

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
30-35 (COR)	Tina Rose Muña Barnes	AN ACT TO ADD § 4302(f)(1) OF CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THAT ALL PRIVATE HOSPITALS BE COVERED UNDER THE GOVERNMENT OF GUAM HEALTH INSURANCE CONTRACT.	1/25/19 4:42 p.m.	2/1/19	Committee on Public Accountability, Human Resources, and the Guam Buildup	2/11/19 2:30 p.m.	2/15/19 3:19 p.m.	Request: 2/4/19 Fiscal Note: 2/8/19 Fiscal Note: 2/25/19 As Amended Fiscal Note: 2/26/19 Revised	Supplemental Document to the Committee Report 2/20/19 5:11 p.m.

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telen Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

February 26, 2019

Senator Joe S. San Agustin,
Member

Senator Jose T. Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

MEMO

To: Rennae Meno
Clerk of the Legislature

From: Senator Régine Biscoe Lee
Chairperson, Committee on Rules

Re: Fiscal Note on Bill No.30-35 (COR) As amended (Revised)

Buenas yan Håfa adai.

Attached, please find the fiscal notes for the following bill:

Bill No. 30-35 (COR) As amended (Revised)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 30-35 (COR) (REVISION #2)**

AN ACT TO ADD §4302(f)(1) OF CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THAT ALL PRIVATE HOSPITALS BE COVERED UNDER THE GOVERNMENT OF GUAM HEALTH INSURANCE CONTRACT.

Department/Agency Appropriation Information

Dept./Agency Affected: Government of Guam Wide	Dept./Agency Head: Lourdes A. Leon Guerrero, Governor
Department's General Fund (GF) appropriation(s) to date:	\$630,521,037
Department's Other Fund (Specify) appropriation(s) to date: All Special Funds per P.L. 34-116	\$247,883,441
Total Department/Agency Appropriation(s) to date:	\$878,404,478

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues	\$0	\$0	\$0
FY 2019 Appro. (P.L. 34-116 thru _____)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of FY 2019 (if applicable)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund	1/	\$0	\$0	\$0	\$0	\$0
Special Fund	1/	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

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|---|------------|-------------------------------|--------------------------------|
| 1. Does the bill contain "revenue generating" provisions?
If Yes, see attachment | | / / Yes | / X / No |
| 2. Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ _____ | / X / N/A | / / Yes | / / No |
| 3. Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies?
Is there a federal mandate to establish the program/agency? | / X / N/A | / / Yes
/ / Yes
/ / Yes | / X / No
/ / No
/ X / No |
| 4. Will the enactment of this Bill require new physical facilities? | | / / Yes | / X / No |
| 5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
/ / Requested agency comments not received by due date | | / X / Yes | / / No |
| | / / Other: | | |

Analyst: <u>Jason Baza</u> Jason Baza, BMA III	Date: <u>2/26/19</u>	Director: <u>Lester L. Carlson, Jr.</u> Lester L. Carlson, Jr., Acting Director	Date: <u>2/26/19</u>
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Notes:
1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 30-35 (COR) (REVISION #2)

Bill 30-35 intends to mandate the Government of Guam Health Insurance Negotiating Team, headed by the Department of Administration (DOA) Director, to include both public and private hospitals when deliberating on the Government of Guam's group health insurance contract for the forthcoming fiscal year.

The proposed legislation requires all health insurance providers have contractual agreements with private hospitals as a prerequisite for submitting bids for the annual Government of Guam (GovGuam) health insurance contract. It should be noted that one (1) of the two (2) existing health insurance providers that provides coverage to Government of Guam employees in FY 2019 has contracts with Guam's only private hospital, the Guam Regional Medical City (GRMC). If the subject legislation becomes law and the other insurance provider does not secure a contract with this facility, they would effectively be ineligible to submit a proposal for insurance coverage for FY 2020.

As reported in local media sources, GRMC's rates for services are generally higher than average as compared to other medical facilities. On February 20, 2019, the existing Government of Guam health insurance provider that currently does not have contracts with GRMC publicly stated that they are exploring a "buy-up" option for members to choose based on their healthcare needs. Per the press release, the members that select the "buy-up" option would be responsible for paying the additional premium costs and not the Government of Guam.

Per correspondence with DOA, although the Government of Guam health insurance negotiations for FY 2020 have already commenced, DOA is prevented from releasing data on costs and the potential effect of the proposed legislative changes included in this Bill by the need to maintain confidentiality during the negotiation process as well as HIPAA concerns. It should also be noted that final premium costs are the result of a negotiation process which has just started. As such, the Bureau is not able to determine the potential cost impact to the Government of Guam at this time for FY 2020.

Relative to a request from the Guam Legislature on overall costs for Medical Premiums in prior fiscal years, and due to time constraints, available data from the Guam Office of Public Accountability's (OPA) Report No. 18-05 (Government of Guam Health Insurance Contracts Analysis for the period of FY2014 - FY2017 to include autonomous and semi-autonomous agencies) was utilized to project costs for FY2018 and FY2019. Using the two-fiscal period average growth percentage (FY2015-FY2016 & FY2016-FY2017), the total average growth percentage equated to 0.83%. As such, the Bureau projects health insurance costs to be approximately \$88.7M in FY 2018 and \$89.4M in FY 2019. However, it should be noted that per correspondence with DOA, its health insurance cost for FY 2018 and FY 2019 is approximately \$91M and \$93M, respectively.

Medical Premium and Average Cost per Subscriber 1/

	Enrollment Count	Total Premium (in Millions)			Average Cost Per Subscriber			Gov Share	Emp Share
		Gov	Emp	Total	Gov Share	Emp Share	Total		
FY 2014	11,362	\$54.4	\$13.1	\$67.5	\$4,785	\$1,155	\$5,939	81%	19%
Active Employee	7,682	\$24.3	\$9.4	\$33.7	\$3,158	\$1,228	\$4,386	72%	28%
Retiree	3,680	\$30.1	\$3.7	\$33.8	\$8,180	\$1,001	\$9,181	89%	11%
FY 2015	11,579	\$64.1	\$14.5	\$78.6	\$5,541	\$1,248	\$6,789	82%	18%
Active Employee	7,890	\$24.6	\$10.7	\$35.3	\$3,120	\$1,357	\$4,477	70%	30%
Retiree	3,689	\$39.5	\$3.8	\$43.3	\$10,718	\$1,017	\$11,735	91%	9%
FY 2016	12,192	\$72.8	\$13.3	\$86.1	\$5,977	\$1,086	\$7,063	85%	15%
Active Employee	8,260	\$27.4	\$9.9	\$37.3	\$3,321	\$1,193	\$4,514	74%	26%
Retiree	3,932	\$45.4	\$3.4	\$48.8	\$11,556	\$862	\$12,418	93%	7%
FY 2017	12,327	\$73.5	\$14.7	\$88.2	\$5,959	\$1,197	\$7,156	83%	17%
Active Employee	8,273	\$26.6	\$10.8	\$37.4	\$3,214	\$1,309	\$4,523	71%	29%
Retiree	4,054	\$46.9	\$3.9	\$50.8	\$11,561	\$969	\$12,530	92%	8%
FY 2018 2/	12,429	\$74.1	\$14.6	\$88.7	\$5,962	\$1,175	\$7,137	83%	17%
Active Employee	8,330	\$26.9	\$10.7	\$37.6	\$3,229	\$1,285	\$4,514	71%	29%
Retiree	4,073	\$47.2	\$3.9	\$51.1	\$11,589	\$958	\$12,546	92%	8%
FY 2019 2/	12,532	\$74.7	\$14.7	\$89.4	\$5,961	\$1,173	\$7,134	84%	16%
Active Employee	8,399	\$27.2	\$10.8	\$37.9	\$3,239	\$1,286	\$4,525	72%	28%
Retiree	4,107	\$47.5	\$3.9	\$51.5	\$11,567	\$950	\$12,516	92%	8%

1/: Ref. OPA Report No. 18-05. Report includes autonomous and semi-autonomous agencies.

2/: Projected based on two-year average growth rate (FY15-FY16 & FY16-FY17)

TWO FISCAL PERIOD AVERAGE GROWTH RATE									
	Enrollment Count	Total Premium (in Millions)			Average Cost Per Subscriber			Gov Share	Emp Share
		Gov	Emp	Total	Gov Share	Emp Share	Total		
Total	374	\$4.7	\$0.1	\$4.8	\$209	(\$26)	\$184	0.83%	-0.83%
Active Employee	191.5	\$1.0	\$0.1	\$1.1	\$47	(\$24)	\$23	0.68%	-0.68%
Retiree	182.5	\$3.7	\$0.1	\$3.8	\$422	(\$24)	\$398	0.47%	-0.47%

GROWTH RATE (FY16 OVER FY15)									
	Enrollment Count	Total Premium (in Millions)			Average Cost Per Subscriber			Gov Share	Emp Share
		Gov	Emp	Total	Gov Share	Emp Share	Total		
Total	613	\$8.7	(\$1.2)	\$7.5	\$436	(\$162)	\$274	3.01%	-3.01%
Active Employee	370	\$2.8	(\$0.8)	\$2.0	\$201	(\$164)	\$37	3.88%	-3.88%
Retiree	243	\$5.9	(\$0.4)	\$5.5	\$838	(\$155)	\$683	1.72%	-1.72%

GROWTH RATE (FY17 OVER FY16)									
	Enrollment Count	Total Premium (in Millions)			Average Cost Per Subscriber			Gov Share	Emp Share
		Gov	Emp	Total	Gov Share	Emp Share	Total		
Total	135	\$0.7	\$1.4	\$2.1	(\$18)	\$111	\$93	-1.35%	1.35%
Active Employee	13	(\$0.8)	\$0.9	\$0.1	(\$107)	\$116	\$9	-2.51%	2.51%
Retiree	122	\$1.5	\$0.5	\$2.0	\$5	\$107	\$112	-0.79%	0.79%