
A BILL FOR AN ACT

To amend chapter 4 of title 52 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 12-77, 14-49, 15-52, and 15-82, by amending sections 401, 402, 404, 407, 408 and 409 to clarify the name of the Plan and the role of the Administrator, and to improve the management and oversight of the program, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 401 of title 52 of the Code of the
2 Federated States of Micronesia, is hereby further amended to
3 read as follows:

4 "Section 401. Short title.

5 This chapter shall be known as the [~~"National~~
6 ~~Government Employees~~] MiCare Health Insurance Plan
7 Act [~~of 1984~~]."

8 Section 2. Section 402 of title 52 of the Code of the
9 Federated States of Micronesia, as amended by Public Law No.
10 12-77, is hereby further amended to read as follows:

11 "Section 402. Definitions.

12 As used in this chapter:

13 (1) 'Administrator' means the [~~the National~~
14 ~~Government Employees~~] MiCare Health Insurance Plan
15 Administrator as established by the provisions of
16 this chapter.

17 (2) 'Agency' means any municipal, State or National
18 Government public agency, institution or entity.

1 (3) 'Board' or 'Board of Directors' means [~~the~~
2 ~~National Government Employees~~] the MiCare Health
3 Insurance Plan Board of Directors established under
4 the provisions of this chapter.

5 (4) 'Business' means any quasi-public or private
6 business entity which is duly licensed to do business
7 under, and is doing business under, the laws of the
8 Federated States of Micronesia or its political
9 subdivisions, which is also a participant in the
10 Social Security system of the Federated States of
11 Micronesia, and which has been qualified to
12 participate in the Plan pursuant to the regulations
13 promulgated by the Director under section 409 of this
14 chapter.

15 (5) 'Costs of administration' means the following
16 costs of administering the plan:

17 (a) wages or salaries for personnel engaged in
18 administering the plan;

19 (b) necessary travel for personnel engaged in
20 administering the plan;

21 (c) costs and expenses for training of
22 personnel engaged in administering the plan;

23 (d) the costs of processing claims;

24 (e) the costs of printing informational
25 booklets, claim forms, and other necessary materials;

1 (f) the costs of necessary supplies and
2 equipment;

3 (g) the costs of communications necessary to
4 the operation of the plan; and

5 (h) the costs of professional services
6 necessary to the operation of the plan.

7 (6) 'Dependants' means:

8 (a) the members of an employee's immediate
9 family, including grandchildren, dependent parents,
10 and dependent parents in-law.

11 (7) 'Employee' means an employee of the National
12 Government of the Federated States of Micronesia, an
13 employee of a participating agency, or an employee of
14 a participating business.

15 (8) 'Full-time employee' means an employee who
16 works at least thirty-two hours of the regular and
17 scheduled workweek.

18 (9) 'Fulltime student' means a student who is
19 currently enrolled in classes [~~totaling 12 or more~~
20 ~~semester units~~] at an accredited elementary,
21 secondary or post-secondary educational institution.

22 (10) 'Participating agency' or 'participating
23 agencies' means any public agency, public institution
24 or other public entity, either municipal, State or
25 National, participating in the plan pursuant to

1 section 403 of this chapter.

2 (11) 'Participating business' or 'participating
3 businesses' means any business entity, whether quasi-
4 public or privately owned, participating in the plan
5 pursuant to section 403 of this chapter.

6 (12) 'Plan' means the [~~National Government~~
7 ~~employee'~~] MiCare Health Insurance Plan."

8 Section 3. Section 404 of title 52 of the Code of the
9 Federated States of Micronesia, as amended by Public Law No.
10 12-77, is hereby further amended to read as follows:

11 "Section 404. Establishment of [~~Employees'~~] MiCare
12 Health Insurance Fund.

13 (1) There is established a [~~National Government~~
14 ~~Employees'~~] MiCare Health Insurance Fund,
15 (hereinafter [~~Employees'~~] 'Health Insurance Fund')
16 which shall be separate from the General Fund or
17 other funds. All sums appropriated by Congress
18 representing contributions of the National Government
19 to the plan, all sums representing contributions of
20 participating agencies to the plan, and all employee
21 contributions to the plan, shall be deposited in the
22 [~~Employee'~~] MiCare Health Insurance Fund. Any
23 unexpended money in the [~~Employees'~~] Micare Health
24 Insurance Fund shall not revert to the General Fund
25 or lapse at the end of the fiscal year, but shall

1 remain in the [~~Employees'~~] MiCare Health Insurance
2 Fund.

3 (2) The Board of Directors shall have the sole
4 authority to administer the [~~Employees'~~] MiCare
5 Health Insurance Fund in accordance with regulations
6 promulgated under this act. The Board shall maintain
7 this MiCare [~~Employees'~~] Health Insurance Fund in a
8 separate custodial trust account and may, from time
9 to time, invest such moneys that are in excess of the
10 amount deemed necessary for the operation of the plan
11 during the reasonable future. Such investments shall
12 be low-risk and made in consultation with the
13 Secretary of the Department of Finance or reputable
14 licensed investment consultant(s). The investments
15 shall at all times be made so that all of the assets
16 of the [~~Employees'~~] MiCare Health Insurance Fund
17 shall be readily convertible into cash when needed
18 for the purpose of this act. All income earned on
19 these investments shall be deposited into the
20 [~~Employees'~~] MiCare Health Insurance Fund."

21 Section 4. Section 407 of title 52 of the Code of the
22 Federated States of Micronesia, as amended by Public Laws Nos.
23 12-77 and 14-49, is hereby further amended to read as follows:
24 "Section 407. Health Insurance Plan Board of
25 Directors and Administrator.

1 (1) Creation. There is hereby established a
2 ~~[National Government Employees]~~ MiCare Health
3 Insurance Plan Board of Directors to oversee the Plan
4 and the assets of the ~~[Employees']~~ MiCare Health
5 Insurance Fund. There is also hereby established a
6 new full-time position of ~~[National Government~~
7 ~~Employees']~~ Micare Health Insurance Plan
8 Administrator. The Administrator shall be appointed
9 by the Board. The Administrator shall serve at the
10 pleasure of the Board of Directors and shall be
11 exempt from the provisions of the National Public
12 Service System Act.

13 (2) Composition. The ~~[National Government~~
14 ~~Employees']~~ MiCare Health Insurance Plan Board of
15 Directors shall consist of ~~[not less than seven (7)]~~
16 five (5) voting members; ~~[including]~~ one
17 representative from each State of the Federated
18 States of Micronesia, who shall be recommended by the
19 Governor of the relevant State; and one
20 representative from the National Government of the
21 Federated States of Micronesia. ~~[, and one~~
22 ~~representative from the private healthcare sector,~~
23 ~~and the Administrator.]~~ Each appointed member of the
24 Board shall be appointed by the President with the
25 advice and consent of the Congress. The

1 Administrator shall serve as ex officio non-voting
2 member of the Board. In the event of a deadlock or
3 evenly divided vote on an action or a decision, the
4 Administrator may vote. All other members of the
5 Board shall be voting members of the Board.

6 (3) Terms. Each appointed member of the Board
7 shall serve for a period of three (3) years, except
8 that initial appointments to the Board shall be made
9 as follows: two members for a period of one year; two
10 members for the period of two years; and two members
11 for a period of three years. Successors to the first
12 appointees hereunder shall be appointed for terms of
13 three years each. Vacancies other than by expiration
14 of term shall be filled by the President by
15 appointment, in the same manner as the original
16 appointment was made, for the unexpired term.
17 Appointed members shall not hold-over at the
18 expiration of their terms, but may be reappointed to
19 consecutive terms in the manner set forth in this
20 section.

21 (4) Organization. The Board shall provide for its
22 own organization and procedure, except that the Board
23 shall, at a minimum, designate a Chairman and a
24 Secretary. The Secretary shall keep all records of,
25 and actions taken by, the Board. These records shall

1 be open to the public for public inspection. The
2 Secretary of Justice of the Federated States of
3 Micronesia shall act as legal advisor to the Board
4 until the Board of Directors appoints its own legal
5 advisor. In case of conflict of interest or under
6 special circumstances, the Plan can retain services
7 of private counsel(s).

8 (5) Meetings. The board shall met at least once
9 every 6 months. Meetings may be held at any time or
10 place within the FSM to be determined by the Board
11 upon the call of the Chairman or upon written request
12 of any four (4) members. All meetings shall be open
13 to the public and public notice of the time and place
14 of such meetings shall be posted in public places and
15 shall be announced on radio and television throughout
16 the FSM and in newspapers of general circulation in
17 the FSM. Four (4) members of the Board shall
18 constitute a quorum for the transaction of business.

19 (6) Compensation. Members of the board shall be
20 paid at a rate established by the Board when actually
21 performing their duties under this chapter; provided
22 that officials and employees of the State Governments
23 or the Government of the Federated States of
24 Micronesia who are members of the Board shall not
25 receive any compensation. All members shall be

1 entitled to receive travel costs and per diem at
2 standard National Government rates when actually
3 attending Board meetings or engaged in the
4 performance of duties authorized by the Board. Any
5 employee of the National Government shall be granted
6 leave with pay when actually attending Board meetings
7 or engaged in the performance of duties authorized by
8 the Board.

9 (7) General powers and duties.

10 (a) It shall be the responsibility of the Board
11 to promote the soundness, stability, growth and
12 development of the [~~National Government Employees~~]
13 MiCare Health Insurance Plan and [~~the National~~
14 ~~Government Employees~~] the MiCare Health Insurance
15 Fund. To that end, the Board shall have overall
16 responsibility for administration of the Plan,
17 PROVIDED, however, that day-to-day operations of the
18 Plan shall be the responsibility of Administrator.
19 The Board shall have such other powers and duties as
20 may be necessary to carry out the purposes of this
21 chapter.

22 (b) Responsibility for the proper day-to-day
23 operation of the Plan shall be vested in the
24 Administrator who shall have the power to delegate
25 duties and responsibilities to [~~such~~] employees of

1 the Plan as the Administrator deems feasible and
2 desirable to carry out the provisions of this
3 chapter. The Administrator shall have the authority
4 to establish contractual service arrangements with
5 healthcare providers; determine types and forms of
6 services to be provided by health care providers;
7 ensure the professionals serving the MiCare clients
8 are qualified and certified; and oversee the
9 financial accounting and auditing responsibilities.

10 (c) the Board shall periodically consult with,
11 and seek the advice of, relevant government
12 authorities, interested members of the public in each
13 respective State of the Federated States of
14 Micronesia regarding the operation, protection and
15 survivability of the Plan and shall endeavor to
16 ensure that such consultations are done with persons
17 broadly representative of actual and potential
18 participants in the Plan, including representatives
19 of the medical profession and participating
20 businesses.

21 (d) MiCare shall conduct an annual claim audit
22 to identify possible claim frauds and abuses by
23 Health Care Providers. Claim audit findings shall be
24 reported to the Board of Directors, to the Public
25 Auditor of the Federated States of Micronesia and to

1 the Office of the Secretary of the Department of
2 Justice of the Federated States of Micronesia for
3 appropriate review and actions.

4 (e) MiCare shall accept only physicians with
5 FSM Medical licenses to provide services to MiCare
6 members within the Federated States of Micronesia.
7 Likewise, the Administrator must ascertain that
8 physicians providing medical services to referral
9 patients are licensed in the relevant jurisdiction.

10 (f) MiCare may suspend or terminate a service
11 contract with health care providers based on findings
12 of claim audits and other non-compliance.

13 (g) MiCare shall establish a Formulary with
14 prices of all covered medicine and pharmaceutical
15 supplies and Relative Unit Value (RUV) schedule to
16 guide the costs of medical services covered by
17 MiCare.

18 (h) MiCare reserves the right to refuse
19 payments on any medical claim with clear evidence of
20 conflict of interest, including doctors and family
21 members performing their own consultations, diagnoses
22 and prescriptions.

23 (8) Time for Implementation.

24 (a) All nominations for all positions on the
25 Board shall be transmitted to Congress within ninety

1 (90) days of the date this act becomes law.

2 (b) The Board shall appoint an Administrator
3 within 90 days of the date all Board members have
4 been appointed by Congress. If no Administrator is
5 appointed within this time, the Board shall submit to
6 Congress a detailed account of the steps [~~it is~~
7 ~~taking~~] taken to appoint an Administrator and the
8 reasons why it has not done so.

9 (c) Immediately upon the appointment of the
10 Administrator, all employees of the Plan who hold a
11 job title containing the word 'chief' shall be given
12 a new job title and the word 'chief' shall be deleted
13 from the job title."

14 Section 5. Section 408 of title 52 of the Code of the
15 Federated States of Micronesia, as amended by Public Law No.
16 12-77, is hereby further amended to read as follows:

17 "Section 408. Reporting.

18 Prior to the commencement of each regular May session
19 of Congress, the Board, through the Administrator,
20 shall prepare and submit to the President of the
21 Federated States of Micronesia and to the Speaker of
22 the Congress an annual report on the status of the
23 plan. This report shall include a statement of the
24 amount of money on deposit in the [~~Employees~~]
25 MiCare Health Insurance Fund as of the date of the

1 annual report, the amount of premiums collected and
2 interest earned during the preceding fiscal year, the
3 amount of money disbursed for claims during the
4 preceding fiscal year, the number of claims paid
5 during the preceding fiscal year, the costs of
6 administration, and such other information as the
7 Board may deem appropriate."

8 Section 6. Section 409 of title 52 of the Code of the
9 Federated States of Micronesia, as amended by Public Law No.
10 12-77, is hereby further amended to read as follows:

11 "Section 409. Promulgation of regulations.

12 (1) The Board, with the approval of the President,
13 shall promulgate regulations, pursuant to chapter 1
14 of title 17 of this code, governing the amount of the
15 premium for insurance under the plan, the procedure
16 for making claims under the plan, the amount and type
17 of benefits under the plan, the policy limits under
18 the plan, and such other matters as may be consistent
19 with the contents and purpose of this chapter,
20 including the implementation of those provisions of
21 this chapter pertaining to participating agencies and
22 participating businesses.

23 (a) The Board shall promulgate no regulation
24 allowing a claim for benefits under the plan to be
25 denied on the grounds that the medical condition

1 giving rise to the claim existed before the person
2 making the claim began participating in the plan.
3 Any such existing regulation is hereby retroactively
4 repealed for a period of six months from the date
5 this act becomes law.

6 (2) The plan may:

7 (a) provide, arrange for, pay for, or
8 reimburse the costs of medical, dental and vision
9 treatment and care, hospitalization, surgery,
10 prescription drugs, medicine, prosthetic appliances,
11 out-patient care, and other medical care benefits, in
12 cash or the equivalent in medicines and supplies;

13 (b) provide life insurance benefits;

14 (c) contract with private sector insurance
15 companies to provide benefits; ~~and~~

16 (d) contract for other services as needed;

17 (e) establish clinics and pharmacies as
18 needed; and

19 (f) establish and manage its own financial and
20 personnel management rules and regulations.

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25 Section 7. This act shall become law upon approval by the

1 President of the Federated States of Micronesia or upon its
2 becoming law without such approval.

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4 Date: 11/9/11

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper
(by request)

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