PAT, Judith T.	✓				

TOTAL

12    0    0    0    3

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature

\* 3 Passes = No vote  
EA = Excused Absence

**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**2002 (SECOND) Regular Session**

Bill No. 288 (COR)

Introduced by:

E. B. Calvo *ETC*

**AN ACT TO IMPLEMENT AN INTERIM MEDICALLY  
INDIGENT PROGRAM REIMBURSEMENT FEE  
SCHEDULE AND FOR OTHER PURPOSES.**

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

2           **Section 1.** I Liheslaturan Guåhan finds there is a moral and social obligation to  
3 increase access to quality health care for those persons who lack sufficient financial  
4 resources to meet the costs of medical care. The original Medically Indigent Program  
5 ('MIP') has served Guam since its inception in the mid-1980s. However, significant  
6 changes have occurred in the provision of medical services on Guam these past fifteen  
7 (15) years, resulting in the enactment of Public Law 25-163 revising the MIP Program  
8 to better allocate scarce government resources and more efficiently provide health care  
9 services to our families most in need.

10           This Act will implement an interim reimbursement rate schedule for Providers  
11 to better allocate health care resources. It is also intended that, whenever possible, the  
12 benefits available under this Act shall be medically necessary and not duplicate  
13 benefits or services already provided by other federal or local health care programs.  
14 This Act will better insure that our families most in need receive the best health care  
15 possible while better utilizing scarce public resources in the continued administration  
16 of this program.

1           Pharmaceutical, equipment vendors and health care service providers are not  
2 reimbursed by the Government of Guam timely due to funding problems. As a result,  
3 MIP and Medicaid clients are not provided services and medications by local  
4 healthcare providers refusing service to these patients. As an alternative for payment,  
5 this bill provides a mechanism for any unpaid claims over 120 days to paid through a  
6 Gross Receipt Tax (GRT) offset. Any GRT offsets assessed by the Department of  
7 Revenue and Taxation will be reimbursed by the Department of Public Health and  
8 Social Services.

9           MIP is Guam's only locally funded health safety net providing necessary  
10 medical services. The liabilities placed on certifying officers and other employees of  
11 related capacities contained within Public Law 26-35 has placed an unprecedented  
12 hardship on MIP's continuation as a social program. The MIP program services and  
13 claim payments span beyond the barriers of a fiscal year. Additionally, funding for the  
14 program has been appropriated through monthly allotments. Depending on the claims  
15 processed in addition to services provided within an adjudicated claim period, it is  
16 easy to spend beyond the appropriated allotments. These circumstances place a  
17 certifying officer or similar employees liable for criminal prosecution. The Act  
18 provides that in the administration of MIP, certifying officers and other similar  
19 employees are not personally liable from expenditures made in excess of  
20 appropriations. However, these employees are not relieved from their responsibilities  
21 to perform at the strict compliance of the laws governing MIP.

22           The implementation of an interim MIP reimbursement fee schedule mirrors  
23 Section 2916 of Public Law 25-163. Public Law 25-163 will be implemented on  
24 October 1, 2002. The implementation of this law has been postponed twice at the  
25 request of the Department of Public Health and Social Services. The interim



1 reimbursement fee schedule mirrors the language contained within Section 2916 of that  
2 law. It provides cost saving measures that will require claim reimbursements after  
3 April 1, 2002 to follow Medicare Rates. The language has been aligned matching the  
4 allowable claim reimbursement services of MIP and to the existing codified version.

5 Many families on Guam rely on the Medically Indigent Program (MIP) for  
6 health care services that they could not otherwise afford. MIP is a locally funded  
7 program for certain low-income and needy people. Serious funding issues have been  
8 raised by the Department of Public Health surrounding the medically indigent program  
9 (MIP), issues that apparently may have those who have no other means of medical  
10 insurance left without the desperately needed coverage. This Act also addresses the  
11 critically-needed funding to supplement the needs of the MIP program and for other  
12 welfare related public assistance programs. Funding for prior year MIP obligations is  
13 also addressed.

14 **Section 2. Short Title.** This Act shall be known as the "**Interim Medically**  
15 **Indigent Reimbursement Fee Schedule Act of 2002.**"

16 **Section 3. Interim Definitions.** Definitions contained within this section shall  
17 be applicable only to Section 4 of this Act infra, and shall take effect April 1, 2002 and  
18 shall remain in effect until the implementation of Section 2903 of Public Law 25-163  
19 on October 1, 2002.

20 (1) "Director" means the Director of the Department of Public Health and Social  
21 Services.

22 (2) "Administrator" means the administrator of the Guam Medically Indigent  
23 Program.

- 1 (3) "Clean Claim" means a claim that may be processed without the need of  
2 additional information from the provider of service or from a third-party but  
3 does not include any claim under investigation for fraud or abuse or claims  
4 under review for medical necessity. In no event may a claim be contested or  
5 denied upon the Health Plan Administrator's ability to adjudicate the claim.
- 6 (4) "Non-Provider" means a person who provides hospital, medical, or dental care,  
7 but does not have a contract or subcontract with the Medically Indigent Program.
- 8 (5) "Provider" means any person who contracts with the Medically Indigent  
9 Program for the provision of hospitalization, medical, or dental care to members.
- 10 (6) "Program" means the Guam Medically Indigent Program established by Section  
11 2902 of Article 9 of Chapter 2, Division 1, Part 1 of Title 10 of the Guam Code  
12 Annotated.

13 **Section 4. Implementation of the Interim Medically Indigent**  
14 **Reimbursement Program Reimbursement Fee Schedule.** The Interim Medically  
15 Indigent Program Reimbursement Fee Schedule shall take effect April 1, 2002 and  
16 shall remain in effect until the implementation of Section 2916 of Public Law 25-163  
17 on October 1, 2002.

18 1. Interim Medically Indigent Program Reimbursement Fee Schedule for the  
19 Medically Indigent Program.

20 (a) Reimbursements to Providers and Non-Providers shall be in amounts not  
21 to exceed the following:

22 (1) for inpatient hospital services, the Program shall reimburse services  
23 in accordance with the annual Medicare per diem rates set for the hospital's  
24 inpatient services;

1 (2) for outpatient hospital services, the Program shall reimburse a hospital  
2 by applying the annual Medicare hospital specific outpatient cost-to-charge ratio  
3 to the covered charges;

4 (3) for skilled nursing services, the Program shall reimburse services in  
5 accordance with the annual Medicare PPS rates;

6 (4) for intermediate care services, the Program shall reimburse services at  
7 sixty percent (60%) of the Medicare PPS rate for the skilled nursing facility;

8 (5) for professional fees and home health services, the Program shall  
9 reimburse services at one hundred percent (100%) of the Medicare Participating  
10 Provider fee schedule rate adjusted in accordance with the Hawaii or Guam  
11 conversion factor as applicable; and

12 (6) for dental fees, the National Dental Advisory Schedule shall be used  
13 to reimburse services.

14 (b) The Director or Administrator of the Medically Indigent Program shall have  
15 discretionary authority to establish Provider and Non-Provider reimbursement rates for  
16 services which are not specifically addressed herein, but which are consistent with the  
17 Program services provided within Article 9 of Chapter 2, Division 1, Part 1 of Title 10  
18 of the Guam Code Annotated. Said schedules will be developed in conjunction with  
19 the Administrator's duties to secure the necessary Provider and Non-Provider  
20 relationships to ensure the availability of adequate medical care and assistance to all  
21 Program recipients.

22 (1) The Program shall not pay claims for Program-covered services that  
23 are initially submitted more than twelve (12) months after the date of the service  
24 as clean claims, except for claims submitted for services to members involving  
25 the coordination of benefits amongst multiple payers.

1 (2) Payments shall be made on clean claims in accordance with the  
2 reimbursement rates set forth in this Section.

3 (c) 'Clean claims' as defined by Section 2 of this Act and as further defined  
4 herein shall mean:

5 (1) For a Hospital Bill. A hospital bill is considered received for purposes  
6 of this Subsection upon initial receipt of the legible claim form by the  
7 administration if the claim includes the following error-free documentation in  
8 legible form:

- 9 (i) an admission face sheet;
- 10 (ii) an itemized statement;
- 11 (iii) an admission history and physical;
- 12 (iv) a discharge summary or an interim summary if the claim is split;
- 13 (v) an emergency record, if admission was through the Emergency Room;
- 14 (vi) operative reports, if applicable; and
- 15 (vii) a labor and delivery room report, if applicable.

16 (2) For Medical Service Claims. For medical service claims, a claim that  
17 is submitted on a HCFA 1500 reflecting CPT and HCPCS codes for services and  
18 supplies. Services requiring prior authorization shall have a copy of the  
19 approved authorization form attached. Specialist services shall have the  
20 appropriate referral form attached.

21 (3) For Dental Claims. For dental claims, a claim that is submitted on the  
22 ADA claim form reflecting proper codes for services.

23 (d) Payment received by a Provider or Non-Provider from the Program is  
24 considered payment by the Program of the Program's liability for the member's bill. A  
25 Provider may collect any unpaid portion of its bill from other third party payers or the

1 member in the event of non-covered services. A Provider or Non-provider shall not:

2 (1) charge, submit a claim to, demand or otherwise collect payment from  
3 a member or person who has been determined eligible, unless specifically  
4 authorized by Article 9 of Chapter 2, Division 1, Part 1 of Title 10 of the Guam  
5 Code Annotated; or

6 (2) refer or report a member who has been determined eligible to a  
7 collection agency or credit reporting agency for the failure of the member to pay  
8 charges for Program covered care or services, unless specifically authorized by  
9 Article 9 of Chapter 2, Division 1, Part 1 of Title 10 of the Guam Code  
10 Annotated.

11 (e) The Administrator may conduct post-payment review of all claims paid by  
12 the Program and may recoup any monies erroneously paid. The Administrator shall  
13 adopt rules that specify procedures for conducting post-payment review. The Program  
14 Administrator shall review all payments and may conduct a post-payment review of  
15 all claims paid by the Program, and may recoup monies that are erroneously paid.

16 (1) Any Provider receiving reimbursements under this Program for which  
17 they were not entitled on the basis of false claims filed on behalf of any person  
18 receiving assistance shall be liable for repayment, and shall be guilty of a  
19 misdemeanor or felony, depending on the amount paid for which the person was  
20 not entitled, as specified in Title 9 of the Guam Code Annotated (Crimes &  
21 Corrections).

22 (f) Claims for Program-covered services which are determined valid by the  
23 Administrator pursuant to the Program and the Department's grievance and appeal  
24 procedures, shall be paid by Program funds.

1 (g) For purposes of this Section, "Program-covered services" exclude  
2 administrative charges for operating expenses.

3 (h) All payments for services established by the Program shall be accounted for  
4 by the Administrator by the fiscal year in which the claims were paid, regardless of the  
5 fiscal year in which the payments were incurred.

6 (i) Notwithstanding any other law to the contrary, government-owned Providers  
7 are subject to all claims processing and payment requirements or limitations of the  
8 Program, which are applicable to non-government Providers.

9 (j) Notwithstanding any law to the contrary, the Director or Administrator may  
10 receive confidential adoption information for the purposes of identifying  
11 adoption-related third party payers in order to recover the total costs for prenatal care  
12 and the delivery of the child, including capitation reinsurance and any fee-for-service  
13 costs incurred by the Program on behalf of an eligible person who the Administrator  
14 has reason to believe had an arrangement to have the eligible person's newborn  
15 adopted. Except for the sole purpose of identifying adoption-related third party payers,  
16 the Administrator shall not further disclose any information obtained pursuant to this  
17 Subsection, and shall develop and implement safeguards to protect the confidentiality  
18 of this information, including limiting access to the information to only those Program  
19 personnel whose official duties require it. At no time shall the Director or  
20 Administrator release to the adoptive parents "or birth parents" insurance carrier  
21 personally identifying information regarding the other party. A person who knowingly  
22 violates the requirements of this Subsection pertaining to confidentiality is guilty of a  
23 Class 6 felony.

24

1           **Section 5. Implementation of Catastrophic Illness Program Cap.** Section  
2 2919 of Public Law 25-163 shall take affect on April 1, 2002.

3           § 2919. Catastrophic Illness Program.

4           The Department shall continue to administer the Catastrophic Illness  
5 Program, as established by Public Law Number 18-8, as further amended by  
6 Public Law Numbers 18-31 and 23-76, and as further regulated by the rules and  
7 regulations previously adopted by the Department pursuant to the public laws  
8 that originally established this Program. The Department may also adopt  
9 additional rules in accordance with the Administrative Adjudication Law to  
10 administer the Catastrophic Illness Program. The Program shall provide for care  
11 of victims of catastrophic illnesses, whether such care is provided on Guam or  
12 at off Guam medical facilities. The Catastrophic Illness Assistance Program  
13 ('CIAP') maximum coverage per individual is established at One Hundred  
14 Seventy-five Thousand Dollars (\$175,000.00).

15           **Section 6. Special Funds Used.** Notwithstanding any bond covenant  
16 requirement or any loan restriction requirement, *I Maga'lahaen Guåhan* is required to  
17 transfer from any Special Fund, Trust Fund and Revolving Fund any excess amounts  
18 over that which is already mandated by law to be expended from any special funds of  
19 the government of Guam *solely* to supplement the cash obligations of the Medically  
20 Indigent Program, Medicaid, Medicare, Children's Health Insurance Program,  
21 Temporary Assistance for Needy Families Program (TANF) or the General Assistance  
22 Program of the Department of Public Health and Social Services. Any transfer of funds  
23 is hereby appropriated *specifically* for the use of that program and such appropriations  
24 may be expended for the payment of prior years obligations. Notice of any transfer  
25 shall be delivered to the Speaker and the Committee of Ways and Means of *I*

1 *Liheslaturan Guåhan* by *I Maga'lahen Guåhan* within 10 days after such transfer.

2 **Section 7.** Sections "§2919 and §2920" of Public Law 25-163 is hereby added  
3 taking effect on April 1, 2002 to read as follows:

4 **"§2919. No Employee Liable.** No employee of the government in the  
5 administration of the Medically Indigent Program shall be individually or  
6 personally liable arising from expenditures made in excess of appropriations for  
7 the payment of any medically necessary benefits issued under this Article. Any  
8 government employee shall discharge their duties with respect to the  
9 management of public money solely in the interest of the health needs of the  
10 people of Guam. The liabilities of any government employee resulting from an  
11 over-expenditure of appropriation shall not relieve any government employee  
12 from the performance and strict compliance of any requirement under this  
13 Article.

14 **§2920. Payer of Last Resort.** The Director of the Department of Public  
15 Health and Social Services is required to institute all necessary measures to  
16 assure that the Medically Indigent Program is the payer of last resort for medical  
17 services for those persons who cannot pay for medical services as required in  
18 this Article. The Director is also required to submit a plan of execution to *I*  
19 *Maga'lahen Guåhan* and *I Liheslaturan Guåhan* for submission to the Health  
20 Care Financing Administration (HCFA) and to other applicable federal agencies  
21 for enhanced participation and benefit availability of the Children's Health  
22 Insurance Program (CHIP). Such plan may include the extension of CHIP  
23 health insurance benefits to schools and to other applicable programs providing  
24 health care needs for Guam's children."  
25



1           **Section 8. Offset Against Gross Receipt Taxes.** (a) Any health care service  
2 provider and child care provider that render services and products applicable to  
3 recipients of the Medically Indigent Program, the Medicaid, Medicare, Children’s  
4 Health Insurance Program, Child Care Block Grant and other public assistance program  
5 shall be entitled to an offset against the total of Gross Receipt Taxes owed for any  
6 given month. The basis for services, equipment and prescriptions shall follow the  
7 prevailing program reimbursement rate applicable to the program for which a claim  
8 is filed and such amounts shall be verified by the Department of Public Health and  
9 Social Services, Division of Public Welfare as the amount that will be entitled for an  
10 offset against Gross Receipt Taxes. All Medically Indigent Program claims filed with  
11 the Department of Public Health and Social Services prior to April 1, 2002 shall follow  
12 the reimbursement requirements for that period for an offset against Gross Receipt  
13 Taxes.

14           (b) Nonpayment of these claims owed for public health and child care services  
15 which remains unpaid by the government for a period of more than one hundred twenty  
16 days (120) from the due date as invoiced shall qualify the health care service providers  
17 and child care service providers with the Gross Receipt Taxes incentive provided in  
18 this Section.

19           (c) Any unused offset against total Gross Receipt Taxes owed for any given  
20 month not used in the current tax period may be carried over into subsequent tax  
21 periods until such offset is exhausted.

22           (d) The government shall not be obligated to make payments to vendors for  
23 services in which an offset against total Gross Receipt Taxes owed for any given month  
24 has been utilized.

1 (e) Any health care service provider and child care provider entitled to an  
2 offset against Gross Receipt Taxes Owed for which they were not entitled on the basis  
3 of false claims filed on behalf of any person receiving assistance shall be liable for  
4 repayment, and shall be guilty of a misdemeanor or felony, depending on the amount  
5 paid for which the person was not entitled, as specified in Title 9 of the Guam Code  
6 Annotated (Crimes & Corrections).

7 (f) Any health care service provider and child care provider that render services  
8 and products entitled to an offset against Gross Receipt Taxes Owed must "participate"  
9 and provide services applicable to recipients of the Medically Indigent Program, the  
10 Medicaid, Medicare, Children's Health Insurance Program, Child Care Block Grant  
11 and other public assistance program in order to qualify for any offsets against the total  
12 Gross Receipt Taxes owed for any given month after enactment. The term "participate"  
13 in this Subsection is defined by a provider meeting a ten percent (10%) quota of the  
14 cumulative number of patients or clients serviced on a given month who are recipients  
15 of either the Medically Indigent Program, Medicaid, Medicare, Children's Health  
16 Insurance Program, Child Care Block Grant and other public assistance programs.

17 **Section 9. Reimbursements.** The Department of Revenue and Taxation shall  
18 be reimbursed for all amounts taken as a result of Gross Receipt Tax offsets as  
19 provided in Section 8 supra.

20 (a) The Department of Revenue and Taxation shall assess the Department  
21 of Public Health and Social Services for unpaid claims in the amount of the tax offset  
22 taken by the vendor. Any reimbursements owed to the Department of Revenue and  
23 Taxation for unpaid claims shall carryover unto the succeeding fiscal year.

24 (b) In order to avoid double compensation to vendors, the Director of  
25 Revenue and Taxation shall immediately notify the Department of Administration and

1 the Department of Public Health and Social Services of Gross Receipt Taxes filed by  
2 health care service providers and child care service providers.

3 (c) The Director of the Department of Revenue and Taxation shall, pursuant  
4 to the Administrative Adjudication Law, formulate rules and regulations to implement  
5 the provisions of this Section within ninety days (90) upon enactment.

6 (d) The Director of the Department of Revenue and Taxation within 10 days  
7 at the end of each budget quarter report to the Speaker and the Committee of Ways and  
8 Means of *ILiheslaturan Guåhan* of the cumulative offset against Gross Receipt Taxes  
9 allowed by the Section.

10 **Section 10. Severability.** If any provision of this Law or its application to  
11 any person or circumstance is found to be invalid or contrary to law, such invalidity  
12 shall not affect other provisions or applications of this Law which can be given effect  
13 without the invalid provisions or application, and to this end the provisions of this Law  
14 are severable.

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