

I MINA' TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) REGULAR SESSION

Bill No. 252-30(COR)

Introduced by:

v.c. pangelinan

2009 OCT 1 - 8 PM 2: 53 *me*

AN ACT TO AMEND SECTION 4301(a), ADD A NEW SECTION 4301.1(d) AND TO ADD A NEW SECTION 4302.1 OF CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO CREATING THE GOVERNMENT OF GUAM EMPLOYEE HEALTH BENEFITS TRUST FUND BY THE DIVISION OF ACCOUNTS OF THE DEPARTMENT OF ADMISTRATION

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan* finds the
2 need to include an authorization for self funded government of Guam employee health
3 benefits in order to provide cost effective alternatives to purchasing group health
4 insurance. Self funded health benefits reduce the purchasing cost to both the government
5 of Guam and its employees through minimal administrative cost by eliminating corporate
6 profit and premium tax expenses associated with buying group health insurance.
7 Increasing health benefit options also enables the government of Guam to attract and
8 retain qualified employees by providing comprehensive health benefits similar to those
9 commonly provided in private industry at a lower cost.

10 *I Liheslaturan Guahan* finds the creation of a Government of Guam Employee
11 Health Benefits Trust Fund (Fund) is required to protect the government of Guam and its
12 employee's contributions to pay for self funded health benefits. These contributions are
13 currently set aside for group health insurance policies purchased from private industry.
14 The Fund will serve as the source to pay for expenses related to any self funded health
15 benefit plans including but not limited to claims, stop-loss insurance and administrative
16 fees.

17 **Section 2. Section 4301(a) of Chapter 4, Article 3, Title 4 Guam Code**
18 **Annotated is hereby amended to read:**

1 “4301. Group Insurance.

2 (a) The Governor is authorized to enter contracts and reject proposals, with the
3 written concurrence of the Speaker of the Guam Legislature or the Presiding Judge of the
4 Superior Court of Guam whose consents may be withheld in their sole discretion, with one
5 (1) or more insurance companies, authorized to do business in Guam, for group insurance,
6 including, but not limited to hospitalization, medical care, life and accident, for all employees
7 or separate groups of employees of the government of Guam. If the Legislative or Judicial
8 Branches of government elect to enter into separate contracts for their employees as
9 authorized in § 4301(c), the Governor shall obtain the written concurrence of the Branch
10 electing to remain with the Executive Branch before the group insurance contract is entered
11 into or a proposal rejected. The government shall not be construed as an agent of any
12 insurance company in negotiating or administering this group insurance program. Health
13 Benefits provided under this authority may be self-funded and administered by a third party
14 if it is determined to be cost-effective.”

15 **Section 3. Section 4301.1 (d) of Chapter 4, Article 3, Title 4 Guam Code**
16 **Annotated is hereby added to read:**

17 “§ 4301.1. Definitions.

18 (d) Health benefits is a defined set of benefit coverage consisting of but not
19 limited to medical or dental care which is provided directly, through insurance or
20 reimbursement, or otherwise, and including items and services paid for considered
21 care that is self funded or offered by a health insurance provider.”

22 **Section 4. Section 4302.1 of Chapter 4, Article 3, Title r Guam Code Annotated**
23 **is hereby added to read:**

24 “§4301.2. Creation of the Government of Guam Self Funded Employee Health
25 Benefits Trust Fund Accounts, herein referred to as “Trust Fund Accounts”.

26 (a) The Trust Fund Accounts are hereby created and shall not be commingled with
27 the General Fund or any other funds of the government of Guam;

28 (b) A separate bank account for all Trust Fund Accounts shall be established for each
29 self funded health benefits plan;

30 (c) All employer and employee premium payments shall be deposited in the
31 respective self funded health benefits plan Trust Fund Account;

1 (d) Moneys in the Trust Fund Accounts shall be used by the Department of
2 Administration to pay health benefit related claims and associated administrative costs for
3 any self funded health benefits plan negotiated by the team authorized in § 4302(c) of
4 Chapter 4, Article 3, Title 4 Guam Code Annotated;

5 (e) Income earned on the moneys in the Trust Fund Accounts shall be credited to the
6 respective self funded health benefits plan's Trust Fund Account;

7 (f) Moneys in the Trust Fund Accounts are continuously appropriated in accordance
8 with this section and are not subject to any transfer authority of the Governor;

9 (g) The Trust Fund Accounts shall maintain a minimum reserve equal to Twenty-Five
10 percent (25%) of prior fund year coverage claim payments including incurred but not
11 reported (IBNR) claim liability for the same period;

12 (h) Annual audited report based on generally accepted accounting principles and
13 generally accepted auditing standards, and supported by actuarial review and opinion of
14 IBNR claims and other future contingent liabilities. Report *shall* include at a minimum but
15 not limited to the following:

16 (1) Opinion of Independent Certified Public Accountant;

17 (2) Balance Sheet;

18 (3) Statement of Revenues and Expenses;

19 (4) Statement of Changes in Fund Balances;

20 (5) Statement of Cash Flows, direct method; and

21 (6) Notes to Financial Statements.

22 (7) A premium equivalency charge developed from total fund year
23 expenditures, including an estimate for IBNR claim cost.

24 **Section 5. Effective Date.** This Act shall become effective upon enactment.

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