


I MINA'TRENTA NA LIHESLATURAN GUÅHAN  
2010 (SECOND) REGULAR SESSION

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Bill No. 482-31 (COR)  
Introduced by:

Judith P. Guthertz, DPA 

An Act to add sub items (1)(aa)(2)(3) amend sub Section 43029(C) of Article 3, Chapter 4, of title 4 Guam Code Annotated to establish an open process in HEALTHCARE INSURANCE negotiations for employees and retirees of the government of Guam and to add items (a)(b) and Amend Sub Section 15102 of Article 1, Chapter 15, Title 22 GCA. This Act shall be known as the 'HealthCare Insurance Transparency Act of 2010.'

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

2       **Section 1. Legislative Findings and Intent.** *I Liheslatura Guahan* finds that  
3 annually, healthcare rates in Guam continue to rise. Over the course of the past three (3)  
4 years, negotiations for health insurance services have been met by a single provider. As a  
5 result of what has essentially become a 'sole source' process, public perception reflects a  
6 constituency that is suspect of their insurance rates and coverage options. Aiding in the  
7 this perception is the fact that for the fiscal 2010-2011 fiscal year, the expected Government  
8 of Guam contribution will increase in the amount of 60 percent when compared to the  
9 2009-2010 coverage year, while the individual consumer rates for qualified active  
10 Government of Guam employees and retirees and their families will increase in some cases  
11 to an estimated 280 percent.

12       In order to promote a more competitive market for health insurance providers,  
13 administrators and or health maintenance organizations, foster vigorous competition in the

1 health arena and allay concerns of the general public that the Government of Guam failed  
2 to negotiate judiciously with providers for a fair rate and adequate services *I Liheslatura*  
3 *Guahan* finds it necessary to institute additional policies listed in subsequent sections of this  
4 measure which shall be known as the 'HealthCare Insurance Transparency Act of 2010.'  
5 Additionally, health insurance benefits for the 2010-2011 Government of Guam (GovGuam)  
6 fiscal year will cost the government an estimated \$46 million. Roughly \$29 million had  
7 been budgeted for such purposes. The Government of Guam will be burdened with  
8 expending monies – as much as \$17 million - for an underfunded obligation, which is in  
9 direct contravention of accepted program budgeting and financial management standards  
10 for GovGuam.

11 It is the intent of *I Liheslatura Guahan* through the 'HealthCare Insurance  
12 Transparency Act of 2010,' to ensure that healthcare insurance negotiations reflect the most  
13 economical and beneficial health plan that provide the requisite medical care needs and  
14 services for Government of Guam employees, retirees and their families. As well, through  
15 this Act, the obligation of the approved health care insurance benefit shall be known prior  
16 to the annual 'Open Enrollment' period as the process is brought into the standards of  
17 conformance with the annual Budget Act process of the territory. Finally, this Act shall  
18 authorize a feasibility study relative to the probability of providing a non-profit public  
19 option for Guam.

20 **Section 2. Expanded Request for Proposals, Negotiations and Processes.**

21 Item (c) of Sub section 4302 of Article 3, Chapter 4, of Title 4 Guam Code Annotated  
22 is hereby amended and new paragraphs (1)(aa)(2)(3) are added to read.

23 "(c) A Negotiating Team consisting of the Director of Administration, who shall be  
24 Chairperson, the Administrator of the Department of Integrated Services for Individuals  
25 with Disabilities ('DISID'), or his or her designee; the Director of the Bureau of Budget and  
26 Management Research, or his or her designee; an employee representative from the Judicial

1 Branch to be appointed by the Chief Justice of the Supreme Court of Guam; an employee  
2 representative from the Legislative Branch to be appointed by the Speaker of I Liheslaturan  
3 Guåhan; the Superintendent of the Department of Education, or his or her designee; the  
4 Director of the Government of Guam Retirement Fund, or his or her designee; and a retiree  
5 who is a member of the Government of Guam Retirement Fund to be appointed by the  
6 Board of Trustees of the Government of Guam Retirement Fund, and one (1) member of the  
7 general public, appointed by I Maga'Lahen Guahan, shall examine the financial information  
8 of the prepaid health insurance companies, health care providers or other legal entities for  
9 the purpose of developing the most economical and beneficial health proposal plan for  
10 Government of Guam employees and retirees. The Negotiating Team may obtain technical  
11 support from other financial and health-related agencies. The Negotiating Team shall  
12 develop its rules of procedure in accordance with the Administrative Adjudication Law.  
13 The Negotiating Team with the approval of I Maga'Lahi is authorized to contract an  
14 actuary competent to develop proposed health insurance rates or other recognized expert  
15 to train and/or advise the Negotiating Team.

16 (1) The Director of the Department of Administration shall plan, and  
17 implement prior to discussions for the 2011-2012 Fiscal Year, an expanded  
18 competitive Request for Proposal process. The Director shall announce in  
19 publications of general circulation in Guam, in top publications nationally  
20 and in leading publications internationally, a Request for Proposal from  
21 Health Care Insurance Providers for health insurance coverage for qualified  
22 active employees and qualified retirees of the government of Guam.

23 (aa) Health Care Insurance Providers that respond and express  
24 interest in providing coverage to qualified active employees and  
25 retirees shall, if selected, maintain a bona-fide office and operations

1                   base in Guam and possess a business privilege license to do business in  
2                   Guam.

3           (2) The negotiating team upon selection and review of the best available  
4           proposals by participating healthcare respondents/providers which reflect the  
5           most economical and beneficial healthcare insurance proposal plan for  
6           Government of Guam employees and retirees, shall forward the accepted  
7           proposals to I Maga'Lahen Guahan for consideration, and to I Liheslaturan  
8           Guahan for final approval no later than July 31, and prior to the annual  
9           Legislative Sessions wherein the upcoming Fiscal Year Budget for the  
10           Government of Guam is before I Liheslaturan Guahan for consideration;

11           (3) Within 180 days of this Act, the Director of the Department of  
12           Administration shall to issue a Request For Proposal from qualified  
13           individuals or firms to conduct a feasibility study for a non-profit public  
14           healthcare care insurance option for Guam. The RFP shall call for a plan that  
15           provides for a level playing field with current and future private insurers,  
16           and the non-profit public healthcare care insurance option which pays for  
17           care from individual premiums and copayments not of the General Fund of  
18           the Government of Guam. "

19           **Section 3.**    Items (a)(b) are hereby added to; and Sub Section 15102 of  
20           Article 1, Chapter 15, Title 22 GCA is hereby amended to read:

21           "§ 15102. Certificate of Authority. Legitimate bona-fide on-island, national or  
22           international insurance companies or reinsurance companies shall not be  
23           arbitrarily excluded from participating, partnering or from being licensed to  
24           do business in Guam. Admission is secured by procuring a Certificate of  
25           Authority from the Commissioner. Such certificate shall not be granted until  
26           the applicant conforms to the applicable requirements of this Title and of the

1 other laws of Guam prerequisite to its issue. After a certificate is granted, the  
2 insurer shall continue to comply with the requirements pertaining to it as set  
3 forth in this Title and in the other laws of Guam. The issuance of the  
4 Certificate of Authority shall be accomplished in a transparent fashion and  
5 shall be published in accordance with applicable provisions of the Open  
6 Government Law.

7 (a) The Insurance Commissioner shall revisit annually, the  
8 requirements for a Certificate of Authority for providers of Healthcare  
9 Insurance Coverage, to ensure that the processes remain transparent, fair and  
10 open to eligible on-island, national and international Healthcare Insurance  
11 providers in order to foster vigorous competition and shall amend its  
12 requirements when necessary or recommend to I Liheslaturan Guahan,  
13 changes to General Regulations and laws relative to Certificates of  
14 Authority;”

15 (b) the requirements of a Certificate of Authority shall not used as a  
16 primary reason to exclude on-island, national or international Healthcare  
17 Insurance provider firms seeking to provide Healthcare Insurance providers  
18 from participating in the Guam marketplace. The Insurance Commissioner  
19 shall develop a process that does not impede the application and intent of an  
20 on-island, national or international Healthcare Insurance provider to do  
21 business in Guam.

22 **Section 4.** Effective Date. “Notwithstanding any other provisions of law,  
23 provisions of this Act shall be in effect upon enactment into law. ”