

*I Mina'Trentai Dos Na Liheslaturan Guahan*  
**Bill Log Sheet**

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
<b>81-32 (COR) - VETOED</b>	Vicente (ben) Pangelinan	AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014	4/5/2013 12:44PM	4/5/13	Committee on General Governmental Operations and Cultural Affairs	4/15/13, 10:00am	SUPPLEMENT RECEIVED ON 04/22/13 3:02 p.m. 04/22/13 10:23 a.m.	<b>Fiscal Note Requested 04/12/13</b>
	<b>DATE PASSED</b>	<b>TITLE</b>	<b>TRANSMITTED</b>		<b>DUE DATE</b>	<small>DATE SIGNED BY I MAGA'LAHEN GUAHAN</small>	<b>PUBLIC LAW NO.</b>	<b>NOTES</b>
	4/22/2013	AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014.	4/22/13	7:30pm	5/2/13			As substituted by the Committee on General Government Operations and Cultural Affairs and amended on the Floor. <b>5/3/13-Vetoed</b> <b>5/15/13-Override Failed</b>

# LEGISLATIVE SESSION

## I MINA'TRENTAI DOS NA LIHESLATURAN

### 2013 (FIRST) Regular Session

### Voting Sheet

Speaker Antonio R. Unipingco Legislative Session Hall

**Bill No: 81-32 (COR)**

NAME	Yea	Nay	Not Voting/ Abstained	Out During Roll Call	Absent
Senator Thomas "Tom" C. ADA	✓				
Senator V. Anthony "Tony" ADA		✓			
Senator Frank Blas AGUON Jr.	✓				
Vice-Speaker Benjamin J.F. CRUZ	✓				
Senator Christopher M. DUENAS		✓			
Senator Michael LIMTIACO		✓			
Senator Brant McCREADIE		✓			
Senator Thomas "Tommy" MORRISON		✓			
Senator Tina Rose MUÑA BARNES	✓				
Senator Vicente (ben) Cabrera PANGELINAN	✓				
Senator Rory J. RESPICIO	✓				
Senator Dennis G. RODRIGUEZ, Jr.		✓			
Senator Michael F. Q.SAN NICOLAS	✓				
Speaker Judith T. WON PAT, Ed.D.	✓				
Senator Aline A. YAMASHITA, Ph.D.		✓			

TOTAL

<u>8</u>	<u>7</u>	<u>    </u>	<u>    </u>	<u>    </u>
Yea	Nay	Not Voting/ Abstained	Out During Roll Call	Absent

CERTIFIED TRUE AND CORRECT:

I = Pass

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

EDDIE BAZA CALVO  
Governor



RAY TENORIO  
Lieutenant Governor

*Office of the Governor of Guam*

May 3, 2013

Honorable Judith T. Won Pat, Ed.D.  
Speaker  
*I Mina Trentai-dos na Liheslaturan Guahan*  
155 Hesler Place  
Hagatna, Guam 96932

Office of the Speaker  
Judith T. Won Pat, Ed. D.  
Date 5/6/13  
Time 2:57 PM  
Received by Jath

Office of the Speaker  
Judith T. Won Pat, Ed. D.  
Date May 3, 2013  
Time 4:58 pm  
Received by Thant

Dear Madam Speaker,

Attached is Bill No. 81-32 (COR) entitled "*An Act to Provide Health Insurance to Government of Guam Employees and Retirees for Fiscal Year 2014*" which I have vetoed.

How many times must the government tamper with the procurement process before expensive lessons are learned from the politics surrounding the annual health insurance provisions? How much money must taxpayers lose and how much time must pass before the finance chairman ends this political witch hunt?

Let's stop beating around the bush on this issue and call this for what it is. The half-dozen pieces of legislation authored over the past two years seeking to alter the health insurance contract and negotiations process have nothing to do with saving taxpayers any money. If they did, there would be empirical data to back all the claims made by the author of these bills. All we have at our disposal are the author's innuendo, backed only by a record of incorrect assumptions, assumptions that in like manner in similar subjects nearly led this government to bankruptcy.

As a matter of fact, all of the data and professional hypotheses by independent third parties (including those commissioned by the author himself), tell this government that meddling and political legislation like Bill No. 81 will end up costing government of Guam employees and the taxpayers of Guam even more money.

Senators, we went through this same debate last year. The Department of Administration clearly warned the legislature of the consequences of meddling with the procurement process in the middle of the process. The omen was that tinkering with the process will likely lead to a lengthy protest of the health insurance contract. Senators ignored our advice, and the employees and taxpayers were left holding the bag. The last of the protests were only recently resolved.

There is no common-sense reason for the passage of this latest bill. I can only imagine this legislation was authored to again stymie the current process, one which *already* allows for multiple insurance carriers to provide insurance to GovGuam employees *if* such provisions

actually reduce the costs for the subscribers *and* the taxpayers. This is another attempt to slow progress for political advantage. If this point is lost on any of the members, perhaps we should count the number of times the legislature attempted to thwart the health insurance procurement process in the years before I came to office. I know the answer because before I was governor, I was a member of the legislature; the answer is 'none.' This was never an issue until the author made it one for political purposes.

I must remind senators of an issue of credibility, one which belies all the fancy rhetoric and the powerful oratory on the floor of the legislature:

1. The financial strategies I have presented to the legislature, which the legislature agreed to undertake, have worked, despite the repeated objections of the author.
2. Many of the reasons our government was on the verge of bankruptcy are the severe miscalculations and misrepresentations of the Office of Finance and Budget, calculations that again have been presented in support of Bill No. 81.
3. We need only look back in recent history to the failure of the multi-carrier system, in which government of Guam employees and retirees almost were left without any insurance option (once when all other carrier pulled out, and again last year when the government had to make a last-ditch effort to continue the services of the current provider).

I have spoken with the professionals in government, who understand this process better than the politicians, and as a result I provide to you the details of the facts surrounding the reason this bill will be another catastrophe for this government and its taxpayers:

1. Bill 81 contains many of the deficiencies in an earlier failed bill, 513-31. It ignores the findings of a Health Insurance Review Committee established by Public Law 27-125, a law co-sponsored by Senator Pangelinan. That Health Insurance Review Committee commissioned Lewis & Ellis, Inc. Actuaries and Consultants, who released a report in January 2007 on the costs of health care for GovGuam employees and retirees. Their analysis indicated that "GovGuam would be better off with fewer benefit offerings (no more than 2) and probably only one carrier."
2. It is disingenuous for Senator Pangelinan to now attempt to rebut the findings of an internationally recognized actuary based on his own unsubstantiated and unvetted assumptions, all because that committee didn't come up with the answer that he wanted.
3. Bill 81 eliminates the negotiations process that has been an essential cost savings component for the government. The current solicitation process assures expert scrutiny of the health insurance proposals received by the government; it relies on the participation of professionals from the various government agencies and within the health

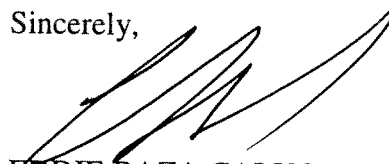
industry field, including several actuaries, consultants and attorneys. Under the current process, approximately 1300 manpower hours are spent in the development of the RFP, review of the proposals and negotiation of the final contract. Bill 81 completely disregards this highly technical and essential vetting process.

4. By removing negotiations and simply awarding a contract to everyone who qualifies, the government loses the ability to negotiate the best rates and the highest benefits for the employees of the government. The benefit of negotiations was evident by the decrease in FY2012 by \$11.5 million over the FY2011 rates while expanding benefits.
5. As a further practical matter, the Department of Administration, relying on expert opinion and available claims data, has testified that there is no mathematical formula which supports a combined medical and dental premium cap of \$68.9 million for all non-exclusive proposals. The Hay Group memo attached to the veto message of Bill 513-31 rebuts any mathematical assumptions of even this new bill. With the possibility of a divided insurance pool, each insurance provider would have to calculate the possibility of receiving a disproportionate number of the higher-risk insureds, thus assuring that the non-exclusive proposals will exceed this cap. There is no independent actuarial analysis offered by Senator Pangelinan to rebut this Hay Group memo.
6. The Hay Group memo further warned that one of the impacts would be to raise costs for retirees, especially those over 65, and that for all employees “the possibility over paying would be huge.” Instead of addressing this concern, Bill 81 ignores it and imposes even further financial restrictions on the premium for retirees, thereby making the math even more out-of-sync with the realities of the insurance market.
7. As a catch-all, in the event that the \$68.9 million cap is exceeded, Bill 81 simply cancels the solicitation. It is unacceptable that the bill’s author and its supporters insist on pursuing an “all or nothing” approach to the solicitation of insurance for 11,300 government of Guam employees and retirees. If the proposed process fails, and the actuarial experts are assuring us it will, the government would be left without any provision whatsoever for the solicitation of health insurance for the government of Guam. The only alternative left to the legislature would be to hastily draft new legislation and hope that works. The health insurance of the government of Guam employees is too important an issue to subject to a game of try-it-and-hope-it-works legislation.

Bill 81 is fiscally irresponsible. It is mathematically and actuarially impossible. It abandons a proven process for the solicitation and negotiation of the best health insurance plan for the government. It introduces an unacceptable level of uncertainty in the procurement of insurance for the government of Guam. This administration will not enact legislation that

increases the uncertainty and the cost of necessities on our manamko and on our hardworking employees.

Sincerely,



EDDIE BAZA CALVO

***I MINA 'TRENTAI DOS NA LIHESLATURAN GUÅHAN***  
**2013 (FIRST) Regular Session**

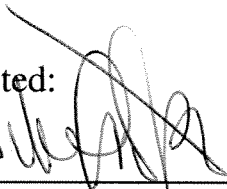
**CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA 'LAHEN GUÅHAN***

This is to certify that **Substitute Bill No. 81-32 (COR)**, "AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014", was on the 22<sup>nd</sup> day of April, 2013, duly and regularly passed.



**Judith T. Won Pat, Ed.D.**  
**Speaker**

Attested:



**Tina Rose Muña Barnes**  
**Legislative Secretary**

This Act was received by *I Maga'lahen Guåhan* this 20<sup>nd</sup> day of April,  
2013, at 7:30 o'clock P.M.



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

APPROVED:



**EDWARD J.B. CALVO**  
***I Maga'lahen Guåhan***

Date: MAY 02 2013

Public Law No. \_\_\_\_\_

**I MINA 'TRENTAI DOS NA LIHESLATURAN GUÅHAN  
2013 (FIRST) REGULAR SESSION**

**Bill No. 81-32 (COR)**

As substituted by the Committee on General  
Government Operations and Cultural Affairs  
and amended on the Floor.

Introduced by:

Vicente (ben) C. Pangelinan

B. J.F Cruz

T. C. Ada

V. Anthony Ada

Frank B. Aguon, Jr.

Chris M. Dueñas

Michael T. Limtiaco

Brant T. McCreadie

Tommy Morrison

T. R. Muña. Barnes

R. J. Respicio

Dennis G. Rodriguez, Jr.

Michael F. Q. San Nicolas

Aline A. Yamashita, Ph.D.

Judith T. Won Pat, Ed.D.

**AN ACT TO PROVIDE HEALTH INSURANCE TO  
GOVERNMENT OF GUAM EMPLOYEES AND  
RETIREEES FOR FISCAL YEAR 2014.**

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

2           **Section 1. Invitation for Bid for the Government of Guam's Group**  
3 **Health Insurance Program for Fiscal Year 2014.** Notwithstanding any other  
4 provision of law, the procurement of medical and dental insurance for government  
5 of Guam employees and retirees for Fiscal Year 2014 (FY2014) *shall* conform to  
6 the competitive sealed bidding procedures set forth in this Act. The provisions of



1 Title 4, Guam Code Annotated, Chapter 4, Article 3; and Title 5, Guam Code  
2 Annotated, Chapter 5 not inconsistent herewith are applicable to achieve the  
3 purposes of Sections 1 through Section 9.

4 (A) The Chief Procurement Officer of the government of Guam (CPO), as  
5 defined by Title 5 GCA §§5030(c) and 5110, *shall* serve as Chairperson of the  
6 Government of Guam Health Insurance Negotiating Team (GGNT). The CPO, on  
7 behalf of the GGNT, *shall* issue an invitation for bid (IFB) for medical and dental  
8 insurance for government of Guam employees and retirees *no later than* May 23,  
9 2013 for FY2014. The GGNT membership of the CPO *shall* be non-voting and the  
10 Director of the Department of Administration *shall* remain a voting member.

11 (B) Any previous procurement solicitations for the GHIP FY2014 medical  
12 and dental insurance prior to the enactment of this Act are hereby cancelled as of  
13 the enactment of this Act, and *shall not* be reissued *except* by IFB pursuant to the  
14 provisions of this Act.

15 (C) All actions related to the IFB *shall* occur in meetings announced by  
16 the CPO and must comply with the Open Government Law of Guam. For purposes  
17 of this Act, all meetings of the GGNT *shall* be deemed special meetings of a public  
18 agency for which notice *shall* be provided one time, *at least* 48 hours prior to the  
19 start of such meeting, and in all other respects consistent with Title 5 GCA §  
20 8107(b); and which *shall* be open meetings pursuant to Title 5 GCA § 8103. A  
21 recording *shall* be made of all meetings of the GGNT, which *shall* be further  
22 documented by public minutes compiled by the Department of Administration.  
23 The electronic recording and public minutes *shall* comply with the provisions  
24 outlined in Title 5 GCA § 8113.1. *Except* as stated herein, no actions related to the  
25 IFB shall be considered privileged, including legal advice provided to the GGNT  
26 or CPO. Nothing in this Act shall prevent the Office of the Attorney General from  
27 representing the government of Guam in any court or Office of Public

1 Accountability proceedings related to the FY2014 GHIP procurement. The  
2 attorney-client privilege between the Office of the Attorney General and the  
3 Government of Guam Negotiating Team is retained and *shall* be asserted in the  
4 event of a procurement protest or appeal, or in the event of any other legal action  
5 that is commenced concerning the solicitation of medical and dental insurance for  
6 FY2014. The IFB for FY2014 *shall*:

7 (1) solicit medical and dental insurance for the period starting  
8 October 1, 2013 and ending September 30, 2014;

9 (2) be announced in publications of general circulation in Guam,  
10 and in top publications nationally, and in leading publications  
11 internationally; and

12 (3) require all responses to the IFB by prospective bidders be  
13 submitted at a predetermined meeting date and time, *no more than* twenty-  
14 three (23) calendar days, after the initial publication of the solicitation of the  
15 IFB. If the twenty-third day falls on a Saturday, Sunday, or legal holiday, the  
16 meeting *shall* be held on the next business day. At the same meeting, the  
17 bids will be unsealed by the CPO in the presence of a quorum of the GGNT  
18 and the names of all bidders and the amounts of their bids *shall* be entered in  
19 the minutes. The GGNT *shall* accept all bids and award a contract to all  
20 bidders that meet the requirements in Section 2 of this Act.

21 (D) A quorum for purposes of this Act *shall* be seven (7) total members who  
22 may be voting or non-voting.

23 **Section 2. Invitation for Bid Requirements.** Notwithstanding any other  
24 provision of Guam procurement law, the procurement of medical and dental  
25 insurance for government of Guam employees and retirees for FY2014 *shall*  
26 conform to the requirements set forth in this Section.

1 (A) The medical and dental plans offered by all bidders *shall* provide the  
 2 same benefits and levels of coverage consistent with the Schedules of Benefits  
 3 previously defined in Exhibit R of Procurement No. DOA/HR-RFP-GHI-13-001,  
 4 as modified to be in compliance with the provisions of the Patient Protection and  
 5 Affordable Care Act applicable to Guam, and inclusive of the Wellness Benefit  
 6 that meets the requirements outlined in Exhibit 2 of this Act. Bidders may opt to  
 7 cover items that are listed as exclusions in Exhibit R of Procurement No.  
 8 DOA/HRD-RFP-GHI-13-001. A formal request to cover any excluded items *shall*  
 9 be included as part of the sealed bid and are subject to the approval of the GGNT.

10 (B) The medical and dental plans *shall* use the following subscriber tiers  
 11 and weighting of premiums:

12	(1)	Employee/Retiree Only	1.0
13	(2)	Employee/Retiree and Spouse	2.2
14	(3)	Employee/Retiree and Child(ren)	1.8
15	(4)	Employee/Retiree and Family	3.0

16 (C) The monthly government contribution for the medical and dental  
 17 plans *shall* be applied uniformly to all bidders awarded a contract and *shall* equal  
 18 the following amount by tier by plan by subscriber. If any plan's monthly  
 19 government contribution in any tier exceeds the total monthly premium for said  
 20 tier, then the monthly government contribution *shall* decrease for said tier such that  
 21 the government contribution for said tier equals the total monthly premium.

22	(1)	Employee/Retiree Only		
23		i.	HSA/HRA2000 Active	\$119.97
24		ii.	1500 Deductible Active	\$172.67
25		iii.	HSA/HRA2000 Retiree	\$312.44
26		iv.	1500 Deductible Retiree	\$586.77
27		v.	Dental Active & Retiree	\$16.13

1	(2)	Employee/Retiree and Spouse		
2	i.	HSA/HRA2000	Active	\$191.96
3	ii.	1500 Deductible	Active	\$336.11
4	iii.	HSA/HRA2000	Retiree	\$615.39
5	iv.	1500 Deductible	Retiree	\$1,245.02
6	v.	Dental	Active & Retiree	\$19.22
7	(3)	Employee/Retiree and Child(ren)		
8	i.	HSA/HRA2000	Active	\$157.05
9	ii.	1500 Deductible	Active	\$275.01
10	iii.	HSA/HRA2000	Retiree	\$503.49
11	iv.	1500 Deductible	Retiree	\$1,019.03
12	v.	Dental	Active & Retiree	\$15.73
13	(4)	Employee/Retiree and Family		
14	i.	HSA/HRA 2000	Active	\$261.75
15	ii.	1500 Deductible	Active	\$458.34
16	iii.	HSA/HRA2000	Retiree	\$839.13
17	iv.	1500 Deductible	Retiree	\$1,698.04
18	v.	Dental	Active & Retiree	\$26.21

19 (D) The total monthly premium rates for retirees for all plans *shall* equal  
20 exactly 2.5x the premium rates of active employees.

21 (E) The total monthly premiums of the 1500 Deductible plan *shall* equal  
22 exactly 2x the premium rates of the HSA2000 and HRA2000 plan.

23 (F) The government *shall* contribute Seven Hundred Fifty Dollars  
24 (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars  
25 (\$1,500.00) for all other subscribers [tiers] who elect the HSA2000 plan, provided  
26 the subscriber has a Health Savings Account pursuant to 26 U.S.C. Section 223(d),  
27 as amended. The government *shall* distribute the contribution amount to eligible

1 Health Savings Accounts in two equal installments with a pay date thirty (30) days  
2 after the start of the plan year, and a pay date one hundred eighty (180) days after  
3 the start of the plan year.

4 (G) The government *shall* contribute Seven Hundred Fifty Dollars  
5 (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars  
6 (\$1,500.00) for all other subscribers [tiers] who elect the HRA2000 plan, provided  
7 that the subscriber has a Health Reimbursement Arrangement Plan pursuant to  
8 Sections 105 and 106 of the Internal Revenue Service Code, and as defined in IRS  
9 Notice 2002-45. The government *shall* distribute the contribution amount to  
10 eligible HRA accounts in two equal installments with a pay date thirty (30) days  
11 after the start of the plan year, and a pay date one hundred eighty (180) days after  
12 the start of the plan year.

13 (H) The calculation of medical and dental premiums in Section 4(D) of  
14 this Act *shall* use the January 2013 enrollment data submitted as an official  
15 message to *I Liheslaturan Guåhan*, registered as document 32GL-13-0123. The  
16 HSA2000 plan *shall* be the equivalent of the HSA2000/HRA2000, and the SC1500  
17 plan *shall* be the equivalent of the 1500 Deductible for the purposes of calculating  
18 premiums in the IFB.

19 (I) The Group Health Insurance Agreements (Contracts) for the  
20 HSA2000/HRA2000, 1500 Deductible and Dental plans *shall* be exactly the same  
21 as the FY 2012 Contracts with revisions deemed, by the GGNT, in the best interest  
22 of the government, its employees, and retirees for all successful bidders with the  
23 exception of a separate Article for each bidder's medical and dental premium rates  
24 submitted as part of bid process outlined in Section 1(C)(3) of this Act. A written  
25 report of the revisions deemed in the best interest of the government by the GGNT  
26 *shall* include the justification for such changes, and *shall* be submitted by the  
27 GGNT to the Speaker of *I Liheslaturan Guåhan* no later than when the Contracts

1 are finalized. The Contracts *shall* be finalized by the AGO *no later than* fifteen  
2 (15) working days after the provisions of this Act become law, and included in the  
3 IFB. The contract *shall* include a one page addendum for bidders that agree to  
4 submit to a Participating Experience Contract that requires eighty-six percent  
5 (86%) of premiums to be spent on medical and dental claims pursuant to Section  
6 4(F).

7 (J) The IFB package *shall*, at the minimum, contain the following  
8 information:

9 (1) a copy of a uniform contract to be executed by all prospective  
10 bidders who participate in the provision of medical and dental insurance to  
11 the government;

12 (2) the electronic Microsoft Excel files containing the GHIP  
13 Claims data for the period October 1, 2010 to March 31, 2013 provided to  
14 the Department of Administration and Office of Finance and Budget  
15 pursuant to 4GCA, Chapter 4, §4302(g);

16 (3) the Schedule of Benefits of the dental and medical plans  
17 previously identified as Exhibit R of Procurement No. DOA/HRD-RFP-  
18 GHI-13-001, as modified to be in compliance with the provisions of the  
19 Patient Protection and Affordable Care Act applicable to Guam and  
20 inclusive of the wellness benefit that meets the requirements outlined in  
21 Exhibit 2; and

22 (4) the Microsoft Excel template “Exhibit 1 – Required Premium  
23 Calculation” for the calculation of the premium by prospective bidders.  
24 Exhibit 1 of this Act *shall* be the template included in the IFB.

25 (5) No bid bond shall be required.

26 (K) The financial solvency of all bidders *shall* be subject to the review of  
27 the Office of Banking and Insurance Commissioner (Commissioner).

1 (L) Bidders awarded a contract *shall* file the health insurance policy with  
2 the Commissioner *at least* fifteen (15) days prior to the policy's effective date and  
3 pay the applicable fees.

4 **Section 3. Authorization to Establish Health Reimbursement**  
5 **Arrangement Plan for Eligible Actives, Retirees and Dependents.** It is the  
6 intent of *I Liheslaturan Guåhan* for the government of Guam to provide Health  
7 Reimbursement Arrangement (HRA) Plans to eligible actives, retirees and  
8 dependents who *do not* qualify for a Health Savings Account (HSA). The  
9 government of Guam *shall* offer a plan (HRA2000) with the same benefits as the  
10 HSA2000 and a Health Reimbursement Arrangement (HRA) for the benefit of its  
11 actives, retirees and dependents that are *not* eligible for a Health Savings Account  
12 due to enrollment in Medicare.

13 **Section 4. Invitation for Bid Responsiveness.** Notwithstanding any other  
14 provision of Guam procurement law, for the purposes of procuring health  
15 insurance for government of Guam employees and retirees in FY2014, a  
16 responsive bidder *shall* mean a bidder conforming to the requirements set forth in  
17 this Section:

18 (A) All bidders shall provide a copy of a current Certificate of Authority  
19 issued by the Commissioner at the time of bid submission.

20 (B) In the event any risks for health is reinsured or transferred by the  
21 bidder to a reinsurance company, the reinsurer that assumes the risk *shall* also  
22 provide a copy of a current Certificate of Authority to transact reinsurance business  
23 on Guam.

24 (C) All bidders, to include agents, reinsurers and underwriters, must  
25 submit a copy of a current Guam business license.

26 (D) The total annual medical and dental premium calculation of the bid  
27 *shall not* exceed Sixty Eight Million Nine Hundred Eighty-Eight Thousand One

1 Dollars (\$68,988,001) for all carriers for twelve (12) months. The premium  
2 calculation *shall* be derived by multiplying the total number of subscribers by  
3 twelve (12) by the equivalent submitted plan rates. Exhibit 1 of this Act *shall* be  
4 used to calculate the premiums and identify whether the rates conform to the  
5 requirements in Section 2(B), (D) and (E). In the event all the bids exceed the  
6 amount specified in this Subsection, then the solicitation *shall* be cancelled.

7 (E) All bidders *shall* submit signed Contracts for the  
8 HSA2000/HRA2000, 1500 Deductible and Dental plans as part of its submitted  
9 sealed bid package.

10 (F) Bidder *shall* declare whether it agrees to a Participating Experience  
11 Contract that requires eighty-six percent (86%) of premiums to be spent on  
12 medical and dental claims. Bidders not agreeing to a Participating Experience  
13 Contract *shall* by default be required to reconcile premiums and claims pursuant to  
14 PPACA Section 2718 MLR standards.

15 **Section 5. Bid Submittal.** All bids *shall* be submitted to the General  
16 Services Agency and *shall* be maintained by the General Services Agency  
17 throughout the solicitation, consistent with the provisions of Title 5, Chapter 5  
18 Guam Code Annotated *not* inconsistent herewith, established policies of the  
19 General Services Agency, and with instructions to be provided in the Invitation For  
20 Bids and Section 1(C)(3) of this Act.

21 **Section 6. Inquiries of Prospective Bidders.** All prospective bidders  
22 *shall* submit in writing all inquiries relating to the interpretation and technical  
23 details of the IFB at a pre-bid conference meeting *no more than* eleven (11)  
24 calendar days after the IFB issuance. If the eleventh day falls on a Saturday,  
25 Sunday, or legal holiday, the meeting *shall* be held on the next business day.

26 At the same meeting, the written inquiries will be received by the CPO in the  
27 presence of a quorum of the GGNT. To the maximum extent practicable, all



1 written inquiries will be reviewed by the CPO and members of the GGNT at the  
2 meeting to assure that the inquiry is understood. All written inquiries *shall* be  
3 responded to in writing by the CPO, with input from the GGNT, within seven (7)  
4 calendar days of the meeting. Copies of all written inquiries and written responses  
5 *shall* be delivered to all prospective bidders. All written determinations allowable  
6 under Guam procurement law *shall* be made by the GGNT.

7 **Section 7. Binding Bid.** After bid opening, a bidder *may not* change the  
8 price or any other provision of the bid. An award on the bid is a binding contract  
9 with terms and conditions that *do not* vary from the terms and conditions of the  
10 contract, the Invitation For Bids, and any addenda.

11 **Section 8. Non-Exclusive Awards.** Notwithstanding any other provision  
12 of law, the award(s) resulting from the solicitation provided for in this Act *shall* be  
13 non-exclusive award(s) for health insurance coverage for qualified active  
14 employees and qualified retirees of the government of Guam, who *shall* have a  
15 choice of one of the insurers receiving an award for FY2014 for health insurance.

16 **Section 9. Duties of GGNT.** Notwithstanding any other provision of law,  
17 for the FY2014 GHIP procurement, the GGNT *shall not* develop a ranking system  
18 to rank the bids or rank said bids.

19 **Section 10. Expedited Protest Process.** Notwithstanding any other  
20 provision of law and any rules promulgated therefore, *if* an actual or non-selected  
21 bidder is aggrieved by the solicitation of or an award or a contract for medical and  
22 dental insurance for government employees and retirees for FY2014 the procedure  
23 for the protest outlined in this Section *shall* apply, and *shall* be the exclusive means  
24 available to resolve the concerns of persons aggrieved in connection with awards  
25 or solicitations, in whole or in part. The protest *shall* be submitted to the Public  
26 Auditor who may settle and resolve a protest by one (1) or more of the following  
27 means:

- 1 (A) amending or canceling the solicitation;
- 2 (B) terminating the contract that was awarded;
- 3 (C) declaring the contract null and void from the time of its award; *or*
- 4 (D) affirming the contract award decision.

5 If the protest is *not* resolved by mutual agreement, the Public Auditor *shall*  
6 issue a decision, in writing, within *no more than* ten (10) working days of receipt  
7 of the protest. The decision *shall* state the reasons taken. A copy of the written  
8 decision *shall* be mailed, using certified mail, *or* otherwise furnished to the bidder  
9 who initiated the protest, the person awarded the contract, and to all other non-  
10 selected bidders.

11 For purposes of this Section, the determination of facts and decision by the  
12 Public Auditor for the resolution of protests *shall* be final and conclusive with *no*  
13 right of appeal *or* judicial review. The fact that a protest has been filed pursuant to  
14 this Section *shall not* stay the procurement process or award any contract for  
15 medical and dental insurance for government employees and retirees for FY2014,  
16 whether in whole or in part, *unless* so ordered by the Public Auditor. A request for  
17 reconsideration *shall also not* stay the award of any contract, whether in whole or  
18 in part, *unless* so ordered by the Public Auditor.

19 **Section 11. Severability.** If any provisions of this Act or the application  
20 thereof to any person or circumstance is held invalid, such invalidity *shall not*  
21 affect any other provision or application of this Act which can be given effect  
22 without the invalid provision or application, and to this end the provisions of this  
23 Act are severable.

# Exhibit 1 - Required Premium Calculation Government of Guam Health Insurance Program FY 2014

Instructions: Enter single rate for HSA/HRA2000 Plan in cell [K13] and single rate for Dental in cell [K24]

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
FY	MONTH	FY2013					
		January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[1]	MEDICAL	6,682	984	1,741	1,825	11,232	21,868
[2]	HSA2000	2,735	279	586	666	4,266	7,895
[3]	ACTIVE	1,918	187	546	608	3,259	6,562
[4]	RETIREE	817	92	40	58	1,007	1,333
[5]	SC1500	3,947	705	1,155	1,159	6,966	13,973
[6]	ACTIVE	2,171	323	985	978	4,457	10,239
[7]	RETIREE	1,776	382	170	181	2,509	3,734

[J]	[K]	[L]	[M]	[N]
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
MEDICAL				
HSA/HRA2000				
A	\$128.00	\$281.60	\$230.40	\$384.00
R	\$320.00	\$704.00	\$576.00	\$960.00
1500 DEDUCTIBLE				
A	\$256.00	\$563.20	\$460.80	\$768.00
R	\$668.50	\$1,470.70	\$1,203.30	\$2,005.50

FY	MONTH	FY2013					
		January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[8]	DENTAL	5,283	689	1,622	1,670	9,264	18,922

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
DENTAL	\$29.00	\$63.80	\$52.20	\$87.00

PROJECTED MEDICAL & DENTAL PREMIUM						
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY	TOTAL	
[29]	MEDICAL					
[30]	HSA/HRA2000					
[31]	ACTIVE	\$2,946,048	\$631,910	\$1,509,581	\$2,801,664	\$7,889,203
[32]	RETIREE	\$3,137,280	\$777,216	\$276,480	\$668,160	\$4,859,136
[33]	1500 DEDUCTIBLE					
[34]	ACTIVE	\$6,669,312	\$2,182,963	\$5,446,656	\$9,013,248	\$23,312,179
[35]	RETIREE	\$14,247,072	\$6,741,689	\$2,454,732	\$4,355,946	\$27,799,439
[36]	TOTAL MEDICAL	\$26,999,712	\$10,333,778	\$9,687,449	\$16,839,018	\$63,859,957
[38]	TOTAL DENTAL	\$1,838,484	\$527,498	\$1,016,021	\$1,743,480	\$5,125,483
[40]	TOTAL MEDICAL & DENTAL	\$28,838,196	\$10,861,277	\$10,703,470	\$18,582,498	\$68,985,440

Premiums Below IFB Required Level. Bid is Responsive

## Exhibit 2

**WELLNESS & FITNESS BENEFIT *must* include at least the following:**

- A) Cardiovascular Training;
- B) Resistance and Strength Training;
- C) Flexibility Training conducted by certified personal trainers;
- D) Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
- E) Monthly Nutrition Classes by certified nutritionists;
- F) Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
- G) Have the capacity to service large number of subscribers with fitness attendants available at all times to assist subscribers with cardiovascular machines, circuit weight machines, and free weight areas;
- H) Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
- I) Provide child care services to subscribers utilizing wellness program facilities;
- J) Hours of operation Monday through Sunday, *except* for holidays and special events.
- K) Free utilization of any gym facilities per member/per dependent per the plan year as an integral part of the wellness benefit.

**EXHIBIT R**

FY12 Plan Design Details

## Schedule of Benefits

Important information about your coverage	When you go to PARTICIPATING Providers after Deductible is met	When you go to NON-PARTICIPATING Providers after Deductible is met
<b>Deductible Per Individual Member</b>	\$1,500	\$3,000
<b>Deductible Per Family</b> The entire family deductible amount of \$4,500 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$4,500	\$9,000
<b>Coverage Maximums</b>		
Individual member annual maximum	\$750,000	
<b>Out-of-Pocket Maximums (including deductible)</b>		
• Per individual member per policy year	\$3,000	No Maximum
• Per Family per policy year	\$9,000	No Maximum
Any Services In The Philippines, Hawaii & the U.S. Mainland (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare.	

Your Benefits	Deductible does not apply to these benefits when you go to a Participating Provider	PARTICIPATING Providers Deductible does not apply in this benefit	NON-PARTICIPATING Providers after the Deductible is met
<b>Annual Refraction Eye Exam</b> \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
<b>Immunizations (Routine)</b> U.S. Public Health schedule of immunization up to 18 years of age		Plan pays 100%	Plan 70%* Member 30%
<b>Outpatient Physician Care &amp; Services</b>			
1. Primary Care visits		\$20 Member Co-Payment	Plan 70%* Member 30%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 70%* Member 30%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 70%* Member 30%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 70%* Member 30%
5. Hospice Care in Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 70%* Member 30%
7. X-Ray Services		\$20 Member Co-Payment	Plan 70%* Member 30%
8. Injections		\$20 Member Co-Payment	Plan 70%* Member 30%
<b>Prescription Drugs (Including Birth Control Pills)</b> Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
<b>Preventive Services (Routine)</b> Annual Physical Exam Includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B)		Plan pays 100%	Not Covered
<b>Well-Baby Care</b> For children up to age two. Maximum 5 visits per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
<b>Acupuncture</b> 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
<b>AIDS Treatment</b> Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
<b>AIRFARE Benefit to Centers of Excellence Only</b> For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
<b>Allergy Testing/Treatment</b> \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Ambulatory Surgical-Center Care</b> (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Blood &amp; Blood Derivatives</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Breast Reconstructive Surgery</b> (In accordance with 1998 W.H.C.R.A)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Cardiac Surgery</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Cataract Surgery</b> Includes Lens Implant. Outpatient only		Plan 80% Member 20%	Plan 70%* Member 30%

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met.	NON-PARTICIPATING Providers after Deductible is met.
<b>Chemical Dependency</b>		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Chemotherapy Benefit</b>		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Chiropractic Care</b> 20 visits per member per plan year. Maximum \$25 per visit.		Plan 80% Member 20%	Not Covered
<b>Congenital Anomaly Diseases Coverage</b>		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Diagnostic Testing</b> MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Durable Medical Equipment (DME)</b> Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
<b>Infective Surgery</b> (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Emergency Care</b> 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>End Stage Renal Disease/Hemodialysis</b>		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Hearing Aids</b> Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Hospitalization &amp; Inpatient Benefits</b> 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating rooms, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Implants</b> Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Inhalation Therapy</b>		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Maternity Care</b> Pre-natal care and Delivery		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Maternity Care For Non-spouse Dependents</b> Outpatient care only. Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
<b>Mental Health Care</b>		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Nuclear Medicine</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Orthopedic Conditions</b> Internal and External Prostheses Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Physical Therapy</b> (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70%* Member 30%
<b>Radiation Therapy</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Skilled Nursing Facility</b> Maximum 90 days per member per plan year (subject to pre-approval by Plan)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Specialty Drugs</b> (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
<b>Sterilization Procedures</b> 1. Tubal Ligation 2. Vasectomy (Outpatient Only)		Plan 80% Member 20%	Plan 70%* Member 30%

Additional Benefits	What Calvo's SelectCare covers		
<b>Wellness &amp; Fitness Benefit</b> *Refer to attachment			
1. Wellness Benefit at GDA Wellness Center (Pre-certification required)		Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 80% of charges thereafter	Not Covered
2. Fitness Benefit • Korlanos Gym • Paradise Fitness Center		Free access to the Gym for the plan year	

**Off-Island**

\* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

**Schedule of Benefits**

Important information about your coverage	When you go to PARTICIPATING Providers after Deductible is met	When you go to NON-PARTICIPATING Providers after Deductible is met
<b>Deductible Per Individual Member</b>	\$2,000	\$4,000*
<b>Deductible Per Family</b> The entire family deductible amount of \$8,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$6,000	\$12,000
<b>Coverage Maximums</b> Individual member annual maximum	\$750,000	
<b>Out-of-Pocket Maximums (including deductible)</b> • Per Individual member per policy year • Per Family per policy year	\$4,000 \$11,900	No Maximum No Maximum
<b>Any Services In The Philippines, Hawaii &amp; the U.S. Mainland</b> (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
<b>Acupuncture</b> 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
<b>AIDS Treatment</b> Exclude of Experimental drugs		Plan 80% Member 20%	Not Covered
<b>AIRFARE Benefit to Centers of Excellence Only</b> For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
<b>Allergy Testing/Treatment</b> \$500 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Ambulatory Surg-Center Care</b> (Pre-Certification Required)		Plan 80% Member 20%	Plan 50%* Member 60%
<b>Annual Refraction Eye Exam</b> \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
<b>Blood &amp; Blood Derivatives</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Breast Reconstructive Surgery</b> (in accordance with 1996 W.H.C.R.A)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Cardiac Surgery</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Cataract Surgery</b> Includes Lens Implant, Outpatient only		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chemical Dependency</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chemotherapy Benefit</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chiropractic Care</b> 20 visits per Plan Year. Maximum \$25 per visit		Plan 80% Member 20%	Not Covered
<b>Congenital Anomaly Diseases Coverage</b>		Plan 80% Member 20%	Not Covered
<b>Diagnostic Testing</b> MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Durable Medical Equipment (DME)</b> Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
<b>Elective Surgery</b> (Pre-Certification Required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Emergency Care</b> 1. On/Off island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>End Stage Renal Disease/Hemodialysis</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Hearing Aids</b> Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
<b>Hospitalization &amp; Inpatient Benefits</b> 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Immunizations (Routine)</b> U.S. Public Health schedule of immunizations up to 16 years of age Deductible for Participating Providers does not apply for this benefit		Plan pays 100%	Plan 50%* Member 50%

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.



Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
<b>Implants</b> Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Inhalation Therapy</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Maternity Care</b> Pre-natal care and Delivery		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Maternity Care For Non-spouse Dependents</b> Outpatient care only, Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Mental Health Care</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Nuclear Medicine</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Orthopedic Conditions</b> Internal and External Prosthetics Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Outpatient Physician Care &amp; Services</b>			
1. Primary Care Visits		\$20 Member Co-Payment	Plan 50%* Member 50%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 80%* Member 50%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 50%* Member 50%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 50%* Member 50%
5. Hospice Care in Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 80%* Member 50%
7. X-Ray Services		\$20 Member Co-Payment	Plan 50%* Member 50%
8. Injections		\$20 Member Co-Payment	Plan 50%* Member 50%
<b>Physical Therapy</b> (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 50%* Member 50%
<b>Preventive Services (Routine)</b> Annual Physical Exam Includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B) Deductible for Participating Providers does not apply for this benefit		Plan pays 100%	Not Covered
<b>Prescription Drugs (Including Birth Control Pills)</b> Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
<b>Rehabilitation Therapy</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Skilled Nursing Facility</b> Maximum 60 days per member per plan year (subject to pre-approval by Plan)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Specialty Drugs</b> (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
<b>Sterilization Procedures</b>			
1. Tubal Ligation		Plan 80% Member 20%	Plan 50%* Member 50%
2. Vasectomy (Outpatient Only)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Well-Baby Care</b> For children up to age two. Maximum 5 visits per member per plan year Deductible for Participating Providers does not apply for this benefit		Plan 80% Member 20%	Plan 50%* Member 50%

Additional Benefits	What Calvo's SelectCare covers		
<b>Wellness &amp; Fitness Benefit</b> * refer to attachment		Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 50% of charges thereafter	Not Covered
1. Wellness Benefit at SDA Wellness Center (Pre-certification required)			
2. Fitness Benefit • Komendos Gym • Paradise Fitness Center		Free access to the Gym for the plan year	

**Off-Island**

\* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

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**WELLNESS & FITNESS BENEFIT must include at least the following:**

1. Cardiovascular Training;
2. Resistance and Strength Training;
3. Flexibility Training conducted by certified personal trainers;
4. Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
5. Monthly Nutrition Classes by certified nutritionists;
6. Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
7. Have the capacity to service a large number of subscribers with fitness attendants available at all times to assist subscribers with Cardio Vascular Machines, Circuit Weight Machines, and Free Weight Areas;
8. Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
9. Provide child care services to subscribers utilizing wellness program facilities;
10. Hours of operation Monday through Sunday, except for holidays and special events.



FILE COPY

***I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN***  
THIRTY-SECOND GUAM LEGISLATURE  
155 Hesler Place, Hagåtña, Guam 96910

April 22, 2013

The Honorable Edward J.B. Calvo  
*I Maga'lahaen Guåhan*  
*Ufisinan I Maga'lahi*  
*Hagåtña, Guam 96910*

Dear *Maga'lahi* Calvo:

Transmitted herewith are Substitute Bill Nos. 77-32 (COR) and 81-32(COR) which were passed by *I Mina'Trentai Dos Na Liheslaturan Guåhan* on April 22, 2013.

Sincerely,

TINA ROSE MUÑA BARNES  
Legislative Secretary

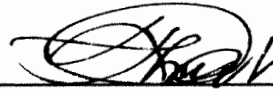
Enclosures (2)

22nd April 2013  
J. Calvo  
7:30 pm

**I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN**  
**2013 (FIRST) Regular Session**

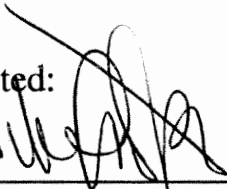
**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN**

This is to certify that **Substitute Bill No. 81-32 (COR), "AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014"**, was on the 22<sup>nd</sup> day of April, 2013, duly and regularly passed.



**Judith T. Won Pat, Ed.D.**  
**Speaker**

Attested:



**Tina Rose Muña Barnes**  
**Legislative Secretary**

This Act was received by *I Maga'lahen Guåhan* this 27<sup>nd</sup> day of April, 2013, at 7:30 o'clock p.M.



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

**APPROVED:**

**EDWARD J.B. CALVO**  
***I Maga'lahen Guåhan***

Date: \_\_\_\_\_

Public Law No. \_\_\_\_\_

# LEGISLATIVE SESSION ATTENDANCE

## I MINA'TRENTAI DOS NA LIHESLATURAN

### 2013 (FIRST) Regular Session

### Voting Sheet

Speaker Antonio R. Unipingco Legislative Session Hall

**Bill No: 81-32 (COR)**

NAME	Yea	Nay	Not Voting/ Abstained	Out During Roll Call	Absent
Senator Thomas "Tom" C. ADA	✓				
Senator V. Anthony "Tony" ADA		✓			
Senator Frank Blas AGUON Jr.	✓				
Vice-Speaker Benjamin J.F. CRUZ	✓				
Senator Christopher M. DUENAS					✓
Senator Michael LIMTIACO		✓			
Senator Brant McCREADIE		✓			
Senator Thomas "Tommy" MORRISON					✓
Senator Tina Rose MUÑA BARNES	✓				
Senator Vicente (ben) Cabrera PANGELINAN	✓				
Senator Rory J. RESPICIO	✓				
Senator Dennis G. RODRIGUEZ, Jr.		✓			
Senator Michael F. Q.SAN NICOLAS	✓				
Speaker Judith T. WON PAT, Ed.D.	✓				
Senator Aline A. YAMASHITA, Ph.D.	✓				

TOTAL

9  
YEA

4  
NAY

2  
EXCUSED

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

***I MINA 'TRENTAI DOS NA LIHESLATURAN GUÅHAN***  
**2013 (FIRST) REGULAR SESSION**

**Bill No. 81-32 (COR)**

As substituted by the Committee on General  
Government Operations and Cultural Affairs  
and amended on the Floor.

Introduced by:

Vicente (ben) C. Pangelinan

B. J.F Cruz

T. C. Ada

V. Anthony Ada

Frank B. Aguon, Jr.

Chris M. Dueñas

Michael T. Limtiaco

Brant T. McCreadie

Tommy Morrison

T. R. Muña. Barnes

R. J. Respicio

Dennis G. Rodriguez, Jr.

Michael F. Q. San Nicolas

Aline A. Yamashita, Ph.D.

Judith T. Won Pat, Ed.D.

**AN ACT TO PROVIDE HEALTH INSURANCE TO  
GOVERNMENT OF GUAM EMPLOYEES AND  
RETIREEES FOR FISCAL YEAR 2014.**

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

2           **Section 1. Invitation for Bid for the Government of Guam’s Group**  
3 **Health Insurance Program for Fiscal Year 2014.** Notwithstanding any other  
4 provision of law, the procurement of medical and dental insurance for government  
5 of Guam employees and retirees for Fiscal Year 2014 (FY2014) *shall* conform to  
6 the competitive sealed bidding procedures set forth in this Act. The provisions of

1 Title 4, Guam Code Annotated, Chapter 4, Article 3; and Title 5, Guam Code  
2 Annotated, Chapter 5 not inconsistent herewith are applicable to achieve the  
3 purposes of Sections 1 through Section 9.

4 (A) The Chief Procurement Officer of the government of Guam (CPO), as  
5 defined by Title 5 GCA §§5030(c) and 5110, *shall* serve as Chairperson of the  
6 Government of Guam Health Insurance Negotiating Team (GGNT). The CPO, on  
7 behalf of the GGNT, *shall* issue an invitation for bid (IFB) for medical and dental  
8 insurance for government of Guam employees and retirees *no later than* May 23,  
9 2013 for FY2014. The GGNT membership of the CPO *shall* be non-voting and the  
10 Director of the Department of Administration *shall* remain a voting member.

11 (B) Any previous procurement solicitations for the GHIP FY2014 medical  
12 and dental insurance prior to the enactment of this Act are hereby cancelled as of  
13 the enactment of this Act, and *shall not* be reissued *except* by IFB pursuant to the  
14 provisions of this Act.

15 (C) All actions related to the IFB *shall* occur in meetings announced by  
16 the CPO and must comply with the Open Government Law of Guam. For purposes  
17 of this Act, all meetings of the GGNT *shall* be deemed special meetings of a public  
18 agency for which notice *shall* be provided one time, *at least* 48 hours prior to the  
19 start of such meeting, and in all other respects consistent with Title 5 GCA §  
20 8107(b); and which *shall* be open meetings pursuant to Title 5 GCA § 8103. A  
21 recording *shall* be made of all meetings of the GGNT, which *shall* be further  
22 documented by public minutes compiled by the Department of Administration.  
23 The electronic recording and public minutes *shall* comply with the provisions  
24 outlined in Title 5 GCA § 8113.1. *Except* as stated herein, no actions related to the  
25 IFB shall be considered privileged, including legal advice provided to the GGNT  
26 or CPO. Nothing in this Act shall prevent the Office of the Attorney General from  
27 representing the government of Guam in any court or Office of Public

1 Accountability proceedings related to the FY2014 GHIP procurement. The  
2 attorney-client privilege between the Office of the Attorney General and the  
3 Government of Guam Negotiating Team is retained and *shall* be asserted in the  
4 event of a procurement protest or appeal, or in the event of any other legal action  
5 that is commenced concerning the solicitation of medical and dental insurance for  
6 FY2014. The IFB for FY2014 *shall*:

7 (1) solicit medical and dental insurance for the period starting  
8 October 1, 2013 and ending September 30, 2014;

9 (2) be announced in publications of general circulation in Guam,  
10 and in top publications nationally, and in leading publications  
11 internationally; and

12 (3) require all responses to the IFB by prospective bidders be  
13 submitted at a predetermined meeting date and time, *no more than* twenty-  
14 three (23) calendar days, after the initial publication of the solicitation of the  
15 IFB. If the twenty-third day falls on a Saturday, Sunday, or legal holiday, the  
16 meeting *shall* be held on the next business day. At the same meeting, the  
17 bids will be unsealed by the CPO in the presence of a quorum of the GGNT  
18 and the names of all bidders and the amounts of their bids *shall* be entered in  
19 the minutes. The GGNT *shall* accept all bids and award a contract to all  
20 bidders that meet the requirements in Section 2 of this Act.

21 (D) A quorum for purposes of this Act *shall* be seven (7) total members who  
22 may be voting or non-voting.

23 **Section 2. Invitation for Bid Requirements.** Notwithstanding any other  
24 provision of Guam procurement law, the procurement of medical and dental  
25 insurance for government of Guam employees and retirees for FY2014 *shall*  
26 conform to the requirements set forth in this Section.



1 (A) The medical and dental plans offered by all bidders *shall* provide the  
 2 same benefits and levels of coverage consistent with the Schedules of Benefits  
 3 previously defined in Exhibit R of Procurement No. DOA/HR-RFP-GHI-13-001,  
 4 as modified to be in compliance with the provisions of the Patient Protection and  
 5 Affordable Care Act applicable to Guam, and inclusive of the Wellness Benefit  
 6 that meets the requirements outlined in Exhibit 2 of this Act. Bidders may opt to  
 7 cover items that are listed as exclusions in Exhibit R of Procurement No.  
 8 DOA/HRD-RFP-GHI-13-001. A formal request to cover any excluded items *shall*  
 9 be included as part of the sealed bid and are subject to the approval of the GGNT.

10 (B) The medical and dental plans *shall* use the following subscriber tiers  
 11 and weighting of premiums:

12	(1)	Employee/Retiree Only	1.0
13	(2)	Employee/Retiree and Spouse	2.2
14	(3)	Employee/Retiree and Child(ren)	1.8
15	(4)	Employee/Retiree and Family	3.0

16 (C) The monthly government contribution for the medical and dental  
 17 plans *shall* be applied uniformly to all bidders awarded a contract and *shall* equal  
 18 the following amount by tier by plan by subscriber. If any plan's monthly  
 19 government contribution in any tier exceeds the total monthly premium for said  
 20 tier, then the monthly government contribution *shall* decrease for said tier such that  
 21 the government contribution for said tier equals the total monthly premium.

22	(1)	Employee/Retiree Only		
23		i.	HSA/HRA2000 Active	\$119.97
24		ii.	1500 Deductible Active	\$172.67
25		iii.	HSA/HRA2000 Retiree	\$312.44
26		iv.	1500 Deductible Retiree	\$586.77
27		v.	Dental Active & Retiree	\$16.13

1	(2)	Employee/Retiree and Spouse		
2	i.	HSA/HRA2000	Active	\$191.96
3	ii.	1500 Deductible	Active	\$336.11
4	iii.	HSA/HRA2000	Retiree	\$615.39
5	iv.	1500 Deductible	Retiree	\$1,245.02
6	v.	Dental	Active & Retiree	\$19.22
7	(3)	Employee/Retiree and Child(ren)		
8	i.	HSA/HRA2000	Active	\$157.05
9	ii.	1500 Deductible	Active	\$275.01
10	iii.	HSA/HRA2000	Retiree	\$503.49
11	iv.	1500 Deductible	Retiree	\$1,019.03
12	v.	Dental	Active & Retiree	\$15.73
13	(4)	Employee/Retiree and Family		
14	i.	HSA/HRA 2000	Active	\$261.75
15	ii.	1500 Deductible	Active	\$458.34
16	iii.	HSA/HRA2000	Retiree	\$839.13
17	iv.	1500 Deductible	Retiree	\$1,698.04
18	v.	Dental	Active & Retiree	\$26.21

19 (D) The total monthly premium rates for retirees for all plans *shall* equal  
20 exactly 2.5x the premium rates of active employees.

21 (E) The total monthly premiums of the 1500 Deductible plan *shall* equal  
22 exactly 2x the premium rates of the HSA2000 and HRA2000 plan.

23 (F) The government *shall* contribute Seven Hundred Fifty Dollars  
24 (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars  
25 (\$1,500.00) for all other subscribers [tiers] who elect the HSA2000 plan, provided  
26 the subscriber has a Health Savings Account pursuant to 26 U.S.C. Section 223(d),  
27 as amended. The government *shall* distribute the contribution amount to eligible

1 Health Savings Accounts in two equal installments with a pay date thirty (30) days  
2 after the start of the plan year, and a pay date one hundred eighty (180) days after  
3 the start of the plan year.

4 (G) The government *shall* contribute Seven Hundred Fifty Dollars  
5 (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars  
6 (\$1,500.00) for all other subscribers [tiers] who elect the HRA2000 plan, provided  
7 that the subscriber has a Health Reimbursement Arrangement Plan pursuant to  
8 Sections 105 and 106 of the Internal Revenue Service Code, and as defined in IRS  
9 Notice 2002-45. The government *shall* distribute the contribution amount to  
10 eligible HRA accounts in two equal installments with a pay date thirty (30) days  
11 after the start of the plan year, and a pay date one hundred eighty (180) days after  
12 the start of the plan year.

13 (H) The calculation of medical and dental premiums in Section 4(D) of  
14 this Act *shall* use the January 2013 enrollment data submitted as an official  
15 message to *I Liheslaturan Guåhan*, registered as document 32GL-13-0123. The  
16 HSA2000 plan *shall* be the equivalent of the HSA2000/HRA2000, and the SC1500  
17 plan *shall* be the equivalent of the 1500 Deductible for the purposes of calculating  
18 premiums in the IFB.

19 (I) The Group Health Insurance Agreements (Contracts) for the  
20 HSA2000/HRA2000, 1500 Deductible and Dental plans *shall* be exactly the same  
21 as the FY 2012 Contracts with revisions deemed, by the GGNT, in the best interest  
22 of the government, its employees, and retirees for all successful bidders with the  
23 exception of a separate Article for each bidder's medical and dental premium rates  
24 submitted as part of bid process outlined in Section 1(C)(3) of this Act. A written  
25 report of the revisions deemed in the best interest of the government by the GGNT  
26 *shall* include the justification for such changes, and *shall* be submitted by the  
27 GGNT to the Speaker of *I Liheslaturan Guåhan* no later than when the Contracts

1 are finalized. The Contracts *shall* be finalized by the AGO *no later than* fifteen  
2 (15) working days after the provisions of this Act become law, and included in the  
3 IFB. The contract *shall* include a one page addendum for bidders that agree to  
4 submit to a Participating Experience Contract that requires eighty-six percent  
5 (86%) of premiums to be spent on medical and dental claims pursuant to Section  
6 4(F).

7 (J) The IFB package *shall*, at the minimum, contain the following  
8 information:

9 (1) a copy of a uniform contract to be executed by all prospective  
10 bidders who participate in the provision of medical and dental insurance to  
11 the government;

12 (2) the electronic Microsoft Excel files containing the GHIP  
13 Claims data for the period October 1, 2010 to March 31, 2013 provided to  
14 the Department of Administration and Office of Finance and Budget  
15 pursuant to 4GCA, Chapter 4, §4302(g);

16 (3) the Schedule of Benefits of the dental and medical plans  
17 previously identified as Exhibit R of Procurement No. DOA/HRD-RFP-  
18 GHI-13-001, as modified to be in compliance with the provisions of the  
19 Patient Protection and Affordable Care Act applicable to Guam and  
20 inclusive of the wellness benefit that meets the requirements outlined in  
21 Exhibit 2; and

22 (4) the Microsoft Excel template “Exhibit 1 – Required Premium  
23 Calculation” for the calculation of the premium by prospective bidders.  
24 Exhibit 1 of this Act *shall* be the template included in the IFB.

25 (5) No bid bond shall be required.

26 (K) The financial solvency of all bidders *shall* be subject to the review of  
27 the Office of Banking and Insurance Commissioner (Commissioner).

1 (L) Bidders awarded a contract *shall* file the health insurance policy with  
2 the Commissioner *at least* fifteen (15) days prior to the policy's effective date and  
3 pay the applicable fees.

4 **Section 3. Authorization to Establish Health Reimbursement**  
5 **Arrangement Plan for Eligible Actives, Retirees and Dependents.** It is the  
6 intent of *I Liheslaturan Guåhan* for the government of Guam to provide Health  
7 Reimbursement Arrangement (HRA) Plans to eligible actives, retirees and  
8 dependents who *do not* qualify for a Health Savings Account (HSA). The  
9 government of Guam *shall* offer a plan (HRA2000) with the same benefits as the  
10 HSA2000 and a Health Reimbursement Arrangement (HRA) for the benefit of its  
11 actives, retirees and dependents that are *not* eligible for a Health Savings Account  
12 due to enrollment in Medicare.

13 **Section 4. Invitation for Bid Responsiveness.** Notwithstanding any other  
14 provision of Guam procurement law, for the purposes of procuring health  
15 insurance for government of Guam employees and retirees in FY2014, a  
16 responsive bidder *shall* mean a bidder conforming to the requirements set forth in  
17 this Section:

18 (A) All bidders shall provide a copy of a current Certificate of Authority  
19 issued by the Commissioner at the time of bid submission.

20 (B) In the event any risks for health is reinsured or transferred by the  
21 bidder to a reinsurance company, the reinsurer that assumes the risk *shall* also  
22 provide a copy of a current Certificate of Authority to transact reinsurance business  
23 on Guam.

24 (C) All bidders, to include agents, reinsurers and underwriters, must  
25 submit a copy of a current Guam business license.

26 (D) The total annual medical and dental premium calculation of the bid  
27 *shall not* exceed Sixty Eight Million Nine Hundred Eighty-Eight Thousand One

1 Dollars (\$68,988,001) for all carriers for twelve (12) months. The premium  
2 calculation *shall* be derived by multiplying the total number of subscribers by  
3 twelve (12) by the equivalent submitted plan rates. Exhibit 1 of this Act *shall* be  
4 used to calculate the premiums and identify whether the rates conform to the  
5 requirements in Section 2(B), (D) and (E). In the event all the bids exceed the  
6 amount specified in this Subsection, then the solicitation *shall* be cancelled.

7 (E) All bidders *shall* submit signed Contracts for the  
8 HSA2000/HRA2000, 1500 Deductible and Dental plans as part of its submitted  
9 sealed bid package.

10 (F) Bidder *shall* declare whether it agrees to a Participating Experience  
11 Contract that requires eighty-six percent (86%) of premiums to be spent on  
12 medical and dental claims. Bidders not agreeing to a Participating Experience  
13 Contract *shall* by default be required to reconcile premiums and claims pursuant to  
14 PPACA Section 2718 MLR standards.

15 **Section 5. Bid Submittal.** All bids *shall* be submitted to the General  
16 Services Agency and *shall* be maintained by the General Services Agency  
17 throughout the solicitation, consistent with the provisions of Title 5, Chapter 5  
18 Guam Code Annotated *not* inconsistent herewith, established policies of the  
19 General Services Agency, and with instructions to be provided in the Invitation For  
20 Bids and Section 1(C)(3) of this Act.

21 **Section 6. Inquiries of Prospective Bidders.** All prospective bidders  
22 *shall* submit in writing all inquiries relating to the interpretation and technical  
23 details of the IFB at a pre-bid conference meeting *no more than* eleven (11)  
24 calendar days after the IFB issuance. If the eleventh day falls on a Saturday,  
25 Sunday, or legal holiday, the meeting *shall* be held on the next business day.

26 At the same meeting, the written inquiries will be received by the CPO in the  
27 presence of a quorum of the GGNT. To the maximum extent practicable, all

1 written inquiries will be reviewed by the CPO and members of the GGNT at the  
2 meeting to assure that the inquiry is understood. All written inquiries *shall* be  
3 responded to in writing by the CPO, with input from the GGNT, within seven (7)  
4 calendar days of the meeting. Copies of all written inquiries and written responses  
5 *shall* be delivered to all prospective bidders. All written determinations allowable  
6 under Guam procurement law *shall* be made by the GGNT.

7 **Section 7. Binding Bid.** After bid opening, a bidder *may not* change the  
8 price or any other provision of the bid. An award on the bid is a binding contract  
9 with terms and conditions that *do not* vary from the terms and conditions of the  
10 contract, the Invitation For Bids, and any addenda.

11 **Section 8. Non-Exclusive Awards.** Notwithstanding any other provision  
12 of law, the award(s) resulting from the solicitation provided for in this Act *shall* be  
13 non-exclusive award(s) for health insurance coverage for qualified active  
14 employees and qualified retirees of the government of Guam, who *shall* have a  
15 choice of one of the insurers receiving an award for FY2014 for health insurance.

16 **Section 9. Duties of GGNT.** Notwithstanding any other provision of law,  
17 for the FY2014 GHIP procurement, the GGNT *shall not* develop a ranking system  
18 to rank the bids or rank said bids.

19 **Section 10. Expedited Protest Process.** Notwithstanding any other  
20 provision of law and any rules promulgated therefore, *if* an actual or non-selected  
21 bidder is aggrieved by the solicitation of or an award or a contract for medical and  
22 dental insurance for government employees and retirees for FY2014 the procedure  
23 for the protest outlined in this Section *shall* apply, and *shall* be the exclusive means  
24 available to resolve the concerns of persons aggrieved in connection with awards  
25 or solicitations, in whole or in part. The protest *shall* be submitted to the Public  
26 Auditor who may settle and resolve a protest by one (1) or more of the following  
27 means:

- 1 (A) amending or canceling the solicitation;
- 2 (B) terminating the contract that was awarded;
- 3 (C) declaring the contract null and void from the time of its award; *or*
- 4 (D) affirming the contract award decision.

5 If the protest is *not* resolved by mutual agreement, the Public Auditor *shall*  
6 issue a decision, in writing, within *no more than* ten (10) working days of receipt  
7 of the protest. The decision *shall* state the reasons taken. A copy of the written  
8 decision *shall* be mailed, using certified mail, *or* otherwise furnished to the bidder  
9 who initiated the protest, the person awarded the contract, and to all other non-  
10 selected bidders.

11 For purposes of this Section, the determination of facts and decision by the  
12 Public Auditor for the resolution of protests *shall* be final and conclusive with *no*  
13 right of appeal *or* judicial review. The fact that a protest has been filed pursuant to  
14 this Section *shall not* stay the procurement process or award any contract for  
15 medical and dental insurance for government employees and retirees for FY2014,  
16 whether in whole or in part, *unless* so ordered by the Public Auditor. A request for  
17 reconsideration *shall also not* stay the award of any contract, whether in whole or  
18 in part, *unless* so ordered by the Public Auditor.

19 **Section 11. Severability.** If any provisions of this Act or the application  
20 thereof to any person or circumstance is held invalid, such invalidity *shall not*  
21 affect any other provision or application of this Act which can be given effect  
22 without the invalid provision or application, and to this end the provisions of this  
23 Act are severable.



# Exhibit 1 - Required Premium Calculation Government of Guam Health Insurance Program FY 2014

Instructions: Enter single rate for HSA/HRA2000 Plan in cell [K13] and single rate for Dental in cell [K24]

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
FY MONTH		FY2013 January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[1]	<b>MEDICAL</b>	<b>6,682</b>	<b>984</b>	<b>1,741</b>	<b>1,825</b>	<b>11,232</b>	<b>21,868</b>
[2]	<b>HSA2000</b>	<b>2,735</b>	<b>279</b>	<b>586</b>	<b>666</b>	<b>4,266</b>	<b>7,895</b>
[3]	ACTIVE	1,918	187	546	608	3,259	6,562
[4]	RETIREE	817	92	40	58	1,007	1,333
[5]	<b>SC1500</b>	<b>3,947</b>	<b>705</b>	<b>1,155</b>	<b>1,159</b>	<b>6,966</b>	<b>13,973</b>
[6]	ACTIVE	2,171	323	985	978	4,457	10,239
[7]	RETIREE	1,776	382	170	181	2,509	3,734

[J]	[K]	[L]	[M]	[N]
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
<b>MEDICAL</b>				
<b>HSA/HRA2000</b>				
A	\$128.00	\$281.60	\$230.40	\$384.00
R	\$320.00	\$704.00	\$576.00	\$960.00
<b>1500 DEDUCTIBLE</b>				
A	\$256.00	\$563.20	\$460.80	\$768.00
R	\$668.50	\$1,470.70	\$1,203.30	\$2,005.50

FY MONTH	FY2013 January						
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[8]	<b>DENTAL</b>	<b>1,741</b>	<b>488</b>	<b>1,422</b>	<b>1,422</b>	<b>5,774</b>	<b>18,812</b>

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
<b>DENTAL</b>	<b>1,741.00</b>	<b>488.00</b>	<b>1,422.00</b>	<b>1,422.00</b>

PROJECTED MEDICAL & DENTAL PREMIUM						
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY	TOTAL	
[29]	<b>MEDICAL</b>					
[30]	<b>HSA/HRA2000</b>					
[31]	ACTIVE	\$2,946,048	\$631,910	\$1,509,581	\$2,801,664	\$7,889,203
[32]	RETIREE	\$3,137,280	\$777,216	\$276,480	\$668,160	\$4,859,136
[33]	<b>1500 DEDUCTIBLE</b>					
[34]	ACTIVE	\$6,669,312	\$2,182,963	\$5,446,656	\$9,013,248	\$23,312,179
[35]	RETIREE	\$14,247,072	\$6,741,689	\$2,454,732	\$4,355,946	\$27,799,439
[36]	<b>TOTAL MEDICAL</b>	<b>\$26,999,712</b>	<b>\$10,333,778</b>	<b>\$9,687,449</b>	<b>\$16,839,018</b>	<b>\$63,859,957</b>
[38]	<b>TOTAL DENTAL</b>	<b>\$1,838,484</b>	<b>\$527,498</b>	<b>\$1,816,021</b>	<b>\$1,743,480</b>	<b>\$5,125,483</b>
[40]	<b>TOTAL MEDICAL &amp; DENTAL</b>	<b>\$28,838,196</b>	<b>\$10,861,277</b>	<b>\$10,703,470</b>	<b>\$18,582,498</b>	<b>\$68,985,440</b>

Premiums Below IFB Required Level. Bid is Responsive

## Exhibit 2

**WELLNESS & FITNESS BENEFIT *must* include at least the following:**

- A) Cardiovascular Training;
- B) Resistance and Strength Training;
- C) Flexibility Training conducted by certified personal trainers;
- D) Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
- E) Monthly Nutrition Classes by certified nutritionists;
- F) Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
- G) Have the capacity to service large number of subscribers with fitness attendants available at all times to assist subscribers with cardiovascular machines, circuit weight machines, and free weight areas;
- H) Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
- I) Provide child care services to subscribers utilizing wellness program facilities;
- J) Hours of operation Monday through Sunday, *except* for holidays and special events.
- K) Free utilization of any gym facilities per member/per dependent per the plan year as an integral part of the wellness benefit.

**EXHIBIT R**

FY12 Plan Design Details

## Schedule of Benefits

Important information about your coverage	When you go to PARTICIPATING Providers after Deductible is met:	When you go to NON-PARTICIPATING Providers after Deductible is met:
<b>Deductible Per Individual Member</b>	\$1,500	\$3,000
<b>Deductible Per Family</b> The entire family deductible amount of \$4,500 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$4,500	\$9,000
<b>Coverage Maximums</b>	\$750,000	
Individual member annual maximum	\$750,000	
<b>Out-of-Pocket Maximums (Including deductible)</b>		
• Per Individual member per policy year	\$3,000	No Maximum
• Per Family per policy year	\$9,000	No Maximum
<b>Any Services in The Philippines, Hawaii &amp; the U.S. Mainland</b> (Pre-Certification Required)	Require a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits	Deductible does not apply to these benefits when you go to a Participating Provider.	PARTICIPATING Providers Deductible does not apply in this benefit	NON-PARTICIPATING Providers after the Deductible is met
<b>Annual Refraction Eye Exam</b> \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
<b>Immunizations (Routine)</b> U.S. Public Health schedule of immunizations up to 18 years of age		Plan pays 100%	Plan 70%* Member 30%
<b>Outpatient Physician Care &amp; Services</b>			
1. Primary Care visits		\$20 Member Co-Payment	Plan 70%* Member 30%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 70%* Member 30%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 70%* Member 30%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 70%* Member 30%
5. Hospice Care in Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 70%* Member 30%
7. X-Ray Services		\$20 Member Co-Payment	Plan 70%* Member 30%
8. Injections		\$20 Member Co-Payment	Plan 70%* Member 30%
<b>Prescription Drugs (Including Birth Control Pills)</b> Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
<b>Preventive Services (Routine)</b> Annual Physical Exam includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B)		Plan pays 100%	Not Covered
<b>Well-Baby Care</b> For children up to age two. Maximum 5 visits per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
<b>Acupuncture</b> 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
<b>AIDS Treatment</b> Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
<b>ASPARE Benefit to Centers of Excellence Only</b> For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
<b>Allergy Testing/Treatment</b> \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Ambulatory Surgical-Center Care</b> (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Blood &amp; Blood Derivatives</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Breast Reconstructive Surgery</b> (In accordance with 1998 W.H.C.R.A)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Cardiac Surgery</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Cataract Surgery</b> Includes Lens Implant. Outpatient only		Plan 80% Member 20%	Plan 70%* Member 30%

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
Chemical Dependency		Plan 80% Member 20%	Plan 70%* Member 30%
Chemotherapy Benefit		Plan 80% Member 20%	Plan 70%* Member 30%
Chiropractic Care 20 visits per member per plan year. Maximum \$25 per visit		Plan 80% Member 20%	Not Covered
Congenital Anomaly Diseases Coverage		Plan 80% Member 20%	Plan 70%* Member 30%
Diagnostic Testing MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
Durable Medical Equipment (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 70%* Member 30%
End Stage Renal Disease/Hemodialysis		Plan 80% Member 20%	Plan 70%* Member 30%
Hearing Aids Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 70%* Member 30%
Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitless apply, please refer to contract)		Plan 80% Member 20%	Plan 70%* Member 30%
Inhalation Therapy		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care Pre-natal care and Delivery		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care For Non-spouse Dependents Outpatient care only. Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
Mental Health Care		Plan 80% Member 20%	Plan 70%* Member 30%
Nuclear Medicine Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 70%* Member 30%
Orthopaedic Conditions Internal and External Prosthesis Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 70%* Member 30%
Physical Therapy (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70%* Member 30%
Rehabilitation Therapy Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 70%* Member 30%
Skilled Nursing Facility Maximum 90 days per member per plan year (subject to pre-approval by Plan)		Plan 80% Member 20%	Plan 70%* Member 30%
Specialty Drugs (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
Sterilization Procedures 1. Tubal Ligation 2. Vasectomy (Outpatient Only)		Plan 80% Member 20%	Plan 70%* Member 30%

Additional Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
Wellness & Fitness Benefit 1. Wellness Benefit at EDA Wellness Center (Pre-certification required)	*Refer to attachment	Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 60% of charges thereafter	Not Covered
2. Fitness Benefit • Korientes Gym • Paradise Fitness Center		Free access to the Gym for the plan year	

**Off-Island**

\* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

Important information about your coverage	When you are in PARTICIPATING Providers after Deductible is met	When you are in NON-PARTICIPATING Providers after Deductible is met
<b>Deductible Per Individual Member</b>	\$2,000	\$4,000
<b>Deductible Per Family</b> The entire family deductible amount of \$8,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$8,000	\$12,000
<b>Coverage Maximums</b> Individual member annual maximum	\$750,000	
<b>Out-of-Pocket Maximums (including deductible)</b>		
• Per Individual member per policy year	\$4,000	No Maximum
• Per Family per policy year	\$11,900	No Maximum
<b>Any Services in The Philippines, Hawaii &amp; the U.S. Mainland (Pre-Certification Required)</b>	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
<b>Acupuncture</b> 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
<b>AIDS Treatment</b> Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
<b>AIRFARE Benefit to Centers of Excellence Only</b> For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
<b>Allergy Testing/Treatment</b> \$500 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Ambulatory Surgical Center Care (Pre-Certification Required)</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Annual Refraction Eye Exam</b> \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
<b>Blood &amp; Blood Derivatives</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Breast Reconstructive Surgery</b> (in accordance with 1998 W.H.C.R.A.)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Cardiac Surgery</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Cataract Surgery</b> Includes Lens Implant, Outpatient only		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chemical Dependency</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chemotherapy Benefit</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chiropractic Care</b> 20 visits per Plan Year, Maximum \$25 per visit		Plan 80% Member 20%	Not Covered
<b>Congenital Anomaly Diseases Coverage</b>		Plan 80% Member 20%	Not Covered
<b>Diagnostic Testing</b> MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Durable Medical Equipment (DME)</b> Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
<b>Elective Surgery (Pre-Certification Required)</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Emergency Care</b> 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>End Stage Renal Disease/Hemodialysis</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Hearing Aids</b> Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
<b>Hospitalization &amp; Inpatient Benefits</b> 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Immunizations (Routine)</b> U.S. Public Health schedule of immunizations up to 18 years of age Deductible for Participating Providers does not apply for this benefit		Plan pays 100%	Plan 50%* Member 50%

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Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
<b>Implants</b> Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Inhalation Therapy</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Maternity Care</b> Pre-natal care and Delivery		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Maternity Care For Non-spouse Dependents</b> Outpatient care only. Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Mental Health Care</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Nuclear Medicine</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Orthopedic Conditions</b> Internal and External Prostheses Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Outpatient Physician Care &amp; Services</b>			
1. Primary Care visits		\$20 Member Co-Payment	Plan 50%* Member 50%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 50%* Member 50%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 50%* Member 50%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 50%* Member 50%
5. Hospice Care In Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 50%* Member 50%
7. X-Ray Services		\$20 Member Co-Payment	Plan 50%* Member 50%
8. Injections		\$20 Member Co-Payment	Plan 50%* Member 50%
<b>Physical Therapy</b> (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 50%* Member 50%
<b>Preventive Services (Routine)</b> Annual Physical Exam includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B) Deductible for Participating Providers does not apply for this benefit		Plan pays 100%	Not Covered
<b>Prescription Drugs (Including Birth Control Pills)</b> Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
<b>Rehabilitation Therapy</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Skilled Nursing Facility</b> Maximum 90 days per member per plan year (subject to pre-approval by Plan)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Specialty Drugs</b> (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
<b>Sterilization Procedures</b>			
1. Tubal Ligation		Plan 80% Member 20%	Plan 50%* Member 50%
2. Vasectomy (Outpatient Only)			
<b>Well-Baby Care</b> For children up to age two. Maximum 5 visits per member per plan year Deductible for Participating Providers does not apply for this benefit		Plan 80% Member 20%	Plan 50%* Member 50%

Additional Benefits	What Calvo's SelectCare covers		
<b>Wellness &amp; Fitness Benefit</b> * refer to attachment		Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 50% of charges thereafter	Not Covered
1. Wellness Benefit at SDA Wellness Center (Pre-certification required)			
2. Fitness Benefit • Kontendee Gym • Paradise Fitness Center		Free access to the Gym for the plan year	

**Off-Island**

\* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

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**WELLNESS & FITNESS BENEFIT must include at least the following:**

1. Cardiovascular Training;
2. Resistance and Strength Training;
3. Flexibility Training conducted by certified personal trainers;
4. Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
5. Monthly Nutrition Classes by certified nutritionists;
6. Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
7. Have the capacity to service a large number of subscribers with fitness attendants available at all times to assist subscribers with Cardio Vascular Machines, Circuit Weight Machines, and Free Weight Areas;
8. Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
9. Provide child care services to subscribers utilizing wellness program facilities;
10. Hours of operation Monday through Sunday, except for holidays and special events.





# COMMITTEE ON RULES

*I Mina'trentai Dos na Liheslaturan Guåhan* • The 32nd Guam Legislature  
155 Hesler Place, Hagåtña, Guam 96910 • [www.guamlegislature.com](http://www.guamlegislature.com)  
E-mail: [roryforguam@gmail.com](mailto:roryforguam@gmail.com) • Tel: (671)472-7679 • Fax: (671)472-3547

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*wp*

Senator  
Rory J. Respicio  
CHAIRPERSON  
MAJORITY LEADER

April 22, 2013

Senator  
Thomas C. Ada  
VICE CHAIRPERSON  
ASSISTANT MAJORITY LEADER

## MEMORANDUM

Senator  
Vicente (Ben) C. Pangelinan  
Member

**To:** **Rennae Meno**  
*Clerk of the Legislature*

Speaker  
Judith T.P. Won Pat, Ed.D.  
Member

**From:** **Senator Rory J. Respicio** *[Signature]*

Senator  
Dennis G. Rodriguez, Jr.  
Member

**Subject:** **Supplement to Committee Report Bill No. 81-32 (COR)**

Vice-Speaker  
Benjamin J.F. Cruz  
Member

*Hafa Adai!*

Transmitted herewith is a memo from Vice Speaker Benjamin J.F. Cruz, Chairperson, Committee on General Government Operations and Cultural Affairs, forwarding Attachments for Bill No. 81-32 (COR).

Legislative Secretary  
Tina Rose Muña Barnes  
Member

Please include this memo and the attachment as a "Supplement" to the Committee Report on Bill No. 81-32 (COR).

Senator  
Frank Blas Aguon, Jr.  
Member

Please make the appropriate indication in your records; and forward to MIS for posting on our website. I also request that the same be forwarded to all Senators of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Senator  
Michael F.Q. San Nicolas  
Member

*Si Yu'os ma'åse'!*

Senator  
V. Anthony Ada  
Member  
MINORITY LEADER


Senator  
Aline Yamashita  
Member



April 22, 2013

**Memorandum**

**To:** Senator Respicio Committee on Rules, Federal, Foreign & Micronesian Affairs, Human & Natural Resources, and Election Reform

**From:** Vice Speaker Benjamin J.F. Cruz   
Chairman, Committee on General Government Operations and Cultural Affairs

**Subject:** Supplemental Testimony for Bill No. 81-32 (COR)

Hafa Adai! Please be advised that I have received supplemental testimony for Bill No. 81-32 (COR). It would be greatly appreciated if the documents were included as an addendum to the committee report for Bill No. 81-32 (COR).

Thank you for your time and kind consideration of this request.



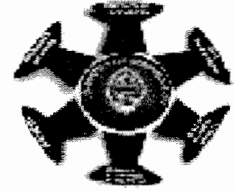
**Eddie Baza Calvo**  
Governor  
**Ray Tenorio**  
Lieutenant Governor

GOVERNMENT OF GUÅHAN  
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION  
(DIPATTAMENTON ATMENESTRASION)

**DIRECTOR'S OFFICE**

(Ufsinan Direktot)  
Post Office Box 884 \* Hagåtña, Guam 96932  
TEL: (671) 475-1101/1250 \* FAX: (671) 477-6788



**Benita A. Manglona**  
Director  
**Anthony C. Blaz**  
Deputy Director

April 22, 2013

Office of the Vice Speaker  
Senator Benjamin F. Cruz  
Chairman, Committee General Government Operations and Cultural Affairs,  
*I Mina' trentai Dos Na Liheslaturan Guåhan*  
Suite 107  
155 Hessler Street  
Hagatna, Guam 96932

**RE: Testimony on Bill 81-32**

*Buenas Dias and Hafa Adai* Senator Cruz:

Thank you for the opportunity to comment on Bill 81-32 (COR) relative to providing health insurance coverage to government of Guam employees and retirees for Fiscal Year 2014.

Upon reviewing the proposed bill, we sought the assistance of our consultants, Hay Group, who helped us in the formulation of our response. The comments we are providing herewith are not in support of Bill 81-32.

We refute the first paragraph that states that the GHIP procurement is being perpetually continued with the existing insurance company at FY2012 rates. The procurement is being continued through the current plan year and was necessary to continue coverage, and therefore, is not intended to be perpetually continued. The negotiating team has every commitment, through its RFP process to attract carriers in submitting proposals for the upcoming FY2014 benefit year. The team, comprised of statutory members from various government agencies, will aggressively seek the best qualified plan(s) for government of Guam employees, retirees and survivors.

Page 2 beginning on line 20 states that GovGuam has been overpaying insurance premiums for the third consecutive year. The legislative branch has failed to realize that the FY12 rates (which were the result of a successful RFP

process and negotiations) reduced the annual premiums by \$7.5M. Further, as advised by our consultants, GovGuam is fully protected because the current contract has a Participating Agreement in it which requires a full settlement at the end of the contract period. This will mean that total premiums are reduced by total claims paid and the guaranteed retention and any excess would be returned to GovGuam. Thus, GovGuam is protected from any overpayment that might be inherent. In addition, the carrier must rebate amounts in excess of the PPACA minimum loss ratio (MLR) requirements of 85%, further lowering the actual premium charges.

The Bill further states that invoking the HIPAA guaranteed renewability provision is not the preferred method of securing insurance. The Negotiating Team was underway with negotiations and was advised to cease all proceedings in recognition of the protest. The Negotiating Team had little choice but to renew the FY2012 contract by invoking the HIPAA guaranteed renewability provisions, as the alternative would have been to not have **any** health insurance coverage. As a result, this left the Negotiating Team without the ability to renegotiate rates. Had this not been the case, the negotiating team was prepared for aggressive negotiations and would have pursued such. Nevertheless, GovGuam, it's employees, retirees and survivors are still protected from any overpayment with the Participating Agreement in place to refund excess premiums.

Page 10 paragraph E states that "the premium for the 1500 plan will be 2x the premium for the 2000 plan." Directing an insurer what rates to charge for each plan is highly irregular to say the least. This will discourage vendors from bidding, and most importantly, there is no law requiring vendors to quote. This is risking the ability of GovGuam to acquire competitive bids and to aggressively go through the negotiations process.

Page 11 paragraph G suggests that subscribers can have Health Reimbursement Arrangement (HRA) plans. The government as employer would have to maintain the HRAs which could not be used for anything but medical benefits. We have been advised by our consultants that Patient-Centered Outcomes Research Fee (PCORF) will be assessed on HRAs as well as a plan in which a retiree is enrolled, and that, for plan years beginning on or after 1/1/2014, non-retiree HRAs will not be permitted unless integrated with a medical plan covering the account holder.

Page 14 (5(d)) makes reference to the annual medical and dental premium calculation. We are unsure of the likelihood that the total annual medical and dental calculation will not exceed \$68.361 million for all carriers for 12 months. Generally speaking, typically in the insurance business, a non-exclusive contract approach results in overall higher costs because no one vendor gets all of the risk and from an underwriting standpoint must assume it will get many of the bad risks, thus raising the premium rates for each one. This approach will definitely cost GovGuam more money. This was seen in the past years in which the government offered several carriers who no longer became viable and eventually removed themselves from the government account. Additionally, this provision will discourage

vendors from bidding and this is risking the ability of GovGuam to acquire competitive bids. On that note, beginning on line 20 which states "In the event all bids exceed the specified amount the solicitation will be cancelled", we ask the senators what is GovGuam's recourse to obtaining health insurance when the solicitation is cancelled? Is this something that the legislature is willing to risk at the expense of our employees, retirees, and survivors? We may find ourselves in a repeat of FY2013 and invoking the HIPAA renewability clause. This will, once again, leave the government with no leverage and negotiating power.

Another issue is the calculations used in the proposed bill. Relying on available claims data, the bill identifies over \$65 million in required premiums or, in other words, in claims paid. Using the 85% medical loss ratio allowed under the PPACA, \$65 million represents 85% of almost \$76.5 million. There is no mathematical formula under which the available information supports a combined medical and dental premium cap of \$69 million. That is even more the case when the bill solicits non-exclusive contracts with multiple carriers. This was highly evident in the most recent RFP submissions.

In 2004, Senator Pangelinan co-sponsored Bill 351-27, later enacted into law as P.L. 27-125. Public Law 27-125 created the Health Insurance Review Committee and appropriated \$150,000 to conduct a study and make recommendations on how to provide affordable quality health care to active and retired GovGuam employees. This committee commissioned Lewis & Ellis, Inc. Actuaries and Consultants. Page 4 of the bill references that employees and retirees desire competition in the GHIP in order to provide a choice of health insurance and lower premiums. Page 8 of the bill states that the Government of Guam Negotiating Team (GGNT) "shall unconditionally accept all bids and award a contract to all bidders that meet the requirements...". As previously stated in our testimony on PL31-197, this goes against the advice of the study commissioned by the legislature and the results of the report of the Health Insurance Review Committee. Their analysis indicated that "GovGuam would be better off with fewer benefit offerings (no more than 2) and probably only one carrier." This bill goes against the advice of the experts this Legislature commissioned for an objective, independent and comprehensive analysis. It is evident with past practice that the multiple carrier concept is more costly and less effective. The method used in the FY2012 contract has proved to be more successful in decreasing rates while expanding benefits.

Furthermore, by awarding a contract to all those who "meet the requirements," we are not doing justice for our GovGuam employees, retirees, and survivors by removing the negotiations process. The negotiations process is essential in that it is a way to further reduce the proposed rates. This could not be achieved through an IFB process. There are too many elements involved that only an RFP process would be most conducive.

As mentioned earlier, the government was able to reduce the annual premiums by \$7.5m through the negotiations

process. By removing negotiations and simply awarding a contract to everyone who qualifies, the government loses the ability to negotiate the best rates and the highest benefits for the employees of the government.

Page 14-15(5(f)): Bidders will be required to follow MLR standards whether the contract is participating or not. The MLR rebate, if any, because it is based on total Guam experience of carrier (not just GovGuam experience) will result in different amounts flowing back to GovGuam.

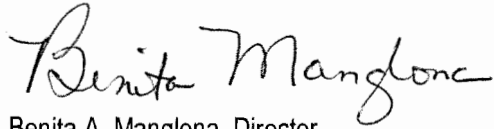
Page 16, Section 9, stipulates that "the GNNT shall not develop a ranking system to rank the proposals or rank said proposals. The absence of a ranking system will deprive GovGuam of the ability to distinguish carriers based on any factors other than price – such as service, capabilities, and quality. What would be the basis in ensuring that these carriers are professionally qualified to provide such services? Providing quotes and proposals that meet the requirements are not the sole purpose of determining the best carrier for GovGuam. Effective negotiations and absolute scrutiny from the negotiating team ensures that the best qualified plan(s) are selected for the best interest of the members.

The whole process solicits professionals from the various government agencies and professionals within the health industry field. In fact, the team of professionals working on this project from the actuarial standpoint involves several actuaries, consultants and legal review. Approximately over 1300 manpower hours are spent in the process from the development of the RFP, review of proposals and negotiations process. Bill 81-32 has no regard to this highly technical and essential vetting process. The procurement of health insurance is the largest solicitation for GovGuam. As stated earlier, **there are too many elements involve to resort the procurement of health insurance to an IFB process.** It does not solicit the input from these professionals. Bill 81-32 attempts to "rush" through the negotiation process without any legal or actuarial professional input and against the professionals in the field that recommends that GovGuam would be better off with 1 carrier. Bill 81-32 seems to fast track the whole process.

Lastly, the announcement for the FY2014 Insurance RFP is being announced today in the local and tomorrow in international publications. The Negotiating Team has been meeting for months working on the Rules of Procedure and the RFP.

Thank you for the opportunity to comment on Bill 81-32 (cor).

Senseramente,

A handwritten signature in black ink that reads "Benita Manglona". The signature is written in a cursive, flowing style.

Benita A. Manglona, Director

Department of Administration

Enclosure

Cc: All Senators

Lt. Governor Ray Tenorio



115 Chalan Santo Papa Hagåtña • P.O. Box FJ Hagåtña, Guam 96932 • Phone: (671) 477-9808 • Fax: (671) 477-4141

April 15, 2013

The Honorable Benjamin J.F. Cruz  
Chairperson, Committee on General Government Operations and Cultural Affairs  
Suite 107, 155 Hesler St.  
Hagåtña, Guam 96910

**Re: Testimony on Bill 81-32**

**“An act to provide health insurance to Government of Guam Employees and Retirees for Fiscal year 2014”**

Dear Senator Cruz and committee members:

Thank you for the opportunity to provide testimony in opposition of the aforementioned bill. Numerous bills have been introduced since 2010 in reference to the process of procuring health insurance for the Government of Guam employees and retirees. It is evident that the amount of bills introduced amounts to nothing less than legislative interference with a process that was undoubtedly working prior to these bills.

In bypassing the RFP and the current procurement process, Bill 81-32 sets dangerous precedents, and ignores recommendations made by the Attorney General and others in regards to this type of band-aid legislation. Recently the health insurance negotiating committee redefined its rules and regulations improving the manner and process concerning reviews or RFPs.

Furthermore, we find significant deficiencies and omissions with the proposed bill. Whereas we subscribe to the philosophy of competition, we also subscribe to competition whereby all competitors uniformly follow regulations and established procurement rules. However, this Bill has significant flaws and is based on incomplete or erroneous information. Our concerns with the bill are as follows:

- *The Bill preambles, mentions, and references the simplicity of the procurement process for the Federal Employees Health Benefits (FEHB), however, it ignores and fails to acknowledge that the qualifying application process for the FEHB is quite rigorous and provides for an extensive review of the applicants*
- *The application to participate in the FEHB program includes a meticulous review process conducted by the Office of Personnel Management (OPM), which is staffed by healthcare / health insurance professionals and certified actuaries who review new applicants' qualifications and prior performance*
- *The stringent FEHB qualifying process is designed to ensure that insurance carriers demonstrate fiscal soundness and capabilities to provide the required services to the federal employees*



- *Once an insurance carrier has met OPM's qualifying requirements and OPM has deemed the carrier a "qualified" participant, then, the rest of the proposal and negotiation processes are more predictable and transparent due to the great source of detailed assistance provided by OPM to qualified carriers*
- *Unlike GovGuam, OPM does not require companies to prequalify annually if the insurer is an incumbent offeror. Let us not forget that the Guam Legislature with Senator Ben Pangelinan as a key sponsor changed the law that allowed incumbent carriers to have a continuity provision through P.L. 30-93*
- *Bill 81-32 bypasses procurement processes that have been duly established by GovGuam to ensure that companies have the ability to perform the required services based on prior experience and fiscal soundness to pay claims*
- *The Bill advocates "competition" as a key reason to support it, but it basically endorses potentially irresponsible and un-qualified bidders by lessening the qualifying thresholds that companies must meet to provide reliable and consistent services to GovGuam employees and retirees*
- *This is just part of a bombardment of ad-hoc bills introduced and passed in the past 36 months by the Guam Legislature regarding the acquisition of healthcare benefits. This type of legislative interference has done nothing but to continue convoluting the process, and this fact is demonstrated by the number of Bills that have been introduced to alter or change the procurement of healthcare benefits for the past three and a half years*
- *The Bill references that the Office of Finance and Budget apparently uses proprietary information such as rates, which were meant for the exclusive use of the Negotiating Committee and it is protected by the confidentiality rules of procurement*
- *Multiple carriers do not automatically assure lower rates and, in fact, industry studies have shown that multiple carriers may increase cost due to the pricing adjustments for uncertainty and adverse selection*
- *According to our internal and industry standard rating protocols, rates are higher when multiple carriers are present, so we question the integrity and validity of the analysis made by the Office of Finance and Budget. Furthermore, we question the credibility of the non-exclusive rates used and the source of those rates*
- *Senator Pangelinan's office uses a calculator to demonstrate savings but fails to let the Public know as to the source of the premium rates that are used*
- *We applaud the portion of the bill setting contributions for HSA accounts, and this should be done irrespectively of this bill. However, this option should be appropriately included in the Government of Guam's budget bill and properly review for cost budgetary implications especially during a time of budgetary constrains*
- *The Guam Legislation made the people of Guam spend money on a study concerning Health Insurance benefits for GovGuam, which was conducted by Lewis and Ellis. The study concluded that GovGuam would possibly get better rates, benefits, and services through one insurance provider. Ironically and under the disguise of saving money, this legislation completely ignores the outcome of the study*

- *Let us not forget that a number of carriers abandoned the GovGuam program, and today the GovGuam health program provides excellent benefits to its members and has reduced the volatility and uncertainty that led to the exodus of many companies in past years*
- *The theory of high rates with a single provider or the potential savings yielded by multiple providers becomes a pointless issue with the implementation of PPACA MLR requirements and the current participating GovGuam contract, which limits the administrative and potential profit margins retained by health insurers*
- *The bill references overpayments of health insurance but fails to mention that this aspect is highly unlikely due to the MLR provisions of PPACA and rebates that were issued to GovGuam. Again, the MLR provisions of PPACA invalidate any possible premium overpayments*
- *The bill's author states that the FEHB process resembles a seal bid invitation, but this is far from the real truth as carriers must pass a rigorous qualifying process that resembles the RFP process*
- *Bill 81-32 is basically the same as bill 513-31, and this new bill ignores the comments and suggestions made by the Attorney General and the Government of Guam Health Insurance consultant in regards to the many deficiencies found with bill 513-31*

The April 5, 2012 Governor's message transmitting bill 435-31 that lapsed into law, he wisely pointed out that "Based upon prior experience, we already know that multiple negotiations do nothing more than cause needless delay in an already lengthy negotiations process". Recent outcomes seem to validate his statement. Despite the numerous bills and legislative interference, the negotiating committee has done a great job by negotiating a participating contract for the Government of Guam guaranteeing a return if the insurer's Medical Loss ratio is below eighty-five percent (85%). This guarantees fairness in rates regardless of the amounts charged.

Senator Cruz and members of the committee, the solution to the procurement of Health Insurance benefits for GovGuam is to leave the process alone, repeal all prior legislative actions affecting the process, and allow the agency in charge, with the assistance of professional consultants, to procure services and benefits on behalf of GovGuam employees and retirees. More legislative bills introduced solely on the basis of the political "flavor of the moment" are designed to destroy the integrity of the procurement process, are not for the benefit of the employees and retirees of the Government of Guam, and serve no purpose.

Additionally, the bill does not provide for professional consulting services to the Government of Guam, which is currently being provided by a reputable and nationally recognized healthcare consulting company. GovGuam will be without the assistance of healthcare professionals to evaluate the offerings or bids for employees and retirees in the acquisition of health insurance services.

The Honorable Benjamin J.F. Cruz

April 15, 2013

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And finally, the FEHB program, often referenced in the bill, was passed into law in 1959, and since that time only three (3) legislative amendments have been made since its inception some 52 years ago. Evidently, the FEHB program is a great acknowledgment and testimony for leaving the Government procurement process alone and allows the designated government agencies in charge to procure the services accordingly.

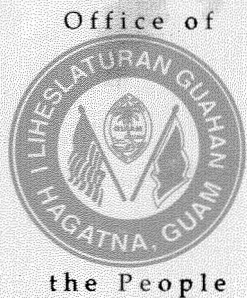
In conclusion, Senator Cruz and members of the committee, what real benefits will bill 81-32 bring to the employees and retirees of the Government of Guam that were not already promised in the numerous bills previously introduced? More importantly, what is the true intent of the numerous Bills introduced on this subject by Senator Pangelinan? We thank you for the opportunity to provide our comments, and a Dankulu na Si Yu'us Maase.

Respectfully,



Frank J. Campillo  
Health Plan Administrator  
Calvo's SelectCare

Cc: Committee members



# I Mina'trentai Dos na Liheslaturan Guahan

Senator Vicente (ben) Cabrera Pangelinan (D)

April 15, 2103

Honorable Benjamin J. Cruz  
Chairman  
Committee on Government Operations and Cultural Affairs  
*I Mina'trentai Dos na Liheslaturan Guahan*  
155 Hesler St.  
Hagatna, Guam

Re: Sponsor Statement for Bill No. 81-32 (COR)

Hafa Adai Vice Speaker Cruz,

Bill 81-32 (COR) seeks to simplify the way the government of Guam procures health insurance, reduce opportunities for protests; offer more choices to government of Guam employees and retirees; increase competition and help reduce the out of pocket expense to the government employees, retirees and their families.

The basic concept of the government health insurance procurement in Bill 81-32 (COR) is a process where all bidders offer standard benefits and only price, service and network of doctors and dentists will be different.

Bill No. 81-32 (COR) sets a cap on premiums that is lower than current premiums. Only qualified bidders, who have a license to do business on Guam, are eligible to submit a bid. Each bidder will bring their respective fiscal year 2014 bids to a sealed bid opening. Any bidder whose bid is lower than the premium cap of \$68.36 million will automatically be accepted as a health insurance provider.

The bill also contains provisions that allow employees and retirees to receive money to use in a Health Savings Account and Health Reimbursement Account to help alleviate paying the large deductibles required with the current plans.

Bill 81-32 (COR) contributes \$750 for single and \$1500 for 2-party and Family Plan to help offset the burden of paying such a high deductible. It provides the money to the employee and retiree up front. It is pro employee, pro retiree and pro-family.

*Si Yu'os Ma'ase,*

Vicente (ben) Cabrera Pangelinan  
Senator

Chairman  
Committee on Appropriations,  
Public Debt, Legal Affairs,  
Retirement, Public Parks,  
Recreation, Historic Preservation  
and Land

Member  
Committee on Education,  
Public Libraries  
and Women's Affairs

Member  
Committee on General  
Government Operations and  
Cultural Affairs

Member  
Committee on Municipal  
Affairs, Tourism, Housing and  
Hagåtña Restoration and  
Development Authority

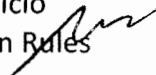
Member  
Committee on Health &  
Human Services, Health  
Insurance Reform, Economic  
Development and Senior  
Citizens

Member  
Committee on Aviation, Ground  
Transportation, Regulatory  
Concerns and Future  
Generations



April 22, 2013

The Honorable Judith T. Won Pat  
Speaker  
*I Mina' Trentai Unu Na Liheslaturan Guåhan*  
32<sup>nd</sup> Guam Legislature  
155 Hesler Place  
Hagåtña, Guam 96910

VIA: The Honorable Rory J Respicio  
Chairperson, Committee on Rules 

RE: Committee Report on Bill No. 81-32 (COR), As Substituted by the Committee on General Government Operations and Cultural Affairs.

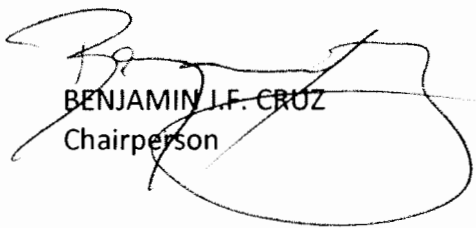
Dear Speaker Won Pat:


Transmitted herewith is the Report of Committee on General Government Operations and Cultural Affairs on Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.

Committee votes are as follows:

- 7 TO DO PASS
- \_\_\_ TO NOT PASS
- 5 TO REPORT OUT ONLY
- \_\_\_ TO ABSTAIN
- \_\_\_ TO PLACE IN INACTIVE FILE

Sincerely,

  
BENJAMIN J.F. CRUZ  
Chairperson

2013 APR 22 AM 10:23 



## **COMMITTEE REPORT**

### **Bill No. 81-32 (COR)**

**As Substituted by the Committee on General  
Government Operations and Cultural Affairs**

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F.  
Cruz - An act to provide health insurance to  
government of Guam employees and retirees for  
Fiscal Year 2014.**



April 22, 2013

**MEMORANDUM**

**TO: All Members**

**FROM: Vice Speaker Benjamin J.F. Cruz  
Committee on General Government Operations and Cultural Affairs**

**SUBJECT: Committee Report on Bill No. 81-32 (COR) As Substituted by the Committee on  
General Government Operations and Cultural Affairs.**

Transmitted herewith for your consideration is the Committee Report on Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.

This report includes the following:

- Committee Vote Sheet
- Committee Report Digest
- Copy of Bill No. 81-32 (COR) As Introduced
- Copy of Bill No. 81-32 (COR), As Substituted
- Public Hearing Sign-in Sheet
- Copies of Submitted Testimony & Supporting Documents
- COR Referral of Bill No. 81-32 (COR)
- Fiscal Note Requirement
- Notices of Public Hearing
- Public Hearing Agenda
- Related News Reports

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

  
BENJAMIN J.F. CRUZ  
Chairperson



**COMMITTEE VOTING SHEET**

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.**

COMMITTEE MEMBERS	SIGNATURE	TO DO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN	TO PLACE IN INACTIVE FILE
CRUZ, BENJAMIN J.F. Chairperson		✓ 4/22/13				
MUÑA BARNES, TINA ROSE Vice-Chairperson				✓		
WON PAT, JUDITH T. Speaker and Ex-Officio Member		✓ 4/22/13				
ADA, THOMAS C. Member		✓				
PANGELINAN, C. VICENTE Member		✓				
RESPICIO, RORY J. Member		✓ 4/22/13				
RODRIGUEZ, DENNIS G. JR. Member				✓		
SAN NICOLAS, MICHAEL, F.Q. Member		✓ 4/22/13				
AGUON, Jr., FRANK B. Member		✓ 4/22/13				
ADA, V. ANTHONY Member				4/22/13 ✓		
Morrison, Thomas Member						
McCreadie, Brant Member				4/22/13 ✓		
YAMASHITA, ALINE Member				4/22/13 ✓		





## **Committee Report Digest**

### **I. OVERVIEW**

The Committee on General Government Operations and Cultural Affairs convened a public hearing on Monday, April 15, 2013 at 10:00 a.m. in the Public Hearing Room of *I Liheslatura*. Among the items on the agenda was the consideration was Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.

### **Public Notice Requirements**

All legal requirements for public notices were met, with requests for publication sent to all media and all Senators on April 8, 2013, and April 10, 2013 via email. Copies of the hearing notices are appended to the report.

### **Senators Present**

Vice Speaker Benjamin J.F. Cruz  
Senator Rory J. Respicio  
Senator Michael F.Q. San Nicolas  
Senator Thomas Ada  
Senator Michael Limtiaco  
Senator Brant McCreadie  
Senator Thomas Morrison  
Senator Frank Aguon

The public hearing was called to order at 10:05 a.m.

### **II. SUMMARY OF TESTIMONY AND DISCUSSION**

**Vice Speaker Benjamin J.F Cruz** announced Bill No. 81-32 (COR) then called individuals to testify.

**Shane Nauta, Acting Personal Services Administrator at the Department of Administration**, stated that DOA is in opposition to Bill No. 81-32 (COR), but that written testimony is not available and the Director will get it them within the week.

**Phil Tydingco, Office of the Attorney General**, stated that he is not at the public hearing to take a



position. Mr. Tydingco stated that Bill 81-32 (COR) is similar to Bill No. 513-31 (COR) introduced by Sen. Pangelinan in the 31st Guam Legislature. Mr. Tydingco stated that they been having ongoing meetings with Senator Pangelinan and legal issues have been addressed in Bill No. 81-32 (COR) versus the previous issues in Bill 513-31.

Mr. Tydingco stated that the AG's Office recommendations:

- Recommended that the Legislature consider adding an "expedited procurement protest procedure" concerning group health insurance for government employees and retirees because currently it takes six months to two years for a protest. Recommended adopt the same language as the AG has made for similar procurement type situations in P.L. 31-012;
- Should reference existing group health insurance law for government employees and retirees found in 4 GCA §§4301-4302.4. For example, provisions concerning participation by all branches of government, or a decision by a branch of government not to participate; and provisions requiring certain services or coverage;
- The term "proposals" or "proposal" should be changed to "bid" throughout the bill. Other phrases or terms should be consistent throughout;
- Bill 81-32 (COR) eliminates attorney/client privilege but this should be retained in event that there is a protest of the bill. AG's office will provide the language. Currently, the language is so broad that it would eliminate/hinder the opportunity to represent the entity in the event of a protest;
- There should be an allowance for additional services covered or mandates in the Affordable Care Act;
- Revisions that address procurement processes, the AG is reviewing and will provide language for recommendations. Retain the current health negotiating team, also allow for enhancements.

**Senator Cruz** read a sponsor statement provided by Senator Pangelinan into the record. Senator Cruz stated that "Bill 81-32 (COR) seeks to simplify the way the government of Guam procures health insurance, reduce opportunities for protests; offer more choices to government of Guam employees



and retirees; increase competition and help reduce the out of pocket expense to government employees, retirees and their families. The bill also contains provisions that allow employees and retirees to receive money to use in a Health Savings Account and Health Reimbursement Account to help alleviate paying the large deductibles required with the current plans. Bill 81-32 (COR) contributes \$750 for single and \$1500 for 2-party and Family Plan to help offset the burden of paying such a high deductible. It provides the money to the employee and retiree up front. It is pro employee, pro retiree and pro-family.”

**Frank Campillo, Calvo’s SelectCare**, provided oral comments on written testimony as requested by Senator Brant McCreadie in opposition to Bill No. 81-32 (COR).

**Senator McCreadie** asked Mr. Campillo to expand on the assertion from the Calvo’s SelectCare written testimony that states “Let us not forget that a number of carriers abandoned the GovGuam program.”

**Mr. Campillo, Calvo’s SelectCare**, stated that most insurance companies have abandoned the GovGuam health insurance market because of the volatility of the market. Mr. Campillo stated that Bill 81-32 (COR) will create volatility in the market; it is currently very stable and provides reasonable rates and that one can no longer overcharge in today’s marketplace.

**Senator McCreadie** made a point that now companies are interested in getting back into the market and asked if it is more of a positive market for insurance companies now versus ten years ago?

**Mr. Campillo, Calvo’s SelectCare**, stated that fifteen bills have been introduced and have not improved the process for the GovGuam RFP since 2009. Mr. Campillo questioned the “wisdom” of these proposals.

**Senator McCreadie** stated that according to the written testimony from Calvo’s SelectCare “The Guam Legislature made the people of Guam spend money on a study concerning Health Insurance benefits for GovGuam, which was conducted by Lewis and Ellis.”

**Mr. Campillo, Calvo’s SelectCare**, stated that GovGuam may have allocated about \$500,000 to conduct a study on the feasibility of multiple insurance carriers serving the GovGuam market and that the government of Guam may be better served by one insurance carrier. Mr. Campillo claimed that there is a significant amount of review for the GovGuam Request for Proposal. Mr. Campillo stated that carriers will submit a bid that will be below \$68 million. However, when you put all companies



together, he does not see how the budget will be limited to \$68 million dollars.

**Senator San Nicolas** stated that more competition provides more choices to consumers. Senator San Nicolas questioned the “volatility and higher risk” when more than one insurance company offers their services to employer groups.

**Mr. Campillo, Calvo’s SelectCare**, stated that he tries not to be a part of multiple offerings with other employer groups, but he stated that Calvo’s SelectCare is currently participating in servicing other employer groups with multiple offerors.

**Senator San Nicolas** prefers offering choice to consumers with choices that fit best with their unique circumstances. Senator San Nicolas requested that Calvo’s SelectCare address that further.

**Mr. Campillo, Calvo’s SelectCare**, stated they do not oppose competition, but that adverse selection affected GovGuam in the past. Mr. Campillo stated “Be careful what you ask for today, you currently have a program that is consistent, internal satisfaction survey shows that there is high satisfaction with GovGuam members.”

**Senator Aguon** questioned why SelectCare does not encourage competition even though they claim that most of the GovGuam members are satisfied with the services they are providing. Senator Aguon stated that the lack of competition goes against the grain of giving GovGuam employees options.

**Mr. Campillo, Calvo’s SelectCare**, restated that they are not opposed to competition then referenced the dental insurance company (Guardian Life) that walked away from GovGuam. Mr. Campillo stated that many carriers under price themselves out of the market.

**Senator Thomas Ada** asked why competition in the federal government is effective, but why it would not work for the government of Guam.

**Mr. Campillo, Calvo’s SelectCare**, said the federal government seems to work with the carriers a little better and that the average single premium payment is \$450 so the fed’s work with carriers and tell them that the rates are “too low,” which takes the volatility away.



**Senator Mike Limtiaco** asked if volatility is removed due to a larger subscriber pool.

**Mr. Campillo, Calvo's SelectCare**, said there is a significantly larger subscriber pool with OPM.

**Senator Mike Limtiaco** asked if there are loopholes that insurance companies may use to not rebate money.

**Mr. Campillo, Calvo's SelectCare**, said that this does occur on Guam and that it is well documented.

**Senator Limtiaco** asked if it is possible to pad a bid

**Mr. Campillo, Calvo's SelectCare**, stated that he could not specifically discuss whether an insurance company would pad a bid, but he said they would have better leverage.

**Senator Respicio** said we've seen in one year that the cost of health insurance when up in \$23 million and then the following year it decreased by about \$8 million due to the medical loss ratio, but a question remains about whether \$9 million should have been rebated to the government of Guam. Senator Respicio asked how an expedited procurement process would work.

**Phil Tydingco, Office of the Attorney General**, stated that protests would have shorter timelines and would make the decision final at the OPA level. AG Tydingco stated that the legal issues of the previous bill have been address in Bill 81. Reasserted expedited procurement process to negate protest problems lasting up to two years that hamper the availability of health insurance for governmental employees.

**Senator Cruz** stated that the standard operating procedure should be issued prior to the IFB. Senator Cruz stated that the SOP drafted was grossly inefficient and that they need to be rewritten. Asked how many are in the Federal government pool on Guam.

**Mr. Campillo, Calvo's SelectCare**, stated 8,500 federal employees and that number is about the same as government of Guam employees.

**Senator Cruz** asked if that number is larger or smaller than GovGuam.

**Mr. Campillo, Calvo's SelectCare**, stated that it is about the same number.



Senator Cruz stated that essentially we are dealing with similar pools on Guam.

**Mr. Campillo, Calvo's SelectCare**, stated that what he was trying to illustrate in the written testimony is that the federal government provides actual rates that are more reflective of the risks.

**Senator Cruz** made the point that TakeCare retained a "significant number" of its members in the last OPM enrollment because of the "positive feelings" that the members had with their carriers. Senator Cruz asked when competition is good and when it is bad.

**Mr. Campillo, Calvo's SelectCare**, stated it is bad when the government of Guam employees are left holding the bag without any coverage and that is bad when the process is not as orderly as the federal government. Mr. Campillo said individually each company will get below \$68 million, but they will not meet that number together.

**Senator Cruz** thanked members of the panel for their comments then asserted that the record will be open for ten days so that residents may submit their testimonies.

### **III. FINDINGS AND RECOMMENDATION**

The Committee on General Government Operations and Cultural Affairs to which was referred "Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014." hereby submits these findings to *I Mina' Trentai Unu na Liheslaturan Guåhan* and reports out Bill No. 81-32 (COR) with a recommendation TO **PASS.**

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN  
2013 (FIRST) REGULAR SESSION

Bill No. 81-32 (COR)

Introduced by:

V.C. Pangelinan  
B.J.F. Cruz

2013 APR - 5 PM 12:44

**AN ACT TO PROVIDE HEALTH INSURANCE TO  
GOVERNMENT OF GUAM EMPLOYEES AND  
RETIREES FOR FISCAL YEAR 2014**

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

1       **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
2 finds that the FY2013 Government of Guam Health Insurance Program  
3 (“GHIP”) procurement is being perpetually continued with the existing  
4 insurance company at FY2012 rates due to protests and the subsequent  
5 cancellation of Procurement No. DOA/HRD-RFP-GHI-13-001. A reissuance  
6 of another Request for Proposal (“RFP”) under identical rules, or in the  
7 absence of more particular rules, requires a longer protracted process that  
8 will prolong the non-competitive perpetual continuation with the existing  
9 insurance company at FY2012 rates.

10       *I Liheslaturan Guåhan* finds that the initial protest filed in the  
11 FY2013 GHIP procurement by TakeCare Insurance occurred on August 8,  
12 2012. On August 10, the Director of Administration solicited an extension of  
13 the current GHIP contract at the current premiums with Calvo’s Selectcare  
14 for up to twelve (12) months citing the guaranteed renewability provisions in  
15 the Health Insurance Portability and Accountability Act (“HIPAA”) for  
16 employers. Calvo’s Selectcare responded affirmatively to the request on  
17 August 16, 2012 and coverage has been extended to cover October 2012 at

1 the current rates. Over One (1) month after its initial filing, the TakeCare  
2 Insurance (“TakeCare”) protest was accepted by the Government of Guam  
3 Negotiations Team (“GGNT”) which required the cancellation and re-  
4 solicitation of the FY2013 GHIP contract.

5 The basis for the decision of the Negotiating Team to cancel this  
6 solicitation was 1) the failure of the government to follow the General  
7 Procedures set out in the Request For Proposals DOA/HRD-RFP-GHI-13-  
8 001, beginning at page 17, Section III; more specifically, the failure of the  
9 government to determine both the responsiveness of proposals and the  
10 qualification of proposals during Phase I of the Proposal Evaluation and  
11 Negotiation Procedure, as required by the Request for Proposals; and 2) the  
12 release of a draft copy of the Evaluation Memorandum to only two offerors,  
13 to the detriment of other offerors.

14 *I Liheslaturan Guåhan* further finds that on September 19, 2012,  
15 Calvo’s SelectCare filed an appeal in protest of the cancellation of  
16 DOA/HRD-RFP-GHI-13-001, stating that the GGNT did not provide  
17 sufficient evidence to support its decision to cancel the RFP that was in the  
18 best interest of the Territory. Hearings for the appeal were delayed in  
19 November, January and now are cancelled due to the passing of six (6)  
20 months of Fiscal Year 2013. The cancellation effectively has forced the  
21 Government of Guam and its employees to overpay insurance premiums for  
22 the third consecutive year. *I Liheslaturan Guåhan* finds that invoking the  
23 HIPAA guaranteed renewability provision was costly and inefficient and is  
24 not the preferred method of securing insurance for the employees and  
25 retirees of the GHIP.

26 *I Liheslaturan Guåhan* finds that the FY2013 GHIP Procurement No.  
27 DOA/HRD-RFP-GHI-13-001 resulted in very competitive proposals from



1 Island Home Insurance (“Staywell”), SelectCare, TakeCare and Aetna  
2 International Insurance, represented by Netcare Life and Health Insurance  
3 (“Netcare”).

4 All proposals would have more than likely resulted in the government  
5 and its employees and retirees realizing a significant reduction in premiums  
6 compared to the FY 2013 rates and would have allowed Government of  
7 Guam employees and retirees the right to choose from more than one (1)  
8 insurance option.

9 *I Liheslaturan Guåhan* finds that the most recent medical and dental  
10 claims submitted by Calvo’s Selectcare to *I Liheslaturan Guåhan* on  
11 February 14, 2013 contain all paid claims between October 1, 2011 and  
12 February 14, 2012 or sixteen (16) months of actual data for the FY2012  
13 contract. The Office of Finance and Budget (“OFB”) performed an analysis  
14 of the submitted data using insurance industry standard underwriting tools  
15 and concluded that the GHIP is projected to overpay premiums by  
16 approximately Five Million Dollars (\$5,000,000.00) above the cost of  
17 services provided for the second year in a row according to Participating  
18 Experience Contract standards.

19 *I Liheslaturan Guåhan* finds that the actual loss ratio for FY2011  
20 equaled sixty percent (60%) and the projected loss ratio for FY2012 is  
21 seventy percent (77%). Both loss ratios are well below the eighty-five  
22 percent (85%) threshold required in the Section 2718 provision of the  
23 PPACA.

24 *I Liheslaturan Guåhan* finds that the Government of Guam is not in a  
25 position where it can afford to continue to overpay annual medical and  
26 dental premiums in excess of Five Million Dollars (\$5,000,000.00) a year.  
27 This takes income out of government employees and retirees pockets every

1 pay period creating hardship for families as well as presenting unnecessary  
2 financial burden on the government.

3 *I Liheslaturan Guåhan* finds that the optimal approach for the GHIP  
4 to purchase coverage for its eligible employees and retirees is to use health  
5 insurance underwriting rating tools and the historical claims data to develop  
6 the required projected premiums for the GHIP at an eighty five percent  
7 (85%) loss ratio.

8 *I Liheslaturan Guåhan* finds that upon the direction of *I Liheslaturan*  
9 *Guåhan*, the OFB utilized health insurance industry standard methodologies  
10 and tools with the most recent twelve months of claims data and trended the  
11 data for twenty four (24) months which resulted in total required premiums  
12 of Sixty Eight Million Three Hundred Sixty One Thousand Seventy Four  
13 Dollars (\$68,361,074.00) for the existing medical and dental plans for  
14 FY2014.

15 *I Liheslaturan Guåhan* finds that the projected required premium for  
16 FY2014 results in a savings of approximately Five Million Eighty Six  
17 Thousand One Hundred Thirty Nine Dollars (\$5,086,139.00) when  
18 compared to the current FY2013 contract.

19 *I Liheslaturan Guåhan* further finds that Government of Guam  
20 employees and retirees desire competition in the GHIP in order to provide a  
21 choice of health insurance and lower premiums resulting from said  
22 competition. On August 22, 2012 a roundtable discussion was held to  
23 discuss the procurement of medical and dental insurance with members of *I*  
24 *Liheslaturan Guåhan*, Staywell, TakeCare, Netcare and Calvo's Selectcare.  
25 The discussion focused in depth on the procurement process used for the  
26 Federal Employees Health Benefits Plans ("FEHB"). Both TakeCare and  
27 Calvo's Selectcare discussed the ease of the FEHB process with respect to

1 submitting annual pricing proposals for covering federal employees and  
2 annuitants.

3 *I Liheslaturan Guåhan* finds that the FEHB procurement resembles a  
4 sealed invitation for bid process where pricing proposals are submitted by  
5 each eligible offeror and accepted unconditionally if no objectionable  
6 pricing assumptions or obvious data errors are detected by the Office of  
7 Personnel Management contract specialists and its actuaries. The basis of  
8 choice available to federal employees is determined by the price and  
9 perceived quality of the product and service offered by each vendor. This  
10 type of arrangement promotes maximum competition resulting in the best  
11 price and products for the FEHB.

12 Dr. Robert E. Moffit, a senior fellow in domestic and economic policy  
13 studies at the Heritage Foundation who specializes in health care cites the  
14 FEHB program as “historically achieving superior performance in cost  
15 control” by incorporating “fundamental market principles of real consumer  
16 choice, genuine competition, and light and reasonable regulation,” the result  
17 of which is “to deliver high quality health care and high levels of consumer  
18 satisfaction.”

19 *I Liheslaturan Guåhan* finds that the resulting financial burden placed  
20 upon the Government of Guam and its employees and retirees caused by the  
21 no bid extension of the FY2012 GHIP benefits and rates is unacceptable and  
22 requires *I Liheslaturan Guåhan* to intercede by introducing a solution that 1)  
23 lowers the current cost of the GHIP contract; 2) provides multiple choices of  
24 insurance providers and 3) does not present opportunities to continue to  
25 delay the GHIP procurement through protests.

1            *I Liheslaturan Guåhan* further finds that an invitation for bid that  
2 requires all bidders to submit its best and final offer at a sealed bid opening  
3 is the most prudent and best method to award GHIP contracts for FY2014.

4            *I Liheslaturan Guåhan* finds that the FEHB uses a similar process to  
5 the solution presented and *I Liheslaturan Guåhan* is committed to  
6 implementing fundamental market principles of real consumer choice,  
7 genuine competition, and light and reasonable regulation as means to an  
8 expedient and market driven procurement of medical and dental insurance in  
9 FY2014.

10           Three of the four offerors to the FY 2013 GHIP RFP, SelectCare,  
11 TakeCare and Aetna International Insurance are all qualified and currently  
12 provide insurance to the FEHB program. The fourth offeror is a company  
13 approved by the Office of the Insurance and Banking Commission of the  
14 Department of Revenue and Taxation as a company in good standing with  
15 the necessary financial resources to provide insurance coverage to private  
16 companies on Guam.

17           *I Liheslaturan Guåhan* finds that the FEHB program implements the  
18 highest standard of scrutiny on health insurance providers to ensure that its  
19 employee and annuitants are protected. *I Liheslaturan Guåhan* finds that  
20 any company currently providing insurance to the FEHB program is well  
21 vetted by the professionals within the federal government's Office of  
22 Personnel Management and is qualified to provide insurance to the  
23 government of Guam and its employees and retirees.

24           **Section 2. Invitation for Bid for the Government of Guam's**  
25 **Group Health Insurance Program for Fiscal Year 2014.** Notwithstanding  
26 any other provision of law, the procurement of medical and dental insurance  
27 for government of Guam employees and retirees for Fiscal Year 2014

1 (“FY2014”) shall conform to the competitive sealed bidding procedures set  
2 forth in this Act.

3 (A) The Chief Procurement Officer of the Government of  
4 Guam (“CPO”), as defined by 5 G.C.A. §§ 5030(c) and 5110, shall  
5 serve as Chairperson of the Government of Guam Health Insurance  
6 Negotiating Team (“GGNT”). The CPO, on behalf of the GGNT,  
7 shall issue an invitation for bid (“IFB”) for medical and dental  
8 insurance for Government of Guam employees and retirees no later  
9 than May 23, 2013 for FY2014. The GGNT membership of the CPO  
10 shall be non-voting and the Director of the Department of  
11 Administration shall remain a voting member.

12 (B) Any previous procurement solicitations for the GHIP  
13 FY2014 medical and dental insurance, prior to enactment of this Act  
14 are hereby cancelled as of the enactment of this Act and shall not be  
15 reissued except by IFB pursuant to the provisions of this Act.

16 (C) All actions related to the IFB shall occur in meetings  
17 announced by the CPO and must comply with the Open Government  
18 Law of Guam. For purposes of this Act, all meetings of the GGNT  
19 shall be deemed special meetings of a public agency for which notice  
20 shall be provided pursuant to 5 G.C.A. § 8107(b); and which shall be  
21 open meetings pursuant to 5 G.C.A. § 8103. A recording shall be  
22 made of all meetings of the GGNT which shall be further documented  
23 by public minutes compiled by the Department of Administration.  
24 The electronic recording and public minutes shall comply with the  
25 provisions outlined in 5 G.C.A. § 8113.1. No actions related to the  
26 IFB shall be considered privileged, including legal advice provided to  
27 the GGNT or CPO. Nothing in this Act shall prevent the Office of the

1 Attorney General from representing the government of Guam in any  
2 court or Office of Public Accountability proceedings related to the FY  
3 2014 GHIP procurement. The IFB for FY2014 shall:

4 (1) solicit medical and dental insurance for the period  
5 starting October 1, 2013 and ending September 30, 2014;

6 (2) be announced in publications of general circulation  
7 in Guam and in top publications nationally and in leading  
8 publications internationally; and

9 (3) require all responses to the IFB by prospective  
10 bidders be submitted at a predetermined meeting date and time,  
11 no more than twenty-three (23) calendar days, after the initial  
12 publication of the solicitation of the IFB. If the twenty-third day  
13 falls on a Saturday, Sunday, or legal holiday the meeting shall  
14 be held on the next business day. At the same meeting, the bids  
15 will be unsealed by the CPO in the presence of a quorum of the  
16 GGNT and the names of all bidders and the amounts of their  
17 bids shall be entered in the minutes. The GGNT shall  
18 unconditionally accept all bids and award a contract to all  
19 bidders that meet the requirements in Section 5 of this Act.

20 (4) A quorum for purposes of this act shall be seven  
21 (7) total members who may be voting or non-voting.

22 **Section 3. Invitation for Bid Requirements.** Notwithstanding any  
23 other provision of Guam procurement law, the procurement of medical and  
24 dental insurance for Government of Guam employees and retirees for  
25 FY2014 shall conform to the requirements set forth in this Section.

26 (A) The Medical and Dental plans offered by all bidders shall  
27 provide the same benefits and levels of coverage consistent with the

1 Schedules of Benefits previously defined in Exhibit R of Procurement  
2 No. DOA/HR-RFP-GHI-13-001 inclusive of the Wellness Benefit that  
3 meets the requirements outlined in Exhibit 2 of this Act. Bidders may  
4 opt to cover items that are listed as exclusions in Exhibit R of  
5 Procurement No. DOA/HRD-RFP-GHI-13-001. A formal request to  
6 cover any excluded items shall be included as part of the sealed bid  
7 and are subject to the approval of the GGNT.

8 (B) The medical and dental plans shall use the following  
9 subscriber tiers and weighting of premiums:

- |    |                                     |     |
|----|-------------------------------------|-----|
| 10 | (1) Employee/Retiree Only           | 1.0 |
| 11 | (2) Employee/Retiree and Spouse     | 2.2 |
| 12 | (3) Employee/Retiree and Child(ren) | 1.8 |
| 13 | (4) Employee/Retiree and Family     | 3.0 |

14 (C) The monthly government contribution for the medical  
15 and dental plans shall be applied uniformly to all bidders awarded a  
16 contract and shall equal the following amount by tier by plan by  
17 subscriber. If any plan's monthly government contribution in any tier  
18 exceeds the total monthly premium for said tier then the monthly  
19 government contribution shall decrease for said tier such that the  
20 government contribution for said tier equals the total monthly  
21 premium.

- |    |                           |                  |          |
|----|---------------------------|------------------|----------|
| 22 | (1) Employee/Retiree Only |                  |          |
| 23 | i. HSA2000                | Active           | \$131.83 |
| 24 | ii. 1500 Deductible       | Active           | \$200.79 |
| 25 | iii. HSA/HRA2000          | Retiree          | \$343.34 |
| 26 | iv. 1500 Deductible       | Retiree          | \$623.78 |
| 27 | v. Dental                 | Active & Retiree | \$17.73  |

1	(2)	Employee/Retiree and Spouse		
2		i. HSA2000	Active	\$210.94
3		ii. 1500 Deductible	Active	\$390.85
4		iii. HSA/HRA2000	Retiree	\$676.25
5		iv. 1500 Deductible	Retiree	\$1321.45
6		v. Dental	Active & Retiree	\$21.12
7	(3)	Employee/Retiree and Child(ren)		
8		i. HSA2000	Active	\$172.58
9		ii. 1500 Deductible	Active	\$319.80
10		iii. HSA/HRA2000	Retiree	\$553.29
11		iv. 1500 Deductible	Retiree	\$1,081.20
12		v. Dental	Active & Retiree	\$17.29
13	(4)	Employee/Retiree and Family		
14		i. HSA2000	Active	\$287.64
15		ii. 1500 Deductible	Active	\$532.99
16		iii. HSA/HRA2000	Retiree	\$922.12
17		iv. 1500 Deductible	Retiree	\$1801.99
18		v. Dental	Active & Retiree	\$28.80

19 (D) The total monthly premium rates for retirees for all plans  
20 shall equal exactly 2.5x the premium rates of Active employees.

21 (E) The total monthly premiums of the 1500 Deductible plan  
22 shall equal exactly 2x the premium rates of the HSA2000 and  
23 HRA2000 plan.

24 (F) The Government shall contribute Seven Hundred Fifty  
25 Dollars (\$750.00) to single subscribers [tier] and One Thousand Five  
26 Hundred Dollars (\$1,500.00) for all other subscribers [tiers] who elect  
27 the HSA2000 plan provided the subscriber has a Health Savings



1 Account pursuant to 26 U.S.C. Section 223(d), as amended. The  
2 government shall distribute the contribution amount to eligible Health  
3 Savings Accounts in two equal installments with a pay date Thirty  
4 (30) days after the start of the plan year and a pay date One Hundred  
5 Eighty (180) days after the start of the plan year.

6 (G) The government shall contribute Seven Hundred Fifty  
7 Dollars (\$750.00) to single subscribers [tier] and One Thousand Five  
8 Hundred Dollars (\$1,500.00) for all other subscribers [tiers] who elect  
9 the HRA2000 plan provided that the subscriber has a Health  
10 Reimbursement Arrangement Plan pursuant to Sections 105 and 106  
11 of the Internal Revenue Service Code and as defined in IRS Notice  
12 2002-45. The government shall distribute the contribution amount to  
13 eligible HRA accounts in two equal installments with a pay date  
14 Thirty (30) days after the start of the plan year and a pay date One  
15 Hundred Eighty (180) days after the start of the plan year.

16 (H) The calculation of medical and dental premiums in  
17 Section 5(D) of this Act shall use the January 2013 enrollment data  
18 submitted as an official message to *I Liheslaturan Guåhan* registered  
19 as document 32GL-13-123. The SC2000 plan shall be the equivalent  
20 of the HSA2000/HRA2000 and the SC1500 plan shall be the  
21 equivalent of the 1500 Deductible for the purposes of calculating  
22 premiums in the IFB.

23 (I) The Group Health Insurance Agreements (Contracts) for  
24 the HSA2000/HRA2000, 1500 Deductible and Dental plans shall be  
25 exactly the same as the FY2012 Contracts with revisions deemed, by  
26 the GGNT, in the best interest of the government, its employees and  
27 retirees for all successful bidders with the exception of a separate

1 Article for each offeror's medical and dental premium rates submitted  
2 as part of bid process outlined in Section 2(C)(3) of this Act. A  
3 written report of the revisions deemed in the best interest of the  
4 government by the GGNT shall include the justification for such  
5 changes and shall be submitted by the GGNT to the Speaker of *I*  
6 *Liheslaturan Guåhan* no later than when the Contracts are finalized.  
7 The Contracts shall be finalized by the AGO *no later than* May 15,  
8 2013 and included in the IFB. The contract shall include a one page  
9 addendum for bidders that agree to submit to a Participating  
10 Experience Contract that requires eighty six percent (86%) of  
11 premiums to be spent on medical and dental claims pursuant to  
12 Section 5(F).

13 (J) The IFB package shall, at the minimum, contain the  
14 following information:

15 (1) Copy of a uniform contract to be executed by all  
16 prospective offerors who participate in the provision of medical  
17 and dental insurance to the government;

18 (2) Electronic Microsoft Excel files containing the  
19 GHIP Claims data for the period October 1, 2010 to March 31,  
20 2013 provided to the Department of Administration and Office  
21 of Finance and Budget pursuant to 4GCA, Chapter 4, §4302(g);

22 (3) Schedule of Benefits of the dental and medical  
23 plans previously identified as Exhibit R of Procurement No.  
24 DOA/HRD-RFP-GHI-13-001 inclusive of the wellness benefit  
25 that meets the requirements outlined in Exhibit 2; and

26 (4) The Microsoft Excel template "Exhibit 1 –  
27 Required Premium Calculation" for the calculation of the

1 premium by prospective offerors. Exhibit 1 of this Act shall be  
2 the template included in the IFB.

3 (5) No bid bond shall be required.

4 (K) The financial solvency of all bidders shall be subject to  
5 the review of the Office of Banking and Insurance Commissioner  
6 (Commissioner), with the exception of those companies who have  
7 already been deemed financially sound by the Commissioner in July  
8 2012, as part of Procurement No. DOA/HRD-RFP-GHI-13-001.

9 (L) Offerors awarded a contract *shall* file the health  
10 insurance policy with the Commissioner at least fifteen (15) days prior  
11 to the policy's effective date and pay the applicable fees.

12 **Section 4. Authorization to Establish Health Reimbursement**  
13 **Arrangement Plan for Eligible Retirees and Dependents.** It is the intent  
14 of *I Liheslaturan Guåhan* for the government of Guam to provide Health  
15 Reimbursement Arrangement (HRA) Plans to eligible retirees and  
16 dependents who do not qualify for a Health Savings Account (HSA). The  
17 government of Guam *shall* offer a plan (HRA2000) with the same benefits  
18 as the HSA2000 and a Health Reimbursement Arrangement (HRA) for the  
19 benefit of its retirees and dependents who are not eligible for a Health  
20 Savings Account. Eligibility criteria is as follows:

21 (A) Retirees who are enrolled in Medicare, or

22 (B) Retirees who are covered by another non-High  
23 Deductible High Premium (HDHP) health plan, or

24 (C) Retirees who are otherwise not eligible for a Health  
25 Savings Account (HSA).

26 **Section 5. Invitation for Bid Responsiveness.** Notwithstanding any  
27 other provision of Guam procurement law, for the purposes of procuring

1 health insurance for government of Guam employees and retirees in FY  
2 2014, a responsive bidder shall mean a bidder conforming to the  
3 requirements set forth in this section:

4 (A) All bidders shall provide a copy of a current Certificate  
5 of Authority issued by the Commissioner at the time of bid  
6 submission.

7 (B) In the event any risks for health is reinsured or  
8 transferred by the bidder to a reinsurance company, the reinsurer that  
9 assumes the risk shall also provide a copy of a current Certificate of  
10 Authority to transact reinsurance business on Guam.

11 (C) All bidders, to include agents, reinsurers and  
12 underwriters, must submit a copy of a current Guam business license.

13 (D) The total annual medical and dental premium calculation  
14 of the bid shall not exceed Sixty Eight Million Three Hundred Sixty  
15 One Thousand Seventy Four Dollars (\$68,361,074.00) for all carriers  
16 for twelve months. The premium calculation shall be derived by  
17 multiplying the total number of subscribers by twelve by the  
18 equivalent submitted plan rates. Exhibit 1 of this Act shall be used to  
19 calculate the premiums and identify whether the rates conform to the  
20 requirements in Section 3(B), (D) and (E). In the event all the bids  
21 exceed the amount specified in this subsection, then the solicitation  
22 shall be cancelled.

23 (E) All bidders shall submit signed Contracts for the  
24 HSA2000/HRA2000, 1500 Deductible and Dental plans as part of its  
25 submitted sealed bid package.

26 (F) Bidder shall declare whether it agrees to a Participating  
27 Experience Contract that requires eighty six percent (86%) of

1 premiums to be spent on medical and dental claims. Bidders not  
2 agreeing to a Participating Experience Contract shall by default be  
3 required to reconcile premiums and claims pursuant to PPACA  
4 Section 2718 MLR standards.

5 **Section 6. Inquiries of Prospective Offerors.** All prospective  
6 offerors shall submit in writing all inquiries relating to the interpretation and  
7 technical details of the IFB at a pre-bid conference meeting no more than  
8 eleven (11) calendar days after the IFB issuance. If the eleventh day falls on  
9 a Saturday, Sunday, or legal holiday the meeting shall be held on the next  
10 business day.

11 At the same meeting, the inquiries will be received by the CPO in the  
12 presence of a quorum of the GGNT. To the maximum extent practicable, all  
13 inquiries will be answered by the CPO and members of the GGNT at the  
14 meeting. In the event the CPO is unable to provide an answer to an inquiry  
15 at the meeting, the GGNT shall respond within seven (7) calendar days of  
16 the meeting. Copies of all inquiries and responses shall be delivered to all  
17 prospective offerors. All written determinations allowable under Guam  
18 procurement law shall be made by the GGNT.

19 **Section 7. Binding Offer.** After bid opening, a bidder may not change  
20 the price or any other provision of the bid in a manner prejudicial to the  
21 interests of the governmental body or fair competition. An award on the bid  
22 is a binding contract with terms and conditions that do not vary from the  
23 terms and conditions of the invitation and addenda.

24 **Section 8. Non-Exclusive Awards.** Notwithstanding any other  
25 provision of law, the award(s) resulting from the solicitation provided for in  
26 this Act shall be non-exclusive award(s) for health insurance coverage for  
27 qualified active employees and qualified retirees of the Government of

1 Guam, who shall have a choice of one of the insurers receiving an award for  
2 FY 2014 for health insurance.

3 **Section 9. Duties of GGNT.** Notwithstanding any other provision of  
4 law, for the FY 2014 GHIP procurement, the GGNT shall not develop a  
5 ranking system to rank the proposals or rank said proposals.

6 **Section 10. Severability.** If any provisions of this Act or the  
7 application thereof to any person or circumstance is held invalid, such  
8 invalidity *shall* not affect any other provision or application of this Act  
9 which can be given effect without the invalid provision or application, and to  
10 this end the provisions of this Act are severable.

***I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN***  
**2013 (FIRST) REGULAR SESSION**

**Bill No. 81-32 (COR)**

As Substituted by the Committee on General  
Government Operations and Cultural Affairs.

Introduced by:

V.C. Pangelinan  
B.J.F Cruz

**AN ACT TO PROVIDE HEALTH INSURANCE TO  
GOVERNMENT OF GUAM EMPLOYEES AND  
RETIREES FOR FISCAL YEAR 2014**

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

1       **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
2 finds that the FY2013 Government of Guam Health Insurance Program  
3 (“GHIP”) procurement is being perpetually continued with the existing  
4 insurance company at FY2012 rates due to protests and the subsequent  
5 cancellation of Procurement No. DOA/HRD-RFP-GHI-13-001. A reissuance  
6 of another Request for Proposal (“RFP”) under identical rules, or in the  
7 absence of more particular rules, requires a longer protracted process that  
8 will prolong the non-competitive perpetual continuation with the existing  
9 insurance company at FY2012 rates.

10       *I Liheslaturan Guåhan* finds that the initial protest filed in the  
11 FY2013 GHIP procurement by TakeCare Insurance occurred on August 8,  
12 2012. On August 10, the Director of Administration solicited an extension of  
13 the current GHIP contract at the current premiums with Calvo’s SelectCare  
14 for up to twelve (12) months citing the guaranteed renewability provisions in  
15 the Health Insurance Portability and Accountability Act (“HIPAA”) for  
16 employers. Calvo’s SelectCare responded affirmatively to the request on

1 August 16, 2012 and coverage has been extended to cover October 2012 at  
2 the current rates. Over One (1) month after its initial filing, the TakeCare  
3 Insurance (“TakeCare”) protest was accepted by the Government of Guam  
4 Negotiations Team (“GGNT”) which required the cancellation and re-  
5 solicitation of the FY2013 GHIP contract.

6 The basis for the decision of the Negotiating Team to cancel this  
7 solicitation was 1) the failure of the government to follow the General  
8 Procedures set out in the Request For Proposals DOA/HRD-RFP-GHI-13-  
9 001, beginning at page 17, Section III; more specifically, the failure of the  
10 government to determine both the responsiveness of proposals and the  
11 qualification of proposals during Phase I of the Proposal Evaluation and  
12 Negotiation Procedure, as required by the Request for Proposals; and 2) the  
13 release of a draft copy of the Evaluation Memorandum to only two offerors,  
14 to the detriment of other offerors.

15 *I Liheslaturan Guåhan* further finds that on September 19, 2012,  
16 Calvo’s SelectCare filed an appeal in protest of the cancellation of  
17 DOA/HRD-RFP-GHI-13-001, stating that the GGNT did not provide  
18 sufficient evidence to support its decision to cancel the RFP that was in the  
19 best interest of the Territory. Hearings for the appeal were delayed in  
20 November, January and now are cancelled due to the passing of six (6)  
21 months of Fiscal Year 2013. The cancellation effectively has forced the  
22 Government of Guam and its employees to overpay insurance premiums for  
23 the third consecutive year. *I Liheslaturan Guåhan* finds that invoking the  
24 HIPAA guaranteed renewability provision was costly and inefficient and is  
25 not the preferred method of securing insurance for the employees and  
26 retirees of the GHIP.



1            *I Liheslaturan Guåhan* finds that the FY2013 GHIP Procurement No.  
2 DOA/HRD-RFP-GHI-13-001 resulted in very competitive proposals from  
3 Island Home Insurance (“Staywell”), SelectCare, TakeCare and Aetna  
4 International Insurance, represented by Netcare Life and Health Insurance  
5 (“Netcare”).

6            All proposals would have more than likely resulted in the government  
7 and its employees and retirees realizing a significant reduction in premiums  
8 compared to the FY 2013 rates and would have allowed Government of  
9 Guam employees and retirees the right to choose from more than one (1)  
10 insurance option.

11           *I Liheslaturan Guåhan* finds that the most recent medical and dental  
12 claims submitted by Calvo’s SelectCare to *I Liheslaturan Guåhan* on  
13 February 14, 2013 contain all paid claims between October 1, 2011 and  
14 February 14, 2012 or sixteen (16) months of actual data for the FY2012  
15 contract. The Office of Finance and Budget (“OFB”) performed an analysis  
16 of the submitted data using insurance industry standard underwriting tools  
17 and concluded that the GHIP is projected to overpay premiums by  
18 approximately Five Million Dollars (\$5,000,000.00) above the cost of  
19 services provided for the second year in a row according to Participating  
20 Experience Contract standards.

21           *I Liheslaturan Guåhan* finds that the actual loss ratio for FY2011  
22 equaled sixty percent (60%) and the projected loss ratio for FY2012 is  
23 seventy percent (77%). Both loss ratios are well below the eighty-five  
24 percent (85%) threshold required in the Section 2718 provision of the  
25 PPACA.

26           *I Liheslaturan Guåhan* finds that the Government of Guam is not in a  
27 position where it can afford to continue to overpay annual medical and

1 dental premiums in excess of Five Million Dollars (\$5,000,000.00) a year.  
2 This takes income out of government employees and retirees pockets every  
3 pay period creating hardship for families as well as presenting unnecessary  
4 financial burden on the government.

5 *I Liheslaturan Guåhan* finds that the optimal approach for the GHIP  
6 to purchase coverage for its eligible employees and retirees is to use health  
7 insurance underwriting rating tools and the historical claims data to develop  
8 the required projected premiums for the GHIP at an eighty five percent  
9 (85%) loss ratio.

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11 *Guåhan*, the OFB utilized health insurance industry standard methodologies  
12 and tools with the most recent twelve months of claims data and trended the  
13 data for twenty four (24) months which resulted in total required premiums  
14 of Sixty Eight Million Nine Hundred Eighty Eight Thousand One Dollars  
15 (\$68,988,001.00) for the existing medical and dental plans for FY2014.

16 *I Liheslaturan Guåhan* finds that the projected required premium for  
17 FY2014 results in a savings of approximately Five Million Four Hundred  
18 Fifty Nine Thousand Seven Hundred Fifty Seven Dollars (\$5,459,757.00)  
19 when compared to the current FY2013 contract.

20 *I Liheslaturan Guåhan* further finds that Government of Guam  
21 employees and retirees desire competition in the GHIP in order to provide a  
22 choice of health insurance and lower premiums resulting from said  
23 competition. On August 22, 2012 a roundtable discussion was held to  
24 discuss the procurement of medical and dental insurance with members of *I*  
25 *Liheslaturan Guåhan*, Staywell, TakeCare, Netcare and Calvo's SelectCare.  
26 The discussion focused in depth on the procurement process used for the  
27 Federal Employees Health Benefits Plans ("FEHB"). Both TakeCare and

1 Calvo’s SelectCare discussed the ease of the FEHB process with respect to  
2 submitting annual pricing proposals for covering federal employees and  
3 annuitants.

4 *I Liheslaturan Guåhan* finds that the FEHB procurement resembles a  
5 sealed invitation for bid process where pricing proposals are submitted by  
6 each eligible offeror and accepted unconditionally if no objectionable  
7 pricing assumptions or obvious data errors are detected by the Office of  
8 Personnel Management contract specialists and its actuaries. The basis of  
9 choice available to federal employees is determined by the price and  
10 perceived quality of the product and service offered by each vendor. This  
11 type of arrangement promotes maximum competition resulting in the best  
12 price and products for the FEHB.

13 Dr. Robert E. Moffit, a senior fellow in domestic and economic policy  
14 studies at the Heritage Foundation who specializes in health care cites the  
15 FEHB program as “historically achieving superior performance in cost  
16 control” by incorporating “fundamental market principles of real consumer  
17 choice, genuine competition, and light and reasonable regulation,” the result  
18 of which is “to deliver high quality health care and high levels of consumer  
19 satisfaction.”

20 *I Liheslaturan Guåhan* finds that the resulting financial burden placed  
21 upon the Government of Guam and its employees and retirees caused by the  
22 no bid extension of the FY2012 GHIP benefits and rates is unacceptable and  
23 requires *I Liheslaturan Guåhan* to intercede by introducing a solution that 1)  
24 lowers the current cost of the GHIP contract; 2) provides multiple choices of  
25 insurance providers and 3) does not present opportunities to continue to  
26 delay the GHIP procurement through protests.

1            *I Liheslaturan Guåhan* further finds that an invitation for bid that  
2 requires all bidders to submit its best and final offer at a sealed bid opening  
3 is the most prudent and best method to award GHIP contracts for FY2014.

4            *I Liheslaturan Guåhan* finds that the FEHB uses a similar process to  
5 the solution presented and *I Liheslaturan Guåhan* is committed to  
6 implementing fundamental market principles of real consumer choice,  
7 genuine competition, and light and reasonable regulation as means to an  
8 expedient and market driven procurement of medical and dental insurance in  
9 FY2014.

10           Three of the four offerors to the FY 2013 GHIP RFP, SelectCare,  
11 TakeCare and Aetna International Insurance are all qualified and currently  
12 provide insurance to the FEHB program. The fourth offeror is a company  
13 approved by the Office of the Insurance and Banking Commission of the  
14 Department of Revenue and Taxation as a company in good standing with  
15 the necessary financial resources to provide insurance coverage to private  
16 companies on Guam.

17           *I Liheslaturan Guåhan* finds that the FEHB program implements the  
18 highest standard of scrutiny on health insurance providers to ensure that its  
19 employee and annuitants are protected. *I Liheslaturan Guåhan* finds that  
20 any company currently providing insurance to the FEHB program is well  
21 vetted by the professionals within the federal government's Office of  
22 Personnel Management and is qualified to provide insurance to the  
23 government of Guam and its employees and retirees.

24           **Section 2. Invitation for Bid for the Government of Guam's**  
25 **Group Health Insurance Program for Fiscal Year 2014.** Notwithstanding  
26 any other provision of law, the procurement of medical and dental insurance  
27 for government of Guam employees and retirees for Fiscal Year 2014

1 (“FY2014”) shall conform to the competitive sealed bidding procedures set  
2 forth in this Act. Provisions of Title 4, Guam Code Annotated, Chapter 4,  
3 Article 3 and Title 5, Guam Code Annotated, Chapter 5 not inconsistent  
4 herewith are applicable to achieve the purposes of Sections 2 through  
5 Section 10.

6 (A) The Chief Procurement Officer of the Government of  
7 Guam (“CPO”), as defined by 5 G.C.A. §§ 5030(c) and 5110, shall  
8 serve as Chairperson of the Government of Guam Health Insurance  
9 Negotiating Team (“GGNT”). The CPO, on behalf of the GGNT,  
10 shall issue an invitation for bid (“IFB”) for medical and dental  
11 insurance for Government of Guam employees and retirees no later  
12 than May 23, 2013 for FY2014. The GGNT membership of the CPO  
13 shall be non-voting and the Director of the Department of  
14 Administration shall remain a voting member.

15 (B) Any previous procurement solicitations for the GHIP  
16 FY2014 medical and dental insurance, prior to enactment of this Act  
17 are hereby cancelled as of the enactment of this Act and shall not be  
18 reissued except by IFB pursuant to the provisions of this Act.

19 (C) All actions related to the IFB shall occur in meetings  
20 announced by the CPO and must comply with the Open Government  
21 Law of Guam. For purposes of this Act, all meetings of the GGNT  
22 shall be deemed special meetings of a public agency for which notice  
23 shall be provided one time, at least 48 hours prior to the start of such  
24 meeting, and in all other respects consistent with 5 G.C.A. § 8107(b);  
25 and which shall be open meetings pursuant to 5 G.C.A. § 8103. A  
26 recording shall be made of all meetings of the GGNT which shall be  
27 further documented by public minutes compiled by the Department of

1 Administration. The electronic recording and public minutes shall  
2 comply with the provisions outlined in 5 G.C.A. § 8113.1. Except as  
3 stated herein, no actions related to the IFB shall be considered  
4 privileged, including legal advice provided to the GGNT or CPO.  
5 Nothing in this Act shall prevent the Office of the Attorney General  
6 from representing the government of Guam in any court or Office of  
7 Public Accountability proceedings related to the FY 2014 GHIP  
8 procurement. The attorney-client privilege between the Office of the  
9 Attorney General and the Government of Guam Negotiating Team is  
10 retained and shall be asserted in the event of a procurement protest or  
11 appeal, or in the event of any other legal action that is commenced  
12 concerning the solicitation of medical and dental insurance for FY  
13 2014. The IFB for FY2014 shall:

14 (1) solicit medical and dental insurance for the period  
15 starting October 1, 2013 and ending September 30, 2014;

16 (2) be announced in publications of general circulation  
17 in Guam and in top publications nationally and in leading  
18 publications internationally; and

19 (3) require all responses to the IFB by prospective  
20 bidders be submitted at a predetermined meeting date and time,  
21 no more than twenty-three (23) calendar days, after the initial  
22 publication of the solicitation of the IFB. If the twenty-third day  
23 falls on a Saturday, Sunday, or legal holiday the meeting shall  
24 be held on the next business day. At the same meeting, the bids  
25 will be unsealed by the CPO in the presence of a quorum of the  
26 GGNT and the names of all bidders and the amounts of their  
27 bids shall be entered in the minutes. The GGNT shall accept all

1 bids and award a contract to all bidders that meet the  
2 requirements in Section 5 of this Act.

3 (4) A quorum for purposes of this act shall be seven  
4 (7) total members who may be voting or non-voting.

5 **Section 3. Invitation for Bid Requirements.** Notwithstanding any  
6 other provision of Guam procurement law, the procurement of medical and  
7 dental insurance for Government of Guam employees and retirees for  
8 FY2014 shall conform to the requirements set forth in this Section.

9 (A) The Medical and Dental plans offered by all bidders shall  
10 provide the same benefits and levels of coverage consistent with the  
11 Schedules of Benefits previously defined in Exhibit R of Procurement  
12 No. DOA/HR-RFP-GHI-13-001, as modified to be in compliance with  
13 the provisions of the Patient Protection and Affordable Care Act  
14 applicable to Guam and inclusive of the Wellness Benefit that meets  
15 the requirements outlined in Exhibit 2 of this Act. Bidders may opt to  
16 cover items that are listed as exclusions in Exhibit R of Procurement  
17 No. DOA/HRD-RFP-GHI-13-001. A formal request to cover any  
18 excluded items shall be included as part of the sealed bid and are  
19 subject to the approval of the GGNT.

20 (B) The medical and dental plans shall use the following  
21 subscriber tiers and weighting of premiums:

- |    |                                     |     |
|----|-------------------------------------|-----|
| 22 | (1) Employee/Retiree Only           | 1.0 |
| 23 | (2) Employee/Retiree and Spouse     | 2.2 |
| 24 | (3) Employee/Retiree and Child(ren) | 1.8 |
| 25 | (4) Employee/Retiree and Family     | 3.0 |

26 (C) The monthly government contribution for the medical  
27 and dental plans shall be applied uniformly to all bidders awarded a

1 contract and shall equal the following amount by tier by plan by  
2 subscriber. If any plan's monthly government contribution in any tier  
3 exceeds the total monthly premium for said tier then the monthly  
4 government contribution shall decrease for said tier such that the  
5 government contribution for said tier equals the total monthly  
6 premium.

7 (1) Employee/Retiree Only

8	i. HSA/HRA2000	Active	\$119.97
9	ii. 1500 Deductible	Active	\$172.67
10	iii. HSA/HRA2000	Retiree	\$312.44
11	iv. 1500 Deductible	Retiree	\$586.77
12	v. Dental	Active & Retiree	\$16.13

13 (2) Employee/Retiree and Spouse

14	i. HSA/HRA2000	Active	\$191.96
15	ii. 1500 Deductible	Active	\$336.11
16	iii. HSA/HRA2000	Retiree	\$615.39
17	iv. 1500 Deductible	Retiree	\$1,245.02
18	v. Dental	Active & Retiree	\$19.22

19 (3) Employee/Retiree and Child(ren)

20	i. HSA/HRA2000	Active	\$157.05
21	ii. 1500 Deductible	Active	\$275.01
22	iii. HSA/HRA2000	Retiree	\$503.49
23	iv. 1500 Deductible	Retiree	\$1,019.03
24	v. Dental	Active & Retiree	\$15.73

25 (4) Employee/Retiree and Family

26	i. HSA/HRA 2000	Active	\$261.75
27	ii. 1500 Deductible	Active	\$458.34



iii. HSA/HRA2000	Retiree	\$839.13
iv. 1500 Deductible	Retiree	\$1,698.04
v. Dental	Active & Retiree	\$26.21

(D) The total monthly premium rates for retirees for all plans shall equal exactly 2.5x the premium rates of Active employees.

(E) The total monthly premiums of the 1500 Deductible plan shall equal exactly 2x the premium rates of the HSA2000 and HRA2000 plan.

(F) The Government shall contribute Seven Hundred Fifty Dollars (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars (\$1,500.00) for all other subscribers [tiers] who elect the HSA2000 plan provided the subscriber has a Health Savings Account pursuant to 26 U.S.C. Section 223(d), as amended. The government shall distribute the contribution amount to eligible Health Savings Accounts in two equal installments with a pay date Thirty (30) days after the start of the plan year and a pay date One Hundred Eighty (180) days after the start of the plan year.

(G) The government shall contribute Seven Hundred Fifty Dollars (\$750.00) to single subscribers [tier] and One Thousand Five Hundred Dollars (\$1,500.00) for all other subscribers [tiers] who elect the HRA2000 plan provided that the subscriber has a Health Reimbursement Arrangement Plan pursuant to Sections 105 and 106 of the Internal Revenue Service Code and as defined in IRS Notice 2002-45. The government shall distribute the contribution amount to eligible HRA accounts in two equal installments with a pay date Thirty (30) days after the start of the plan year and a pay date One Hundred Eighty (180) days after the start of the plan year.

1           (H) The calculation of medical and dental premiums in  
2 Section 5(D) of this Act shall use the January 2013 enrollment data  
3 submitted as an official message to *I Liheslaturan Guåhan* registered  
4 as document *32GL-13-0123*. The HSA2000 plan shall be the  
5 equivalent of the HSA2000/HRA2000 and the SC1500 plan shall be  
6 the equivalent of the 1500 Deductible for the purposes of calculating  
7 premiums in the IFB.

8           (I) The Group Health Insurance Agreements (Contracts) for  
9 the HSA2000/HRA2000, 1500 Deductible and Dental plans shall be  
10 exactly the same as the FY2012 Contracts with revisions deemed, by  
11 the GGNT, in the best interest of the government, its employees and  
12 retirees for all successful bidders with the exception of a separate  
13 Article for each bidder's medical and dental premium rates submitted  
14 as part of bid process outlined in Section 2(C)(3) of this Act. A  
15 written report of the revisions deemed in the best interest of the  
16 government by the GGNT shall include the justification for such  
17 changes and shall be submitted by the GGNT to the Speaker of *I*  
18 *Liheslaturan Guåhan* no later than when the Contracts are finalized.  
19 The Contracts shall be finalized by the AGO *no later than* fifteen (15)  
20 working days after the provisions of this Act become law and  
21 included in the IFB. The contract shall include a one page addendum  
22 for bidders that agree to submit to a Participating Experience Contract  
23 that requires eighty six percent (86%) of premiums to be spent on  
24 medical and dental claims pursuant to Section 5(F).

25           (J) The IFB package shall, at the minimum, contain the  
26 following information:

1 (1) Copy of a uniform contract to be executed by all  
2 prospective bidders who participate in the provision of medical  
3 and dental insurance to the government;

4 (2) Electronic Microsoft Excel files containing the  
5 GHIP Claims data for the period October 1, 2010 to March 31,  
6 2013 provided to the Department of Administration and Office  
7 of Finance and Budget pursuant to 4GCA, Chapter 4, §4302(g);

8 (3) Schedule of Benefits of the dental and medical  
9 plans previously identified as Exhibit R of Procurement No.  
10 DOA/HRD-RFP-GHI-13-001, as modified to be in compliance  
11 with the provisions of the Patient Protection and Affordable  
12 Care Act applicable to Guam and inclusive of the wellness  
13 benefit that meets the requirements outlined in Exhibit 2; and

14 (4) The Microsoft Excel template “Exhibit 1 –  
15 Required Premium Calculation” for the calculation of the  
16 premium by prospective bidders. Exhibit 1 of this Act shall be  
17 the template included in the IFB.

18 (5) No bid bond shall be required.

19 (K) The financial solvency of all bidders shall be subject to  
20 the review of the Office of Banking and Insurance Commissioner  
21 (Commissioner).

22 (L) Bidders awarded a contract *shall* file the health insurance  
23 policy with the Commissioner at least fifteen (15) days prior to the  
24 policy's effective date and pay the applicable fees.

25 **Section 4. Authorization to Establish Health Reimbursement**  
26 **Arrangement Plan for Eligible Actives, Retirees and Dependents.** It is  
27 the intent of *I Liheslaturan Guåhan* for the government of Guam to provide

1 Health Reimbursement Arrangement (HRA) Plans to eligible actives,  
2 retirees and dependents who do not qualify for a Health Savings Account  
3 (HSA). The government of Guam *shall* offer a plan (HRA2000) with the  
4 same benefits as the HSA2000 and a Health Reimbursement Arrangement  
5 (HRA) for the benefit of its actives, retirees and dependents that are not  
6 eligible for a Health Savings Account due to enrollment in Medicare.

7 **Section 5. Invitation for Bid Responsiveness.** Notwithstanding any  
8 other provision of Guam procurement law, for the purposes of procuring  
9 health insurance for government of Guam employees and retirees in FY  
10 2014, a responsive bidder shall mean a bidder conforming to the  
11 requirements set forth in this section:

12 (A) All bidders shall provide a copy of a current Certificate  
13 of Authority issued by the Commissioner at the time of bid  
14 submission.

15 (B) In the event any risks for health is reinsured or  
16 transferred by the bidder to a reinsurance company, the reinsurer that  
17 assumes the risk shall also provide a copy of a current Certificate of  
18 Authority to transact reinsurance business on Guam.

19 (C) All bidders, to include agents, reinsurers and  
20 underwriters, must submit a copy of a current Guam business license.

21 (D) The total annual medical and dental premium calculation  
22 of the bid shall not exceed Sixty Eight Million Nine Hundred Eighty  
23 Eight Thousand One Dollars (\$68,988,001.00) for all carriers for  
24 twelve months. The premium calculation shall be derived by  
25 multiplying the total number of subscribers by twelve by the  
26 equivalent submitted plan rates. Exhibit 1 of this Act shall be used to  
27 calculate the premiums and identify whether the rates conform to the

1 requirements in Section 3(B), (D) and (E). In the event all the bids  
2 exceed the amount specified in this subsection, then the solicitation  
3 shall be cancelled.

4 (E) All bidders shall submit signed Contracts for the  
5 HSA2000/HRA2000, 1500 Deductible and Dental plans as part of its  
6 submitted sealed bid package.

7 (F) Bidder shall declare whether it agrees to a Participating  
8 Experience Contract that requires eighty six percent (86%) of  
9 premiums to be spent on medical and dental claims. Bidders not  
10 agreeing to a Participating Experience Contract shall by default be  
11 required to reconcile premiums and claims pursuant to PPACA  
12 Section 2718 MLR standards.

13 **Section 6. Bid Submittal.** All bids shall be submitted to the General  
14 Services Agency and shall be maintained by the General Services Agency  
15 throughout the solicitation consistent with the provisions of Title 5, Chapter  
16 5 Guam Code Annotated not inconsistent herewith, established policies of  
17 the General Services Agency and with instructions to be provided in the  
18 Invitation For Bids and Section 2(C)(3) of this Act.

19 **Section 7. Inquiries of Prospective Bidders.** All prospective bidders  
20 shall submit in writing all inquiries relating to the interpretation and  
21 technical details of the IFB at a pre-bid conference meeting no more than  
22 eleven (11) calendar days after the IFB issuance. If the eleventh day falls on  
23 a Saturday, Sunday, or legal holiday the meeting shall be held on the next  
24 business day.

25 At the same meeting, the written inquiries will be received by the  
26 CPO in the presence of a quorum of the GGNT. To the maximum extent  
27 practicable, all written inquiries will be reviewed by the CPO and members

1 of the GGNT at the meeting to assure that the inquiry is understood. All  
2 written inquiries shall be responded to in writing by the CPO, with input  
3 from the GGNT, within seven (7) calendar days of the meeting. Copies of all  
4 written inquiries and written responses shall be delivered to all prospective  
5 bidders. All written determinations allowable under Guam procurement law  
6 shall be made by the GGNT.

7 **Section 8. Binding Bid.** After bid opening, a bidder may not change  
8 the price or any other provision of the bid. An award on the bid is a binding  
9 contract with terms and conditions that do not vary from the terms and  
10 conditions of the contract, the Invitation For Bids and any addenda.

11 **Section 9. Non-Exclusive Awards.** Notwithstanding any other  
12 provision of law, the award(s) resulting from the solicitation provided for in  
13 this Act shall be non-exclusive award(s) for health insurance coverage for  
14 qualified active employees and qualified retirees of the Government of  
15 Guam, who shall have a choice of one of the insurers receiving an award for  
16 FY 2014 for health insurance.

17 **Section 10. Duties of GGNT.** Notwithstanding any other provision  
18 of law, for the FY 2014 GHIP procurement, the GGNT shall not develop a  
19 ranking system to rank the bids or rank said bids.

20 **Section 11. Expedited Protest Process.** Notwithstanding any other  
21 provision of law and any rules promulgated therefore, *if* an actual or non-  
22 selected bidder is aggrieved by the solicitation of or an award or a contract  
23 for medical and dental insurance for government employees and retirees for  
24 FY 2014 the procedure for the protest outlined in this Section *shall* apply,  
25 and *shall* be the exclusive means available to resolve the concerns of persons  
26 aggrieved in connection with awards or solicitations, in whole or in part.

1 The protest *shall* be submitted to the Public Auditor who may settle and  
2 resolve a protest by one (1) or more of the following means:

3 (A) amending or canceling the solicitation;

4 (B) terminating the contract that was awarded;

5 (C) declaring the contract null and void from the time of its  
6 award; *or*

7 (D) affirming the contract award decision.

8 If the protest is *not* resolved by mutual agreement, the Public Auditor  
9 *shall* issue a decision, in writing, within *no more than* ten (10) working days  
10 of receipt of the protest. The decision *shall* state the reasons taken. A copy  
11 of the written decision *shall* be mailed, using certified mail, *or* otherwise  
12 furnished to the bidder who initiated the protest, the person awarded the  
13 contract, and to all other non-selected bidders.

14 For purposes of this Section, the determination of facts and decision  
15 by the Public Auditor for the resolution of protests *shall* be final and  
16 conclusive with *no* right of appeal *or* judicial review. The fact that a protest  
17 has been filed pursuant to this Section *shall not* stay the procurement process  
18 or award any contract for medical and dental insurance for government  
19 employees and retirees for FY 2014, whether in whole or in part, *unless* so  
20 ordered by the Public Auditor. A request for reconsideration *shall also not*  
21 stay the award of any contract, whether in whole or in part, *unless* so ordered  
22 by the Public Auditor.

23 **Section 12. Severability.** If any provisions of this Act or the  
24 application thereof to any person or circumstance is held invalid, such  
25 invalidity *shall* not affect any other provision or application of this Act  
26 which can be given effect without the invalid provision or application, and to  
27 this end the provisions of this Act are severable.

# Exhibit 1 - Required Premium Calculation Government of Guam Health Insurance Program FY 2014

Instructions: Enter single rate for HSA/HRA2000 Plan in cell [K13] and single rate for Dental in cell [K24]

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
FY MONTH		FY2013 January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[1]	MEDICAL	6,682	984	1,741	1,825	11,232	21,868
[2]	HSA2000	2,735	279	586	666	4,266	7,895
[3]	ACTIVE	1,918	187	546	608	3,259	6,562
[4]	RETIREE	817	92	40	58	1,007	1,333
[5]	SC1500	3,947	705	1,155	1,159	6,966	13,973
[6]	ACTIVE	2,171	323	985	978	4,457	10,239
[7]	RETIREE	1,776	382	170	181	2,509	3,734

[J]	[K]	[L]	[M]	[N]
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
MEDICAL				
HSA/HRA2000				
A	\$128.00	\$281.60	\$230.40	\$384.00
R	\$320.00	\$704.00	\$576.00	\$960.00
1500 DEDUCTIBLE				
A	\$256.00	\$563.20	\$460.80	\$768.00
R	\$668.50	\$1,470.70	\$1,203.30	\$2,005.50

FY MONTH		FY2013 January					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[8]	DENTAL	5,283	689	1,622	1,670	9,264	18,922

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
DENTAL	\$29.00	\$63.80	\$52.20	\$87.00

### PROJECTED MEDICAL & DENTAL PREMIUM

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY	TOTAL	
[29]	MEDICAL					
[30]	HSA/HRA2000					
[31]	ACTIVE	\$2,946,048	\$631,910	\$1,509,581	\$2,801,664	\$7,889,203
[32]	RETIREE	\$3,137,280	\$777,216	\$276,480	\$668,160	\$4,859,136
[33]	1500 DEDUCTIBLE					
[34]	ACTIVE	\$6,669,312	\$2,182,963	\$5,446,656	\$9,013,248	\$23,312,179
[35]	RETIREE	\$14,247,072	\$6,741,689	\$2,454,732	\$4,355,946	\$27,799,439
[36]	TOTAL MEDICAL	\$26,999,712	\$10,333,778	\$9,687,449	\$16,839,018	\$63,859,957
[38]	TOTAL DENTAL	\$1,838,484	\$527,498	\$1,016,021	\$1,743,480	\$5,125,483
[40]	TOTAL MEDICAL & DENTAL	\$28,838,196	\$10,861,277	\$10,703,470	\$18,582,498	\$68,985,440

Premiums Below IFB Required Level. Bid is Responsive



## Exhibit 2

**WELLNESS & FITNESS BENEFIT must include at least the following:**

- A) Cardiovascular Training;
- B) Resistance and Strength Training;
- C) Flexibility Training conducted by certified personal trainers;
- D) Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
- E) Monthly Nutrition Classes by certified nutritionists;
- F) Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
- G) Have the capacity to service large number of subscribers with fitness attendants available at all times to assist subscribers with Cardia Vascular Machines, Circuit Weight Machines, and Free Weight Areas;
- H) Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
- I) Provide child care services to subscribers utilizing wellness program facilities;
- J) Hours of operation Monday through Sunday, except for holidays and special events.
- K) Free utilization of any gym facilities per member/per dependent per the plan year as an integral part of the wellness benefit.

**EXHIBIT R**

FY12 Plan Design Details

## Schedule of Benefits

<b>Important information about your coverage</b>	<b>When you go to PARTICIPATING Providers after Deductible is met</b>	<b>When you go to NON-PARTICIPATING Providers after Deductible is met</b>
<b>Deductible Per Individual Member</b>	\$1,500	\$3,000
<b>Deductible Per Family</b> The entire family deductible amount of \$4,500 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$4,500	\$9,000
<b>Coverage Maximums</b> Individual member annual maximum	\$750,000	
<b>Out-of-Pocket Maximums (Including deductible)</b>		
• Per Individual member per policy year	\$3,000	No Maximum
• Per Family per policy year	\$9,000	No Maximum
<b>Any Services In The Philippines, Hawaii &amp; the U.S. Mainland</b> (Pre-Certification Required)	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

<b>Your Benefits</b>	<b>Deductible does not apply to these benefits when you go to a Participating Provider</b>	<b>PARTICIPATING Providers Deductible does not apply in this benefit</b>	<b>NON-PARTICIPATING Providers after the Deductible is met</b>
<b>Annual Refraction Eye Exam</b> \$50 per member per plan year		\$20 Member Co-Payment Covered in Guam only	Not Covered
<b>Immunizations (Routine)</b> U.S. Public Health schedule of immunizations up to 18 years of age		Plan pays 100%	Plan 70%* Member 30%
<b>Outpatient Physician Care &amp; Services</b>			
1. Primary Care visits		\$20 Member Co-Payment	Plan 70%* Member 30%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 70%* Member 30%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 70%* Member 30%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 70%* Member 30%
5. Hospice Care in Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 70%* Member 30%
7. X-Ray Services		\$20 Member Co-Payment	Plan 70%* Member 30%
8. Injections		\$20 Member Co-Payment	Plan 70%* Member 30%
<b>Prescription Drugs (Including Birth Control Pills)</b> Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
<b>Preventive Services (Routine)</b> Annual Physical Exam includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B)		Plan pays 100%	Not Covered
<b>Well-Baby Care</b> For children up to age two. Maximum 5 visits per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%

<b>Your Benefits</b>	<b>What Calvo's SelectCare covers</b>	<b>PARTICIPATING Providers after Deductible is met</b>	<b>NON-PARTICIPATING Providers after Deductible is met</b>
<b>Acupuncture</b> 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
<b>AIDS Treatment</b> Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
<b>AIRFARE Benefit to Centers of Excellence Only</b> For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
<b>Allergy Testing/Treatment</b> \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Ambulatory Surgi-Center Care</b> (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Blood &amp; Blood Derivatives</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Breast Reconstructive Surgery</b> (In accordance with 1998 W.H.C.R.A)		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Cardiac Surgery</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
<b>Cataract Surgery</b> Includes Lens Implant. Outpatient only		Plan 80% Member 20%	Plan 70%* Member 30%

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met:	NON-PARTICIPATING Providers after Deductible is met:
Chemical Dependency		Plan 80% Member 20%	Plan 70%* Member 30%
Chemotherapy Benefit		Plan 80% Member 20%	Plan 70%* Member 30%
Chiropractic Care 20 visits per member per plan year. Maximum \$25 per visit		Plan 80% Member 20%	Not Covered
Congenital Anomaly Diseases Coverage		Plan 80% Member 20%	Plan 70%* Member 30%
Diagnostic Testing MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
Durable Medical Equipment (DME) Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
Elective Surgery (Pre-Certification Required)		Plan 80% Member 20%	Plan 70%* Member 30%
Emergency Care 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 70%* Member 30%
End Stage Renal Disease/Hemodialysis		Plan 80% Member 20%	Plan 70%* Member 30%
Hearing Aids Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 70%* Member 30%
Hospitalization & Inpatient Benefits 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 70%* Member 30%
Implants Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)		Plan 80% Member 20%	Plan 70%* Member 30%
Inhalation Therapy		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care Pre-natal care and Delivery		Plan 80% Member 20%	Plan 70%* Member 30%
Maternity Care For Non-spouse Dependents Outpatient care only. Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
Mental Health Care		Plan 80% Member 20%	Plan 70%* Member 30%
Nuclear Medicine Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 70%* Member 30%
Orthopedic Conditions Internal and External Prostheses Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 70%* Member 30%
Physical Therapy (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 70%* Member 30%
Radiation Therapy Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 70%* Member 30%
Skilled Nursing Facility Maximum 90 days per member per plan year (subject to pre-approval by Plan)		Plan 80% Member 20%	Plan 70%* Member 30%
Specialty Drugs (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
Sterilization Procedures 1. Tubal Ligation 2. Vasectomy (Outpatient Only)		Plan 80% Member 20%	Plan 70%* Member 30%

Additional Benefits	What Calvo's SelectCare covers		
Wellness & Fitness Benefit 1. Wellness Benefit at SDA Wellness Center (Pre-certification required)	*Refer to attachment	Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 50% of charges thereafter	Not Covered
2. Fitness Benefit • Koribandas Gyms • Paradise Fitness Center		Free access to the Gym for the plan year	

**Off-Island**

\* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

This booklet is designed to provide general information about the Calvo's SelectCare plans offered to Government of Guam employees, retirees and survivors. In the event of a discrepancy between this booklet and the contract, the terms of the contract will prevail.

<b>Important information about your coverage</b>	<b>When you go to PARTICIPATING Providers after Deductible is met</b>	<b>When you go to NON-PARTICIPATING Providers after Deductible is met</b>
<b>Deductible Per Individual Member</b>	\$2,000	\$4,000
<b>Deductible Per Family</b> The entire family deductible amount of \$6,000 must be satisfied by one or more family members before the plan begins to pay for any covered expenses	\$6,000	\$12,000
<b>Coverage Maximums</b> Individual member annual maximum	\$750,000	
<b>Out-of-Pocket Maximums (including deductible)</b>		
• Per individual member per policy year	\$4,000	No Maximum
• Per Family per policy year	\$11,900	No Maximum
<b>Any Services In The Philippines, Hawaii &amp; the U.S. Mainland (Pre-Certification Required)</b>	Requires a Referral from your Doctor and approval in advance from Calvo's SelectCare	

<b>Your Benefits</b>	<b>What Calvo's SelectCare covers</b>	<b>PARTICIPATING Providers after Deductible is met</b>	<b>NON-PARTICIPATING Providers after Deductible is met</b>
<b>Acupuncture</b> 10 visits at \$50 per visit per member per plan year		Plan 80% Member 20%	Not Covered
<b>AIDS Treatment</b> Exclusive of Experimental drugs		Plan 80% Member 20%	Not Covered
<b>AIRFARE Benefit to Centers of Excellence Only</b> For members who meet qualifying conditions, SelectCare provides roundtrip airfare (Plan Approval Required)		Plan pays 100%	Not Covered
<b>Allergy Testing/Treatment</b> \$500 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Ambulatory Surgi-Center Care (Pre-Certification Required)</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Annual Refraction Eye Exam</b> \$50 per member per plan year		\$20 Member Co-Payment Covered In Guam only	Not Covered
<b>Blood &amp; Blood Derivatives</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Breast Reconstructive Surgery</b> (in accordance with 1998 W.H.C.R.A)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Cardiac Surgery</b> \$50,000 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Cataract Surgery</b> Includes Lens Implant, Outpatient only		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chemical Dependency</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chemotherapy Benefit</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Chiropractic Care</b> 20 visits per Plan Year. Maximum \$25 per visit		Plan 80% Member 20%	Not Covered
<b>Congenital Anomaly Diseases Coverage</b>		Plan 80% Member 20%	Not Covered
<b>Diagnostic Testing</b> MRI, CT scan, and other diagnostic procedures. Limited to one test per member per plan year per anatomical region (Pre-Certification Required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Durable Medical Equipment (DME)</b> Purchase or Rental of crutches, walkers, wheelchairs, hospital beds, suction machines, or oxygen and accessories when prescribed by a Physician (Pre-Certification Required)		Plan pays 80% Member pays 20% of the total rental cost or Purchase	Not Covered
<b>Elective Surgery (Pre-Certification Required)</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Emergency Care</b> 1. On/Off Island emergency facility, physician services, laboratory, X-rays 2. Ambulance Services (Ground Transportation Only)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>End Stage Renal Disease/Hemodialysis</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Hearing Aids</b> Maximum \$500 per member per plan year		Plan 80% Member 20%	Not Covered
<b>Hospitalization &amp; Inpatient Benefits</b> 1. Room & Board for a semi-private room, intensive care, coronary care and surgery 2. All other inpatient hospital services including laboratory, x-ray, operating room, anesthesia and medication 3. Physician's hospital services		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Immunizations (Routine)</b> U.S. Public Health schedule of immunizations up to 18 years of age		Plan pays 100%	Plan 50%* Member 50%
<b>Deductible for Participating Providers does not apply for this benefit</b>			

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Your Benefits	What Calvo's SelectCare covers	PARTICIPATING Providers after Deductible is met	NON-PARTICIPATING Providers after Deductible is met
<b>Implants</b> Limited to cardiac pacemakers, heart valves, stents, intraocular lenses, orthopedic internal prosthetic devices (Limitations apply, please refer to contract)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Inhalation Therapy</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Maternity Care</b> Pre-natal care and Delivery		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Maternity Care For Non-spouse Dependents</b> Outpatient care only, Maximum \$500 per member per plan year		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Mental Health Care</b>		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Nuclear Medicine</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Orthopedic Conditions</b> Internal and External Prosthesis Maximum \$50,000 per member per plan year for Chronic Conditions and related services		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Outpatient Physician Care &amp; Services</b>			
1. Primary Care visits		\$20 Member Co-Payment	Plan 50%* Member 50%
2. Specialist Care Visits		\$40 Member Co-Payment	Plan 50%* Member 50%
3. Voluntary Second Surgical Opinion		\$40 Member Co-Payment	Plan 50%* Member 50%
4. Home Health Care Visit		\$40 Member Co-Payment	Plan 50%* Member 50%
5. Hospice Care In Guam only, maximum 180 days at a maximum of \$100 per member per plan year (Pre-Certification required)		\$40 Member Co-Payment	Not Covered
6. Outpatient Laboratory		\$20 Member Co-Payment	Plan 50%* Member 50%
7. X-Ray Services		\$20 Member Co-Payment	Plan 50%* Member 50%
8. Injections		\$20 Member Co-Payment	Plan 50%* Member 50%
<b>Physical Therapy</b> (Pre-Certification required)		Plan pays 80% for the first 20 visits and 50% thereafter	Plan 50%* Member 50%
<b>Preventive Services (Routine)</b> Annual Physical Exam Includes Gynecological Exam, Mammogram and Labs (In accordance with the guidelines established by the U.S. Preventive Services Task Force with a Grade A or B) Deductible for Participating Providers does not apply for this benefit		Plan pays 100%	Not Covered
<b>Prescription Drugs (Including Birth Control Pills)</b> Limited to generics only, unless specified by your doctor			Plan pays 50% of Average Wholesale Price
1. Formulary generic drugs per prescription unit (30 day supply)		\$15 Member Co-Payment	
2. Formulary brand name drugs per prescription unit (30 day supply)		\$30 Member Co-Payment	
3. Mail Order		\$5 Member Co-Payment	
4. Non-Formulary (Pre-Certification and prior approval by plan is required) (30 day supply)		\$30 Member Co-Payment	
<b>Recreation Therapy</b> Maximum \$25,000 per member per plan year (Pre-Certification required)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Skilled Nursing Facility</b> Maximum 60 days per member per plan year (subject to pre-approval by Plan)		Plan 80% Member 20%	Plan 50%* Member 50%
<b>Specialty Drugs</b> (Pre-Certification and prior approval from SelectCare is required)		Plan pays 80% of AWP	Not Covered
<b>Sterilization Procedures</b>			
1. Tubal Ligation		Plan 80% Member 20%	Plan 50%* Member 50%
2. Vasectomy (Outpatient Only)			
<b>Well-Baby Care</b> For children up to age two, Maximum 5 visits per member per plan year Deductible for Participating Providers does not apply for this benefit		Plan 80% Member 20%	Plan 50%* Member 50%

Additional Benefits	What Calvo's SelectCare covers		
<b>Wellness &amp; Fitness Benefit</b> * refer to attachment		Plan pays 80% of the first \$200. Member pays 20% of the first \$200. Plan pays 50% of charges thereafter	
1. Wellness Benefit at SDA Wellness Center (Pre-certification required)			Not Covered
2. Fitness Benefit • Kontades Gym • Paradise Fitness Center		Free access to the Gym for the plan year	

**Off-Island**

\* Eligible Charges for Non-Participating Providers are limited to the lesser of actual charges or Medicare's participating provider fee schedule in the geographic location where the service was rendered, unless otherwise provided in the Agreement. The Covered Person pays any excess above Eligible Charges.

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**WELLNESS & FITNESS BENEFIT must include at least the following:**

1. Cardiovascular Training;
2. Resistance and Strength Training;
3. Flexibility Training conducted by certified personal trainers;
4. Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
5. Monthly Nutrition Classes by certified nutritionists;
6. Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
7. Have the capacity to service a large number of subscribers with fitness attendants available at all times to assist subscribers with Cardio Vascular Machines, Circuit Weight Machines, and Free Weight Areas;
8. Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
9. Provide child care services to subscribers utilizing wellness program facilities;
10. Hours of operation Monday through Sunday, except for holidays and special events.

SENATOR BENJAMIN J.F. CRUZ, VICE SPEAKER  
 Chairman, Committee on General Government Operations  
 and Cultural Affairs  
 Web Address: www.senatorbjcruz.com



IMINA'TRENTAI DOS NA LIHESLATURAN GUAHAN  
 The 32nd Guam Legislature • senator@senatorbjcruz.com  
 155 Hesler Place, Hagatna, Guam 96910  
 Telephone: (671) 477-2520/1 • Fax: (671) 477-2522

**PUBLIC HEARING SIGN-IN SHEET**  
 Monday, April 15, 2013 – 10:00AM  
*I Liheslatura* • Public Hearing Room • Hagatña, Guam

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.**

NAME	AGENCY OR ORGANIZATION	SUPPORT? OPPOSE?	WRITTEN TESTIMONY	ORAL TESTIMONY	PHONE NUMBER	EMAIL ADDRESS
Frank Campillo	Calvo's School	Oppose	X		477-7159	fcampillo@calvo.edu
Shane Ngata	DOK			X	475-1252	shane.ngata@dca.gum.gov
Phil Tydingco	AG O					
NAME	AGENCY OR	SUPPORT?	WRITTEN	ORAL	PHONE	EMAIL ADDRESS





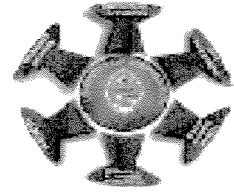
**Eddie Baza Calvo**  
Governor  
**Ray Tenorio**  
Lieutenant Governor

GOVERNMENT OF GUÅHAN  
(GUBETNAMENTON GUÅHAN)

DEPARTMENT OF ADMINISTRATION  
(DIPATTAMENTON ATMENESTRASION)

**DIRECTOR'S OFFICE**

(Ufisinan Direktot)  
Post Office Box 884 \* Hagåtña, Guam 96932  
TEL: (671) 475-1101/1250 \* FAX: (671) 477-6788



**Benita A. Manglona**  
Director  
**Anthony C. Blaz**  
Deputy Director

April 22, 2013

Office of the Vice Speaker  
Senator Benjamin F. Cruz  
Chairman, Committee General Government Operations and Cultural Affairs,  
*I Mina' trentai Dos Na Liheslaturan Guåhan*  
Suite 107  
155 Hessler Street  
Hagatna, Guam 96932

**RE: Testimony on Bill 81-32**

*Buenas Dias and Hafa Adai* Senator Cruz:

Thank you for the opportunity to comment on Bill 81-32 (COR) relative to providing health insurance coverage to government of Guam employees and retirees for Fiscal Year 2014.

Upon reviewing the proposed bill, we sought the assistance of our consultants, Hay Group, who helped us in the formulation of our response. The comments we are providing herewith are not in support of Bill 81-32.

We refute the first paragraph that states that the GHIP procurement is being perpetually continued with the existing insurance company at FY2012 rates. The procurement is being continued through the current plan year and was necessary to continue coverage, and therefore, is not intended to be perpetually continued. The negotiating team has every commitment, through its RFP process to attract carriers in submitting proposals for the upcoming FY2014 benefit year. The team, comprised of statutory members from various government agencies, will aggressively seek the best qualified plan(s) for government of Guam employees, retirees and survivors.

Page 2 beginning on line 20 states that GovGuam has been overpaying insurance premiums for the third consecutive year. The legislative branch has failed to realize that the FY12 rates (which were the result of a successful RFP

process and negotiations) reduced the annual premiums by \$7.5M. Further, as advised by our consultants, GovGuam is fully protected because the current contract has a Participating Agreement in it which requires a full settlement at the end of the contract period. This will mean that total premiums are reduced by total claims paid and the guaranteed retention and any excess would be returned to GovGuam. Thus, GovGuam is protected from any overpayment that might be inherent. In addition, the carrier must rebate amounts in excess of the PPACA minimum loss ratio (MLR) requirements of 85%, further lowering the actual premium charges.

The Bill further states that invoking the HIPAA guaranteed renewability provision is not the preferred method of securing insurance. The Negotiating Team was underway with negotiations and was advised to cease all proceedings in recognition of the protest. The Negotiating Team had little choice but to renew the FY2012 contract by invoking the HIPAA guaranteed renewability provisions, as the alternative would have been to not have **any** health insurance coverage. As a result, this left the Negotiating Team without the ability to renegotiate rates. Had this not been the case, the negotiating team was prepared for aggressive negotiations and would have pursued such. Nevertheless, GovGuam, its employees, retirees and survivors are still protected from any overpayment with the Participating Agreement in place to refund excess premiums.

Page 10 paragraph E states that "the premium for the 1500 plan will be 2x the premium for the 2000 plan." Directing an insurer what rates to charge for each plan is highly irregular to say the least. This will discourage vendors from bidding, and most importantly, there is no law requiring vendors to quote. This is risking the ability of GovGuam to acquire competitive bids and to aggressively go through the negotiations process.

Page 11 paragraph G suggests that subscribers can have Health Reimbursement Arrangement (HRA) plans. The government as employer would have to maintain the HRAs which could not be used for anything but medical benefits. We have been advised by our consultants that Patient-Centered Outcomes Research Fee (PCORF) will be assessed on HRAs as well as a plan in which a retiree is enrolled, and that, for plan years beginning on or after 1/1/2014, non-retiree HRAs will not be permitted unless integrated with a medical plan covering the account holder.

Page 14 (5(d)) makes reference to the annual medical and dental premium calculation. We are unsure of the likelihood that the total annual medical and dental calculation will not exceed \$68.361 million for all carriers for 12 months. Generally speaking, typically in the insurance business, a non-exclusive contract approach results in overall higher costs because no one vendor gets all of the risk and from an underwriting standpoint must assume it will get many of the bad risks, thus raising the premium rates for each one. This approach will definitely cost GovGuam more money. This was seen in the past years in which the government offered several carriers who no longer became viable and eventually removed themselves from the government account. Additionally, this provision will discourage

vendors from bidding and this is risking the ability of GovGuam to acquire competitive bids. On that note, beginning on line 20 which states "In the event all bids exceed the specified amount the solicitation will be cancelled", we ask the senators what is GovGuam's recourse to obtaining health insurance when the solicitation is cancelled? Is this something that the legislature is willing to risk at the expense of our employees, retirees, and survivors? We may find ourselves in a repeat of FY2013 and invoking the HIPAA renewability clause. This will, once again, leave the government with no leverage and negotiating power.

Another issue is the calculations used in the proposed bill. Relying on available claims data, the bill identifies over \$65 million in required premiums or, in other words, in claims paid. Using the 85% medical loss ratio allowed under the PPACA, \$65 million represents 85% of almost \$76.5 million. There is no mathematical formula under which the available information supports a combined medical and dental premium cap of \$69 million. That is even more the case when the bill solicits non-exclusive contracts with multiple carriers. This was highly evident in the most recent RFP submissions.

In 2004, Senator Pangelinan co-sponsored Bill 351-27, later enacted into law as P.L. 27-125. Public Law 27-125 created the Health Insurance Review Committee and appropriated \$150,000 to conduct a study and make recommendations on how to provide affordable quality health care to active and retired GovGuam employees. This committee commissioned Lewis & Ellis, Inc. Actuaries and Consultants. Page 4 of the bill references that employees and retirees desire competition in the GHIP in order to provide a choice of health insurance and lower premiums. Page 8 of the bill states that the Government of Guam Negotiating Team (GGNT) "shall unconditionally accept all bids and award a contract to all bidders that meet the requirements...". As previously stated in our testimony on PL31-197, this goes against the advice of the study commissioned by the legislature and the results of the report of the Health Insurance Review Committee. Their analysis indicated that "GovGuam would be better off with fewer benefit offerings (no more than 2) and probably only one carrier." This bill goes against the advice of the experts this Legislature commissioned for an objective, independent and comprehensive analysis. It is evident with past practice that the multiple carrier concept is more costly and less effective. The method used in the FY2012 contract has proved to be more successful in decreasing rates while expanding benefits.

Furthermore, by awarding a contract to all those who "meet the requirements," we are not doing justice for our GovGuam employees, retirees, and survivors by removing the negotiations process. The negotiations process is essential in that it is a way to further reduce the proposed rates. This could not be achieved through an IFB process. There are too many elements involved that only an RFP process would be most conducive.

As mentioned earlier, the government was able to reduce the annual premiums by \$7.5m through the negotiations

process. By removing negotiations and simply awarding a contract to everyone who qualifies, the government loses the ability to negotiate the best rates and the highest benefits for the employees of the government.

Page 14-15(5(f)): Bidders will be required to follow MLR standards whether the contract is participating or not. The MLR rebate, if any, because it is based on total Guam experience of carrier (not just GovGuam experience) will result in different amounts flowing back to GovGuam.

Page 16, Section 9, stipulates that "the GNNT shall not develop a ranking system to rank the proposals or rank said proposals. The absence of a ranking system will deprive GovGuam of the ability to distinguish carriers based on any factors other than price – such as service, capabilities, and quality. What would be the basis in ensuring that these carriers are professionally qualified to provide such services? Providing quotes and proposals that meet the requirements are not the sole purpose of determining the best carrier for GovGuam. Effective negotiations and absolute scrutiny from the negotiating team ensures that the best qualified plan(s) are selected for the best interest of the members.

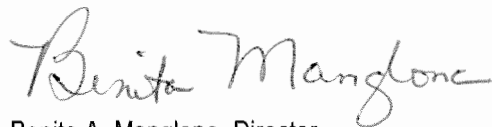
The whole process solicits professionals from the various government agencies and professionals within the health industry field. In fact, the team of professionals working on this project from the actuarial standpoint involves several actuaries, consultants and legal review. Approximately over 1300 manpower hours are spent in the process from the development of the RFP, review of proposals and negotiations process. Bill 81-32 has no regard to this highly technical and essential vetting process. The procurement of health insurance is the largest solicitation for GovGuam. As stated earlier, **there are too many elements involve to resort the procurement of health insurance to an IFB process.** It does not solicit the input from these professionals. Bill 81-32 attempts to "rush" through the negotiation process without any legal or actuarial professional input and against the professionals in the field that recommends that GovGuam would be better off with 1 carrier. Bill 81-32 seems to fast track the whole process.

Lastly, the announcement for the FY2014 Insurance RFP is being announced today in the local and tomorrow in international publications. The Negotiating Team has been meeting for months working on the Rules of Procedure and the RFP.

Thank you for the opportunity to comment on Bill 81-32 (cor).

Testimony on Bill 81-32

Senseramente,

A handwritten signature in cursive script that reads "Benita Manglona".

Benita A. Manglona, Director

Department of Administration

Enclosure

Cc: All Senators

Lt. Governor Ray Tenorio

Local  
employees and GBB's project manager.

In a special report submitted to the court, the receiver said GBB, GEPA, and the U.S. Environmental Protection Agency have been engaged in a comprehensive environmental investigation and monitoring effort to ensure the final design plan for the closure of the Ordet Dump will meet all the requirements of local and federal laws.

A final design has already been drafted for the closure of the dump, but GBB said stakeholders will need to attend technical meetings in San Francisco, Calif., to be held from April 30 to May 3.

Those who will attend the meetings are GBB project manager Christopher Lord, and GEPA employees Vince

**GOVERNMENT OF GUAM  
HUMAN RESOURCES DIVISION  
DEPARTMENT OF ADMINISTRATION**

**REQUEST FOR PROPOSAL (RFP)**  
(DOA-HRD - RFP - CH-14-001)

**FY2014 Group Health Insurance Program**

The Government of Guam is accepting proposals from interested and qualified health insurance companies licensed under the applicable Guam laws to provide health insurance coverage for eligible government of Guam active employees, retired employees, survivors of retired employees and their dependents.

The RFP will be available on the Department of Administration, Human Resources Division's website at [www.hrd.doa.guam.gu](http://www.hrd.doa.guam.gu) on **May 01, 2013, Guam time**, at no charge.

All questions regarding this RFP must be submitted in writing and received by the Director of the Department of Administration, as identified in the RFP, no later than **4:00 p.m., May 13, 2013, Guam time**.

**All hard copies and electronic files of the entire proposal must be received by the Director of the Department of Administration no later than 4:00 p.m., May 29, 2013, Guam time.**

Should you have any questions regarding this RFP please call the Human Resources Division, Department of Administration at (671) 475-1179/1296.

**BENITA A. MANUELONA, Director**  
Department of Administration

Liabilities and Net Assets	
Accounts payable	\$17,392
Total current liabilities	17,392
Net assets - unrestricted	2,156,355
Total liabilities and unrestricted net assets	\$2,173,747
<b>STATEMENT OF ACTIVITIES</b>	
Year Ended December 31, 2012	
Unrestricted revenues and support:	
Grant and donations	\$,365,340
Leagues	296,347
Others	3,300
Total unrestricted revenues and support	665,087
Expenses:	
Program and league expenses	1,076,429
Field Maintenance	90,246
General and administrative	71,260
Total Expenses	1,237,935
Increase in unrestricted net assets	(572,848)
Unrestricted net assets at beginning of year	2,750,595
Unrestricted net assets at end of year	\$2,156,355

**LEONARDO M. RAPADAS**  
*Attorney General*



**PHILLIP J. TYDINGCO**  
*Chief Deputy Attorney General*

## **OFFICE OF THE ATTORNEY GENERAL**

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April 18, 2013

The Honorable Benjamin J.F. Cruz  
Vice-Speaker  
Chairman, Committee on Procurement, Cultural  
Affairs, Public Broadcasting, Youth & General  
Government Operation  
32<sup>nd</sup> Guam Legislature  
155 Hesler Street  
Hagatna, Guam 96910

**Re: Written Testimony on Bill No. 81-32**

Dear Vice-Speaker Cruz,

Thank you for the opportunity to provide testimony concerning Bill No. 81-32. Bill 81 seeks to acquire medical and dental insurance plans for government employees and retirees for Fiscal 2014 that are very similar to the medical and dental insurance plans solicited for Fiscal 2013. However, Bill 81 provides for the solicitation of group health insurance utilizing a specialized Invitation For Bids procedure set out in the Bill. In addition, it is important to note that in a bill similar to Bill 81 that was contemplated in 2012, the legal issues and concerns we raised at that time have been addressed, and we are providing this written testimony and comments about Bill 81 that we have discussed in part through consultation with the author of the bill, Honorable Vicente “ben” C. Pangelinan, as well as discussed in part at the recent public hearing on the same. Its provisions establish in specific detail the terms and conditions for the pricing of the insurance plans, the relationship of rates as between classes of insured persons, and, as well, the relationship of rates as between active employees and retirees. Given the specialized nature of Bill 81 in the acquisition of medical and dental insurance for government employees and retirees, and the unique solicitation method established for this, the following comments are offered in the spirit of assuring that the objectives of the Bill are accomplished if it becomes law.

1. The first substantive provision of Bill 81 provides that “Notwithstanding any other provision of law, the procurement of medical and dental insurance for government of Guam employees and retirees for Fiscal Year 2014 shall conform to the competitive sealed bidding procedures set forth in the Act.”<sup>1</sup> Aside from the provisions of Bill 81, all existing substantive procedure and process for the acquisition of group medical and dental insurance is contained in

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<sup>1</sup> Section 2, page 6, beginning at line 24.

statute at Title 4, Chapter 4, Article 3, which might be referred to as group insurance law for government employees and retirees, and Title 5, Chapter 5, the procurement law for government acquisition of supplies, services and construction. A literal and strict interpretation of that provision of Section 2, set out above, might result in the inapplicability of provisions of Title 4 and Title 5 that would otherwise be applicable to the acquisition of medical and dental insurance. The insertion of a savings clause would allow for existing provisions of law to continue to be applicable, as necessary. See Exhibit A for a proposed amendment to Section 2.

2. The solicitation of medical and dental insurance under Bull 81 utilizes competitive bidding and an Invitation For Bids. There are several references to offerors and/or proposals in Bill 81, language used in solicitations that utilize a Request For Proposals<sup>2</sup>, that result in confusion.<sup>3</sup> See Exhibit A for proposed amendments at Section 6 and Section 9.

3. Bill 81 eliminates the attorney-client privilege for the process of developing and implementing the IFB, and carrying out the solicitation.<sup>4</sup> It is strongly urged that the attorney client privilege be maintained in the event that a procurement protest, a procurement appeal, or any other type of litigation is commenced concerning the solicitation of medical and dental insurance plans for government employees and retirees for Fiscal 2014. See Exhibit A for proposed amendments to Section 2.

4. Bill 81 provides that medical and dental plans offered by all bidders shall be consistent with the Schedule of Benefits defined in the FY 2013 solicitation [DOA/HRD-RFP-GHI-13-001].<sup>5</sup> There must be allowance for any additional services or coverage that may be required by the federal Patient Protection and Affordable Care Act for this coming contract year. See Exhibit A for proposed amendment to Section 3(A).

5. Bill 81, at Section 2, (C), (3) states: “The GGNT shall unconditionally accept all bids and award a contract to all bidders that meet the requirements in Section 5 of this Act.” The term ‘unconditionally’ should be struck. It is clear, and it is enough to state “The GGNT shall accept all bids and award a contract to all bidders that meet the requirements in Section 5 of this Act.” See Exhibit A for proposed amendment to Section 2.

6. Bill 81 should contain an expedited procurement protest process that will provide adequate due process protection by virtue of an administrative appeal to the Public Auditor, but eliminate any appeal of that decision to the Superior Court of Guam. The Office of Public Accountability, and, in particular, the Public Auditor, have demonstrated since October of 2006 the capacity to handle procurement disputes efficiently and effectively, giving all parties more

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<sup>2</sup> Bill 81 is intended to discontinue the use of proposals and Request For Proposals methodology for the FY 2014 solicitation. Unintended use of proposal terminology should be avoided.

<sup>3</sup> See Section 6, Title, at page 15, line 5; Section 6, page 15, line 6; and line 17, where the term ‘offerors’ should be amended to read ‘bidders’. See Section 9, page 16, line 5 where the term ‘proposals’, used two times, should be amended to read ‘bids’.

<sup>4</sup> See Section 2, page 7, at line 25.

<sup>5</sup> See Section 3, (A) at pages 8 and 9.



than adequate opportunity for a redress of grievances, and a fair opportunity to address procurement errors. The solicitation of medical and dental insurance for government employees and retirees is time sensitive and the process must be completed in time for one or more contracts to be in effect by October 1, 2013. See Exhibit A for the proposed addition of a new Section 11, modeled after P.L. 31-012.

7. Consistent with other procedures set out in Bill 81, it is recommended that bids be submitted to the General Services Agency for handling, as is the practice with bids generally. This might be placed into a new Section 6, ~~as follows~~, with subsequent Sections being renumbered. See Exhibit A for a proposed new Section 6.

8. It is recommended that the procedure for responding to inquiries of prospective bidders found at Section 6 of Bill 81 be amended. First, it is appropriate that prospective bidders submit inquiries in writing, as provided in Bill 81. Second, it is highly recommended that all responses from the government to inquiries be written and provided to all registered prospective bidders at the time provided after the pre-bid conference. Prospective bidders should be advised, both in the Invitation For Bids, and at the meeting, that only written responses to inquiries will be binding upon the government. Third, it is recommended that all responses to written inquiries be provided by the Chief Procurement Officer after consultation with the Government of Guam Negotiating Team. See Exhibit A for proposed amendments to Section 6.

9. It is recommended that Section 7 of Bill 81 be amended for clarity. The reference in the first sentence of Section 7 to “manners prejudicial to the interests of the governmental body and fair competition” is outside of the parameters of current procurement law. Bids are not able to be amended for any reason once bids are opened. There is no reason to add a condition to this already existing state of the law. Also, the award language of the second sentence should reference the contract, as well as the Invitation For Bids and any addenda. See Exhibit A for proposed amendments to Section 7.

10. It is recommended that the provision found at Section 3, (I), on page 12, line 7, that the Office of the Attorney General finalize the contracts to be appended to the Invitation For Bids “*no later than May 15, 2013*” be amended to read: “... *no later than fifteen (15) working days* after the provisions of this Act become law, and included in the IFB.” See Exhibit A for proposed amendment to Section 3.

11. Bill 81 provides for the work of the Government of Guam Negotiating Team to be subject to the Open Government Act.<sup>6</sup> It is recommended that notice provisions for these meetings be shortened due to time constraints already existing in the solicitation process, so that

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<sup>6</sup> See Section 2, (C), page 7.

Letter to the Honorable Benjamin J.F. Cruz  
dated April 18, 2013  
page 4

all meeting notices be provided within forty-eight (48) hours of the meeting consistent with the Open Government Act. See Exhibit A for proposed amendments to Section 2.

Thank you for the opportunity to provide this written testimony on Bill No. 81-32. Please do not hesitate to contact me if you have questions about this matter.

Sincerely,

**PHILLIP J. TYDINGCO**  
Chief Deputy Attorney General

Enclosure

cc: Honorable Leonardo M. Rapadas  
Attorney General of Guam  
Honorable Vicente "ben" C. Pangelinan  
Senator, 32<sup>nd</sup> Guam Legislature

Eddie Baza Calvo  
Governor



**GENERAL SERVICES AGENCY**

(Ahenslan Setbision Hinirat)  
Department of Administration

Ray Tenorio  
Lieutenant Governor

Benita A. Manglona  
Director

148 Route 1 Marine Drive, Piti, Guam 96915  
Tel: (671) 475-1707 Fax Nos: (671) 475-1727 / 475-1716

Anthony C. Blaz  
Deputy Director

April 12, 2013



Memorandum

Honorable Vicente (ben) Cabrera Pangelinan  
Senator, 32<sup>nd</sup> Guam Legislature  
Chairman, Committee on Appropriations,  
Public Debt, Legal Affairs, Retirement, Public Parks  
Recruitment, Historic Preservation and Land  
324 W. Soledad Avenue Suite 100  
Hagatna, Guam 96910

Re: Bill 81

Dear Senator Pangelinan:

Thank you for the opportunity to comment on Bill 81 "An Act To Provide Health Insurance To Government of Guam Employees and retirees for Fiscal Year 2014". I

I have the following comments regarding this bill:

Is the intent that the Chief Procurement Officer handle the bids in the same manner as other bids in regards to procedures? For example, will bids be submitted to the General Services Agency office? Will the Chief Procurement Officer be responsible for the handling and security of the bids?

This legislation intent is to have the procurement handled quickly. Is there going to be the right to protest or appeal provided other than the normal process?

The legislation talks about the Negotiation Team voting on all action. The Chief Procurement Officer is the person responsible for procurement process. Is it the intent of the legislation to now have the Negotiation Team make the procurement process decisions?

Further, you indicated that all actions must be done via the Open Government. If the intent is to move quickly, the Open Government requires notice of five (5) days and two (2) days. First who is going to provide the funds for the notice to the press? We suggest that notice may be acceptable by notice on the website. Second, we suggest that the notice be only for two (2) days so that the government can move quickly on this bid.

COMMITTED TO EXCELLENCE

Thank you for allow us to comment on Bill 81.



CLAUDIA S. ACFALLE  
Chief Procurement Officer



**COMMITTEE ON RULES**

*I Mina'trentai Dos na Liheslaturan Guåhan* • The 32nd Guam Legislature  
155 Hesler Place, Hagåtña, Guam 96910 • [www.guamlegislature.com](http://www.guamlegislature.com)  
E-mail: [roryforguam@gmail.com](mailto:roryforguam@gmail.com) • Tel: (671)472-7679 • Fax: (671)472-3547

Senator  
Rory J. Respicio  
CHAIRPERSON  
MAJORITY LEADER

Senator  
Thomas C. Ada  
VICE CHAIRPERSON  
ASSISTANT MAJORITY LEADER

Senator  
Vicente (Ben) C. Pangelinan  
Member

Speaker  
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Member

Senator  
Dennis G. Rodriguez, Jr.  
Member

Vice-Speaker  
Benjamin J.F. Cruz  
Member

Legislative Secretary  
Tina Rose Muña Barnes  
Member

Senator  
Frank Blas Aguon, Jr.  
Member

Senator  
Michael E.Q. San Nicolas  
Member

Senator  
V. Anthony Ada  
Member  
MINORITY LEADER

Senator  
Aline Yamashita  
Member

April 12, 2013

VIA FACSIMILE  
(671) 472-2825

**John A. Rios**  
Director  
Bureau of Budget & Management Research  
P.O. Box 2950  
Hagåtña, Guam 96910

**RE: Request for Fiscal Note – Bill Nos. 79-32(COR), 80-32(COR), 81-32(COR), 82-32(COR), 83-32(COR), 84-32(COR), 85-32(COR), 86-32(COR), and 87-32(COR)**

2013 APR 12 AM 10:14

*Håfa Adai* Mr. Rios:

Transmitted herewith is a listing of *I Mina'trentai Dos na Liheslaturan Guåhan's* most recently introduced bill. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bill.

*Si Yu'os ma'åse'* for your attention to this matter.

Very Truly Yours,

**Senator Rory J. Respicio**  
*Chairperson, Committee on Rules*

Attachments

Cc: Clerk of the Legislature

Bill Nos.	Sponsor	Title
79-32 (COR)	Judith T. Won Pat, Ed.D.	AN ACT TO AMEND S106911(k) OF CHAPTER 106, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE TRANSFER OF DORMANT AND UNCLAIMED BANK ACCOUNT FUNDS FROM THE TREASURER OF GUAM TO THE GUAM HOUSING CORPORATIONS'S HOUSING TRUST FUND.
80-32 (COR)	Vicente (ben) Pangelinan	AN ACT TO ADD A NEW SUBSECTION (f) to SECTION 2, PART III, CHAPTER II OF PUBLIC LAW 31-233, RELATIVE TO THE APPROPRIATION TO THE GUAM COMMUNITY COLLEGE APPRENTICESHIP PROGRAM
81-32 (COR)	Vicente (ben) Pangelinan	AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014
82-32 (COR)	Frank B. Aguon, Jr.	AN ACT TO REPEAL CHAPTER 25 OF TITLE 8 GUAM CODE ANNOTATED
83-32 (COR)	Judith T. Won Pat, Ed.D.	AN ACT TO AMEND §77403, §77404, §77405 AND §77407 OF CHAPTER 77, ARTICLE 4, DIVISION 2, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR OR MAINTENANCE OF PUBLIC SCHOOL SPORTS FACILITIES.
84-32 (COR)	Vicente (ben) Pangelinan Tina Rose Muña Barnes	AN ACT TO ADD A NEW SUBSECTION (f) to SECTION 2, PART III, CHAPTER II OF PUBLIC LAW 31-233, RELATIVE TO THE APPROPRIATION TO THE GUAM COMMUNITY COLLEGE APPRENTICESHIP PROGRAM
85-32 (COR)	Vicente (ben) Pangelinan	AN ACT TO PROHIBIT THE USE OF GOVERNMENT FUNDS FOR THE APPEAL OF CIVIL CASE 1:11-CV-00008, REA MIALIZA O. PAESTE ET AL V. GOVERNMENT OF GUAM AND EDDIE BAZA CALVO, BENITA MANGLONA, AND JOHN CAMACHO, IN THEIR OFFICIAL CAPACITIES AND TO ADD A NEW SUBSECTION (i) TO SECTION 30109, CHAPTER 30 OF TITLE 5 GUAM CODE ANNOTATED.
86-32 (COR)	T.C. Ada	AN ACT TO ADD §10238 TO ARTICLE 2, CHAPTER 10 OF TITLE 12 GUAM CODE ANNOTATED TO AUTHORIZETH THE JOSE D. LEON GUERRERO PORT AUTHORITY OF GUAM (PORT) TO WAIVE SOVEREIGN IMMUNITY TO SATISFY A PREREQUISITE FOR APPROVAL OF A \$10,000,000 COMMERCIAL LOAN
87-32 (COR)	T. A. Morrison, M. F. Q. San Nicolas, C. M. Duenas, B. J. F. Cruz, T. R. Muna Barnes	AN ACT TO AMEND §§3305 AND 3305.1 CHAPTER 3 OF 16GCA RELATIVE TO IMPLEMENTING A UNIVERSAL HELMET LAW.



## COMMITTEE ON RULES

*I Mina'trentai Dos na Liheslaturan Guåhan* • The 32nd Guam Legislature  
155 Hesler Place, Hagåtña, Guam 96910 • [www.guamlegislature.com](http://www.guamlegislature.com)  
E-mail: [roryforguam@gmail.com](mailto:roryforguam@gmail.com) • Tel: (671)472-7679 • Fax: (671)472-3547

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MINORITY LEADER

Senator  
Aline Yamashita  
Member

April 5, 2013

### MEMORANDUM

**To:** **Rennae Meno**  
*Clerk of the Legislature*

**Attorney Therese M. Terlaje**  
*Legislative Legal Counsel*

**From:** **Senator Rory J. Respicio**  
*Majority Leader & Rules Chair*

**Subject:** **Referral of Bill No. 81-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my re referral of Bill No. **81-32(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

*Si Yu'os Ma'åse!*

Attachment

*I Mina'Trentai Dos Na Liheslaturan Guahan*  
**Bill Log Sheet**

<b>BILL NO.</b>	<b>SPONSOR</b>	<b>TITLE</b>	<b>DATE INTRODUCED</b>	<b>DATE REFERRED</b>	<b>CMTE REFERRED</b>	<b>PUBLIC HEARING DATE</b>	<b>DATE COMMITTEE REPORT FILED</b>	<b>FISCAL NOTES</b>
<b>81-32 (COR)</b>	Vicente (ben) Pangelinan	AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014	4/5/2013 12:44PM	4/5/13	Committee on General Governmental Operations and Cultural Affairs			





April 8, 2013

**MEMORANDUM**

**To:** All Members/All Senators  
**From:** Chairman, Committee on General Government Operations and Cultural Affairs  
**Re:** First Notice of Public Hearing – Five Day Notice – April 15, 2013

*Hafa Adai!* Please be advised that the Committee on General Government Operations and Cultural Affairs will conduct a Public Hearing on **Monday, April 15, 2013, beginning at 10:00AM in I Liheslatura's Public Hearing Room** with the following agenda:

**Appointment of Mr. Goring Tedtaotao Dueñas to the Guam Parole Board**

**Reappointment of Ms. Conception Duenas to the Guam Parole Board**

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.**

Please provide written testimonies at least one day prior to the hearing to the Office of Vice Speaker Benjamin J.F Cruz, 155 Hesler Place, Hagåtña Guam 96910. They may be sent via facsimile to 477-2522, or via email to [mike.lidia@senatorbjcruz.com](mailto:mike.lidia@senatorbjcruz.com).

We comply with Title II of the Americans with Disabilities Act (ADA). Should you require assistance or special accommodations, please contact Mike Lidia at the Office of the Vice Speaker Benjamin J.F Cruz at 477-2521 or via email at [mike.lidia@senatorbjcruz.com](mailto:mike.lidia@senatorbjcruz.com).

Senseramente,

Mike Lidia  
Research Analyst  
Office of Vice Speaker Cruz  
477-2520



Mike Lidia <mike.lidia@senatorbjcruz.com>

**First Notice of Public Hearing – Five Day Notice – April 15, 2013**

4 messages

**Mike Lidia** <mike.lidia@senatorbjcruz.com> Fri, Apr 5, 2013 at 11:13 AM  
To: phnotice@guamlegislature.org  
Cc: jose.sanagustin@doc.guam.gov, dean.taitague@doc.guam.gov, mpqute@yahoo.com, Lisa.castro@doc.guam.gov, ron.santos@doc.guam.gov, riaka.mccormick@doc.guam.gov, mark.fleming@doc.guam.gov, ricardo.leonguerrero@doc.guam.gov, Matthew Santos <matthew.santos@senatorbjcruz.com>, goringduenas@yahoo.com, sgrarmes@guamlegislature.org, Adam Bearce <adam@guamlegislature.org>, Yong Pak <yong@guamlegislature.org>, Charissa Tenorio <charissatenorio@gmail.com>

April 5, 2013

**MEMORANDUM**

**To:** All Members/All Senators  
**From:** Chairman, Committee on General Government Operations and Cultural Affairs  
**Re:** First Notice of Public Hearing – Five Day Notice – April 15, 2013

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**Appointment of Mr. Goring Tedtaotao Dueñas to the Guam Parole Board**

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Senseramente,

Mike Lidia

Committee Director

Office of Vice Speaker Cruz  
477-2520

---

**Mail Delivery Subsystem** <mailer-daemon@googlemail.com>

Fri, Apr 5, 2013 at 11:13 AM

To: mike.lidia@senatorbjcruz.com

Delivery to the following recipient failed permanently:

sgrarmes@guamlegislature.org

Technical details of permanent failure:

Google tried to deliver your message, but it was rejected by the server for the recipient domain guamlegislature.org by aspmx.l.google.com. [173.194.75.26].

The error that the other server returned was:

550-5.1.1 The email account that you tried to reach does not exist. Please try  
550-5.1.1 double-checking the recipient's email address for typos or  
550-5.1.1 unnecessary spaces. Learn more at  
550 5.1.1 [http://support.google.com/mail/bin/answer.py?answer=6596\\_cr8si9695715vdc.142\\_-\\_gsmtp](http://support.google.com/mail/bin/answer.py?answer=6596_cr8si9695715vdc.142_-_gsmtp)

----- Original message -----

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azUQ==

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Thu, 04 Apr 2013 18:13:46 -0700 (PDT)

Received: by 10.220.242.3 with HTTP; Thu, 4 Apr 2013 18:13:46 -0700 (PDT)

X-Originating-IP: [202.128.4.44]

Date: Fri, 5 Apr 2013 11:13:46 +1000

Message-ID: <CAFRf6VY3RhWg9+-Si0ho9b=AXt=1xZHA8AY+bSMRRo56uo87Fg@mail.gmail.com>

Subject: =?windows-1252?Q?First\_Notice\_of\_Public\_Hearing\_96\_Five\_Day\_Notice\_?=

=?windows-1252?Q?=96\_April\_15=2C\_2013?=>

From: Mike Lidia <mike.lidia@senatorbjcruz.com>

To: phnotice@guamlegislature.org

Cc: jose.sanagustin@doc.guam.gov, dean.taitague@doc.guam.gov, mpqute@yahoo.com,

Lisa.castro@doc.guam.gov, ron.santos@doc.guam.gov,  
riaka.mccormick@doc.guam.gov, mark.fleming@doc.guam.gov,  
ricardo.leonguerrero@doc.guam.gov,  
Matthew Santos <matthew.santos@senatorbjcruz.com>, goringduenas@yahoo.com,  
sgrarmes@guamlegislature.org, Adam Bearce <adam@guamlegislature.org>,  
Yong Pak <yong@guamlegislature.org>, Charissa Tenorio <charissatenorio@gmail.com>  
Content-Type: multipart/alternative; boundary=14dae9ccd59483ba3604d992cc5b  
X-Gm-Message-State: ALoCoQlovl2LRaMgvWyisqJOG+ShlADnaok8ZbxpuHAy0Z4HC8T0qKpZ  
SWjnu4WbDOMIWxCyef1P

April 5, 2013

\*MEMORANDUM\*

\*To:\* All Members/All Senators

\*From:\* Chairman, Committee on General Government Operations  
and Cultural Affairs

\*Re:\* First Notice of Public Hearing – Five Day Notice –  
April 15, 2013

\*Hafa Adai\*! Please be advised that the Committee on General Government  
Operations and Cultural Affairs will conduct a Public Hearing on \*Monday,  
April 15, 2013, beginning at 10:00AM in I Liheslatura's Public Hearing  
Room\*with the following agenda:

\*Appointment of Mr. Goring Tedtaotao Dueñas to the Guam Parole Board\*  
[Quoted text hidden]

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**Dean J. Taitague** <dean.taitague@doc.guam.gov>  
To: Mike Lidia <mike.lidia@senatorbjcruz.com>

Fri, Apr 5, 2013 at 1:38 PM

Sir,

Here's an additional email address for Ms. Taitano our Chairperson for the Guam Parole Board..  
chellegu@gmail.com

Sent from my iPhone  
[Quoted text hidden]

---

**Adam Bearce** <adam@guamlegislature.org>

Fri, Apr 5, 2013 at 1:54 PM



April 10, 2013

**MEMORANDUM**

**To:** All Members/All Senators  
**From:** Chairman, Committee on General Government Operations and Cultural Affairs  
**Re:** Second Notice of Public Hearing – Two Day Notice – April 15, 2013

*Hafa Adai!* Please be advised that the Committee on General Government Operations and Cultural Affairs will conduct a Public Hearing on **Monday, April 15, 2013, beginning at 10:00AM in I Liheslatura's Public Hearing Room** with the following agenda:

**Appointment of Mr. Goring Tedtaotao Dueñas to the Guam Parole Board**

**Reappointment of Ms. Conception Duenas to the Guam Parole Board**

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.**

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Senseramente,

Mike Lidia  
Research Analyst  
Office of Vice Speaker Cruz  
477-2520



Mike Lidia <mike.lidia@senatorbjcruz.com>

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## Second Notice of Public Hearing – Two Day Notice – April 15, 2013

4 messages

---

Mike Lidia <mike.lidia@senatorbjcruz.com>

Wed, Apr 10, 2013 at 2:55 PM

To: phnotice@guamlegislature.org

Cc: jose.sanagustin@doc.guam.gov, dean.taitague@doc.guam.gov, mpqute@yahoo.com, Lisa.castro@doc.guam.gov, ron.santos@doc.guam.gov, riaka.mccormick@doc.guam.gov, mark.fleming@doc.guam.gov, ricardo.leonguerrero@doc.guam.gov, Matthew Santos <matthew.santos@senatorbjcruz.com>, goringduenas@yahoo.com, sgrarmes@guamlegislature.org, Adam Bearce <adam@guamlegislature.org>, Yong Pak <yong@guamlegislature.org>, Charissa Tenorio <charissatenorio@gmail.com>, MiChelle Taitano <chellegu@gmail.com>, benita.manglona@doa.guam.gov, BENITA A MANGLONA <bmanglonacpa@gmail.com>, "Benjamin J.F. Cruz" <senator@senatorbjcruz.com>

April 10, 2013

### MEMORANDUM

**To:** All Members/All Senators

**From:** Chairman, Committee on General Government Operations and Cultural Affairs

**Re:** Second Notice of Public Hearing – Two Day Notice – April 15, 2013

*Hafa Adai!* Please be advised that the Committee on General Government Operations and Cultural Affairs will conduct a Public Hearing on Monday, April 15, 2013, beginning at 10:00AM in I Liheslatura's Public Hearing Room with the following agenda:

**Appointment of Mr. Goring Tedtaotao Dueñas to the Guam Parole Board**

**Reappointment of Ms. Conception Duenas to the Guam Parole Board**

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.**

Please provide written testimonies at least one day prior to the hearing to the Office of Vice Speaker Benjamin J.F Cruz, 155 Hesler Place, Hagåtña Guam 96910. They may be sent via facsimile to 477-2522, or via email to [mike.lidia@senatorbjcruz.com](mailto:mike.lidia@senatorbjcruz.com).

We comply with Title II of the Americans with Disabilities Act (ADA). Should you require assistance or special accommodations, please contact Mike Lidia at the Office of the Vice Speaker Benjamin J.F Cruz at 477-2521 or via email at [mike.lidia@senatorbjcruz.com](mailto:mike.lidia@senatorbjcruz.com).

Senseramente,

Mike Lidia

Research Analyst

Office of Vice Speaker Cruz

477-2520

---

**Mail Delivery Subsystem** <[mailer-daemon@googlemail.com](mailto:mailer-daemon@googlemail.com)>

Wed, Apr 10, 2013 at 2:55 PM

To: [mike.lidia@senatorbjcruz.com](mailto:mike.lidia@senatorbjcruz.com)

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09 Apr 2013 21:55:04 -0700 (PDT)

Received: by 10.112.60.40 with HTTP; Tue, 9 Apr 2013 21:55:04 -0700 (PDT)

X-Originating-IP: [202.128.4.44]

Date: Wed, 10 Apr 2013 14:55:04 +1000

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=?windows-1252?Q?=96\_April\_15=2C\_2013?=  
From: Mike Lidia <mike.lidia@senatorbjcruz.com>  
To: phnotice@guamlegislature.org  
Cc: jose.sanagustin@doc.guam.gov, dean.taitague@doc.guam.gov, mpqute@yahoo.com,  
Lisa.castro@doc.guam.gov, ron.santos@doc.guam.gov,  
riaka.mccormick@doc.guam.gov, mark.fleming@doc.guam.gov,  
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Yong Pak <yong@guamlegislature.org>, Charissa Tenorio <charissatenorio@gmail.com>,  
MiChelle Taitano <chellegu@gmail.com>, benita.manglona@doa.guam.gov,  
BENITA A MANGLONA <bmanglonacpa@gmail.com>, "Benjamin J.F. Cruz"  
<senator@senatorbjcruz.com>  
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April 10, 2013

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**\*To:\*** All Members/All Senators

**\*From:\*** Chairman, Committee on General Government Operations  
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**\*Re:\*** Second Notice of Public Hearing – Two Day Notice –  
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**\*\***

**\*Reappointment of Ms. Conception Duenas to the Guam Parole Board\***





## **PUBLIC HEARING AGENDA**

Monday, April 15, 2013 – 10:00AM

*I Liheslatura* • Public Hearing Room • Hagatña, Guam

**Appointment of Mr. Goring Tedtaotao Dueñas to the Guam Parole Board**

**Reappointment of Ms. Conception Duenas to the Guam Parole Board**

**Bill No. 81-32 (COR) - V.C. Pangelinan / B.J.F. Cruz** - An act to provide health insurance to government of Guam employees and retirees for Fiscal Year 2014.



# COMMITTEE ON RULES

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Member

April 12, 2013

VIA FACSIMILE  
(671) 472-2825

John A. Rios  
Director  
Bureau of Budget & Management Research  
P.O. Box 2950  
Hagåtña, Guam 96910

RE: Request for Fiscal Note – Bill Nos. 79-32(COR), 81-32(COR), 82-32(COR), 83-32(COR), 84-32(COR), 85-32(COR), 86-32(COR), and 87-32(COR)

*Håfa Adai* Mr. Rios:

Transmitted herewith is a listing of *I Mina'trentai Dos na Liheslaturan Guåhan's* most recently introduced bill. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bill.

*Si Yu'os ma'åse'* for your attention to this matter.

Very Truly Yours,

Senator Rory J. Respicio  
Chairperson, Committee on Rules

Attachments

Cc: Clerk of the Legislature

2013 APR 12 PM 4:16  
HAWA

<b>Bill Nos.</b>	<b>Sponsor</b>	<b>Title</b>
<b>79-32 (COR)</b>	Judith T. Won Pat, Ed.D.	AN ACT TO AMEND S106911(k) OF CHAPTER 106, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE TRANSFER OF DORMANT AND UNCLAIMED BANK ACCOUNT FUNDS FROM THE TREASURER OF GUAM TO THE GUAM HOUSING CORPORATIONS'S HOUSING TRUST FUND.
<b>80-32 (COR)</b>	WITHDRAWN	
<b>81-32 (COR)</b>	Vicente (ben) Pangelinan	AN ACT TO PROVIDE HEALTH INSURANCE TO GOVERNMENT OF GUAM EMPLOYEES AND RETIREES FOR FISCAL YEAR 2014
<b>82-32 (COR)</b>	Frank B. Aguon, Jr.	AN ACT TO REPEAL CHAPTER 25 OF TITLE 8 GUAM CODE ANNOTATED
<b>83-32 (COR)</b>	Judith T. Won Pat, Ed.D.	AN ACT TO AMEND §77403, §77404, §77405 AND §77407 OF CHAPTER 77, ARTICLE 4, DIVISION 2, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR OR MAINTENANCE OF PUBLIC SCHOOL SPORTS FACILITIES.
<b>84-32 (COR)</b>	Vicente (ben) Pangelinan Tina Rose Muña Barnes	AN ACT TO ADD A NEW SUBSECTION (f) to SECTION 2, PART III, CHAPTER II OF PUBLIC LAW 31-233, RELATIVE TO THE APPROPRIATION TO THE GUAM COMMUNITY COLLEGE APPRENTICESHIP PROGRAM
<b>85-32 (COR)</b>	Vicente (ben) Pangelinan	AN ACT TO PROHIBIT THE USE OF GOVERNMENT FUNDS FOR THE APPEAL OF CIVIL CASE 1:11-CV-00008, REA MIALIZA O. PAESTE ET AL V. GOVERNMENT OF GUAM AND EDDIE BAZA CALVO, BENITA MANGLONA, AND JOHN CAMACHO, IN THEIR OFFICIAL CAPACITIES AND TO ADD A NEW SUBSECTION (i) TO SECTION 30109, CHAPTER 30 OF TITLE 5 GUAM CODE ANNOTATED.
<b>86-32 (COR)</b>	T.C. Ada	AN ACT TO ADD §10238 TO ARTICLE 2, CHAPTER 10 OF TITLE 12 GUAM CODE ANNOTATED TO AUTHORIZETHE JOSE D. LEON GUERRERO PORT AUTHORITY OF GUAM (PORT) TO WAIVE SOVEREIGN IMMUNITY TO SATISFY A PREREQUISITE FOR APPROVAL OF A \$10,000,000 COMMERCIAL LOAN
<b>87-32 (COR)</b>	T. A. Morrison, M. F. Q. San Nicolas, C. M. Duenas, B. J. F. Cruz, T. R. Muna Barnes	AN ACT TO AMEND §§3305 AND 3305.1 CHAPTER 3 OF 16GCA RELATIVE TO IMPLEMENTING A UNIVERSAL HELMET LAW.



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April 12, 2013

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Very Truly Yours,

**Senator Rory J. Respicio**  
*Chairperson, Committee on Rules*

Attachments

Cc: Clerk of the Legislature

2013 APR 12 AM 10:14

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MINORITY LEADER

Senator  
Aline Yamashita  
Member

April 5, 2013

### MEMORANDUM

**To: Rennae Meno**  
*Clerk of the Legislature*

**Attorney Therese M. Terlaje**  
*Legislative Legal Counsel*

**From: Senator Rory J. Respicio**   
*Majority Leader & Rules Chair*

**Subject: Referral of Bill No. 81-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my re referral of Bill No. **81-32(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

*Si Yu'os Ma'åse!*

Attachment

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN  
2013 (FIRST) REGULAR SESSION

Bill No. 81-32 (COR)

Introduced by:

V.C. Pangelinan  
B.J.F. Cruz

2013 APR - 5 PM 12: 44

**AN ACT TO PROVIDE HEALTH INSURANCE TO  
GOVERNMENT OF GUAM EMPLOYEES AND  
RETIREES FOR FISCAL YEAR 2014**

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

1       **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
2 finds that the FY2013 Government of Guam Health Insurance Program  
3 (“GHIP”) procurement is being perpetually continued with the existing  
4 insurance company at FY2012 rates due to protests and the subsequent  
5 cancellation of Procurement No. DOA/HRD-RFP-GHI-13-001. A reissuance  
6 of another Request for Proposal (“RFP”) under identical rules, or in the  
7 absence of more particular rules, requires a longer protracted process that  
8 will prolong the non-competitive perpetual continuation with the existing  
9 insurance company at FY2012 rates.

10       *I Liheslaturan Guåhan* finds that the initial protest filed in the  
11 FY2013 GHIP procurement by TakeCare Insurance occurred on August 8,  
12 2012. On August 10, the Director of Administration solicited an extension of  
13 the current GHIP contract at the current premiums with Calvo’s Selectcare  
14 for up to twelve (12) months citing the guaranteed renewability provisions in  
15 the Health Insurance Portability and Accountability Act (“HIPAA”) for  
16 employers. Calvo’s Selectcare responded affirmatively to the request on  
17 August 16, 2012 and coverage has been extended to cover October 2012 at

1 the current rates. Over One (1) month after its initial filing, the TakeCare  
2 Insurance (“TakeCare”) protest was accepted by the Government of Guam  
3 Negotiations Team (“GGNT”) which required the cancellation and re-  
4 solicitation of the FY2013 GHIP contract.

5 The basis for the decision of the Negotiating Team to cancel this  
6 solicitation was 1) the failure of the government to follow the General  
7 Procedures set out in the Request For Proposals DOA/HRD-RFP-GHI-13-  
8 001, beginning at page 17, Section III; more specifically, the failure of the  
9 government to determine both the responsiveness of proposals and the  
10 qualification of proposals during Phase I of the Proposal Evaluation and  
11 Negotiation Procedure, as required by the Request for Proposals; and 2) the  
12 release of a draft copy of the Evaluation Memorandum to only two offerors,  
13 to the detriment of other offerors.

14 *I Liheslaturan Guåhan* further finds that on September 19, 2012,  
15 Calvo’s SelectCare filed an appeal in protest of the cancellation of  
16 DOA/HRD-RFP-GHI-13-001, stating that the GGNT did not provide  
17 sufficient evidence to support its decision to cancel the RFP that was in the  
18 best interest of the Territory. Hearings for the appeal were delayed in  
19 November, January and now are cancelled due to the passing of six (6)  
20 months of Fiscal Year 2013. The cancellation effectively has forced the  
21 Government of Guam and its employees to overpay insurance premiums for  
22 the third consecutive year. *I Liheslaturan Guåhan* finds that invoking the  
23 HIPAA guaranteed renewability provision was costly and inefficient and is  
24 not the preferred method of securing insurance for the employees and  
25 retirees of the GHIP.

26 *I Liheslaturan Guåhan* finds that the FY2013 GHIP Procurement No.  
27 DOA/HRD-RFP-GHI-13-001 resulted in very competitive proposals from



1 Island Home Insurance (“Staywell”), SelectCare, TakeCare and Aetna  
2 International Insurance, represented by Netcare Life and Health Insurance  
3 (“Netcare”).

4 All proposals would have more than likely resulted in the government  
5 and its employees and retirees realizing a significant reduction in premiums  
6 compared to the FY 2013 rates and would have allowed Government of  
7 Guam employees and retirees the right to choose from more than one (1)  
8 insurance option.

9 *I Liheslaturan Guåhan* finds that the most recent medical and dental  
10 claims submitted by Calvo’s Selectcare to *I Liheslaturan Guåhan* on  
11 February 14, 2013 contain all paid claims between October 1, 2011 and  
12 February 14, 2012 or sixteen (16) months of actual data for the FY2012  
13 contract. The Office of Finance and Budget (“OFB”) performed an analysis  
14 of the submitted data using insurance industry standard underwriting tools  
15 and concluded that the GHIP is projected to overpay premiums by  
16 approximately Five Million Dollars (\$5,000,000.00) above the cost of  
17 services provided for the second year in a row according to Participating  
18 Experience Contract standards.

19 *I Liheslaturan Guåhan* finds that the actual loss ratio for FY2011  
20 equaled sixty percent (60%) and the projected loss ratio for FY2012 is  
21 seventy percent (77%). Both loss ratios are well below the eighty-five  
22 percent (85%) threshold required in the Section 2718 provision of the  
23 PPACA.

24 *I Liheslaturan Guåhan* finds that the Government of Guam is not in a  
25 position where it can afford to continue to overpay annual medical and  
26 dental premiums in excess of Five Million Dollars (\$5,000,000.00) a year.  
27 This takes income out of government employees and retirees pockets every

1 pay period creating hardship for families as well as presenting unnecessary  
2 financial burden on the government.

3 *I Liheslaturan Guåhan* finds that the optimal approach for the GHIP  
4 to purchase coverage for its eligible employees and retirees is to use health  
5 insurance underwriting rating tools and the historical claims data to develop  
6 the required projected premiums for the GHIP at an eighty five percent  
7 (85%) loss ratio.

8 *I Liheslaturan Guåhan* finds that upon the direction of *I Liheslaturan*  
9 *Guåhan*, the OFB utilized health insurance industry standard methodologies  
10 and tools with the most recent twelve months of claims data and trended the  
11 data for twenty four (24) months which resulted in total required premiums  
12 of Sixty Eight Million Three Hundred Sixty One Thousand Seventy Four  
13 Dollars (\$68,361,074.00) for the existing medical and dental plans for  
14 FY2014.

15 *I Liheslaturan Guåhan* finds that the projected required premium for  
16 FY2014 results in a savings of approximately Five Million Eighty Six  
17 Thousand One Hundred Thirty Nine Dollars (\$5,086,139.00) when  
18 compared to the current FY2013 contract.

19 *I Liheslaturan Guåhan* further finds that Government of Guam  
20 employees and retirees desire competition in the GHIP in order to provide a  
21 choice of health insurance and lower premiums resulting from said  
22 competition. On August 22, 2012 a roundtable discussion was held to  
23 discuss the procurement of medical and dental insurance with members of *I*  
24 *Liheslaturan Guåhan*, Staywell, TakeCare, Netcare and Calvo's Selectcare.  
25 The discussion focused in depth on the procurement process used for the  
26 Federal Employees Health Benefits Plans ("FEHB"). Both TakeCare and  
27 Calvo's Selectcare discussed the ease of the FEHB process with respect to

1 submitting annual pricing proposals for covering federal employees and  
2 annuitants.

3 *I Liheslaturan Guåhan* finds that the FEHB procurement resembles a  
4 sealed invitation for bid process where pricing proposals are submitted by  
5 each eligible offeror and accepted unconditionally if no objectionable  
6 pricing assumptions or obvious data errors are detected by the Office of  
7 Personnel Management contract specialists and its actuaries. The basis of  
8 choice available to federal employees is determined by the price and  
9 perceived quality of the product and service offered by each vendor. This  
10 type of arrangement promotes maximum competition resulting in the best  
11 price and products for the FEHB.

12 Dr. Robert E. Moffit, a senior fellow in domestic and economic policy  
13 studies at the Heritage Foundation who specializes in health care cites the  
14 FEHB program as “historically achieving superior performance in cost  
15 control” by incorporating “fundamental market principles of real consumer  
16 choice, genuine competition, and light and reasonable regulation,” the result  
17 of which is “to deliver high quality health care and high levels of consumer  
18 satisfaction.”

19 *I Liheslaturan Guåhan* finds that the resulting financial burden placed  
20 upon the Government of Guam and its employees and retirees caused by the  
21 no bid extension of the FY2012 GHIP benefits and rates is unacceptable and  
22 requires *I Liheslaturan Guåhan* to intercede by introducing a solution that 1)  
23 lowers the current cost of the GHIP contract; 2) provides multiple choices of  
24 insurance providers and 3) does not present opportunities to continue to  
25 delay the GHIP procurement through protests.

1            *I Liheslaturan Guåhan* further finds that an invitation for bid that  
2 requires all bidders to submit its best and final offer at a sealed bid opening  
3 is the most prudent and best method to award GHIP contracts for FY2014.

4            *I Liheslaturan Guåhan* finds that the FEHB uses a similar process to  
5 the solution presented and *I Liheslaturan Guåhan* is committed to  
6 implementing fundamental market principles of real consumer choice,  
7 genuine competition, and light and reasonable regulation as means to an  
8 expedient and market driven procurement of medical and dental insurance in  
9 FY2014.

10           Three of the four offerors to the FY 2013 GHIP RFP, SelectCare,  
11 TakeCare and Aetna International Insurance are all qualified and currently  
12 provide insurance to the FEHB program. The fourth offeror is a company  
13 approved by the Office of the Insurance and Banking Commission of the  
14 Department of Revenue and Taxation as a company in good standing with  
15 the necessary financial resources to provide insurance coverage to private  
16 companies on Guam.

17           *I Liheslaturan Guåhan* finds that the FEHB program implements the  
18 highest standard of scrutiny on health insurance providers to ensure that its  
19 employee and annuitants are protected. *I Liheslaturan Guåhan* finds that  
20 any company currently providing insurance to the FEHB program is well  
21 vetted by the professionals within the federal government's Office of  
22 Personnel Management and is qualified to provide insurance to the  
23 government of Guam and its employees and retirees.

24           **Section 2. Invitation for Bid for the Government of Guam's**  
25 **Group Health Insurance Program for Fiscal Year 2014.** Notwithstanding  
26 any other provision of law, the procurement of medical and dental insurance  
27 for government of Guam employees and retirees for Fiscal Year 2014

1 (“FY2014”) shall conform to the competitive sealed bidding procedures set  
2 forth in this Act.

3 (A) The Chief Procurement Officer of the Government of  
4 Guam (“CPO”), as defined by 5 G.C.A. §§ 5030(c) and 5110, shall  
5 serve as Chairperson of the Government of Guam Health Insurance  
6 Negotiating Team (“GGNT”). The CPO, on behalf of the GGNT,  
7 shall issue an invitation for bid (“IFB”) for medical and dental  
8 insurance for Government of Guam employees and retirees no later  
9 than May 23, 2013 for FY2014. The GGNT membership of the CPO  
10 shall be non-voting and the Director of the Department of  
11 Administration shall remain a voting member.

12 (B) Any previous procurement solicitations for the GHIP  
13 FY2014 medical and dental insurance, prior to enactment of this Act  
14 are hereby cancelled as of the enactment of this Act and shall not be  
15 reissued except by IFB pursuant to the provisions of this Act.

16 (C) All actions related to the IFB shall occur in meetings  
17 announced by the CPO and must comply with the Open Government  
18 Law of Guam. For purposes of this Act, all meetings of the GGNT  
19 shall be deemed special meetings of a public agency for which notice  
20 shall be provided pursuant to 5 G.C.A. § 8107(b); and which shall be  
21 open meetings pursuant to 5 G.C.A. § 8103. A recording shall be  
22 made of all meetings of the GGNT which shall be further documented  
23 by public minutes compiled by the Department of Administration.  
24 The electronic recording and public minutes shall comply with the  
25 provisions outlined in 5 G.C.A. § 8113.1. No actions related to the  
26 IFB shall be considered privileged, including legal advice provided to  
27 the GGNT or CPO. Nothing in this Act shall prevent the Office of the

1 Attorney General from representing the government of Guam in any  
2 court or Office of Public Accountability proceedings related to the FY  
3 2014 GHIP procurement. The IFB for FY2014 shall:

4 (1) solicit medical and dental insurance for the period  
5 starting October 1, 2013 and ending September 30, 2014;

6 (2) be announced in publications of general circulation  
7 in Guam and in top publications nationally and in leading  
8 publications internationally; and

9 (3) require all responses to the IFB by prospective  
10 bidders be submitted at a predetermined meeting date and time,  
11 no more than twenty-three (23) calendar days, after the initial  
12 publication of the solicitation of the IFB. If the twenty-third day  
13 falls on a Saturday, Sunday, or legal holiday the meeting shall  
14 be held on the next business day. At the same meeting, the bids  
15 will be unsealed by the CPO in the presence of a quorum of the  
16 GGNT and the names of all bidders and the amounts of their  
17 bids shall be entered in the minutes. The GGNT shall  
18 unconditionally accept all bids and award a contract to all  
19 bidders that meet the requirements in Section 5 of this Act.

20 (4) A quorum for purposes of this act shall be seven  
21 (7) total members who may be voting or non-voting.

22 **Section 3. Invitation for Bid Requirements.** Notwithstanding any  
23 other provision of Guam procurement law, the procurement of medical and  
24 dental insurance for Government of Guam employees and retirees for  
25 FY2014 shall conform to the requirements set forth in this Section.

26 (A) The Medical and Dental plans offered by all bidders shall  
27 provide the same benefits and levels of coverage consistent with the

1 Schedules of Benefits previously defined in Exhibit R of Procurement  
2 No. DOA/HR-RFP-GHI-13-001 inclusive of the Wellness Benefit that  
3 meets the requirements outlined in Exhibit 2 of this Act. Bidders may  
4 opt to cover items that are listed as exclusions in Exhibit R of  
5 Procurement No. DOA/HRD-RFP-GHI-13-001. A formal request to  
6 cover any excluded items shall be included as part of the sealed bid  
7 and are subject to the approval of the GGNT.

8 (B) The medical and dental plans shall use the following  
9 subscriber tiers and weighting of premiums:

- |    |                                     |     |
|----|-------------------------------------|-----|
| 10 | (1) Employee/Retiree Only           | 1.0 |
| 11 | (2) Employee/Retiree and Spouse     | 2.2 |
| 12 | (3) Employee/Retiree and Child(ren) | 1.8 |
| 13 | (4) Employee/Retiree and Family     | 3.0 |

14 (C) The monthly government contribution for the medical  
15 and dental plans shall be applied uniformly to all bidders awarded a  
16 contract and shall equal the following amount by tier by plan by  
17 subscriber. If any plan's monthly government contribution in any tier  
18 exceeds the total monthly premium for said tier then the monthly  
19 government contribution shall decrease for said tier such that the  
20 government contribution for said tier equals the total monthly  
21 premium.

- |    |                           |                  |          |
|----|---------------------------|------------------|----------|
| 22 | (1) Employee/Retiree Only |                  |          |
| 23 | i. HSA2000                | Active           | \$131.83 |
| 24 | ii. 1500 Deductible       | Active           | \$200.79 |
| 25 | iii. HSA/HRA2000          | Retiree          | \$343.34 |
| 26 | iv. 1500 Deductible       | Retiree          | \$623.78 |
| 27 | v. Dental                 | Active & Retiree | \$17.73  |

1	(2)	Employee/Retiree and Spouse		
2		i. HSA2000	Active	\$210.94
3		ii. 1500 Deductible	Active	\$390.85
4		iii. HSA/HRA2000	Retiree	\$676.25
5		iv. 1500 Deductible	Retiree	\$1321.45
6		v. Dental	Active & Retiree	\$21.12
7	(3)	Employee/Retiree and Child(ren)		
8		i. HSA2000	Active	\$172.58
9		ii. 1500 Deductible	Active	\$319.80
10		iii. HSA/HRA2000	Retiree	\$553.29
11		iv. 1500 Deductible	Retiree	\$1,081.20
12		v. Dental	Active & Retiree	\$17.29
13	(4)	Employee/Retiree and Family		
14		i. HSA2000	Active	\$287.64
15		ii. 1500 Deductible	Active	\$532.99
16		iii. HSA/HRA2000	Retiree	\$922.12
17		iv. 1500 Deductible	Retiree	\$1801.99
18		v. Dental	Active & Retiree	\$28.80

19 (D) The total monthly premium rates for retirees for all plans  
20 shall equal exactly 2.5x the premium rates of Active employees.

21 (E) The total monthly premiums of the 1500 Deductible plan  
22 shall equal exactly 2x the premium rates of the HSA2000 and  
23 HRA2000 plan.

24 (F) The Government shall contribute Seven Hundred Fifty  
25 Dollars (\$750.00) to single subscribers [tier] and One Thousand Five  
26 Hundred Dollars (\$1,500.00) for all other subscribers [tiers] who elect  
27 the HSA2000 plan provided the subscriber has a Health Savings



1 Account pursuant to 26 U.S.C. Section 223(d), as amended. The  
2 government shall distribute the contribution amount to eligible Health  
3 Savings Accounts in two equal installments with a pay date Thirty  
4 (30) days after the start of the plan year and a pay date One Hundred  
5 Eighty (180) days after the start of the plan year.

6 (G) The government shall contribute Seven Hundred Fifty  
7 Dollars (\$750.00) to single subscribers [tier] and One Thousand Five  
8 Hundred Dollars (\$1,500.00) for all other subscribers [tiers] who elect  
9 the HRA2000 plan provided that the subscriber has a Health  
10 Reimbursement Arrangement Plan pursuant to Sections 105 and 106  
11 of the Internal Revenue Service Code and as defined in IRS Notice  
12 2002-45. The government shall distribute the contribution amount to  
13 eligible HRA accounts in two equal installments with a pay date  
14 Thirty (30) days after the start of the plan year and a pay date One  
15 Hundred Eighty (180) days after the start of the plan year.

16 (H) The calculation of medical and dental premiums in  
17 Section 5(D) of this Act shall use the January 2013 enrollment data  
18 submitted as an official message to *I Liheslaturan Guåhan* registered  
19 as document *32GL-13-123*. The SC2000 plan shall be the equivalent  
20 of the HSA2000/HRA2000 and the SC1500 plan shall be the  
21 equivalent of the 1500 Deductible for the purposes of calculating  
22 premiums in the IFB.

23 (I) The Group Health Insurance Agreements (Contracts) for  
24 the HSA2000/HRA2000, 1500 Deductible and Dental plans shall be  
25 exactly the same as the FY2012 Contracts with revisions deemed, by  
26 the GGNT, in the best interest of the government, its employees and  
27 retirees for all successful bidders with the exception of a separate

1 Article for each offeror's medical and dental premium rates submitted  
2 as part of bid process outlined in Section 2(C)(3) of this Act. A  
3 written report of the revisions deemed in the best interest of the  
4 government by the GGNT shall include the justification for such  
5 changes and shall be submitted by the GGNT to the Speaker of *I*  
6 *Liheslaturan Guåhan* no later than when the Contracts are finalized.  
7 The Contracts shall be finalized by the AGO *no later than* May 15,  
8 2013 and included in the IFB. The contract shall include a one page  
9 addendum for bidders that agree to submit to a Participating  
10 Experience Contract that requires eighty six percent (86%) of  
11 premiums to be spent on medical and dental claims pursuant to  
12 Section 5(F).

13 (J) The IFB package shall, at the minimum, contain the  
14 following information:

15 (1) Copy of a uniform contract to be executed by all  
16 prospective offerors who participate in the provision of medical  
17 and dental insurance to the government;

18 (2) Electronic Microsoft Excel files containing the  
19 GHIP Claims data for the period October 1, 2010 to March 31,  
20 2013 provided to the Department of Administration and Office  
21 of Finance and Budget pursuant to 4GCA, Chapter 4, §4302(g);

22 (3) Schedule of Benefits of the dental and medical  
23 plans previously identified as Exhibit R of Procurement No.  
24 DOA/HRD-RFP-GHI-13-001 inclusive of the wellness benefit  
25 that meets the requirements outlined in Exhibit 2; and

26 (4) The Microsoft Excel template "Exhibit 1 –  
27 Required Premium Calculation" for the calculation of the

1 premium by prospective offerors. Exhibit 1 of this Act shall be  
2 the template included in the IFB.

3 (5) No bid bond shall be required.

4 (K) The financial solvency of all bidders shall be subject to  
5 the review of the Office of Banking and Insurance Commissioner  
6 (Commissioner), with the exception of those companies who have  
7 already been deemed financially sound by the Commissioner in July  
8 2012, as part of Procurement No. DOA/HRD-RFP-GHI-13-001.

9 (L) Offerors awarded a contract *shall* file the health  
10 insurance policy with the Commissioner at least fifteen (15) days prior  
11 to the policy's effective date and pay the applicable fees.

12 **Section 4. Authorization to Establish Health Reimbursement**  
13 **Arrangement Plan for Eligible Retirees and Dependents.** It is the intent  
14 of *I Liheslaturan Guåhan* for the government of Guam to provide Health  
15 Reimbursement Arrangement (HRA) Plans to eligible retirees and  
16 dependents who do not qualify for a Health Savings Account (HSA). The  
17 government of Guam *shall* offer a plan (HRA2000) with the same benefits  
18 as the HSA2000 and a Health Reimbursement Arrangement (HRA) for the  
19 benefit of its retirees and dependents who are not eligible for a Health  
20 Savings Account. Eligibility criteria is as follows:

21 (A) Retirees who are enrolled in Medicare, or

22 (B) Retirees who are covered by another non-High  
23 Deductible High Premium (HDHP) health plan, or

24 (C) Retirees who are otherwise not eligible for a Health  
25 Savings Account (HSA).

26 **Section 5. Invitation for Bid Responsiveness.** Notwithstanding any  
27 other provision of Guam procurement law, for the purposes of procuring

1 health insurance for government of Guam employees and retirees in FY  
2 2014, a responsive bidder shall mean a bidder conforming to the  
3 requirements set forth in this section:

4 (A) All bidders shall provide a copy of a current Certificate  
5 of Authority issued by the Commissioner at the time of bid  
6 submission.

7 (B) In the event any risks for health is reinsured or  
8 transferred by the bidder to a reinsurance company, the reinsurer that  
9 assumes the risk shall also provide a copy of a current Certificate of  
10 Authority to transact reinsurance business on Guam.

11 (C) All bidders, to include agents, reinsurers and  
12 underwriters, must submit a copy of a current Guam business license.

13 (D) The total annual medical and dental premium calculation  
14 of the bid shall not exceed Sixty Eight Million Three Hundred Sixty  
15 One Thousand Seventy Four Dollars (\$68,361,074.00) for all carriers  
16 for twelve months. The premium calculation shall be derived by  
17 multiplying the total number of subscribers by twelve by the  
18 equivalent submitted plan rates. Exhibit 1 of this Act shall be used to  
19 calculate the premiums and identify whether the rates conform to the  
20 requirements in Section 3(B), (D) and (E). In the event all the bids  
21 exceed the amount specified in this subsection, then the solicitation  
22 shall be cancelled.

23 (E) All bidders shall submit signed Contracts for the  
24 HSA2000/HRA2000, 1500 Deductible and Dental plans as part of its  
25 submitted sealed bid package.

26 (F) Bidder shall declare whether it agrees to a Participating  
27 Experience Contract that requires eighty six percent (86%) of

1 premiums to be spent on medical and dental claims. Bidders not  
2 agreeing to a Participating Experience Contract shall by default be  
3 required to reconcile premiums and claims pursuant to PPACA  
4 Section 2718 MLR standards.

5 **Section 6. Inquiries of Prospective Offerors.** All prospective  
6 offerors shall submit in writing all inquiries relating to the interpretation and  
7 technical details of the IFB at a pre-bid conference meeting no more than  
8 eleven (11) calendar days after the IFB issuance. If the eleventh day falls on  
9 a Saturday, Sunday, or legal holiday the meeting shall be held on the next  
10 business day.

11 At the same meeting, the inquiries will be received by the CPO in the  
12 presence of a quorum of the GGNT. To the maximum extent practicable, all  
13 inquiries will be answered by the CPO and members of the GGNT at the  
14 meeting. In the event the CPO is unable to provide an answer to an inquiry  
15 at the meeting, the GGNT shall respond within seven (7) calendar days of  
16 the meeting. Copies of all inquiries and responses shall be delivered to all  
17 prospective offerors. All written determinations allowable under Guam  
18 procurement law shall be made by the GGNT.

19 **Section 7. Binding Offer.** After bid opening, a bidder may not change  
20 the price or any other provision of the bid in a manner prejudicial to the  
21 interests of the governmental body or fair competition. An award on the bid  
22 is a binding contract with terms and conditions that do not vary from the  
23 terms and conditions of the invitation and addenda.

24 **Section 8. Non-Exclusive Awards.** Notwithstanding any other  
25 provision of law, the award(s) resulting from the solicitation provided for in  
26 this Act shall be non-exclusive award(s) for health insurance coverage for  
27 qualified active employees and qualified retirees of the Government of

1 Guam, who shall have a choice of one of the insurers receiving an award for  
2 FY 2014 for health insurance.

3 **Section 9. Duties of GGNT.** Notwithstanding any other provision of  
4 law, for the FY 2014 GHIP procurement, the GGNT shall not develop a  
5 ranking system to rank the proposals or rank said proposals.

6 **Section 10. Severability.** If any provisions of this Act or the  
7 application thereof to any person or circumstance is held invalid, such  
8 invalidity *shall* not affect any other provision or application of this Act  
9 which can be given effect without the invalid provision or application, and to  
10 this end the provisions of this Act are severable.

# Exhibit 1 - Required Premium Calculation

## Government of Guam Health Insurance Program FY2014

Instructions: Enter single rate for 2000HSA Plan in cell [K13] and single rate for Dental in cell [K24]

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
FY MONTH		FY2012 July					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[11]	MEDICAL	6,596	961	1,736	1,774	11,067	21,485
[12]	SC2000	2,732	276	591	667	4,266	7,927
[13]	ACTIVE	1,909	182	553	610	3,254	6,598
[14]	RETIREE	823	94	38	57	1,012	1,329
[15]	SC1500	3,864	685	1,145	1,107	6,801	13,558
[16]	ACTIVE	2,124	317	984	942	4,367	9,993
[17]	RETIREE	1,740	368	161	165	2,434	3,565

[J]	[K]	[L]	[M]	[N]
	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
MEDICAL				
HSA2000				
A	\$130.00	\$286.00	\$234.00	\$390.00
R	\$325.00	\$715.00	\$585.00	\$975.00
SC1500				
A	\$260.00	\$572.00	\$468.00	\$780.00
R	\$668.50	\$1,470.70	\$1,203.30	\$2,005.50

FY MONTH		FY2012 July					
		EE	EE+SP	EE+CHILD(REN)	EE+FAMILY	TOTAL SUBS	TOTAL MEMS
[24]	DENTAL	5,216	666	1,618	1,612	9,112	18,540

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY
DENTAL	\$30.00	\$66.00	\$54.00	\$90.00

### PROJECTED MEDICAL & DENTAL PREMIUM

	EE	EE+SP	EE + CHILD(REN)	EE + FAMILY	TOTAL
[29] MEDICAL					
[30] 2000HSA					
[31] ACTIVE	\$2,978,040	\$624,624	\$1,552,824	\$2,854,800	\$8,010,288
[32] RETIREE	\$3,209,700	\$806,520	\$266,760	\$666,900	\$4,949,880
[33] 1500 DEDUCTIBLE					
[34] ACTIVE	\$6,626,880	\$2,175,888	\$5,526,144	\$8,817,120	\$23,146,032
[35] RETIREE	\$13,958,280	\$6,494,611	\$2,324,776	\$3,970,890	\$26,748,557
[36] TOTAL MEDICAL	\$26,772,900	\$10,101,643	\$9,670,504	\$16,309,710	\$62,854,757
[38] TOTAL DENTAL	\$1,877,760	\$527,472	\$1,048,464	\$1,740,960	\$5,194,656
[40] TOTAL MEDICAL & DENTAL	\$28,650,660	\$10,629,115	\$10,718,968	\$18,050,670	\$68,049,413

Premiums Below ITB Required Level. Bid is Responsive

## **Exhibit 2**

### **WELLNESS & FITNESS BENEFIT must include at least the following:**

- A) Cardiovascular Training;
- B) Resistance and Strength Training;
- C) Flexibility Training conducted by certified personal trainers;
- D) Regular Group Exercise Classes with options to provide additional classes to organized groups of subscribers upon request;
- E) Monthly Nutrition Classes by certified nutritionists;
- F) Fitness Assessments including Body Mass Index (BMI) by certified personal trainers;
- G) Have the capacity to service large number of subscribers with fitness attendants available at all times to assist subscribers with Cardia Vascular Machines, Circuit Weight Machines, and Free Weight Areas;
- H) Assistance to the physically impaired and meet the laws on equal access and comply with the Americans with Disability Act Regulations;
- I) Provide child care services to subscribers utilizing wellness program facilities;
- J) Hours of operation Monday through Sunday, except for holidays and special events.
- K) Free utilization of any gym facilities per member/per dependent per the plan year as an integral part of the wellness benefit.