

Office of the Governor of Guahan

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Felix P. Camacho  
Governor

Michael W. Cruz, M.D.  
Lieutenant Governor

*[Handwritten Signature]*  
11/12/10  
30-10-6966  
NOV 10 2010

NOV 15 PM 2:43

The Honorable Judith T. Won Pat, Ed.D.  
Speaker  
Mina' Trenta Na Liheslaturan Guahan  
155 Hessler Street  
Hagåtña, Guam 96910

Dear Speaker Won Pat:

Transmitted herewith is Bill No. 107-30 (LS): "AN ACT TO REPEAL §4301(g), AND TO REPEAL AND RE-ENACT §4302(g), OF CHAPTER 4, ARTICLE 3, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTALS, VISIONS AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS" which was signed into law on February 9, 2010 as Public Law 30-93.

Sinseru yan Magåhet,

FELIX P. CAMACHO  
I Maga'låhen Guahan  
Governor of Guahan

Attachment: copy of Bill

I MINA'TRENTA NA LIHESLATURAN GUÅHAN  
2010 (SECOND) Regular Session

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

This is to certify that Substitute Bill No. 107-30 (LS), "AN ACT TO REPEAL §4301(g), AND TO REPEAL AND RE-ENACT §4302(g), OF CHAPTER 4, ARTICLE 3, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS," was on the 22<sup>nd</sup> day of January, 2010, 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'lahaen Guåhan* this 28<sup>th</sup> day of January 2010, at 3:34 o'clock P.M.



Assistant Staff Officer  
*Maga'lahi's Office*

APPROVED:



MIKE W. CRUZ, MD  
GOVERNOR OF GUAM ACTING

Date: 9 FEB '10

Public Law No. P.L. 30-93

***I MINA'TRENTA NA LIHESLATURAN GUÅHAN***  
**2009 (FIRST) Regular Session**

**Bill No. 107-30 (LS)**

As amended by the Committee on Economic Development, Health & Human Services, and Judiciary; and further substituted and amended on the Floor.

Introduced by:

v. c. pangelinan  
Judith T. Won Pat, Ed.D.  
T. C. Ada  
F. B. Aguon, Jr.  
F. F. Blas, Jr.  
E. J.B. Calvo  
B. J.F. Cruz  
J. V. Espaldon  
Judith P. Guthertz, DPA  
T. R. Muña Barnes  
Adolpho B. Palacios, Sr.  
R. J. Respicio  
Telo Taitague  
Ray Tenorio

**AN ACT TO *REPEAL* §4301(g), AND TO *REPEAL* AND *RE-ENACT* §4302(g), OF CHAPTER 4, ARTICLE 3, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.**

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

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that over three (3) decades ago, the government of Guam contracted with one (1)  
4 insurance carrier to provide health insurance coverage for its retirees and active  
5 employees. To protect the interest of the government of Guam and to ensure  
6 consistent and reliable coverage, a continuing clause provision was mandated,  
7 which meant that when the government of Guam entered into a contract with the  
8 lone health insurance carrier, they could *not* terminate the agreement without legal  
9 clause.

10           *I Liheslaturan Guåhan* further finds that over the past several years since the  
11 implementation of the continuing clause provision, there are now other insurance  
12 carriers on Guam available to negotiate contractual agreements with the  
13 government of Guam for health insurance coverage. §4301(g), Chapter 4, Article  
14 3, Title 4, Guam Code Annotated, allowed the incorporation of the continuing  
15 clause provision to any health insurance company on Guam and was subject to the  
16 District Court of Guam Appellate Division Case *Government of Guam v. FHS,*  
17 *Inc.*, (D.Guam App.Div.1991) ruling which allows health insurance carriers to  
18 terminate their agreement with the government of Guam..

19           The purpose of the continuing clause provision was necessary at the time of  
20 its implementation; however, it has now proved to be unnecessary given the fact  
21 that the government of Guam can now negotiate with numerous health insurance  
22 companies who have proven stability in our community. The continuing clause is  
23 also counter-productive to reducing cost because it prevents the negotiating team  
24 defined in §4301(c), Chapter 4, Article 3, Title 4, Guam Code Annotated, the  
25 flexibility to award the entire government of Guam health insurance competitive  
26 bid contract to one (1) carrier if that carrier does not have an existing contract with  
27 the government of Guam.



1           Therefore, it is the intent of *I Liheslaturan Guåhan* to remove the continuing  
2 clause provision for health insurance carriers contracting with the government of  
3 Guam for health care coverage and to require utilization data for those entering  
4 into contractual agreements with the government of Guam for health care  
5 coverage.

6           Within the last five (5) years, two (2) health insurance carriers have declined  
7 to provide health insurance to the Government of Guam. Since that time, *only* one  
8 (1) health insurance carrier has submitted a proposal to provide health insurance.

9           The intent of *I Liheslaturan Guåhan* to require health insurance carriers  
10 contracted with the Government of Guam to provide claim level detail to its  
11 negotiating team is to attract health insurance carriers to bid for the Government of  
12 Guam business by making available quantifiable and verifiable risk pool data.  
13 Such information is also useful for developing benefit design changes to improve  
14 health outcomes and reduce program cost.

15           **Section 2.** §4301(g), Chapter 4, Article 3, Title 4, Guam Code Annotated,  
16 is hereby *repealed* in its entirety to become effective January 1, 2011.

17           **Section 3.** §4302(g), Chapter 4, Article 3, Title 4, Guam Code Annotated,  
18 is hereby *repealed* and *re-enacted* to read as follows:

19           “(g) All health insurance companies or health care providers  
20 contracted to provide health care to government of Guam employees and  
21 retirees *shall* provide to the negotiating team, defined in §4302(c), and the  
22 Office of Finance and Budget, fifteen (15) months of detailed claims  
23 utilization and cost information from period October 1 to September 30 of  
24 the previous fiscal year, and October 1 to December 31 of the current fiscal  
25 year, *no later than* March 1 for the final updated data for the previous fiscal  
26 year in electronic database file format such as Microsoft Access or Microsoft  
27 Excel.

1           The detailed claims utilization and cost information must total in  
2 aggregate all the experience data used to calculate government of Guam  
3 insurance rates for the fiscal year following the current fiscal year. Claims  
4 incurred but *not* received calculations *shall* be reported separately and must  
5 be derived from detailed claims utilization and cost information submitted  
6 and reviewed and approved by a credentialed actuary from a recognized  
7 organization such as the American Academy of Actuaries or Society of  
8 Actuaries.

9           The detailed claims utilization and cost information required under  
10 this Subsection *shall* include *only* de-identified health information as  
11 permitted under the Health Insurance Portability and Accountability Act of  
12 1996 and *shall not* include any protected health information, as defined in  
13 the Health Insurance Portability and Accountability Act of 1996.

14           Detailed demographic and claims utilization and cost information  
15 *shall* include the following information with a unique contract identifier that  
16 links all the following data to the same contract:

- 17           (1) Type of contract based on all tiers used in program design (EE,  
18           EE + SPOUSE, FAMILY, etc.);
- 19           (2) Patient demographics, date of birth, gender, relationship to  
20           subscriber;
- 21           (3) Medical, Dental and Vision claims, line detail including  
22           Diagnosis code (ICD9 or ICD10), Procedure codes (CPT,  
23           HCPC, CDT), Revenue codes, Service dates, Service provider  
24           (name, tax id, provider id, specialty code, city, state, zip code),  
25           Plan payments, Member payment responsibility (copay,  
26           coinsurance, deductible), Claim paid date, Type of bill and  
27           Facility type;

- 1           (4) Prescription Drug claims, to include NDC codes, Formulary tier  
2            identifier, pharmacy (name, provider id, city, state, zip code),  
3            Plan payments, member payment responsibility (copay,  
4            coinsurance, deductible) Claim paid date, Injectable drug  
5            indicator, GPI number, ingredient cost, dispensing fee and  
6            rebates; and
- 7           (5) Any other detailed demographic and claims utilization and cost  
8            information as requested by the negotiation team in the  
9            Invitation to Bid (ITB) for the fiscal year following the current  
10           fiscal year.

11           Failure to comply with requirements of this Section will result in a  
12           2.5% reduction of the quarterly premiums from the non-compliant health  
13           insurance carrier. The information *shall* be provided quarterly. The  
14           reduction *shall* be deducted from the premiums due to the carrier in the  
15           succeeding quarter, if the information is *not* received within forty-five (45)  
16           days of the end of the quarter. The negotiating team defined in §4302(c) at  
17           their discretion, at *any* time during the following fiscal year health insurance  
18           negotiations, *may* disqualify proposals from health insurance carriers *not* in  
19           compliance with this Section for their in force contract.”

20           **Section 4. Effective Date.** Section 3 of this Act *shall* become effective on  
21           October 1, 2010.

22           **Section 5. Severability.** *If* any of the provisions of this Act or the  
23           application thereof to any person or circumstance is held invalid, such invalidity  
24           *shall not* affect any other provision or application of this Act which can be given  
25           effect without the invalid provision or application, and to this end the provisions of  
26           this Act are severable.

# I MINA' TRENTA NA LIHESLATURAN GUÅHAN

2010 (SECOND) Regular Session

Date: 1/22/10

## VOTING SHEET

Bill No. 107-30(25)

Resolution No. \_\_\_\_\_


Question: \_\_\_\_\_

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Thomas C.	✓				
AGUON, Frank B., Jr.	✓				
BLAS, Frank F., Jr. /		✓			
CALVO, Edward J.B.			E		
CRUZ, Benjamin J. F.	✓				
ESPALDON, James V. /	✓				
GUTHERTZ, Judith Paulette	✓				
MUNA-BARNES, Tina Rose	✓				
PALACIOS, Adolpho Borja, Sr.		✓			
PANGELINAN, vicente (ben) cabrera	✓				
RESPICIO, Rory J.	✓				
TAITAGUE, Telo		✓			
TENORIO, Ray		✓			
WON PAT, Judith T.	✓				

TOTAL

9      4      1      \_\_\_\_\_      \_\_\_\_\_

CERTIFIED TRUE AND CORRECT:

  
 Clerk of the Legislature

\* 3 Passes = No vote  
 EA = Excused Absence



**COMMITTEE ON ECONOMIC DEVELOPMENT,  
HEALTH & HUMAN SERVICES, AND JUDICIARY**

*I Mina' Trenta na Liheslaturan Guåhan* • 30th Guam Legislature

238 Archbishop F.C. Flores St., DNA Bldg., Suite 701A, Hagatña, Guam 96910

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**FRANK B. AGUON, JR.**  
SENATOR, CHAIRMAN

**ADOLPHO B. PALACIOS, SR.**  
SENATOR, VICE CHAIRMAN

**JUDITH T. WON PAT**  
SPEAKER  
EX-OFFICIO MEMBER

**BENJAMIN J.F. CRUZ**  
VICE SPEAKER

**TINA ROSE MUÑA BARNES**  
LEGISLATIVE SECRETARY

**THOMAS C. ADA**  
SENATOR

**JUDITH P. GUTHERTZ**  
SENATOR

**RORY J. RESPICIO**  
SENATOR

**FRANK F. BLAS, JR.**  
SENATOR

**TELO TAITAGUE**  
SENATOR

**RAY TENORIO**  
SENATOR

September 09, 2009

Honorable Judith T. Won Pat  
Speaker  
I Mina' Trenta na Liheslaturan Guåhan  
155 Hesler Place  
Hagatña, Guam 96910

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

**RE: Committee Report – Bill No. 107 (COR)**

2009 OCT 26 PM 4:52

Dear Speaker Won Pat:

The Committee on Economic Development, Health & Human Services, and Judiciary, to which was referred **BILL NO. 107 (COR)** – “AN ACT TO REPEAL SETION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302 (g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS”, hereby reports out with the recommendation TO PASS.

Committee votes are as follows:

<u>5</u>	TO PASS
<u>0</u>	NOT TO PASS
<u>0</u>	ABSTAIN
<u>2</u>	TO REPORT OUT ONLY
<u>0</u>	TO PLACE IN INACTIVE FILE

Respectfully,

**SENATOR FRANK B. AGUON, JR.**  
*Chairman*  
Committee on Economic Development,  
Health & Human Services, and Judiciary

RECEIVED  
DATE: 9/9/09 ER  
2:10 PM



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***I MINA'TRENTA NA LIHESLATURAN GUÅHAN***  
***(30<sup>TH</sup> GUAM LEGISLATURE)***

**COMMITTEE ON  
ECONOMIC DEVELOPMENT,  
HEALTH & HUMAN SERVICES,  
AND JUDICIARY**

**SENATOR FRANK B. AGUON, JR.**  
Chairman

**COMMITTEE REPORT**

**BILL NO. 107 (COR)**

As substituted by the  
Committee on Economic Development,  
Health & Human Services, and Judiciary

AN ACT TO REPEAL SECTION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302 (g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.



**COMMITTEE ON ECONOMIC DEVELOPMENT,  
HEALTH AND HUMAN SERVICES, AND JUDICIARY**  
*I Mina' Trenta na Liheslaturan Guåhan* • 30th Guam Legislature  
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**THOMAS C. ADA**  
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**JUDITH P. GUTHERTZ**  
SENATOR

**RORY J. RESPICIO**  
SENATOR

**FRANK F. BLAS, JR.**  
SENATOR

**TELO TAITAGUE**  
SENATOR

**RAY TENORIO**  
SENATOR

September 08, 2009

**MEMORANDUM**

**TO:** Committee Members

**FROM:** Chairman

**SUBJECT:** Committee Report  
Bill No. 107 (COR), as substituted by the Committee on  
Economic Development, Health & Human Services, and Judiciary

Transmitted herewith for your information and action is the Committee Report on **BILL NO. 107 (COR)**, as substituted by the Committee on Economic Development, Health & Human Services, and Judiciary.

Please take the appropriate action on the voting sheet. Your attention and cooperation on this matter is greatly appreciated.

If you have any questions regarding the report or accompanying documents, please feel free to call my office.

Respectfully,

  
SENATOR FRANK B. AGUON, JR.

Attachments



## COMMITTEE VOTING SHEET

**BILL NO. 107 (COR) – AN ACT TO REPEAL SECTIN 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302 (g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.**

	SIGNATURE	TO PASS	NOT TO PASS	REPORT OUT ONLY	ABSTAIN	PLACE IN INACTIVE FILE
FRANK B. AGUON, JR. Chairman	9/08/09	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ADOLPHO B. PALACIOS, SR. Vice Chairman	9/9/09	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BENJAMIN J.F. CRUZ Vice Speaker	9/9/09	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TINA ROSE MUÑA BARNES Legislative Secretary		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
THOMAS C. ADA		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
JUDITH P. GUTHERTZ		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RORY J. RESPICIO		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FRANK F. BLAS, JR.	F	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TELO TAITAGUE		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
RAY TENORIO		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## I. OVERVIEW

The Chairman of the Committee on Economic Development, Health & Human Services, and Judiciary called the public hearing to order on Wednesday, July 15, 2009, 8:07 am, at *I Liheslaturan Guåhan's* Public Hearing Room on **BILL NO. 107 (COR)**, ***“AN ACT TO REPEAL SECTION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302(g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS”***, introduced by Senator Vicente “Ben” C. Pangelinan.

Notices of the public hearing were disseminated to local media via fax, email and two (2) printed publications, and are attached herein meeting the requirements of the Open Government Law.

### **Committee Members and Senators present:**

Senator Frank B. Aguon, Jr., Chairman  
Senator Adolpho B. Palacios, Sr., Vice Chairman  
Senator Vicente “Ben” Pangelinan  
Senator Telo Taitague

The Chairman acknowledged Senator Pangelinan and allowed him to provide initial comments on Bill No. 107 (COR).

**Senator Pangelinan:** I'd like to recognize that the Dept. of Administration did submit a written testimony.

Bill 107 will give, in my opinion, the tools needed by Government of Guam and Government of Guam Negotiating Committee for health insurance benefits made available to its employees, the tools needed in order to have the necessary information to maximize the negotiating position of Government of Guam by knowing and understanding Claims Experience and Loss Ratio Experience of different insurance and classes of insurance that are offered to Government of Guam employees via the Government of Guam Health Insurance Program.

The bill was drafted because we felt the information in the manner it's being provided to Government of Guam by its contracting insurance companies is not sufficient to give the clearest picture we can from the government's side of the expenditures of medical services and classes of those expenditures to Government of Guam Negotiating Committee in order to be in a better bargaining position for health insurance benefits.

So this bill intends to identify the type of information we would require of any contractor, and once information is given then Dept. of Administration and the Negotiating Committee will be privy to it and will have necessary information to negotiate the best deal we can for Government of Guam employees. Health insurance cost for Government of Guam is over \$40 million a year at this time, and that's a huge part of the benefits package we offer to Government of Guam employees. Over the years, I think we have continually eroded the benefits base of the government employee with the health insurance program, and I believe that we can do a better job if we had better information. So this seeks to give us the information. Thank you Mr. Chairman.

## II. SUMMARY OF TESTIMONY

- ❖ **Ms. Leonora Candaso** (Dept. of Administration) read written testimony by Lourdes M. Perez, Director of Dept. of Administration.
- ❖ **Sen. Francis Santos** (Staywell) – I'd like to comment on the historical perspective of this bill. The continuing provision was a means not in a sense for the government but to protect the insurance carrier. Back then, the government decided to start its own health plan. As a result, the competitor health plan felt it needed to protect its interest; therefore, it negotiated a continuing provision into its agreement with Government of Guam. It was then that other carriers like ourselves, Staywell, came in. We negotiated our continuing provision as part of our agreement with Government of Guam. It wasn't given to us by law; it was after the fact that it was done. I believe it was our friends at NetCare that soon after said that everybody's in the game, why not give to everybody else. Because at its peak, you have 3 health plans being offered to Government of Guam employees; Staywell, NetCare, Pacific Care then FHP.

If you go back historically and look at what the reasoning was, it served both purpose; it protected the government in a sense but it also protected insurance companies at the whims of the government. I can tell you we had to endure political interference in our contract with GovGuam, and through the wisdom of the Legislature, they saw fit to correct the language we had 20 some years ago. So in that respect, the continuing provision serves its purpose for, if you want in that sense, protect the carrier. However the government in its negotiation posture, that's what they use for us.

Don Davis and I tried to recollect what exactly it was we gave away when we got that provision put into our contract, we just couldn't remember. We had to give up quite a bit in order to get that provision, and it wasn't just because they wanted to hand it to us. I agree with Sen. Pangelinan; the stability of insurance companies are now present, and it's just now a question of what the future lies for Gov Guam and its health benefits for its employees.

Two years ago when our insurance carrier, which was then Zurich Insurance Company decided to withdraw, it was simply a business decision. They were not in

the business to lose money, they've lost 2 years running; claims exceeded premiums. They made a decision to withdraw. Like every other carrier, they felt raising the rates did nothing more but deteriorate their base, therefore, they moved out.

We submitted a bid this year in hopes we can get back in to offer a competitive to GovGuam employees. With respect to the other section concerning information provided to GovGuam; again, we don't really have any issues with that. However, we do ask for some sense of confidentiality with the information. The HIPAA issues are clear; we have no planners in their right minds to give away any information that would divulge names, diagnosis, etc. Again, it can be refined in a sense that we can talk with DOA and really refine what's needed. Generally, most insurance companies like as much data as they can get to help analyze what's going to happen in the market. Staywell, of course, because we've been there, we're able to develop our rates based on our trend analysis. However, it's always nice to know what's really happening. And I agree with Sen. Pangelinan, getting the right information so carriers who want to come out here; I'm sure if it was done the right way and they see it, we might be able to attract other carriers from the states to come out and try to offer benefits to GovGuam employees.

There were no other testimonies provided. All written testimonies are attached.

### III. COMMENTS AND DISCUSSION

- ❖ **Sen. Aguon:** Thank you Sen. Santos. I don't know Ms. Candaso if you would be the appropriate representative within DOA. Did you highlight the position you hold within the department?
- ❖ **Ms. Candaso:** I'm the Personnel Specialist IV for the Employees Benefits Branch from HR.
- ❖ **Sen. Aguon:** I noticed in your testimony there was a good number of historical perspective in regards to Select Care, Staywell's involvement in the past, and their extrication from public service. I was trying to find or focus in on GovGuam public employees and their health care benefits, and I didn't extract the emphasis on that.

If this is going to detract or hinder the ability of insurance companies to be able to provide the best option and widest option of health care benefits to our public employees, then I would understand that, and that statement has to be reinforced with that information, but if expanding the realm or allowing increased participation into this plan, if it's going to ultimately benefit our employees. I'm trying to figure out the nature of your testimony because the focus was on the business aspect. And the reason I bring this out is I didn't think the department, although has to negotiate with these health insurance carriers, I see the government as being an advocate for public employees, looking out for the best service and health care plan that can be provided to each and every public employee that contributes and pay their respective premium.

So can I just hear in terms of what ultimately the benefits could be or could not be as a result of the impact of the legislation on the proposal on public employees; no offense to Sen. Santos and our businesses out there, but I'm not concerned about the business factor at this point in time. I'm more concerned about health benefits. What ultimately would be the health care benefits for our public employees? Would it be enhanced; would it be detrimental as a result of incorporating or allowing passing of this legislation? What would be your perspective?

- ❖ **Ms. Candaso:** In terms of benefits, what if we remove the continuing provisions or if we have these published documents or these utilizations published? First, the reason why we want to have it published is, of course, to attract other carriers. Without that, we've had interest from off-island carriers but their concerns with us is that they don't have the data to submit a cost based on our utilization. Again, maybe this is something for the consultants to answer unfortunately they're in Denver, Colorado. But if we want to attract other providers, we're hoping to give it more competition in terms of maybe their premiums be more attractive to employees. Of course that's the main concern are premiums, benefits of course.

But just by letting other players come into the field, we're looking at more opportunities to give, more benefits, and again, premiums is the main concern. So that's the whole fit thing we're trying to get out of attracting other carriers. In terms of benefits, there are certain things we're mandated to carry, but I cannot really address as to what additional benefits this will entail, if that is your question.

- ❖ **Sen. Aguon:** You've got a tier of benefits offered right now, health care benefits to all public employees who participate in health care plan. Would this proposal increase the threshold of benefits, sustain it or decrease it as a result of adopting this? I'm more concerned if I was a public employee, if I participate in this plan, would any subsequent negotiations result in improved health care benefits for me and my family, or is it going to be detrimental? I'm just focused on public employees, not the business aspect.

The business aspect, Sen. Santos is absolutely correct. Staywell made a business decision which resulted in one service provider at this point in time. Now it really goes back to the premise of why GovGuam even seeks and contracts out health care benefits insurance policy, is to help support our public employees. So how does this affect the health care benefits threshold of our public employees? Because the testimony was, we need to be considerate, consider the business perspective. We need to consider why Staywell exited the offering of services to public employees. Those are business aspects. Is this going to be better; is this going to result in improved, increased health care benefits; or is it going to result in sustained benefits?

- ❖ **Ms. Candaso:** Definitely the goal is to provide better benefits at affordable rates. That's the ultimate goal of DOA. Yes, I can say by hopefully doing this, attracting more competition, more benefits. That's the desire DOA wishes to put out. There are many factors with rates; the premiums and so forth. We've got these social security

issues; our retirees are not eligible for medicare. They didn't start contributing until 1998 when we were supposed to do this, I believe in the 80s or early 90s. But contributions didn't really go in until 1998, so there are issues with that. That's why our consultants are looking into researching how we can separate them, maybe move the retirees into medicare. But by attracting off-island providers, we are hopeful, and that's the desire of DOA; to provide better benefits at affordable rates.

- ❖ **Sen. Aguon:** Now Ms. Candaso, I have a better appreciation of your testimony. The focus is on our public employees, in improving and enhancing health care benefits. Thank you Ms. Candaso.

Sen. Santos, I appreciate the historical perspective you provided. I think when you look at the continuing provision, it was incorporated; that's the understanding I was given back in 1997. It was to allow the provider at that point in time almost indefinite service to our people in terms of health insurance coverage. Looking at this and the recommendations from DOA, and Ms. Candaso if I can ask you also, by any chance if the consultants can provide written testimony from their perspective?

And Sen. Santos, on the continuing clause; greater competition, better for our public employees?

- ❖ **Ms. Candaso:** The consultants are scheduled to come in next week. Yes, we can ask them to provide that.
- ❖ **Sen. Santos:** Again, it depends on what the government wants to do with it. If it's for negotiation posturing, it works for the government. From our perspective, it doesn't really matter at this point. We definitely want to get back in the business. Whether a business decision is made by the carrier, that's something we have to live with. We exited the market at the time the rates were split. So we really can't tell at this point absent the fact that there's no data whether in fact the rate splitting between the active and retiree is working; only Select Care will know that. We're in the risk business. We'll take a gamble that, yes, the rate split that is now happening will in fact be able to sustain the plans; one for active, one for retirees. That's our business.

Irrespective of the continuing provision, we're just going to move on; that only exist in Government of Guam. You don't have continuing provision in private sector. You simply provide a service; they like you, your rates are good, they continue with you. Again, I'm not sure what the government is trying to do because on one hand, every consultant that come on board that has given an analysis on the GovGuam plan, they're now saying we should have one carrier. At one point in time, we had 4 carriers, and I think what is happening is, of course, you got a base that's aging and that's factors we've got to deal with here on Guam. But I think the move is there to try to see how we can get into medicare.

Again, it's a transfer of risk to another payer, and I think that's a wise decision on top of the government. I think it's just an issue of where do we find the money; that way

you can protect the base. If you go back and look at what's really happening in our base, your active employees are no longer taking insurance in GovGuam; it's simply too expensive. You're getting your spouse's coverage, benefits are just not good enough for them, and then what you've opened up there is, you've got a case of a person who's uninsured or just doesn't want to be insured. When you're faced with a \$2,000 or \$6,000 deductible, you have to make some really hard decisions on the type of health care you want.

So the attractive part of that future is, yes, the premiums maybe sometimes in the case of a single person is nothing. But in the case of a family, \$100, you weigh that. But if you take the other option and have a \$6,000 deductible before your insurance plan steps in, there's no plan like that in private sector; this only exist in GovGuam. The private sectors have not yet moved into high deductibles, high health plan type system. Eventually it may gravitate to that but we're just not seeing it. The HAS components just has not caught on on Guam. Although it's a very attractive feature, it just has not grabbed hold on the market out there.

I'm not sure how many employees really have taken advantage of what HAS does on the tax side as opposed to benefits side; whether it's going to attract other carriers, I don't think so. Carriers come out here to make money. They look at the risk. If they think they can do it, they do.

- ❖ **Sen. Pangelinan:** Mr. Chair, you were asking a question is this going to benefit GovGuam employees; is it looking at the employees? For the record, I want to assure you I wouldn't introduce anything that would look at it any other way.
- ❖ **Sen. Aguon:** That was to try to get the perspective shifted from our government representative. The focus to me, I think, similar to what we do, we take care of the people of Guam. I think DOA's primary responsibility is to look out for the benefits of public employees, to negotiate the best option, the most reasonable option for our people, not necessarily look and focus on the business component.
- ❖ **Sen. Pangelinan:** I just wanted to state for the record. But let me also say that I think that's the biggest problem we've had with regards to benefits under the health insurance program for GovGuam employees. We haven't paid attention to the business side, and because we don't pay attention to the business side, we don't do a good job of providing them that service and affordable benefits to government employees because we don't have the ability from the business side to negotiate the best deal we can.

You know they say information is knowledge and power, and all the information to this date is on the health insurance company side; so they have all the knowledge and power. This will transfer that information over to the government side so the government can also be empowered with the knowledge that is provided by the information that is required to be provided to the GovGuam Negotiating Committee.

All the knowledge and power is on one side; this would shift and provide greater leverage, greater opportunity.

We're hiring a \$180,000, I think its \$250,000 consultants; they're working with nothing. They can say this is what we would do if we had this information; this is what you would do if you had this information; and we don't have the information so we don't know what to do. But we do the best we can without knowing exactly what the loss ration experience is. Just from looking and understanding a little bit of the health insurance business, there's no reason at all for health insurance rates to rise in the coming negotiation process. We have looked at, because our limited experience in the health insurance side and the ability we have in Office of Finance & Budget, we have looked at payouts, we've look at trend analysis. The limited information we have, and I'm saying to the GovGuam Negotiating Committee, we better not see a rate increase because even the limited data will not support that in terms of what we've paid out in premiums and claims that we've paid that insurance companies have paid out. We're going to watch that very carefully.

But again, basic, we have to pay attention at times to the business in order to take care of the people. It's the same reason why we can't pay out tax refunds, because we don't take the business of running our government in a financially prudent manner. We're not paying attention to the financial status of the government and operations of it. We're using it for other purposes. We have to be interested in the business aspect of running our government. Information especially in the health insurance side for the provisions of benefits, the best benefits we can get and most affordable rates we can get, that information is knowledge and power in the health insurance side. This bill will give information, some of that knowledge and therefore empowering our GovGuam Dept. of Administration Negotiating Committee.

On the continuing provision, I have no problem taking it out at this time. The issue of the continuing provision is for the purpose of ensuring the health insurance companies can remain in the business, even if we don't like them or they design plans that may not be in the best interest of the entire GovGuam, and offer those plans which deteriorate the financial stability and base of the overall health insurance program; that they can stay in and I think if we look at it from that perspective. But in order to facilitate the interest and provide opportunities for other carriers to come in and make some educated decisions, the data that will be provided, it's going to be helpful to that; and the continuing provisions, I just don't think its necessary any longer given where we're at.

I definitely thank Dept. of Administration. We talked about this bill and discussed it, there has been some consultation. I also thank Sen. Santos for his perspective and historical education on this.

- ❖ **Sen. Santos:** With respect, again to the nature of confidentiality of the data that's going to be given. When you say published data, that's DOA's responsibility to publish the data?

- ❖ **Sen. Pangelinan:** Yes. The idea here is to have the information available, and I think when they say published, they mean that it becomes a matter of public record so it can be accessed by others. Or else DOA can release the information during negotiating process, through RFP process that we can have these insurance companies make a decision whether or not they're going to place their time and resources into responding to the RFP and structuring their proposal, etc. I am certainly cognizant and careful with regards to HIPAA regulations and proprietary rate.
- ❖ **Sen. Santos:** I think if you just look at the nature of the business, I'm glad to hear other carriers are interested, but 20 some years have gone by and I've seen not one carrier come out from United States and say they want to do business on Guam. So I'm not sure how that's going to work.
- ❖ **Sen. Pangelinan:** But we will make sure HIPAA is, of course, the overriding concern here with regards to data, trend secrets, and proprietary information. I think in order to attract people, that has to be explicit. Those types of information will remain confidential, but trend analysis, loss experience ration, breakout of tiers, and enrollment in those different tiers; I think all of that is information we intend to make available on a public basis.
- ❖ **Sen. Palacios:** It has to do with the continuing clause and of course the way I see this, this is a new tool element in the negotiation. I think 20 years ago, the insurance carrier would want this of course to be guaranteed at least several or couple more years. But now, when these are available, maybe 3 or 4 providers, I may be wrong, but this leverage can be to the advantage to GovGuam in that they can negotiate, offer so-called multiple years of guaranteed business. Now it can be used, in my opinion, to the advantage. That's what it's all about; is to give you several years more than one year. That's what it is, the continuing clause. So what do you think about that?

Of course we don't need it but at the same time, if I were in your seat, I would want that authority, the power to be able to negotiate with carriers; give us a better deal then we can give you a continuing provision, maybe 3 or 5 years duration.

- ❖ **Ms. Candaso:** As an example, our life insurance contract, we have a 5-year contract, that's what we put in the RFP. With health insurance it's a little different; the dynamics are different in terms of utilization, there are changes every year and so forth. Like I mentioned, we have had off-island interest in the past. The only thing, they're hesitant to provide proposal based on lack of information. Why would we want, in essence, split the pie when we can have the entire population? The assumption would be better if we know the entire pool versus if we go in with different other providers. We may get a slice of the pie not knowing are we going to get the high utilizers, or more of the low risk-high risk. I guess that's the whole reason why we want to remove that; so we can attract other carriers who would have a better idea as to what kind of population base we would be getting instead of guessing, essentially.



- ❖ **Sen. Palacios:** I think the future collection of data and those things that the author had spoken are very good. I think we should have that; with that knowledge, we can go in better prepared to negotiate the best deal.
- ❖ **Sen. Taitague:** With regards to this, what is the name of your consulting company?
- ❖ **Ms. Candaso:** AON Consulting. We are working with the Colorado office.
- ❖ **Sen. Taitague:** Aren't they here on Guam?
- ❖ **Ms. Candaso:** They have a local business here but it's not for the consulting side. The office that we're working with is in Denver.
- ❖ **Sen. Taitague:** Sen. Santos, Staywell at one time covered GovGuam health insurance. How many years ago was that?
- ❖ **Sen. Santos:** We pulled out 2 years ago.
- ❖ **Sen. Taitague:** I'm looking at this bill and I guess the only person that's going to have to submit any information at this point is just one company. Is Staywell, if they come to the table to negotiate, willing to give up their information, claims and such to GovGuam before you submit any proposal for health insurance coverage?
- ❖ **Sen. Santos:** I think when we were at the table, it's been quite a number of years, but whatever information we have, we try to share with the government to the extent what we feel is necessary. I'm not opposed to what Sen. Pangelinan's asking. I think that's going to be helpful for everyone. I think if you look back, the types of forms we have been submitting for GovGuam for submitting RFP, have not changed. Maybe if they had done that many years ago and make those kinds of changes inherent in the RFP that would have been maybe not a need for this bill. That was done by rule, not by law. So that same form has existed for a long time. I recall back then that you had to submit raw claims is what we called it. Most companies can really dig down and bear down on their analysis, and this I think is going to help everybody. We're not opposed to that.
- ❖ **Sen. Taitague:** So you're currently an employee of Staywell?
- ❖ **Sen. Santos:** Yes.
- ❖ **Sen. Taitague:** So this information that's going to come out basically by just one company right now, are you going to be using this information to formulate your rates at Staywell?
- ❖ **Sen. Santos:** It would have been helpful in this last bid but we didn't use it. We basically used our own data.

- ❖ **Sen. Taitague:** So this information going to DOA for your use is understandable. But to make it public, and since you've been in the health industry for a while; what did this do on a competitive side for any other company, especially since we only have one company that's going to submit this data that enables them to open their doors to everybody else, and we're talking about competitive wise?
- ❖ **Sen. Santos:** Look at it at this perspective, if you want; we're using public money to fund these programs, and what you're asking for in this bill is claims utilization data on behalf of your employees and retirees. Why not? It's just a matter of how you're going to use the information. The best interest of the government is what Sen. Pangelinan wants to accomplish in this bill. We're not opposed to that; it's the manner in which the government wants to use it. When we give up data, we'll give it in the manner you want, it's just never been asked for in that way. So we hold back on our side because that's our negotiating posture.

Because typically the government, and of course, like any negotiating, you want the best possible rate. We're also allocated a certain degree of profit, there's a margin we need to carry and so forth. But again, when you're using public money, we should be able to at least divulge what's happening with it. What Sen. Pangelinan has done with this bill has set up guidelines for it, and all I ask is what we deem confidential to our business, at least follow that.

- ❖ **Sen. Taitague:** I definitely agree with you considering it is public money. But the information, I have a little bit of trouble accepting this part. I do believe DOA should have privy to any type of information coming through from any insurance company, and require a few asking for the claims and such. The bill only seeks claims information; what information relating to receipts submitted for deductibles on such plans, or co-payment data. Do you see it requesting that information as well?
- ❖ **Ms. Candaso:** I think the data we're requesting for, as Sen. Santos had mentioned, we recently and I'm not sure how many years, because of the reporting guidelines, we have requested for an RFP, and so we kind of categorize how we want the reporting guidelines submitted. Again, the question is because it's not public, but we kind of broke it down and identified the format we want the report given to us. It is given to us but our hands are tied, so we can't have it public. But your question, Sen. Taitague in terms of receipts, all of that should reflect in the data we're going to be requesting. Again, the data we are requesting is broken down; utilization by member, type of benefit they use, location and so forth. It's all identified in that report and that's what we'll be requesting for. It's kind of a catch-all of the data.
- ❖ **Sen. Taitague:** Sen. Santos, what does de-identified mean?
- ❖ **Sen. Santos:** No names, no reference to any type of indication of who the member is. It's a term we use where you're not going to see any names, reference to gender.
- ❖ **Sen. Taitague:** You have no problem, and I guess when the RFP comes out, that each agency, especially since you have a history with GovGuam of all your claims

and information, submitting receipts and deductibles will be submitted as well. Insurance rates will go up by 10% regardless, and that's information out there, and that comes from American Medical Society. But I really feel that I do hope for best premiums and deductibles for our people in GovGuam. But also by opening this box to other companies, it will continue to face no other insurance company coming to this island to submit a proposal for this. If we do something like this, this opens up their trade secrets, opportunities for competitors to take your data. I do understand that DOA having this information will help them, but to put it publicly might be a problem. I'm going to look into that more so with regards to give the information to other competitors, considering there's only one person out there who would have that information.

- ❖ **Ms. Candaso:** I think the bill is only asking for utilization data and not trade secrets of the plan, and I think we're just specific. It's our employees, our population, our benefits, our utilization. We want to see how sickly our employees are or how healthy they are, what type of benefits they're utilizing; and that's the only thing basically we're asking for in this data.
- ❖ **Sen. Taitague:** Like I asked earlier with Sen. Santos, if this information received by especially Select Care, will he use that to formulate their rates, and that's the situation that would come up.
- ❖ **Sen. Pangelinan:** I just wanted to clarify and respond. Of course Select Care is the only one we're asking because they're the only one providing the information. They're the only ones that have that population. So if anybody else, if we have multiple carriers, each carrier would have to provide that information. But at this time, because we only have one carrier paying the bills, signing the contract, only that carrier has that information. There's no other information out there that is current to this contract in this fashion of having a single carrier operating the program. So the Staywell data may not even be relevant anymore to claims experience and utilization under this contract which you have a single carrier providing that service. But if there are more carriers, everybody will be covered, and all utilization data will be required of each and every single provider of service.

You mentioned about the legal opinion or Select Care's assertion, position that HIPAA regulation prohibits, for example, Staywell from coming back into the GovGuam program. Have you requested an AG's position on that and review?

- ❖ **Ms. Candaso:** I know this whole issue was under Rev & Tax. The Insurance Commissioner was looking into it in terms of whether this was, when Staywell pulled out, there's a provision in HIPAA that they cannot come back into the market until 5 years. It was brought up, and I don't remember the status or actual determination, but it's been heard by Rev & Tax with the Insurance Commissioner.
- ❖ **Sen. Pangelinan:** What is the government's position?

- ❖ **Ms. Candaso:** I believe we did request an AG's opinion but somehow it went through Rev & Tax. I don't know exactly what the government's position is; just that it was referred for legal matters when it was brought up by the other carrier.
- ❖ **Sen. Pangelinan:** But the AG represents GovGuam. Was the government's position arguing one way or another? Somebody had to represent GovGuam, and that would have been the AG. Unless the AG said they don't want to be involved in this. Like Sen. Aguon mentioned, somebody had to advocate for employees' benefits program that this provision doesn't apply in this case.
- ❖ **Ms. Candaso:** Initially, the government's expression was we didn't agree with the interpretation when it was brought up by the other carrier.
- ❖ **Sen. Pangelinan:** And you related that to the AG, and it's up to them to defend your position?
- ❖ **Ms. Candaso:** Yes.
- ❖ **Sen. Aguon:** Thank you Ms. Candaso and Sen. Santos for joining us this morning.

There being no further questions, comments or discussion, the Chairman announced that the committee will continue to receive testimony for the next 10 days, and concluded the public hearing on Bill No. 107 (COR).

#### IV. FINDINGS / RECOMMENDATION

The Committee reports out ***BILL NO. 107 (COR), "AN ACT TO REPEAL SECTION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302(g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS"*** as substituted by the Committee on Economic Development, Health & Human Services, and Judiciary its recommendation to *I Mina'Trenta Na Liheslaturan Guåhan*           **TO PASS**           Bill No. 107 (COR), *as substituted*.

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

Bill No. 107(LS)

Introduced by:

v.c. pangelinan

2009 MAY - 1 PM 4:44

AN ACT TO REPEAL SECTION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302 (g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan* finds that over three  
3 decades ago, the government of Guam contracted with one insurance carrier to provide health  
4 insurance coverage for its retirees and active employees. To protect the interest of the government  
5 of Guam and to ensure consistent and reliable coverage, a continuing clause provision was mandated  
6 which meant that when the government of Guam entered into a contract with the lone insurance  
7 carrier, they could not terminate the agreement without legal cause.

8 *I Liheslaturan Guahan* further finds that over the past several years since the implementation  
9 of the continuing clause provision, there are now other insurance companies on Guam that negotiate  
10 contractual agreements with the government of Guam for health insurance coverage. Section  
11 4301(g), Chapter 4, Article 3, Title 4 Guam Code Annotated allowed the incorporation of the  
12 continuing clause provision to any health insurance company on Guam and was subject to the  
13 District Court of Guam Appellate Division Case *Government of Guam v. FHP, Inc.*, (D.Guam  
14 App.Div.1991).

15 The purpose of the continuing clause provision was necessary at the time of its

1 implementation, however it has now proved to be unnecessary given the fact that the government of  
2 Guam can now negotiate with numerous health insurance companies who have proven stability in  
3 our community.

4 Therefore, it is the intent of *I Liheslaturan Guahan* to remove the continuing clause provision  
5 for health insurance companies contracting with the government of Guam for health care coverage  
6 and to require utilization data for those entering into contractual agreements with the government of  
7 Guam.

8 **Section 2.** Section 4301(g), Chapter 4, Article 3, Title 4 Guam Code Annotated is hereby  
9 repealed in its entirety.

10 **Section 3.** Section 4302(g), Chapter 4, Article 3, Title 4 Guam Code Annotated is  
11 hereby repealed and re-enacted to read as follows:

12 “§4302(g) All health insurance companies or health care providers contracted to provide  
13 health care to government of Guam employees *shall* provide to the negotiating team defined in  
14 §4302(c) fifteen months (15) months of detailed claims utilization and cost information from period  
15 October 1 to September 30 of the previous fiscal year and October 1 to December 31 of the current  
16 fiscal year no later than March 1 of the current fiscal year.

17 The detailed claims utilization and cost information must total in aggregate all the experience  
18 data used to calculate insurance rates for the fiscal year proceeding the current fiscal year. Claims  
19 incurred but not received calculations *shall be* reported separately and must be derived from detailed  
20 claims utilization and cost information submitted.

21 The detailed claims utilization and cost information required under this section shall include  
22 only de-identified health information as permitted under the health insurance portability and  
23 accountability act of 1996 and shall not include any protected health information as defined in the  
24 health insurance portability and accountability act of 1996.

25 Detailed demographic and claims utilization and cost information must include the following  
26 information:

- 27 1) Type of contract based on all tiers used in program design (EE, EE + SPOUSE,  
28 FAMILY, etc.)
- 29 2) Patient demographics include unique contract identifier, date of birth, gender,  
30 relationship to subscriber

- 1           3)           Medical, Dental and Vision claims include Diagnosis codes (ICD9 or ICD10),  
2                            Procedure codes (CPT, HCPC, CDT), Revenue codes, Service dates, Service  
3                            provider (name, tax id, payer id, specialty code, city, state, zip code), Plan  
4                            payments, Member payment responsibility (copay, coinsurance, deductible),  
5                            Claim Date paid, Type of bill and Facility type
- 6           4)           Prescription Drug claims include NDC codes, Formulary tier identifier, pharmacy  
7                            (name, payer id, city, state, zip code), Plan payments, Member payment  
8                            responsibility (copay, coinsurance, deductible), Claim Date paid, Injectable drug  
9                            indicator, GPI number, ingredient cost, dispensing fee and rebates.
- 10          5)           Any other detailed demographic and claims utilization and cost information as  
11                            requested by the negotiation team in Invitation to Bid (ITB) for the fiscal year  
12                            proceeding the current fiscal year.

13           **Section 4. Effective Date.** This Article shall become effective upon enactment of this Act.

14           **Section 5. Severability.** If any of the provisions of this Act or the application thereof to any  
15 person or circumstance is held invalid, such invalidity shall not affect any other provision or  
16 application of this Act which can be given effect without the invalid provision or application, and to  
17 this end the provisions of this Act are severable.

**MINA'TRENTA NA LIHESLATURAN GUÅHAN**  
**2009 (FIRST) Regular Session**

**Bill No. 107 (LS)**

As amended by the Committee on  
Economic Development, Health &  
Human Services, and Judiciary

Introduced by:

v.c. pangelinan

**AN ACT TO REPEAL SECTION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302 (g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNEMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.**

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

2        **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan*  
3        finds that over three decades ago, the government of Guam contracted  
4        with one insurance carrier to provide health insurance coverage for its  
5        retirees and active employees. To protect the interest of the government of  
6        Guam and to ensure consistent and reliable coverage, a continuing clause



1 provision was mandated which meant that when the government of Guam  
2 entered into a contract with the lone insurance carrier, they could not  
3 terminate the agreement without legal clause.

4 *I Liheslaturan Guahan* further finds that over the past several years  
5 since the implementation of the continuing clause provision, there are now  
6 other insurance companies on Guam that negotiate contractual agreements  
7 with the government of Guam for health insurance coverage. Section  
8 4301(g), Chapter 4, Article 3, Title 4 Guam Code Annotated allowed the  
9 incorporation of the continuing clause provision to any health insurance  
10 company on Guam and was subject to the District Court of Guam  
11 Appellate Division Case *Government of Guam v. FHS, Inc.*, (D.Guam  
12 App.Div.1991).

13 The purpose of the continuing clause provision was necessary at the  
14 time of its implementation, however it has now proved to be unnecessary  
15 given the fact that the government of Guam can now negotiate with  
16 numerous health insurance companies who have proven stability in our  
17 community.

18 Therefore, it is the intent of *I Liheslaturan Guahan* to remove the  
19 continuing clause provision for health insurance companies contracting  
20 with the government of Guam for health care coverage and to require  
21 utilization data for those entering into contractual agreements with the  
22 government of Guam.

1           **Section 2.** Section 4301(g), Chapter 4, Article 3, Title 4 Guam Code  
2 Annotated is hereby repealed in its entirety.

3           **Section 3.** Section 4302(g), Chapter 4, Article 3, Title 4 Guam Code  
4 Annotated is hereby repealed and re-enacted to read as follows:

5           “§4302(g) All health insurance companies or health care providers  
6 contracted to provide health care to government of Guam employees *shall*  
7 provide to the negotiating team defined in §4302(c) fifteen months (15)  
8 months of detailed claims utilization and cost information from period  
9 October 1 to September 30 of the previous fiscal year and October 1 to  
10 December 31 of the current fiscal year no later than March 1 of the current  
11 fiscal year.

12           The detailed claims utilization and cost information must total in  
13 aggregate all the experience data used to calculate insurance rates for the  
14 fiscal year proceeding the current fiscal year. Claims incurred but not  
15 received calculations *shall be* reported separately and must be derived  
16 from detailed claims utilization and cost information submitted.

17           The detailed claims utilization and cost information required under  
18 this section shall include only de-identified health information as permitted  
19 under the health insurance portability and accountability act of 1996 and  
20 shall not include any protected health information as defined in the health  
21 insurance portability and accountability act of 1996.

22           Detailed demographic and claims utilization and cost information  
23 must include the following information:

- 1           1)    Type of contract based on all tiers used in program design (EE,  
2                    EE + SPOUSE, FAMILY, etc.)
- 3           2)    Patient demographics include unique ~~contract~~ patient  
4                    identifier, date of birth, gender, relationship to subscriber,  
5                    unique subscriber identifier, if patient is not subscriber
- 6           3)    Medical, Dental and Vision claims include Diagnosis code  
7                    (ICD9 or ICD10), Procedure codes (CPT, HCPC, CDT), Revenue  
8                    codes, Service dates, Service provider (name, tax id, ~~payer~~  
9                    provider id, specialty code, city, state, zip code), Plan  
10                  payments, Member payment responsibility (copay,  
11                  coinsurance, deductible), Claim Date paid, Type of bill and  
12                  Facility type
- 13          4)    Prescription Drug claims include NDC codes, Formulary tier  
14                  identifier, pharmacy (name, ~~payer~~ provider id, city, state, zip  
15                  code), Plan payments, member payment responsibility (copay,  
16                  coinsurance, deductible) Claim Date paid, Injectable drug  
17                  indicator, GPI number, ingredient cost, dispensing fee and  
18                  rebates.
- 19          5)    Any other detailed demographic and claims utilization and cost  
20                  information as requested by the negotiation team in Invitation  
21                  to Bid (ITB) for the fiscal year proceeding the current fiscal  
22                  year.

1           **Section 4. Effective Date.** This Article shall become effective upon  
2 enactment of this Act.

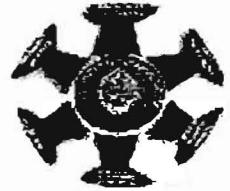
3           **Section 5. Severability.** If any of the provisions of this Act or the  
4 application thereof to any person or circumstance is held invalid, such  
5 invalidity shall not affect any other provision or application of this Act  
6 which can be given effect without the invalid provision or application, and  
7 to this end the provisions of this Act are severable.





Felix P. Camacho  
Governor  
Michael W. Cruz, M.D.  
Lieutenant Governor

DEPARTMENT OF ADMINISTRATION  
(DIPATTAMENTON ATMENESTRASION)  
Director's Office  
(Ofisinan Direktot)  
Post Office Box 884 \* Hagåtña, Guam 96932  
TEL: (671) 475-1288 \* FAX: (671) 477-3671



Lourdes M. Perez  
Director  
Joseph C. Manibusan  
Deputy Director

HRD No.: OG-0520



Senator Ben C. Pangelinan  
Chairman, Ways and Means, Retirement,  
Chamorro Land Trust and Ancestral Lands, 30<sup>th</sup> Guam Legislature  
155 Hesler Place  
Hagatna, Guam 96910

Subject: Comments on Bill 107  
Relative to removing the continuing clauses  
and requiring Plans to submit electronic  
information

Hafa Adai! The Department of Administration (DOA) has reviewed Bill 107 relative to removing the continuing provision clause and requiring the health insurance companies contracted with the government to make available detailed reports. As such, DOA, under the guidance of its consultants, Aon Consulting, offers its comments below.

While we maintain our original recommendation that the long-term interests of the Government of Guam are best served by the removal of the continuing coverage provision and the mandate of reporting from existing carrier(s), we do not feel it is in GovGuam's best interest to enact both of these changes in the same bill.

We fully support the idea of requiring public reporting of claims experience and penalties for noncompliance, and recommend that this remain in the bill. However, we feel that removing the continuing coverage provision will better serve GovGuam's long term goals if removed for FY2011 or FY2012. Our reluctance to remove the continuing coverage provision for FY2010 stems from the potential of having no carriers bid to provide medical and dental insurance to GovGuam.

Presently, the SelectCare Health Plan is the sole carrier. If SelectCare's experience were to deteriorate in a similar manner to StayWell's past experience, SelectCare may consider refusing to bid if there was no continuing coverage provision in place. SelectCare was the only carrier to provide a fully-insured proposal for FY2009. In order to ensure that a reasonable SelectCare bid is proposed for future years, DOA, with the concurrence of our consultants, Aon Consulting, would prefer that one or two years of published and public experience be available as an incentive to other carriers' bidding before we remove the continuing coverage provision. Also, the continuing coverage provision was put in place to protect GovGuam in the event no carriers were to bid.

StayWell was the most recent carrier other than SelectCare to cover the Government's employees. DOA recalls that SelectCare had informed us of their interpretation of HIPAA rules prohibiting StayWell from covering GovGuam for a 5 year period since the termination of their

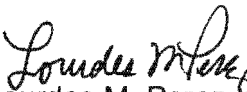
contract for FY2008. While we do not agree with this interpretation, a future court ruling could side with SelectCare, and potentially prohibit Staywell or other carriers from bidding.

If SelectCare's experience were to deteriorate in a similar manner to StayWell's, SelectCare would seriously consider refusing to bid, were they allowed to. Selectcare was the only carrier to provide a proposal for FY2009. In order to ensure that a reasonable bid comes in, we would prefer that a year or two of published experience be available as an incentive to other carriers' bidding before we remove the continuing clause provision.

DOA feels the most appropriate long term solution is to allow GovGuam to contract with a single insurer each year after analyzing proposals submitted from several carriers. However, for this long term strategy to work, competition must be introduced, and we believe the carrier void would not be filled if both strategies introduced in this bill were enacted simultaneously.

We also want to ensure that these documents requested are "public" and such reference is notated in the bill. In addition, we would prefer that the bill not only reflects health insurance carriers, but also life insurance carriers with GovGuam as authorized in sections 4301(a) and 4303. We request that a new section is included in section 4303 (or amend the proposed Section 4302(g) to extend to life insurance carriers) requiring life insurance companies to submit and make public loss ratio reports identifying amounts of claims paid, premiums received, census data, reports categorized by active, retiree, survivors lives, types of coverage, etc. in the manner appropriate by GovGuam.

We thank you for the opportunity to comment on Bill 107 and for your continued support. Should you need additional information, we are available. Si Yu'os Ma'ase.

  
Lourdes M. Perez



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

*Frank Agumon, Jr.*  
*Bill 107*  
*7/15/09*

July 15, 2006

The Honorable Senator Frank Agumon  
Chairman  
Committee on Economic Development,  
Health & Human Services and Judiciary  
Suite 701 A, DNA Building  
238 Archbishop Flores St.  
Hagantna, Guam 96910

*Of of*  
*Sen. Frank Agumon, Jr.*  
**RECEIVED**  
*7/15/09 3:56pm F*

Re: **Bill No. 107**

Dear Senator Agumon:

This letter serves as our testimony concerning the above bill. We oppose the bill based on the following reasons:

- The continuing clause provides a leveling field and protects insurance entities against political interference with this very important benefit of the GovGuam employees and retirees. The most recent law concerning the continuity clause was purposely enacted to depoliticize and protect the process, and it allowed all companies providing health insurance services for GovGuam to obtain this provision.
- GovGuam has sufficient leveraging in negotiating benefits with third party payors. However, in most recent years less and less bidders find this business attractive and the number of respondents dwindled.
- Employees and retirees of the Government of Guam are well represented by a group composed of about twenty (20) fellow employees and retirees. These individuals make up the negotiating committee, and they are advised by professional consulting actuaries. The committee should be allowed to do its work and negotiate what it views as the most advantageous benefits and rates for their fellow Government of Guam employees and retirees
- The utilization information referenced in the bill is provided to the Government of Guam and its consulting group on a consistent basis. The confidentiality and usage of this information should be protected and limited to only those individuals directly involved in the negotiations, so that insurance entities contracting with GovGuam may keep their trade tools confidential. Contracted rates and certain pricing data are evidently confidential trade tools of the insuring entity and should be kept as such.

This information is for the exclusive use of the recipient(s) named above and may contain information that is privileged, confidential, and/or prohibited from disclosure under applicable law. If you are not the intended recipient(s), you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please contact us by telephone at (671) 477-9808.



The Honorable Frank Aguon

July 15, 2009

Page 2

In summary, this bill is unnecessary and it sends a poor message to potential bidders that Government may change terms at will on existing agreements with third party payers. This in itself is not a good message at a time when less and less alternatives are available to the GovGuam.

Respectfully yours,



Frank D. Campillo  
Health Plan Administrator



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Fax +1 415 403 1334

milliman.com

August 21, 2009

Ms. Paula M. Blas  
Director  
Government of Guam Retirement Fund  
424 Route 8  
Maite, Guam 96927

RE: **Bill No. 107 (LS)**

Dear Paula:

We have reviewed Bill 107 (LS) that has been introduced to the Guam legislature, and would like to offer our support. Bill 107 (LS) removes the continuing clause provision for health insurance companies contracting with the Government of Guam ("GovGuam") for health care coverage and requires health insurance companies contracting with GovGuam to submit detailed claim utilization and cost information.

We support Bill 107 (LS) because the current bidding process for GovGuam health insurance is not working effectively. Over the years, the number of bidding carriers has diminished to the point that only one (Calvo's SelectCare) remains. Among the local insurance carriers who do not bid for GovGuam health insurance benefits, despite the large size of the group, are NetCare Life & Health, Staywell, and TakeCare Asia. No non-local insurance carriers bid.

Effective competition is important to controlling the costs of health insurance.

The removal of the continuing clause provision will improve competition because carriers will bid more aggressively if they have an opportunity to replace the current insurance carrier. Under

Ms. Paula Blas  
August 21, 2009  
Page 2

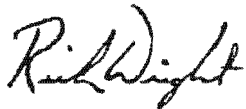
current law, carriers are unlikely to bid unless they believe a significant number of members will sign up with them.

The requirement to submit detailed claim utilization and cost information will also improve competition. Insurance carriers are likely to bid more aggressively if they have full, up-to-date claim experience information. If they do not, carriers tend to add margins to their bids to allow for more uncertainty regarding the risks they are assuming. In some cases, carriers may choose not to bid unless claims experience information is provided due to the uncertainty.

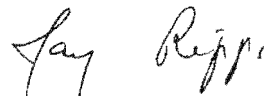
Additionally, the claims experience data required by Bill 107 (LS) will allow GovGuam to perform its own analysis. This analysis will enable GovGuam to make decisions regarding the program, including possible program changes and cost savings opportunities.

For these reasons the undersigned offer their support in favor of Bill 107 (LS).

Very truly yours,



Rich Wright, FSA, MAAA  
Principal and Consulting Actuary



Jay C. Ripps, FSA, MAAA  
Consulting Actuary

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# Report on Health Insurance for Members of Government of Guam Retirement Fund

Prepared for:  
**Government of Guam Retirement Fund**

Prepared by:  
**Milliman, Inc.**

**Jay C. Ripps**  
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## INTRODUCTION

At the request of the Government of Guam Retirement Fund, in accordance with P.L. 29-113, Section 78, Milliman, Inc. ("Milliman") had conducted a study of the health insurance currently provided to Government of Guam employees and retirees, and their dependents. This report describes the results of our study.

We understand that this report may be presented to legislators, gubernatorial staff, or other Guam government officials, and that it may become part of the public record. However, Milliman does not intend to benefit and assumes no duty or liability to any third parties who receive Milliman's work in this fashion. Also, this report may be distributed only in its entirety, and it is subject to the terms of the Consulting Agreement between Milliman and the Government of Guam Retirement Fund dated October 21, 2004.

## BACKGROUND

The Government of Guam ("GovGuam") offers medical and dental insurance benefits to its employees and retirees, and their dependents. We refer to those who are eligible for such insurance "members" of the GovGuam health insurance program. Members currently have a choice of three medical plans:

1. Calvo's SelectCare HSA 2000
2. Calvo's SelectCare HSA 1500
3. Calvo's SelectCare PHIL 1000

All three plans are comprehensive preferred provider plans. Comprehensive preferred provider plans cover a broad range of medical expenses. The plans pay a greater share of the expenses if services are obtained from a healthcare provider in the plans' defined networks (participating providers). With respect to off-island care, the PHIL 1000 plan has participating providers only in the Philippines. The other plans also have participating providers in Hawaii, the U.S. Mainland, and Taiwan.

Each of the plans pays for a portion of medical expenses above a specified threshold, called a "deductible." Below the threshold, members pay the entire cost of medical services. The threshold must be exceeded in a given calendar year before the plan pays; that is, a new deductible applies each year. Deductibles for each of the plans with respect to services obtained from participating providers, are as follows:

### ANNUAL DEDUCTIBLES - PARTICIPATING PROVIDERS

Plan	Single Coverage (Employee Only)	Family Coverage Employee + One or More Dependents
Calvo's SelectCare HSA 2000	\$2,000	\$6,000
Calvo's SelectCare HSA 1500	\$1,500	\$3,000
Calvo's SelectCare PHIL 1000	\$1,000	\$3,000

Each of the plans pays for 100% of the cost of covered medical services obtained from participating providers, after a member has paid for a maximum amount for covered medical expenses in a policy year. The maximum amounts (called "out-of-pocket" maximums) for each of the plans are as follows:

**ANNUAL OUT-OF-POCKET MAXIMUMS - PARTICIPATING PROVIDERS**

<b>Plan</b>	<b>Single Coverage (Employee Only)</b>	<b>Family Coverage Employee + One or More Dependents</b>
Calvo's SelectCare HSA 2000	\$4,000	\$12,000
Calvo's SelectCare HSA 1500	\$2,500	\$7,500
Calvo's SelectCare PHIL 1000	\$2,500	\$7,500

In addition to paying for a portion of the cost of medical services, members pay a portion of the health insurance premiums charged to GovGuam by the health insurance company [Nichido Insurance Company (Pacific) Ltd.] Active employees and retirees pay the same amounts of member premiums. The range of member premiums for FY 2009 is shown in the following table:

**ANNUAL MEMBER MEDICAL PREMIUMS (ACTIVE AND RETIREE)**

<b>Plan</b>	<b>Single Coverage (Employee Only)</b>	<b>Family Coverage*</b>
Calvo's SelectCare HSA 2000	\$0	\$988
Calvo's SelectCare HSA 1500	\$228	\$1,708
Calvo's SelectCare PHIL 1000	\$3,036	\$10,360

The Calvo's SelectCare HSA 2000 and Calvo's SelectCare HSA 1500 are structured to accommodate a Health Savings Account ("HSA") component. HSAs are tax-favored savings accounts that can be used to cover medical expenses or, if not used for that purpose, can be used as a retirement savings vehicle, much like an individual retirement account (IRA).

There is broad concern among members that, because of high deductibles and out-of-pocket maximums, medical care is not affordable even if the members are covered by a GovGuam health plan. In addition, the cost to the Government of Guam for members' health insurance – especially retirees – has increased dramatically in recent years. The range of GovGuam premiums (paid by GovGuam in addition to member premiums) for FY 2009 is shown in the following table:

\* Family coverage premium shown is for coverage of families (employee, spouse, and children) where spouse is not employed by the Government of Guam.

**ANNUAL GOVGUAM MEDICAL PREMIUMS (ACTIVE AND RETIREE)**

Plan	Single Coverage (Employee Only)		Family Coverage*	
	Active	Retiree	Active	Retiree
Calvo's SelectCare HSA 2000	\$1,380	\$4,692	\$3,164	\$13,424
Calvo's SelectCare HSA 1500	\$1,380	\$5,448	\$3,164	\$15,812
Calvo's SelectCare PHIL 1000	\$1,380	\$6,624	\$3,164	\$19,424

As a result of these concerns, P.L. 29-113, Section 78 was enacted by the Government of Guam, as follows:

"The Retirement Fund Board of Trustees is hereby authorized to explore the possibility of obtaining reasonable health insurance rates for its members. The Retirement Fund Board of Trustees is hereby authorized to conduct a study that would examine the financial information of the prepaid health insurance companies, health care providers or other legal entities for the purpose of developing an economical and beneficial health plan for members of the Government of Guam Retirement Fund."

The Retirement Fund Board of Trustees has engaged Milliman to perform the study of health insurance for members authorized by P.L. 29-113, Section 78.

**SCOPE OF MILLIMAN'S STUDY**

We reviewed the following information regarding health insurance benefits for members, provided to us by the Government of Guam:

- Descriptions of health benefits, as contained in the Government of Guam Open Enrollment Booklet for FY2009 and the GovGuam Employees Member Handbook
- A listing of medical and dental premium rates for FY2009
- A copy of the Request For Proposal (RFP) from Ms. Lourdes M. Perez, regarding health insurance coverage for FY2009 under the Government of Guam's Health Insurance Program, dated April 1, 2008 (RFP/DOA/HRD-033-08)
- Redacted copies of the responses of Calvo's SelectCare to the RFP
- A copy of the Actuarial Study of the Costs of Health Care for Government of Guam Employees, prepared by Lewis & Ellis, Inc. in December, 2006.

In addition, we reviewed Government of Guam regulations defining the Medically Indigent Plan (MIP) and summary information regarding the operations of the MIP for the third and fourth quarters of FY2008.

We have also conducted fact-finding interviews with a number of relevant stakeholders, as follows:



ORGANIZATION	INTERVIEWEE
Calvo's SelectCare	Frank Campillo
Guam Department of Administration	Leonora Candaso
Guam Department of Public Health and Social Services	Theresa Arcangel
NetCare Life & Health	Jerry Crisostomo, Troy Moylan
StayWell	Don Davis, Frank Santos
TakeCare Asia	Don Fetherman

We requested but were unable to obtain historical claim data regarding the health insurance plans offered to members. Therefore, we have not been able to quantify the potential impact of the changes we are recommending for consideration by GovGuam.

## FINDINGS AND RECOMMENDATIONS

Health care is expensive, especially for retirees. There are no easy ways to reduce the costs of care to GovGuam or to members. Therefore, this report recommends consideration of difficult broad-scale changes to the structure of health benefits for members, to some of the benefits themselves, and to the process of bidding by insurance carriers to provide those benefits. In our opinion, no material reductions in costs can be achieved by minor adjustments to or refinements of the current program.

### STRUCTURE OF HEALTH INSURANCE BENEFITS FOR MEMBERS

#### 1. Split The Health Insurance Program Into Three Components

GovGuam currently provides the same benefits to all members – both actively employed and retired. While this practice has certain advantages in terms of simplicity and apparent equity, it has a fundamental flaw – namely, providing the same health benefits to people with very different health insurance needs. For example, retirees have little need for the HSA component of the current HSA 2000 and HSA 1500 plans. We note also that the Government of Guam and its employees began paying Medicare premiums starting in 1998. As a result, Government of Guam employees began accumulating quarters of Medicare-covered employment at that time.

Accordingly, we recommend that GovGuam consider splitting its Health Insurance Programs into three separate programs, as follows :

- Program A covering retirees over age 65 and certain retirees under age 65 with disabilities that qualify them for Medicare.
- Program B covering retirees who are not covered by Program A.
- Program C covering active employees.

For Program A, we recommend that GovGuam consider buying into Medicare instead of operating an independent health insurance program. Current total annual premiums for retirees, depending on which health plan the retiree is enrolled in, range from \$4,692 to \$9,660 (including both member and GovGuam premiums). It appears that total

premiums to buy into Medicare Part A and Part B, not including late enrollment penalties, range from \$1,156.80 to \$6,472.80, as follows:

Quarters of Medicare-Covered Employment	Total Annual Part A & Part B Premiums
40 or more	\$1,156.80
30-39	\$3,844.80
Fewer than 30	\$6,472.80

We do not have access to the number of quarters of Medicare-covered employment among retirees who are over age 65 or otherwise eligible for Medicare because of disability, nor do we have claim history information about those people; consequently, we cannot project the near-term financial effect of such a change, but we believe that it will be positive and that the effects of the change will grow more favorable over time.

For Program B, we recommend that GovGuam consider a health insurance benefit design with no HSA feature and benefits similar to the current Calvo's SelectCare PHIL 1000 plan. To control costs, such a program could cover off-island care only in the Philippines. To reduce costs further, GovGuam may wish to consider paying for hospital services in Guam at a rate commensurate with what it pays in the Philippines, adjusted for differences in labor and other costs between Guam and the Philippines.

For Program C, we recommend continuation of benefit designs similar to Calvo's SelectCare HSA 1500 or HSA 2000. To encourage participation in the plan, we recommend that GovGuam consider modest government contributions to each participating member's HSA, perhaps on the order of \$50 per member per month.

**2. Rescind the Statute Regarding Equality of Active and Retiree Member Premiums**

Currently, the premium amounts paid by active employees and retirees are equal. We understand that this is a statutory requirement. The result of this requirement is that active employees pay a much higher percentage of the total premium for their health insurance than do retired employees. The extent of the difference is shown in the following table:

Plan	ANNUAL MEMBER MEDICAL PREMIUMS			
	Percentage of Total Premium			
	Single Coverage (Employee Only)		Family Coverage*	
	Active	Retiree	Active	Retiree
Calvo's SelectCare HSA 2000	0%	0%	24%	7%
Calvo's SelectCare HSA 1500	14%	4%	35%	10%
Calvo's SelectCare PHIL 1000	69%	31%	77%	35%

\* Family coverage percentages shown are for coverage of families (employee, spouse, and children) where spouse is not employed by the Government of Guam.

If the health insurance program is split into three components as recommended in 1. above, GovGuam should consider proposing an amendment to eliminate the statutory requirement of equal member premiums for active and retired employees, because such a requirement is unnecessarily restrictive, especially on a health insurance program with separate components for active employees and retirees.

**3. Eliminate Multiple Options Under Programs B and C**

Multiple options are attractive because they give members more choices about their health insurance benefits. However, multiple options tend to raise overall costs, because relatively healthy members tend to select the leanest, lowest cost options, while relatively unhealthy members tend to select the broadest, richest options. The net result is higher costs to the employer in total, because insurers factor such selection patterns into their rates if there are multiple options. In addition, having multiple options results in instability among the broader coverage options, since the premiums for such options must be raised to reflect the selection effects, which tends to drive even more such selection, in an unsustainable cycle of increased adverse selection and increased premiums.

This effect is apparent in the current GovGuam health insurance program. The following table shows the ratios of active employee single coverage premiums for the PHIL 1000 option versus the HSA 1500 option, as compared to the comparable ratio in the absence of selection effects, as predicted by Milliman's *Health Cost Guidelines* Rating Model.

	Ratio of Total Single Coverage Premium for PHIL 1000 to Total Single Coverage Premium for HSA 1500
Actual – Reflecting Selection Effects	2.75
Hypothetical – No Selection Effects	1.07

**BIDDING PROCESS FOR GOVGUAM HEALTH INSURANCE BENEFITS**

The bidding process for GovGuam health insurance is not working effectively. Over the years, the number of bidding carriers has diminished; now only one (Calvo's SelectCare) remains. Among the local insurance carriers who do not bid for GovGuam health insurance benefits, despite the large size of the group, are NetCare Life & Health, Staywell, and TakeCare Asia. No non-local insurance carriers bid.

Effective competition is important to controlling the costs of Programs B and C recommended above. To restore effective competition, we recommend that GovGuam consider the following changes to the bidding process.

**1. Implement a "Winner Take All" Process**

Under the current process, successful bidders compete for enrollees among plan members. This has resulted in unsatisfactory financial results for some participating carriers, as they enrolled a disproportionate share of relatively unhealthy members.

To eliminate this problem, GovGuam should consider awarding the entire GovGuam health insurance program to a single insurance carrier, rather than having multiple carriers compete to sign up enrollees among plan members. In this way, the exposure to potential adverse selection among carriers is eliminated.

Implementing this change would require rescinding the clause in the current statute that requires GovGuam and successful carriers to enter into contracts that renew automatically ("continuation provision"). While intended to

---

assure the participation of multiple carriers, this clause has had the opposite effect and should be considered for rescission.

## **2. Award Contracts for More Than One Year**

Carriers may be reluctant to invest the resources required to bid and implement coverage if they know they can be replaced after one year. GovGuam should consider awarding contracts for more than one year, subject to the right to terminate the contract if performance standards are not met.

## **3. Assure the Timely Payment of Insurance Premiums**

Several carriers expressed concern that the Government of Guam did not pay its insurance premiums on time. We do not know whether this has been the case; if so, we recommend that the Government implement steps to assure that premiums are paid timely, perhaps by appropriating a year's worth of premiums in the annual budget process and placing that amount in an escrow account to be used for the sole purpose of paying premiums timely.

## **4. Furnish Comprehensive Claims History with RFP**

Insurance carriers are likely to bid more aggressively if they have full, up-to-date claim experience information. If they do not, carriers tend to add margins to their bids to allow for more uncertainty regarding the risks they are assuming. The furnishing of claim experience will be especially useful in soliciting bids if the insurance program is split into components as recommended above.

## **OTHER COST CONTAINMENT MEASURES**

The changes to the structure of the health insurance programs and to the bidding process are the major recommendations to reduce and control costs. There are several other possible changes that GovGuam may wish to consider which would have less impact but may be effective.

### **1. Self Insurance**

GovGuam may wish to consider self-insurance or minimum premium arrangements in lieu of the current fully insured arrangements. Self-insured and minimum premium arrangements can avoid insurance premium taxes. They can also reduce insurance carrier risk or profit charges, since the carrier is assuming less risk under some of these arrangements than under fully insured arrangements, and they can reduce charges that carriers may make for the cost of capital required for them to assume insurance risk.

If GovGuam decides to pursue self-insurance or minimum premium arrangements, it will probably be desirable to do so using an escrow account similar to that recommended above under "Assure Timely Payment of Insurance Premiums".

### **2. Encourage Carrier Creativity**

GovGuam should consider, as part of the RFP process, encouraging carriers to propose new medical management, disease management, and provider network arrangements, subject to GovGuam approval.

---

## USING THE MEDICALLY INDIGENT PLAN (MIP) AS GOVGUAM HEALTH INSURANCE BENEFITS

We considered the possibility of using the MIP to administer or to substitute for the GovGuam Health Insurance Program. We specifically discussed this possibility with Ms. Theresa Arcangel, Department of Public Health and Social Services, Government of Guam. The MIP has some appeal, because it appears to offer comprehensive benefits at a low administrative cost (5-6% of benefit costs). However, we do not recommend such an approach, for the following reasons :

1. The MIP is a needs-based program. It is intended and operated to provide medical services to Guam residents who do not have the income or other financial resources to afford such services. Therefore, a substantial part of its administrative systems involve income and resource verification, which are not necessary or appropriate for the GovGuam health insurance program.
2. On the other hand, the MIP does not need or operate strong utilization review/pre-authorization procedures to control costs. Such procedures are important to controlling the costs of the GovGuam health insurance program. In general, the administrative systems and procedures required for the MIP are very different from those required for the GovGuam health insurance program.
3. The MIP is operated by the Government of Guam. As such, staffing of the program is subject to the same budget constraints and staffing procedures as other programs operated by the Government. This could lead to difficulties in administering the GovGuam health insurance program, if, for example, additional staff or other resources were required due to changes in the GovGuam health insurance program, and the resources were not available because of other budget issues/constraints.
4. Imposing on the current MIP staff the responsibility to administer the GovGuam health insurance program could imperil the efficient administration of the MIP.

## DATA RELIANCE

In performing this study, we have relied on information provided to us by the Government of Guam. A list of this information is shown on page 5 of this report. We have not audited or verified this information. If the information provided to us is inaccurate or incomplete, the results of our study may likewise be inaccurate or incomplete.



# COMMITTEE ON RULES

*I Mina'Trenta na Liheslaturan Guåhan* • 30th Guam Legislature

155 Hesler Place, Hagatña, Guam 96910 • tel: (671)472-7679 • fax: (671)472-3547 • roryforguam@gmail.com

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**James V. Espaldon  
SENATOR**

May 11, 2009

Memorandum

To: Clerk of the Legislature  
*I Mina'Trenta Na Liheslaturan Guåhan*

Attorney Therese M. Terlaje, Legislative Legal Counsel  
*I Mina'Trenta Na Liheslaturan Guåhan*

From: Senator Rory J. Respicio  
Chairperson, Committee on Rules  
*I Mina'Trenta Na Liheslaturan Guåhan*

Subject: Correction: Attachment Referral of Bill 107(COR)

Please be advised that I am rescinding the referral of Bill 107(COR), which was referred on May 5, 2009 to the Committee on Appropriations, Taxation, Banking, Insurance, Retirement, and Land. I am instead referring the same to the Committee on Economic Development, Health and Human Services, and Judiciary.

Please ensure that the subject Bill is referred, in my name, to the respective Chairperson, as shown on the attachment. I am also requesting that the same be forwarded to all Senators of *I Mina'Trenta Na Liheslaturan Guåhan*.

Should you have any questions, please contact Elaine Tajalle or Stephanie Mendiola from my office.

*Si Yu'os Ma'åse.*

*Attachment*

2009 MAY 12 AM 11:16 AM

*Handwritten signatures and initials, including 'Rory Respicio' and 'T. Terlaje'.*

Bill/Resolution Introduction/Referral

Bill	Sponsor	Description	Date Introduced	Date Re-Referred	Committee Referred
107(COR)	v. c. pangelinan	An act to repeal Section 4301(g) and to repeal and re-enact Section 4302 (g) Chapter 4, Article 3, Title 4 Guam Code Annotated relative to removing the continuing clause provisions to health insurance companies on Guam who contract with the government of Guam and to require all companies or other legal entities providing health insurance to the government of Guam to make available electronically de-identified detailed demographic, medical, dental, vision and pharmacy claims utilization and cost information subject to meeting HIPAA regulations.	5/01/09	5/11/09	Committee on Economic Development, Health and Human Services and Judiciary



**COMMITTEE ON ECONOMIC DEVELOPMENT,  
HEALTH AND HUMAN SERVICES, AND JUDICIARY**  
*I Mina'Trenta Na Liheslaturan Guåhan* • 30th Guam Legislature  
238 Archbishop F.C. Flores St., DNA Bldg., Suite 701A, Hagatña, Guam 96910  
Tel: (671) 969-1495/6 • Fax: (671) 969-1497 • Email: aguon4guam@gmail.com

**FRANK B. AGUON, JR.**  
SENATOR, CHAIRMAN

July 07, 2009


**ADOLPHO B. PALACIOS, SR.**  
SENATOR, VICE CHAIRMAN

**MEMORANDUM**

**JUDITH T. WON PAT**  
SPEAKER  
EX-OFFICIO MEMBER

**TO: Honorable Senators/Committee Members**  
*Committee on Economic Development,  
Health & Human Services, and Judiciary*

**BENJAMIN J.F. CRUZ**  
VICE SPEAKER

**FROM: SENATOR ADOLPHO B. PALACIOS, SR.**  
*Acting Chairman* 

**TINA ROSE MUÑA BARNES**  
LEGISLATIVE SECRETARY

**SUBJECT: First Notice – Notice of Public Hearing**  
**Wednesday, July 15, 2009 – 8:00 am**

**THOMAS C. ADA**  
SENATOR

**JUDITH P. GUTHERTZ**  
SENATOR

*Buenas yan Hafa Adai!*

**RORY J. RESPICIO**  
SENATOR

Please be advised that the Committee on Economic Development, Health & Human Services, and Judiciary will be conducting a public hearing on **Wednesday, July 15, 2009, beginning at 8:00 am** in the Guam Legislature Public Hearing Room.

**FRANK F. BLAS, JR.**  
SENATOR

Please find attached agenda for this public hearing. Should you have any questions, please call Frances Lizama at Senator Aguon's office.

**TELO TAITAGUE**  
SENATOR

*Un dangkulo' na Si Yu'us Ma'ase'.*

**RAY TENORIO**  
SENATOR

Attachment (1)

Cc: Sergeant-at-Arms/Protocol/AV  
Stephanie Mendiola, COR  
Clerk of the Legislature  
MIS



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from: **Frances Lizama** <lizama.frances@gmail.com> [hide details](#) Jul 8 (2 days ago) Reply

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"BORJA, Dominic - Sen. Ada's Ofc." <dominic@senatorada.org>,  
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elg@guamlegislature.org,  
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"FEJERAN, Mary - Sen. Blas' Ofc." <maryfejeran@gmail.com>,  
"HILLS, Derick - Spkr Won Pat's Ofc." <derickhills@live.com>,  
"KOMIYAMA, Veima - Sen. Barnes' Ofc." <vei.komiyama@yahoo.com>,  
"LIDIA, Mike - Sen. Cruz ofc." <mike.lidia9@gmail.com>,  
"LG, Phillip - Sen. Tenorio's Ofc." <phill@raytenorio.com>,  
"MENDIOLA, Stephanie - Sen. Respicio's Ofc." <sem@guamlegislature.org>,  
"MANIBUSAN, Lauriel - Sen. Espaldon's Ofc." <laurielista@gmail.com>,  
"QUITUGUA, Tony" <tq@guamlegislature.org>,  
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"TABONARES, Gina" <aguonmedia@gmail.com>,  
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"WYTTENBACH-SANTOS, Richard - Sen. Guthertz Ofc." <doc.wyittenbachsantos@gmail.com>,  
"WHEELER, Mary Lou" <miwheeler2000@yahoo.com>,  
teddytaz@ite.net,  
teddytaz\_222@yahoo.com

date: Wed, Jul 8, 2009 at 10:25 AM  
subject: 1ST NOTICE - NOTICE OF PUBLIC HEARING  
mailed-by: gmail.com

TO ALL:

Attached is a memo from Sen. Palacios, Acting Chairman which serves as 1st Notice of Public Hearing, scheduled for July 15, 2009. Should you have any questions, please free to call our office. Thank you.

FRANCES S. LIZAMA  
Office of Senator Frank B. Aguon, Jr.  
30th Guam Legislature  
Committee on Economic Development,  
Health & Human Services, and Judiciary  
238 Archbishop F.C. Flores St.  
DNA Bldg (old PDN), Suite 701A  
Hagatna, Guam 96910  
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"PAK, Yong - MIS" <yong@guamlegislature.org>,  
"LG. Joe - Sgl-at-Arms" <sgtarms@guamlegislature.org>,  
"SANTOS, Pat - Clerk's Ofc." <psantos@guamlegislature.org>

"TERLAJE, Flo - Clerk's Ofc." <fterlaje@guamlegislature.org>


Therese Terlaje <tterlaje@guam.net>

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SPEAKER  
EX-OFFICIO MEMBER

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SENATOR

**FRANK F. BLAS, JR.**  
SENATOR

**TELO TAITAGUE**  
SENATOR

**RAY TENORIO**  
SENATOR

July 07, 2009

**MEMORANDUM**

**TO: MEDIA**

Pacific Daily News – 477-3079      KUAM – 637-9870  
Pacific News Center – 477-0793      K-57/Power 98 – 477-3982  
Hit Radio 100 – 472-7663      K-Stereo/KISH – 477-6411  
Marianas Variety – 648-2007      I-94 – 637-9865  
Glimpses – 649-8883      Adventist Radio – 565-2983  
Joy 92 FM – 477-4678      KPRG - 734-2958  
Guam Broadcast Services – 648-0104

**FROM: SENATOR ADOLPHO B. PALACIOS, SR.**  
*Acting Chairman*

**SUBJECT: First Notice** – Notice of Public Hearing  
*Wednesday, July 15, 2009 – 8:00 am*

*Buenas yan Hafa Adai!*

Please be advised that the Committee on Economic Development, Health & Human Services, and Judiciary will be conducting a public hearing on **Wednesday, July 15, 2009**, beginning at **8:00 am** in the Guam Legislature Public Hearing Room.

Please see attached agenda for this public hearing. If you have any questions, please call Frances Lizama at Senator Aguon's office.

*Un Dangkulo' Na Si Yu'us Ma'ase'.*

Attachment (1)

NOTE: Blocked calls are not displayed on this report.  
 For more information, see Junk Fax Report and the Caller ID History report.

**Last 30 Transactions**

Date	Time	Type	Station ID Caller ID	Duration	Pages	Result
Jul 1	6:29AM	Received		0:45	0	No fax
Jul 1	8:58AM	Received	6716322492 6490145 6716490145	0:31	1	OK
Jul 2	9:06AM	Received		0:31	2	OK
Jul 6	10:37AM	Received	6714725022 6716475684 6716475684	0:49	2	OK
Jul 6	4:13PM	Fax Sent	6482007	0:31	1	OK
Jul 7	8:17AM	Received	1111 6714758805	0:22	1	OK
Jul 7	8:53AM	Received		0:40	2	OK
Jul 7	10:21AM	Received	6714725022 6490145 6716490145	0:35	1	OK
Jul 7	10:56AM	Received	6482007 6716482007	0:33	1	OK
Jul 7	3:27PM	Received	6482007 6716482007	0:47	2	OK
Jul 7	4:01PM	Fax Sent	6482007	1:05	1	Error 350
Jul 7	5:10PM	Received	4723510 6714723589	0:19	1	OK
Jul 8	9:33AM	Received	6482007 6716482007	0:46	2	OK
Jul 8	9:36AM	Fax Sent	4773079 PDN	1:37	2	OK
Jul 8	9:38AM	Fax Sent	4770793 PNC	1:03	2	OK
Jul 8	9:40AM	Fax Sent	4727663 HI Radio 100	0:56	2	OK
Jul 8	9:41AM	Fax Sent	6482007 Macleans Variety	1:02	2	OK
Jul 8	9:50AM	Fax Sent	6498883 glimpses	0:56	2	OK
Jul 8	9:52AM	Fax Sent	4774678 Day 92	0:57	2	OK
Jul 8	9:53AM	Fax Sent	6480104 GUM Broadband Services	1:02	2	OK
Jul 8	9:55AM	Fax Sent	6379870 KUAM	1:05	2	OK
Jul 8	9:57AM	Fax Sent	4773982 E. 1st	0:57	2	OK
Jul 8	9:58AM	Fax Sent	4776411 K. 1st	1:24	2	OK
Jul 8	10:01AM	Fax Sent	6379865 I-94	0:59	2	OK
Jul 8	10:02AM	Fax Sent	4776411 K-Stereo	1:38	2	OK
Jul 8	10:04AM	Fax Sent	5652983 Adventist Radio	4:27	2	OK
Jul 8	10:09AM	Fax Sent	7342958 KPRG	2:27	2	OK
Jul 8	10:13AM	Fax Sent	4771812 Tony Lamoreau	0:31	1	OK
Jul 8	10:14AM	Fax Sent	4725003 Dr. Nerissa Britton-Schiff	0:36	1	OK
Jul 8	10:15AM	Fax Sent	4750597 GEPB	0:28	1	OK

**1ST NOTICE - NOTICE OF PUBLIC HEARING**


from **Frances Lizama** <lizama.frances@gmail.com>  
to **"GLIMPSES - PALACIOS, Ivan"** <reporter1@glimpsesofofguam.com>,  
**"K57 / POWER 98 - GIBSON, Ray"** <rgibson@k57.com>,  
**"KSTO/KISH - PEREZ, Alicia"** <kstone@ite.net>,  
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**"MELYAN, Catriona - PDN"** <cmelyan@guampdn.com>,  
**"PDN - DALENO, Gaynor"** <gdumat-ol@guampdn.com>,  
**"PNC - DELGADO, Nick"** <news@spbgum.com>,  
**"PNC - SEBASTIAN, Stephen"** <ssebastian@spbgum.com>  
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TO ALL:

Attached is a memo from Sen. Palacios, Acting Chairman, Comm. on Economic Development, Health & Human Services, and Judiciary reference to public hearing on July 15, 2009.

--  
**FRANCES S. LIZAMA**  
Office of Senator Frank B. Aguon, Jr.  
30th Guam Legislature  
Committee on Economic Development,  
Health & Human Services, and Judiciary  
235 Archbishop F.C. Flores St.  
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# Distance Education within easy reach at UOG

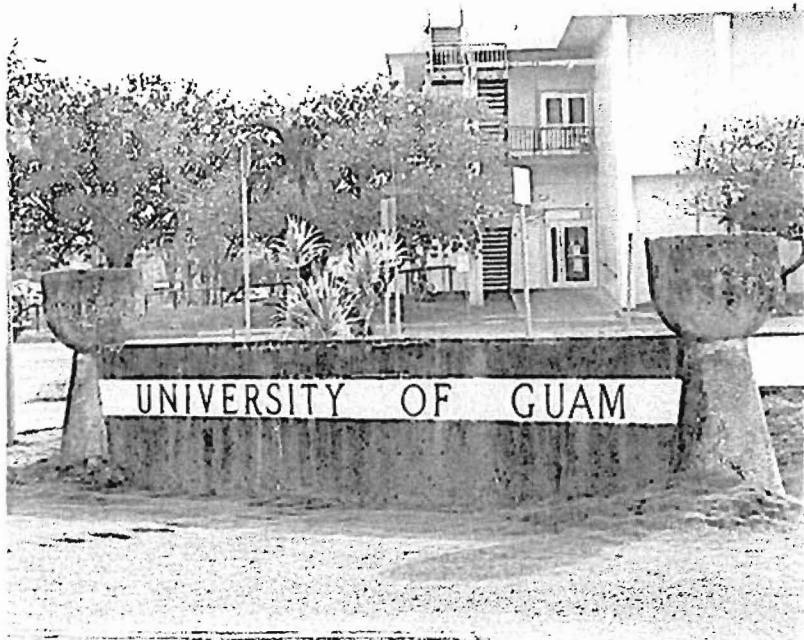


Photo by Wikimedia

(UOG) - THE UNIVERSITY of Guam will hold a Distance Education training workshop on July 14. Assistant professor in the College of Education at the University of Hawaii, Manoa Kavita Rao, will be the featured presenter. Distance education - or distance learning as it is often called - is a student-centered instructional format that allows learners (students) to take courses without having to commit to regular campus attendance. Rather than attending courses in person, teachers and students may communicate at times of their own choosing by exchanging printed or electronic media, or through technology that allows them to communicate in real time and through other online methods.

The biggest driver of distance learning has been due to social changes. Over the years, individuals, institutions, businesses and the military have continuously sought alternative means of access to higher education as they strive to cope with lifestyles and changing demands of the economies and societies in which they live.

Areas to be covered in the UOG workshop include best practices in Distance Education for rural settings; technologies that work for Pacific island scenarios; and addressing cross-cultural and local contexts in Micronesia. The workshop will also

review a quarter century of lessons learned with the Micronesia experience. Presenters will discuss considerations for bachelors and masters programs online, instructional strategies for virtual classes, and addressing the needs and preferences of students via distance education.

Participants will receive some hands-on practice with distance education technologies, such as Moodle and Elluminate, social software

that supports group communication and is used in distance learning environments.

The workshop is free of charge and will be held in the new distance education classroom next to the Science Building on the Mangilao campus. The workshop starts at 9:45 a.m. Persons interested in registering for this exciting training workshop may contact Verna Marquez at [vernahm@ugam.uog.edu](mailto:vernahm@ugam.uog.edu) or give her a call at 735-2620!

# Community

Service Commission Conference Room. Call 647-1855/7.

**Guam Board of Examiners for Pharmacy** will hold a regular session meeting on Thursday, July 16, 7:30 a.m., at the Health Professional Licensing Board Room. Call 735-7406-11.

**Guam Memorial Hospital Authority Board of Trustees** will hold a meeting on Thursday, July 9, 6 p.m. at the GMHA Board Room. Call 647-2218/2418.

**University of Guam Board of Regents** will hold a regular meeting on Thursday, July 15, at 5:30 p.m., in AV Room #1 of the RK Library. Call 735-2244.

**Civilian Military Task Force Social & Culture Sub-Committee** will hold a meeting on Tuesday, July 14, 2 p.m. at the Department of Chamorro Affairs Conference Room. Call 475-4278/9.

**Guam Housing Corporation** will hold a regular board of Director's meeting on Wednesday, July 15, at 2 p.m., in the GHC conference room. Call 641-4143 ext. 133.

**Guam Memorial Hospital Employee Association** is sponsoring, "6000 steps towards a Healthier Heart," a 5K walk/run event to be held early morning on Saturday, July 18, 5 a.m., in the Guam Memorial employee parking lot. Go time is 6 a.m. Registrations can be taken at the GMHA Security booth in the front lobby or at Hornet Sporting Goods store. Call 647-2430.

**Guam Board of Medical Examiners** will hold a regular session meeting on Wednesday, July 15, at noon, at the Guam Memorial Hospital Authority Board Room. Call 735-7406-11.

**Department of Chamorro Affairs Board of Trustees** will hold a regular meeting on Thursday, July 16, 4 p.m. in the Department of Chamorro Affairs conference room. Call 475-4278/9.

**Guam Education Policy Board** will hold a regular meeting on Wednesday, July 29, 6 p.m. at Upi Elementary School, Yigo. Call 300-1627/9.

**Committee on Public Safety, Law Enforcement and Senior Citizens** will hold a public hearing on Thursday, July 9, 9 a.m. in the Public Hearing Room of 1 Litesaturon. Call 472-5047/5048.

**Guam Parole Board** will hold a regular scheduled hearing on Thursday, July 30, 8:30 a.m. at the Parole Services Division office. Call 473-7001.

**Civil Service Commission Board** will hold a meeting on Thursday, July 9, 5:30 p.m. in the Civil

**Guam Pardon Review Board** will hold a regular scheduled hearing on Thursday, July 30, 3 p.m. at the Parole Services Division office. Call 473-7001.

**SENATOR FRANK B. AGUON, JR., Chairman**  
**COMMITTEE ON ECONOMIC DEVELOPMENT, HEALTH & HUMAN SERVICES, AND JUDICIARY**  
*Tina Trenia na Litesaturon Gudhan - 30th Guam Legislature*  
 238 Archbishop P.C. Hotes St., DNA Bldg. Ste. 701 A, Hagåtña, Guam 96910  
 Tel. (671) 969-1495 • Fax (671) 969-1497 • Email [aguonfrank@gmail.com](mailto:aguonfrank@gmail.com)

**NOTICE OF PUBLIC HEARING**  
**WEDNESDAY, JULY 15, 2009.**  
**GUAM LEGISLATURE PUBLIC HEARING ROOM**

- 8:00 AM:**
- BILL NO. 101 (COR)** - Relative to smoking within 20 feet of an entrance of a public place where smoking is prohibited.
- BILL NO. 107 (LS)** - Relative to removing the continuing clause provisions to health insurance companies on Guam who contract with Government of Guam and to require all companies or other legal entities providing health insurance to Government of Guam to make available electronically de-identified demographic, medical, dental, x-ray and pharmacy claims utilization and cost information subject to meeting HIPAA Regulations.
- BILL NO. 116 (COR)** - Relative to authorizing Guam Census Program temporary recruitment and employment of personnel related to the Guam Decennial 2010 Census.
- BILL NO. 118 (COR)** - Relative to reprogramming of bond proceeds to fund GPSS FY2009 Child Nutrition Program and remaining balance to MPOs.

**1:30 PM:**

**BILL NO. 119 (COR)** - Relative to establishment of "GUAMS Hospital Foundation Act of 2009", through adding a new 580119 to Ch. 80, Div. 2, TOSGA.

**BILL NO. 133 (COR)** - Relative to authorizing the Governor of Guam to contract services of a professionally qualified individual related to services provided by DMHSA to serve as Director of DMHSA.

**BILL NO. 135 (COR)** - Relative to authorizing EPSSS to contract independent environmental health inspection company to conduct sanitary inspections on behalf of DMHSA and fund inspection services from authorized fees collected.

**1:30 PM:**

**BILL NO. 138 (COR)** - Relative to legalization of same sex civil unions.

*If witness testimonies are to be presented at the hearing, the Committee requests that copies be submitted one day prior to the public hearing date to the Office of Senator Frank B. Aguon, Jr., 238 Archbishop P.C. Hotes St., DNA Bldg., Ste 701A, Hagåtña GU 96910, or emailed to [aguonfrank@gmail.com](mailto:aguonfrank@gmail.com)*

Individuals requiring special accommodations or services, for further information, please contact Natasha Aguon, Case Tablaman or Ronald Outogou at 969-1495/6.

THIS AD WAS PAID FOR BY GOVERNMENT FUNDS

## GAIN

### PETS OF THE WEEK

Opal will make your days glitter and glisten with her colorful ideas on how to spend spare time. Her showcases of entertainment are sure to motivate an exhausted body into participation. She has a black coat with distinct golden-brown accents dotted over each eye and painted on her muzzle like a big grin. Even though she is a petite girl at 8 months old she manages to hold her own ground when she shares the park with bigger dogs.



Lance will only charm those who wish to be under his spell. It will seem as though he is demanding to be petted when he mews at you but he is really asking politely in cat lingo. Once you get past his uniquely handsome coat and into his mind you will find his feline personality irresistible. The buff and chocolate colors against the linen white fur of his coat are heightened by eyes like azure crystals.

Come to the GAIN Animal Shelter in Yigo or call 633-4246. See other adoptable pets at [www.Petfinder.com](http://www.Petfinder.com). UNDERWATER WORLD will donate one adult admission ticket for every Pet of the Week adopted.



**COMMITTEE ON ECONOMIC DEVELOPMENT,  
HEALTH AND HUMAN SERVICES, AND JUDICIARY**  
*I Mina'Trenta Na Liheslaturan Guåhan* • 30th Guam Legislature  
238 Archbishop F.C. Flores St., DNA Bldg., Suite 701A, Hagatña, Guam 96910  
Tel: (671) 969-1495/6 • Fax: (671) 969-1497 • Email: aguon4guam@gmail.com

**FRANK B. AGUON, JR.**  
SENATOR, CHAIRMAN

July 10, 2009

**ADOLPHO B. PALACIOS, SR.**  
SENATOR, VICE CHAIRMAN

**MEMORANDUM**

**JUDITH T. WON PAT**  
SPEAKER  
EX-OFFICIO MEMBER

**TO:** Honorable Senators/Committee Members  
*Committee on Economic Development,  
Health & Human Services, and Judiciary*

**BENJAMIN J.F. CRUZ**  
VICE SPEAKER

**FROM:** SENATOR ADOLPHO B. PALACIOS, SR.  
*Acting Chairman* 

**TINA ROSE MUÑA BARNES**  
LEGISLATIVE SECRETARY

**SUBJECT:** Second Notice – Notice of Public Hearing  
Wednesday, July 15, 2009 – 8:00 am

**THOMAS C. ADA**  
SENATOR

**JUDITH P. GUTHERTZ**  
SENATOR

*Buenas yan Hafa Adai!*

**RORY J. RESPICIO**  
SENATOR

Please be advised that the Committee on Economic Development, Health & Human Services, and Judiciary will be conducting a public hearing on **Wednesday, July 15, 2009**, beginning at **8:00 am** in the Guam Legislature Public Hearing Room.

**FRANK F. BLAS, JR.**  
SENATOR

Please find attached agenda for this public hearing. Should you have any questions, please call Frances Lizama at Senator Aguon's office.

**TELO TAITAGUE**  
SENATOR

*Un dangkulo' na Si Yu'us Ma'ase'.*

**RAY TENORIO**  
SENATOR

Attachment (1)

Cc: Sergeant-at-Arms/Protocol/AV  
Stephanie Mendiola, COR  
Clerk of the Legislature  
MIS

**2ND NOTICE - NOTICE OF PUBLIC HEARING**from **Frances Lizama** <lizama.frances@gmail.com>[hide details](#) 4:41 PM (18 hours ago)

Reply

to "SEN. ADA, Thomas C." <Tom@senatorada.org>,  
 "SEN. BLAS, Frank F., Jr." <frank.blasjr@gmail.com>,  
 "SEN. CALVO, Eddie J.B." <sencalvo@gmail.com>,  
 "SEN. CRUZ, Benjamin J.F." <senadotbjcruz@aol.com>,  
 "SEN. ESPALDON, James V." <senator@espaldon.com>,  
 "SEN. ESPALDON, James V." <senjim@ite.net>,  
 "SEN. GUTHERTZ, Judith P." <judiguthertz@pticom.com>,  
 "SEN. MUNA BARNES, Tina Rose" <tinamunabarnes@gmail.com>,  
 "SEN. PALACIOS, Adolpho B., Sr." <ABPalacios@gmail.com>,  
 "SEN. PANGELINAN, ben" <senbenp@guam.net>,  
 "SEN. RECTOR, Matt" <matt@mattrector.com>,  
 "SEN. RESPICIO, Rory J." <roryforguam@gmail.com>,  
 "SEN. TAITAGUE, Teilo" <senatorteilo@gmail.com>,  
 "SEN. TENORIO, Ray" <ray@raytenorio.com>,  
 "SPEAKER WON PAT, Judi" <speaker@judiwonpat.com>

cc "BLAS, Roland - Spkr Won Pat's Ofc." <roland@judiwonpat.com>,  
 "BORJA, Dominic - Sen. Ada's Ofc." <dominic@senatorada.org>,  
 "BURGOS, Fred - Sen. Rector's Ofc." <fred@mattrector.com>,  
 "CASTRO, James P. - Sen. Blas Ofc." <jamespcastro@gmail.com>,  
 "CIPOLLONE, Lisa - Sen. Pangelinan's ofc." <cipo@guam.net>,  
 "CEPEDA, Patrick - Sen. Palacios' Ofc." <patrickcepeda@hotmail.com>,  
 "DUARTE, Mark - Spkr Won Pat's Ofc." <mark@judiwonpat.com>,  
 "DUENAS, Mona - Sen. Espaldon's Ofc." <mona.duenas@gmail.com>,  
 dot@guamlegislature.org,  
 "DEFENSOR, Sahara - Spkr Won Pat's Ofc." <sahara@judiwonpat.com>,  
 "DIAZ, Jonathan - Sen. Palacios' Ofc." <jonbdiaz@gmail.com>,  
 etg@guamlegislature.org,  
 "EVARISTO, Jessica - Sen. Tenorio's Ofc." <jessica@raytenono.com>,  
 "FEJERAN, Mary - Sen. Blas' Ofc." <maryfejeran@gmail.com>,  
 "HILLS, Derick - Sen. Pangelinan's Ofc." <derickhills@live.com>,  
 "KOMIYAMA, Velma - Sen. Barnes' Ofc." <vel.komiyama@yahoo.com>,  
 "LIDIA, Mike - Sen. Cruz ofc." <mike.lidia9@gmail.com>,  
 "LG, Phillip - Sen. Tenorio's Ofc." <phill@raytenorio.com>,  
 "MENDIOLA, Stephanie - Sen. Respicio's Ofc." <sem@guamlegislature.org>,  
 "MANIBUSAN, Lauriel - Sen. Espaldon's Ofc." <laurielista@gmail.com>,  
 "QUITUGUA, Tony" <tq@guamlegislature.org>,  
 "QUINATA, Carl - Sen. Taitague's Ofc." <ciquinata@gmail.com>,  
 "ROBERTO, Phil - Sen. Espaldon's Ofc." <roberto.phil@gmail.com>,  
 "TABONARES, Gina" <aguonmedia@gmail.com>,  
 "TAJALLE, Elaine - Sen. Respicio's Ofc." <elainevtll@gmail.com>,  
 "TORRES, Frank B. - Spkr Won Pat's Ofc." <ftorres@judiwonpat.com>,  
 "UNPINGCO, Joy - Sen. Calvo's Ofc." <joyunpingco@gmail.com>,  
 "WYTTENBACH-SANTOS, Richard - Sen. Guthertz Ofc." <doc.wytenbachsantos@gmail.com>,  
 "WHEELER, Mary Lou" <miwheeler2000@yahoo.com>,  
 "LG, Joe - Sgt-at-Arms" <sgtarms@guamlegislature.org>,  
 "SANTOS, Pat - Clerk's Ofc." <psantos@guamlegislature.org>,  
 "TERLAJE, Flo - Clerk's Ofc." <fterlaje@guamlegislature.org>,  
 "DE CASTRO, Chris - MIS" <cdecastro@guamlegislature.org>,  
 "PAK, Yong - MIS" <yong@guamlegislature.org>

date Thu, Jul 9, 2009 at 4:41 PM

subject 2ND NOTICE - NOTICE OF PUBLIC HEARING

mailed-by gmail.com

TO ALL:

Please find attached memo from Sen. Palacios, Acting Chairman, reference to scheduled public hearing. If you have any questions, please call our office. Thank you.

FRANCES S. LIZAMA  
 Office of Senator Frank B. Aguon, Jr.  
 30th Guam Legislature  
 Committee on Economic Development,  
 Health & Human Services, and Judiciary  
 238 Archbishop F.C. Flores St.  
 DNA Bldg (old PDN), Suite 701A  
 Hagatna, Guam 96910  
 Tel: 671.969.1495/6  
 Fax: 671.969.1497

2009.07.15 - PH - 2nd Notice.pdf  
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**COMMITTEE ON ECONOMIC DEVELOPMENT,  
HEALTH AND HUMAN SERVICES, AND JUDICIARY**  
*I Mina'Trenta na Liheslaturan Guåhan* • 30th Guam Legislature  
238 Archbishop F.C. Flores St., DNA Bldg., Suite 701A, Hagatña, Guam 96910  
Tel: (671) 969-1495/6 • Fax: (671) 969-1497 • Email: aguon4guam@gmail.com

July 10, 2009

**FRANK B. AGUON, JR.**  
SENATOR, CHAIRMAN

**ADOLPHO B. PALACIOS, SR.**  
SENATOR, VICE CHAIRMAN

**JUDITH T. WON PAT**  
SPEAKER  
EX-OFFICIO MEMBER

**BENJAMIN J.F. CRUZ**  
VICE SPEAKER

**TINA ROSE MUÑA BARNES**  
LEGISLATIVE SECRETARY

**THOMAS C. ADA**  
SENATOR

**JUDITH P. GUTHERTZ**  
SENATOR

**RORY J. RESPICIO**  
SENATOR

**FRANK F. BLAS, JR.**  
SENATOR

**TELO TAITAGUE**  
SENATOR

**RAY TENORIO**  
SENATOR

**MEMORANDUM**

**TO: MEDIA**

Pacific Daily News – 477-3079      KUAM – 637-9870  
Pacific News Center – 477-0793      K-57/Power 98 – 477-3962  
Hit Radio 100 – 472-7663      K-Stereo/KISH – 477-6411  
Marianas Variety – 648-2007      I-94 – 637-9865  
Glimpses – 649-8883      Adventist Radio – 565-2983  
Joy 92 FM – 477-4678      KPRG - 734-2958  
Guam Broadcast Services – 648-0104

**FROM: SENATOR ADOLPHO B. PALACIOS, SR.**  
*Acting Chairman* 

**SUBJECT: Second Notice – Notice of Public Hearing**  
*Wednesday, July 15, 2009 – 8:00 am*

***Buenas yan Hafa Adai!***

Please be advised that the Committee on Economic Development, Health & Human Services, and Judiciary will be conducting a public hearing on **Wednesday, July 15, 2009**, beginning at 8:00 am in the Guam Legislature Public Hearing Room.

Please see attached agenda for this public hearing. If you have any questions, please call Frances Lizama at Senator Aguon's office.

***Un Dangkulo' Na Si Yu'us Ma'ase'.***

Attachment (1)

NOTE: Blocked calls are not displayed on this report.  
 For more information, see Junk Fax Report and the Caller ID History report.

Last 30 Transactions

Date	Time	Type	Station ID Caller ID	Duration	Pages	Result
Jul 8	10:15AM	Fax Sent	4750597	0:28	1	OK
Jul 8	11:53AM	Fax Sent	4776788	0:34	1	OK
Jul 8	6:01PM	Received		0:22	1	OK
			6716473540			
Jul 9	9:35AM	Received	4778598	0:46	1	OK
			6714778596			
Jul 9	10:27AM	Received		0:21	1	OK
			6714723547			
Jul 9	3:16PM	Received		0:21	1	OK
			6714723547			
Jul 9	5:13PM	Received	477 2522	1:40	9	OK
			6714772522			
Jul 9	5:15PM	Received	477 2522	1:45	10	OK
			6714772522			
Jul 10	9:22AM	Received	6490145	0:34	1	OK
			6716490145			
Jul 10	10:36AM	Fax Sent	4771812	0:32	1	OK
Jul 10	10:48AM	Fax Sent	4773079	0:47	1	OK
Jul 10	10:49AM	Fax Sent	4770793	0:34	1	OK
Jul 10	10:50AM	Fax Sent	4727663	0:28	1	OK
Jul 10	10:51AM	Fax Sent	6379870	0:24	1	Cancel
Jul 10	10:53AM	Fax Sent	4773079 - PACIFIC DAILY NEWS	1:21	2	OK
Jul 10	10:58AM	Fax Sent	6379870 - KUAM	0:53	2	OK
Jul 10	11:00AM	Fax Sent	4773982 - K57/POWER 98	0:56	2	OK
Jul 10	11:02AM	Fax Sent	6482007 - MARIANAS VARIETY	1:03	2	OK
Jul 10	11:03AM	Fax Sent	6379870	0:00	0	Cancel
Jul 10	11:03AM	Fax Sent	6378819	0:11	0	Cancel
Jul 10	11:04AM	Fax Sent	4776411 - K-STEREO/KISH	1:39	2	OK
Jul 10	11:07AM	Fax Sent	4727663 - HIT RADIO 100	0:56	2	OK
Jul 10	11:08AM	Fax Sent	6498883 - GLIMPSES	0:57	2	OK
Jul 10	11:10AM	Fax Sent	5652983 - ADVENTIST RADIO	2:27	2	OK
Jul 10	11:13AM	Fax Sent	4774678 - JOY 92 FM	0:54	2	OK
Jul 10	11:15AM	Fax Sent	7342958	1:37	1	Error 346
Jul 10	11:18AM	Fax Sent	6379865 - I94	0:55	2	OK
Jul 10	11:19AM	Fax Sent	7342958 - KPRG	3:05	2	OK
Jul 10	11:23AM	Fax Sent	4770793 - PACIFIC NEWS CENTER	1:04	2	OK
Jul 10	11:24AM	Fax Sent	6480104 - GUAM BROADCAST SERV	1:03	2	OK


**2ND NOTICE - NOTICE OF PUBLIC HEARING** Inbox X

from: **Frances Lizama** <lizama.frances@gmail.com> [hide details](#) 4:43 PM (17 hours ago) [Reply](#)  
 to: "GLIMPSES - PALACIOS, Ivan" <reporter1@glimpsesofofguam.com>,  
 "K57 / POWER 98 - GIBSON, Ray" <rgibson@k57.com>,  
 "KSTO/KISH - PEREZ, Alicia" <kstone@ite.net>,  
 "KUAM - MATANANE, Sabrina" <sabrina@kuam.com>,  
 "MARIANAS VARIETY - WOLFORD, Shawn" <advertise@mvguam.com>,  
 "MELYAN, Catriona - PDN" <cmelyan@guampdn.com>,  
 "PDN - DALENO, Gaynor" <gdumat-oi@guampdn.com>,  
 "PNC - DELGADO, Nick" <news@spbguam.com>,  
 "PNC - SEBASTIAN, Stephen" <ssebastian@spbguam.com>  
 date: Thu, Jul 9, 2009 at 4:43 PM  
 subject: 2ND NOTICE - NOTICE OF PUBLIC HEARING  
 mailed-by: gmail.com

TO ALL:

Please find attached memo from Sen. Palacios, Acting Chairman, reference to scheduled public hearing. If you have any questions, please contact our office. Thank you.

—  
**FRANCES S. LIZAMA**  
 Office of Senator Frank B. Aguon, Jr.  
 30th Guam Legislature  
 Committee on Economic Development,  
 Health & Human Services, and Judiciary  
 238 Archbishop F.C. Flores St.  
 DNA Bldg (old PDN), Suite 701A  
 Hagatna, Guam 96910  
 Tel: 671.969.1495/6  
 Fax: 671.969.1497

 **2009.07.15 - PH - 2nd Notice.pdf**  
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**SAIPAN** – The court ruling on the government's debt to the Retirement Fund will result in the imposition of austerity measures in fiscal year 2010, which starts on Oct. 1.

"The shortfall will be \$8 million and this will mean significant budget cuts – 392 jobs will be lost," Sen. Maria T. Pangelinan said.

"This makes austerity measures imperative. So where do we cut and who do we cut? Maybe we should ask the Retirement Fund," she added.

Without austerity measures (work-hour reductions and pay cuts) over 1,000 government employees will lose their jobs, said Pangelinan, D-Saipan and chairwoman of the Senate Fiscal Affairs Committee.

She noted that the Retirement Fund now wants to negotiate with the administration and the Legislature.

"They should have sat down with us from the very beginning without going through litigation which cost this government a lot of money. So now what is the court saying? That we should all sit down, but that's what we've been saying all this time. So now we're back to square one," Pangelinan said.

The Retirement Fund, the sena-

"They didn't want the Legislature to be involved but now they want us to sit down with them," she added. "I'll say it again. The Fund sued the administration and not the Legislature. Now the administration must come to the Legislature to discuss the

file an appeal we need to adjust the distribution of expenditures because there will be a shortfall and that will mean cuts."

According to Pangelinan, no one said that the government did not owe money to the Retirement Fund.



**SENATOR FRANK B. AGUON, JR., Chairman**  
**COMMITTEE ON ECONOMIC DEVELOPMENT,**  
**HEALTH & HUMAN SERVICES, AND JUDICIARY**  
*I Mina' Trenta na Liheslaturan Guåhan • 30th Guam Legislature*  
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Tel: (671) 969-1495/6 • Fax (671) 969-1497 • Email: [aguon4guam@gmail.com](mailto:aguon4guam@gmail.com)

**NOTICE OF PUBLIC HEARING**  
**WEDNESDAY, JULY 15, 2009,**  
**GUAM LEGISLATURE PUBLIC HEARING ROOM**

**8:00 AM:**

- BILL NO. 101 (COR)** - Relative to smoking within 20 feet of an entrance of a public place where smoking is prohibited.
- BILL NO. 107 (LS)** - Relative to removing the continuing clause provisions to health insurance companies on Guam who contract with Government of Guam and to require all companies or other legal entities providing health insurance to Government of Guam to make available electronically de-identified demographic, medical, dental, vision and pharmacy claims utilization and cost information subject to meeting HIPAA Regulations.
- BILL NO. 116 (COR)** - Relative to authorizing Guam Census Program temporary recruitment and employment of personnel related to the Guam Decennial 2010 Census.
- BILL NO. 118 (COR)** - Relative to reprogramming of bond proceeds to fund GPSS FY2009 Child Nutrition Program and remaining balance to MCOG.

**1:30 PM:**

- BILL NO. 119 (COR)** - Relative to establishment of "GUAMS Hospital Foundation Act of 2009"; through adding a new §80119 to Ch. 80, Div. 4, 10GCA.
- BILL NO. 133 (COR)** - Relative to authorizing the Governor of Guam to contract services of a professionally qualified individual related to services provided by DMHSA to serve as Director of DMHSA.
- BILL NO. 135 (COR)** - Relative to authorizing DPHSS to contract independent environmental health inspection company(s) to conduct sanitary inspections on behalf of DPHSS and fund inspection services from authorized fees collected.

**5:00 PM:**

- BILL NO. 138 (COR)** - Relative to legalization of same sex civil unions.

*If written testimonies are to be presented at the hearing, the Committee requests that copies be submitted one day prior to the public hearing date to the Office of Senator Frank B. Aguon, Jr., 238 Archbishop F.C. Flores St., DNA Bldg., Ste 701A, Hagatña, GU 96910, or emailed to [aguon4guam@gmail.com](mailto:aguon4guam@gmail.com).*

Individuals requiring special accommodations or services, or for further information, please contact Natasha Aguon, Gina Tabonares or Ronald Quitugua at 969-1495/6.

**THIS AD WAS PAID FOR BY GOVERNMENT FUNDS**

**Battle for Supreme Court Justice**

**Nation**

**14 TUESDAY, JULY 14, 2009**



# COMMITTEE ON ECONOMIC DEVELOPMENT, HEALTH & HUMAN SERVICES, AND JUDICIARY

*I Mina'Trenta Na Liheslaturan Guåhan* • 30th Guam Legislature

238 Archbishop F.C. Flores St., DNA Bldg., Suite 701A, Hagatña, Guam 96910

Tel: (671) 969-1495/6 • Fax: (671) 969-1497 • Email: [aguon4guam@gmail.com](mailto:aguon4guam@gmail.com)

---

## AGENDA

WEDNESDAY, JULY 15, 2009

GUAM LEGISLATURE PUBLIC HEARING ROOM

### 8:00 AM:

• **BILL NO. 101 (COR)**

An act to *amend* §90105 of Chapter 90, Title 10, Guam Code Annotated; relative to smoking within twenty (20) feet of an entrance of a public place where smoking is prohibited.

• **BILL NO. 107 (COR)**

An act to repeal Section 4301(g) and to repeal and re-enact Section 4302(g) Chapter 4, Article 3, Title 4 Guam Code Annotated relative to removing the continuing clause provisions to health insurance companies on Guam who contract with the Government of Guam and to require all companies or other legal entities providing health insurance to the Government of Guam to make available electronically de-identified detailed demographic, medical, dental, vision and pharmacy claims utilization and cost information subject to meeting HIPAA Regulations.

• **BILL NO. 116 (COR)**

An act relative to authorizing the Guam Census Program temporary recruitment and employment of personnel, consistent with U.S. Census Bureau Guidelines, to conduct necessary activities related to the Guam Decennial 2010 Census.

• **BILL NO. 118 (COR)**

An act to add a new Subsection (k) (11) to Section 22435 of Chapter 22, Title 5 Guam Code Annotated relative to the reprogramming of bond proceeds to fund the Guam Public School System Fiscal Year 2009 Child Nutrition Program and to reprogram the remaining balance to the Mayors Council of Guam.

### 1:30 PM:

• **BILL NO. 119 (COR)**

An act relative to the establishment of the "GUAMS Hospital Foundation Act of 2009", to provide for the formation of a non-profit public corporation for the express purpose of soliciting public and private donations and grants in support of capital improvement projects and equipment needs of the Guam Memorial Hospital Authority through the creation of the "Guam Universal Assistance for Medical Services (GUAMS) Hospital Foundation"; through adding a new subsection §80119 to Chapter 80, Division 4, of Title 10, Guam Code Annotated.

• **BILL NO. 133 (COR)**

An act relative to authorizing the Governor of Guam to contract the services of a professional qualified individual related to the services provided by the Department of Mental Health and Substance Abuse to serve as the Director for the Department.

• **BILL NO. 135 (COR)**

An act to add a new Chapter 55 to Division 2 of Title 10, Guam Code Annotated, relative to authorizing the Department of Public Health and Social Services (DPHSS) to contract an independent environmental health inspection company(s) to conduct sanitary inspections on behalf of DPHSS and to fund inspection services from fees authorized to be collected under §7119 of Chapter 7, Title 22 of Guam Code Annotated.

### 5:00 PM:

• **BILL NO. 138 (COR)**

An act to amend Chapter 3 of Title 19 of the Guam Code Annotated; relative to the legalization of same sex civil unions within the territory of the island of Guam.



# COMMITTEE ON ECONOMIC DEVELOPMENT, HEALTH & HUMAN SERVICES, AND JUDICIARY

*I Mina'Trenta Na Liheslaturan Guåhan* • 30th Guam Legislature

238 Archbishop F.C. Flores St., DNA Bldg., Suite 701A, Hagatña, Guam 96910

Tel: (671) 969-1495/6 • Fax: (671) 969-1497 • Email: aguon4guam@gmail.com

## AGENDA

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### 5:00 PM:

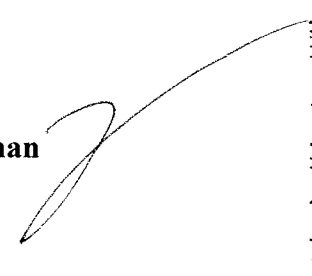
- ~~**BILL NO. 138 (COR)**  
An act to amend Chapter 3 of Title 19 of the Guam Code Annotated; relative to the legalization of same sex civil unions within the territory of the island of Guam.~~

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

Bill No. 107(LS)

Introduced by:

v.c. pangelinan

  
2009 MAY - 1 PM 4: 44

**AN ACT TO REPEAL SECTION 4301(g) AND TO REPEAL AND RE-ENACT SECTION 4302 (g) CHAPTER 4, ARTICLE 3, TITLE 4 GUAM CODE ANNOTATED RELATIVE TO REMOVING THE CONTINUING CLAUSE PROVISIONS TO HEALTH INSURANCE COMPANIES ON GUAM WHO CONTRACT WITH THE GOVERNMENT OF GUAM AND TO REQUIRE ALL COMPANIES OR OTHER LEGAL ENTITIES PROVIDING HEALTH INSURANCE TO THE GOVERNMENT OF GUAM TO MAKE AVAILABLE ELECTRONICALLY DE-IDENTIFIED DETAILED DEMOGRAPHIC, MEDICAL, DENTAL, VISION AND PHARMACY CLAIMS UTILIZATION AND COST INFORMATION SUBJECT TO MEETING HIPAA REGULATIONS.**

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

**Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan* finds that over three decades ago, the government of Guam contracted with one insurance carrier to provide health insurance coverage for its retirees and active employees. To protect the interest of the government of Guam and to ensure consistent and reliable coverage, a continuing clause provision was mandated which meant that when the government of Guam entered into a contract with the lone insurance carrier, they could not terminate the agreement without legal cause.

*I Liheslaturan Guahan* further finds that over the past several years since the implementation of the continuing clause provision, there are now other insurance companies on Guam that negotiate contractual agreements with the government of Guam for health insurance coverage. Section 4301(g), Chapter 4, Article 3, Title 4 Guam Code Annotated allowed the incorporation of the continuing clause provision to any health insurance company on Guam and was subject to the District Court of Guam Appellate Division Case *Government of Guam v. FHP, Inc.*, (D.Guam App.Div.1991).

The purpose of the continuing clause provision was necessary at the time of its

1 implementation, however it has now proved to be unnecessary given the fact that the government of  
2 Guam can now negotiate with numerous health insurance companies who have proven stability in  
3 our community.

4 Therefore, it is the intent of *I Liheslaturan Guahan* to remove the continuing clause provision  
5 for health insurance companies contracting with the government of Guam for health care coverage  
6 and to require utilization data for those entering into contractual agreements with the government of  
7 Guam.

8 **Section 2.** Section 4301(g), Chapter 4, Article 3, Title 4 Guam Code Annotated is hereby  
9 repealed in its entirety.

10 **Section 3.** Section 4302(g), Chapter 4, Article 3, Title 4 Guam Code Annotated is  
11 hereby repealed and re-enacted to read as follows:

12 “§4302(g) All health insurance companies or health care providers contracted to provide  
13 health care to government of Guam employees *shall* provide to the negotiating team defined in  
14 §4302(c) fifteen months (15) months of detailed claims utilization and cost information from period  
15 October 1 to September 30 of the previous fiscal year and October 1 to December 31 of the current  
16 fiscal year no later than March 1 of the current fiscal year.

17 The detailed claims utilization and cost information must total in aggregate all the experience  
18 data used to calculate insurance rates for the fiscal year proceeding the current fiscal year. Claims  
19 incurred but not received calculations *shall be* reported separately and must be derived from detailed  
20 claims utilization and cost information submitted.

21 The detailed claims utilization and cost information required under this section shall include  
22 only de-identified health information as permitted under the health insurance portability and  
23 accountability act of 1996 and shall not include any protected health information as defined in the  
24 health insurance portability and accountability act of 1996.

25 Detailed demographic and claims utilization and cost information must include the following  
26 information:

- 27 1) Type of contract based on all tiers used in program design (EE, EE + SPOUSE,  
28 FAMILY, etc.)
- 29 2) Patient demographics include unique contract identifier, date of birth, gender,  
30 relationship to subscriber



- 1           3)           Medical, Dental and Vision claims include Diagnosis codes (ICD9 or ICD10),  
2                            Procedure codes (CPT, HCPC, CDT), Revenue codes, Service dates, Service  
3                            provider (name, tax id, payer id, specialty code, city, state, zip code), Plan  
4                            payments, Member payment responsibility (copay, coinsurance, deductible),  
5                            Claim Date paid, Type of bill and Facility type
- 6           4)           Prescription Drug claims include NDC codes, Formulary tier identifier, pharmacy  
7                            (name, payer id, city, state, zip code), Plan payments, Member payment  
8                            responsibility (copay, coinsurance, deductible), Claim Date paid, Injectable drug  
9                            indicator, GPI number, ingredient cost, dispensing fee and rebates.
- 10          5)           Any other detailed demographic and claims utilization and cost information as  
11                            requested by the negotiation team in Invitation to Bid (ITB) for the fiscal year  
12                            proceeding the current fiscal year.

13           **Section 4. Effective Date.** This Article shall become effective upon enactment of this Act.

14           **Section 5. Severability.** If any of the provisions of this Act or the application thereof to any  
15           person or circumstance is held invalid, such invalidity shall not affect any other provision or  
16           application of this Act which can be given effect without the invalid provision or application, and to  
17           this end the provisions of this Act are severable.