
A BILL FOR AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, by amending sections 401 to 409, to realign the name of the Plan, through clarify the roles of the Administrator, and to expand the eligibility requirements, and for other purposes.

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

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

5 "Section 401. Short Title. This chapter shall be known
6 as the '~~[National Government Employees']~~ 'MiCare Health
7 Insurance Plan Act of 1984.'"

8 Section 2. Section 402 of title 52 of the Code of the
9 Federated States of Micronesia (Annotated), as amended, is hereby
10 amended to read as follows:

11 "Section 402. Definitions. As used in this chapter:

12 (1) "Administrator" means the Administrator appointed
13 by the Board of Directors of ~~[National Government~~
14 ~~Employees']~~ MiCare Health Insurance Plan ~~[Administrator]~~
15 established by the provisions of this chapter.

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

18 (3) "Board" or "Board of Directors" means the
19 ~~[National Government Employees']~~ MiCare Health Insurance

1 Plan Board of Directors established under the provisions
2 of this chapter.

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

13 (5) "Costs of administration" means the following
14 costs of administering the Plan:

15 (a) wages or salaries for personnel engaged in
16 administering the Plan;

17 (b) necessary travel for personnel engaged in
18 administering the Plan;

19 (c) costs and expenses for training of personnel
20 engaged in administering the Plan;

21 (d) the costs of processing claims;

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

24 (f) the costs of necessary supplies and
25 equipment;

1 (g) the costs of communications necessary to the
 2 operation of the Plan;

3 (h) the costs of professional services necessary
 4 to the operation of the Plan.

5 (6) "Dependents" means the members of an employee's
 6 immediate family, including grandchildren, dependent
 7 parents, and dependent parents-in-law.

8 (7) "Employee" means an employee of the National
 9 Government of the Federated States of Micronesia, an
 10 employee of a participating agency, or an employee of a
 11 participating business.

12 (8) "Full-time employee" means an employee who works
 13 at least 32 hours of the regular and scheduled workweek.

14 (9) "Full-time student" means a student who currently
 15 enrolled in classes totaling 12 or more semester units
 16 at an accredited post-secondary educational institution.

17 (10) "Participating agency" or "participating
 18 agencies" means any public agency, public institution or
 19 other public entity, either municipal, State or
 20 National, participating in the Plan pursuant to section
 21 403 of this chapter.

22 (11) "Participating business" or "participating
 23 businesses" means any business entity, whether quasi-
 24 public or privately owned, participating in the Plan
 25 pursuant to section 403 of this chapter.

1 (12) "Plan" means the MiCare Health Insurance Plan."

2 Section 3. Section 403 of title 52 of the Code of the
3 Federated States of Micronesia (Annotated), as amended, is hereby
4 amended to read as follows:

5 "Section 403. Eligibility.

6 (1) All full-time employees of the National
7 Government of the Federated States of Micronesia shall
8 participate in the Plan.

9 (2) Other persons who may participate in the Plan
10 are:

11 (a) The full-time employees of each
12 participating agency and business which has entered into
13 a contract with the Plan [~~the Director, as administrator~~
14 ~~of the ,~~] whereby such agencies or businesses have
15 agreed to participate in the Plan.

16 (b) The dependents of full-time employees of the
17 National Government, participating agencies and
18 participating businesses;

19 (c) Members of an employee's household who are
20 dependent upon the employee, but are not otherwise
21 defined as "dependents" under the provisions of this
22 Act, if the employee pays 100 percent of the premiums
23 for such persons to the Plan;

24 (d) Government employees whose State or agency
25 does not participate in the Plan, and their dependents,

1 if they pay 100 percent of the premiums for themselves
 2 and the dependents to the Plan;

3 (e) Former enrollees in the Plan, and their
 4 dependents, if they pay 100 percent of the premiums for
 5 themselves and their dependents to the Plan; and

6 (f) Full-time students enrolled at any
 7 postsecondary institution in the FSM, if the
 8 postsecondary institution has entered into a contract of
 9 participation with the Plan and the students pay 100
 10 percent of the premium for themselves to the Plan.

11 (g) Individuals who were previously enrolled in
 12 the Plan as dependents of primary enrollees if they pay
 13 100 percent of the premiums."

14 Section 4. Section 404 of title 52 of the Code of the
 15 Federated States of Micronesia (Annotated), as amended, is hereby
 16 amended to read as follows:

17 "Section 404. Establishment of [~~Employees'~~] MiCare
 18 Health Insurance Fund.

19 (1) There is established a [~~National Government~~
 20 ~~Employees'~~] MiCare Health Insurance Fund, (hereinafter
 21 MiCare [~~'Employees'~~] Health Insurance Fund) which shall
 22 be separate from the General Fund or other funds. All
 23 sums appropriated by Congress representing contributions
 24 of the National Government to the Plan, all sums
 25 representing contributions of participating agencies and

1 participating businesses to the Plan, and all employee
2 contributions to the Plan, shall be deposited in the
3 [~~Employees~~] MiCare Health Insurance Fund. Any
4 unexpended money in the [~~Employees~~] MiCare Health
5 Insurance Fund shall not revert to the General Fund or
6 lapse at the end of the fiscal year, but shall remain in
7 the [~~Employees~~] MiCare Health Insurance Fund.

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

25 Section 5. Section 405 of title 52 of the Code of the

1 Federated States of Micronesia (Annotated), as amended, is hereby
 2 amended to read as follows:

3 "Section 405. Premium Contributions.
 4 Employees participating in the Plan shall contribute the
 5 percentage of the premium not paid by their employer for
 6 insurance under the Plan. The National Government of
 7 the Federated States of Micronesia shall contribute at
 8 least 52 percent of the premium for eligible employees
 9 of the National Government participating in the
 10 Plan. Any participating agency or participating
 11 business shall contribute at least 50 percent of the
 12 premium for their employees participating in the Plan,
 13 or may at their request contract with the Board to
 14 contribute more than 50 percent. All contributions,
 15 including premium contributions by participating
 16 agencies, individual insureds and participating
 17 businesses shall be deposited in the MiCare Health
 18 Insurance Fund on a timely bi-weekly basis or monthly
 19 basis, or at any timely intervals or frequency as
 20 required by Regulations of the Board."

21 Section 6. Section 406 of title 52 of the Code of the
 22 Federated States of Micronesia (Annotated), as amended, is hereby
 23 amended to read as follows:

24 "Section 406. Disposition of Fund.
 25 All money deposited in the [~~Employees'~~] MiCare Health

1 Insurance Fund shall be used to pay claims, except that
 2 a sum representing not more than ten percent (10%) of
 3 the estimated income for that year from contributions
 4 and income on investments may be expended for costs of
 5 administration."

6 Section 7. Section 407 of title 52 of the Code of the
 7 Federated States of Micronesia (Annotated), as amended, is hereby
 8 amended to read as follows:

9 "Section 407. Health Insurance Plan Board of Directors
 10 and Administrator.

11 (1) *Creation.* There is hereby established a
 12 [~~National Government Employees' Health Insurance Plan~~]
 13 Board of Directors to oversee and govern the Plan [~~and~~
 14 ~~the assets of the Employee's Health Insurance~~] and
 15 MiCare Health Insurance Fund established under section
 16 404. There is also hereby established [~~a new~~] the
 17 Administrator's full-time position [~~of National~~
 18 ~~Government Employees'~~] for the MiCare Health Insurance
 19 Plan [Administrator]. The Administrator shall be
 20 appointed by the Board and serve at the pleasure of the
 21 Board. The Administrator [~~shall serve at the pleasure~~
 22 ~~of the Board of Directors and~~] shall be exempt from the
 23 provisions of the National Public Service System Act.

24 (2) *Composition.* The [~~National Government~~
 25 ~~Employees'~~] MiCare Health Insurance Plan Board of

1 Directors shall consist of not less than seven members,
2 including one representative from each State of the
3 Federated States of Micronesia, who shall be recommended
4 by the Governor of the relevant State; one
5 representative from the National Government of the
6 Federated States of Micronesia; one representative from
7 the private [~~healthcare~~] sector; and the
8 Administrator. Each appointed member of the Board shall
9 be appointed by the President with the advice and
10 consent of the Congress. The Administrator shall serve
11 as ex officio member of the Board. All members of the
12 Board shall be voting members of the Board.

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

1 section.

2 (4) *Organization.* The Board shall provide for its
 3 own organization and procedure, except that the Board
 4 shall, at a minimum, designate a Chairman and a
 5 Secretary. The Secretary shall keep all records of, and
 6 actions taken by, the Board. These records shall be
 7 open to the public for public inspection. The Secretary
 8 of Justice of the Federated States of Micronesia shall
 9 act as legal advisor to the Board.

10 (5) *Meetings.* The board shall meet at least once
 11 every six months. Meetings may be held at any time or
 12 place within the FSM to be determined by the Board upon
 13 the call of the Chairman or upon written request of any
 14 four members. All meetings shall be open to the public
 15 and public notice of the time and place of such meetings
 16 shall be posted in public places and shall be announced
 17 on radio and television throughout the FSM and in
 18 newspapers of general circulation in the FSM, provided
 19 such meetings are matters of public information and
 20 shall not relate to matters that reveal confidentiality
 21 of health records of a member of the Plan. Four members
 22 of the Board shall constitute a quorum for the
 23 transaction of business.

24 (6) *Compensation.* Members of the Board shall be paid
 25 at a rate established by the Board when actually

1 performing their duties under this chapter; provided
 2 that officials and employees of the State governments or
 3 the Government of the Federated States of Micronesia who
 4 are members of the Board shall not receive any
 5 compensation. All members shall be entitled to receive
 6 travel costs and per diem at standard National
 7 Government rates when actually attending Board meetings
 8 or engaged in the performance of duties authorized by
 9 the Board. Any employee of the National Government
 10 shall be granted leave with pay when actually attending
 11 Board meetings or engaged in the performance of duties
 12 authorized by the Board.

13 (7) *General powers and duties.*

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

25 (b) Responsibility for the proper day-to-day

1 operation of the Plan shall be vested in Administrator
 2 who shall have power to establish contractual service
 3 arrangements with healthcare providers, to determine
 4 types and forms of services, to oversee the financial
 5 accounting and auditing responsibilities, and to
 6 delegate duties and responsibilities to such employees
 7 of the Plan as the Administrator deems feasible and
 8 desirable to carry out the provisions of this chapter.

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

19 (d) Plan shall conduct claim audit to identify
 20 possible claim frauds and abuses, and findings shall be
 21 reported to the Board of Directors, to the Office of the
 22 Public Auditor of the Federated States of Micronesia and
 23 the Department of Justice of the Federated States of
 24 Micronesia for appropriate review and action.

25 (e) If the result of the investigation is

1 conclusive that the insured or provider engaged in
 2 insurance fraud activity, the Plan may terminate the
 3 insurance policy and institute means to recover any or
 4 all of the expenses it incurred, or in the case of a
 5 provider, the Plan may terminate its agreement with the
 6 provider and institute means and mechanism to recover
 7 any or all payments made to the provider.

8 (f) Plan shall establish a formulary with prices
 9 of all covered medicine and pharmaceutical supplies.
 10 Likewise, a Relative Unit Value (RUV) schedule shall be
 11 established and updated from time to time as required to
 12 guide the costs of medical services covered under the
 13 Plan;

14 (8) *Time for Implementation.*

15 (a) All nominations for all positions on the
 16 Board shall be transmitted to Congress within 90 days of
 17 the date this Act becomes law.

18 (b) The Board shall appoint an Administrator
 19 within 90 days of the date all Board members have been
 20 appointed by Congress. If no Administrator is appointed
 21 within this time, the Board shall submit to Congress a
 22 detailed account of the steps it is taking to appoint an
 23 Administrator and the reasons why it has not done so.

24 (c) Immediately upon the appointment of the
 25 Administrator, all employees of the Plan who hold a job

1 title containing the word "Chief" shall be given a new
2 job title and the word "Chief" shall be deleted from the
3 job title."

4 Section 8. Section 408 of title 52 of the Code of the
5 Federated States of Micronesia (Annotated), as amended, is hereby
6 amended to read as follows:

7 "Section 408. Reporting.

8 Prior to the commencement of each regular May session
9 of Congress, the Administrator through the Board,
10 [~~through the Administrator~~], shall prepare and submit to
11 the President of the Federated States of Micronesia and
12 to the Speaker of the Congress an annual report on the
13 status of the Plan. This report shall include a
14 statement of the amount of money on deposit in the
15 [~~Employees' Health Insurance~~] MiCare Health Insurance
16 Fund as of the date of the annual report, the amount of
17 premiums collected and interest earned during the
18 preceding fiscal year, the amount of money disbursed for
19 claims during the preceding fiscal year, the number of
20 claims paid during the preceding fiscal year, the costs
21 of administration, and such other information as the
22 Board may deem appropriate."

23 Section 9. Section 409 of title 52 of the Code of the
24 Federated States of Micronesia (Annotated), as amended, is hereby
25 amended to read as follows:

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“Section 409. Promulgation of regulations.

(1) The Board, with the approval of the President, shall promulgate regulations, pursuant to chapter 1 of title 17 [~~of this code~~] of the Code of the Federated States of Micronesia, governing the amount and payment for insurance [~~of the~~] premium for insurance under the Plan, the procedure for making claims under the Plan, the amount and type of benefits under the Plan, the policy limits, exclusions, conditions, and coverages under the Plan, and such other matters as may be consistent with the contents and purpose of this chapter, including the implementation of those provisions of this chapter pertaining to participating agencies and participating businesses.

(a) The Board shall promulgate no regulation allowing a claim for benefits under the Plan to be denied on the grounds that the medical condition giving rise to the claim existed before the person making the claim began participating in the Plan. Any such existing regulation is hereby retroactively repealed for a period of six months from the date this Act becomes law.

(2) The Plan may:

(a) provide, arrange for, pay for, or reimburse the costs of medical, dental and vision treatment and

1 care, hospitalization, surgery, prescription drugs,
2 medicine, prosthetic appliances, out-patient care, and
3 other medical care benefits, in cash or the equivalent
4 in medicines and supplies;

5 (b) provide life insurance benefits;

6 (c) contract with private sector insurance
7 companies to provide benefits; and

8 (d) contract for other services as needed."

9 Section 10. This act shall become law upon approval by the
10 President of the Federated States of Micronesia or upon becoming
11 law without such approval.

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13 Date: 9/25/17

Introduced by: /s/ Florencio S. Harper
Florencio S. Harper
(by request)

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