

AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-21, 6-114, 7-16, 7-90 and 7-121, by amending sections 403, 404, 405, 407, 408, and 409; by further amending section 402, as amended by Public Law No. 7-16; by further amending section 406, as amended by Public Law No. 6-114; and by adding a new section 410 to improve the Plan and to provide the Director with the necessary flexibility; and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 402 of title 52 of the Code of the Federated
2 States of Micronesia, as amended by Public Law No. 7-16, is hereby
3 further amended to read as follows:

4 "Section 402. Definitions. As used in this chapter:

5 (1) 'Agency' means any municipal, State or National
6 Government public agency, institution or entity.

7 (2) 'Costs of administration' means the following
8 costs of administering the plan:

9 (a) wages or salaries for personnel engaged in
10 administering the plan;

11 (b) necessary travel for personnel engaged in
12 administering the plan;

13 (c) costs and expenses for training of personnel
14 engaged in administering the plan;

15 (d) the costs of processing claims;

16 (e) the costs of printing informational booklets,
17 claim forms, and other necessary materials;

18 (f) the costs of necessary supplies and equipment;

19 (g) the costs of communications necessary to the
20 operation of the plan;

21 (h) the costs of professional services necessary
22 to the operation of the plan.



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- 1 (3) 'Dependents' means the employee's:
- 2 (a) lawful spouse;
- 3 (b) dependent children who are less than
- 4 22 years of age;
- 5 (c) dependent children with disabilities regardless
- 6 of age, who are physically or mentally incapable of earning
- 7 a living and who have been continuously incapacitated
- 8 and dependent on the insured employee from the limiting
- 9 age of 22; and
- 10 (d) dependent parents.
- 11 (4) 'Director' means the Director of the Office of
- 12 Administrative Services of the Federated States of
- 13 Micronesia.
- 14 (5) 'Employee' means an employee of the National
- 15 Government of the Federated States of Micronesia or an
- 16 employee of a participating agency.
- 17 (6) 'Full-time employee' means an employee who works
- 18 at least thirty-two hours of the regular and scheduled
- 19 workweek.
- 20 (7) 'Participating agency' or 'participating agencies'
- 21 means any public agency, public institution or other public
- 22 entity, either municipal, State or National, participating
- 23 in the plan pursuant to section 403 of this chapter.
- 24 (8) 'Plan' means the National Government Employees'
- 25 Health Insurance Plan."



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1 Section 2. Section 403 of title 52 of the Code of the Federated
 2 States of Micronesia is hereby amended to read as follows:

3 "Section 403. Eligibility. All full-time employees of the
 4 National Government of the Federated States of Micronesia
 5 shall participate in the plan. In addition, the Director,
 6 as administrator of the plan, may contract with other
 7 agencies so that all full-time employees of each such
 8 participating agency may be insured under the plan. The
 9 dependents of employees may be insured under the plan.
 10 Government employees whose State or agency does not
 11 participate in the plan, and their dependents, may be
 12 insured under the plan if they pay 100 percent of the
 13 premiums for themselves and their dependents to the plan."

14 Section 3. Section 404 of title 52 of the Code of the
 15 Federated States of Micronesia is hereby amended to read as follows:

16 "Section 404. Establishment of Employees' Health Insurance
 17 Fund.

18 (1) There is established a National Government
 19 Employees' Health Insurance Fund, (hereinafter 'Employees'
 20 Health Insurance Fund') which shall be separate from the
 21 General Fund or other funds. All sums appropriated by
 22 Congress representing contributions of the National
 23 Government to the plan, all sums representing contributions
 24 of participating agencies to the plan, and all employee
 25 contributions to the plan, shall be deposited in the

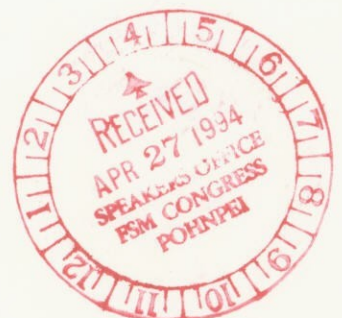


1 Employees' Health Insurance Fund. Any unexpended money in
2 the Employees' Health Insurance Fund shall not revert to the
3 General Fund or lapse at the end of the fiscal year, but
4 shall remain in the Employees' Health Insurance Fund.

5 (2) The Director shall have the sole authority to
6 administer the Employees' Health Insurance Fund in
7 accordance with regulations promulgated under this act. The
8 Director shall maintain this Employees' Health Insurance
9 Fund in a separate custodial trust account and may, from
10 time to time, invest such moneys that are in excess of the
11 amount deemed necessary for the operation of the plan during
12 the reasonable future. Such investments shall be low-risk
13 and made in consultation with the Secretary of the
14 Department of Finance. The investments shall at all times
15 be made so that all of the assets of the Employees' Health
16 Insurance Fund shall be readily convertible into cash when
17 needed for the purpose of this act. All income earned on
18 these investments shall be deposited into the Employees'
19 Health Insurance Fund."

20 Section 4. Section 405 of title 52 of the Code of the Federated
21 States of Micronesia is hereby amended to read as follows:

22 "Section 405. Premium contributions. Employees participating
23 in the plan shall contribute the percentage of the premium
24 not paid by their employer for insurance under the plan. The
25 National Government of the Federated States of Micronesia shall



1 contribute at least fifty-two percent of the premium for
2 eligible employees of the National Government participating
3 in the plan. Any participating agency shall contribute at
4 least fifty-two percent of the premium for the participating
5 agency's employees participating in the plan, or may at its
6 request contract with the Director to contribute more than
7 fifty-two percent."

8 Section 5. Section 406 of title 52 of the Code of the Federated
9 States of Micronesia, as amended by Public Law No. 6-114, is hereby
10 further amended to read as follows:

11 "Section 406. Disposition of fund.

12 (1) All money deposited in the Employees' Health
13 Insurance Fund shall be used to pay claims, except that
14 a sum representing not more than ten percent of the
15 estimated income for that year from contributions and
16 income on investments may be expended for costs of
17 administration.

18 (2) The Employees' Health Insurance Fund shall
19 maintain a separate account for each of the States, which
20 shall include all contributions from that State, plus
21 interest, minus administrative costs. A State's account may
22 not be charged for any services rendered to a member who
23 resides in any other State, unless, in the case of a State-
24 wide emergency, both States transmit their agreement in
25 writing to the Plan Director.



1 (3) If a State's premium payments are current, the
2 Plan may use any amount which remains in a State's account
3 at the end of the fiscal year, and which exceeds 25 percent
4 of the total premium paid by that State in that fiscal year,
5 to purchase hospital supplies, equipment or medicines for
6 that State's hospital."

7 Section 6. Section 407 of title 52 of the Code of the Federated
8 States of Micronesia is hereby amended to read as follows:

9 "Section 407. Administration of the plan. The plan shall
10 be administered by the Director."

11 Section 7. Section 408 of title 52 of the Code of the Federated
12 States of Micronesia is hereby amended to read as follows:

13 "Section 408. Reporting. The Director shall prepare and
14 submit an annual report on the status of the plan prior to
15 the commencement of each regular May session of Congress.
16 This report shall include a statement of the amount of money
17 on deposit in the Employees' Health Insurance Fund as of the
18 date of the annual report, the amount of premiums collected
19 and interest earned during the preceding fiscal year, the
20 amount of money disbursed for claims during the preceding
21 fiscal year, the number of claims paid during the preceding
22 fiscal year, the costs of administration, and such other
23 information as the Director may deem appropriate."

24 Section 8. Section 409 of title 52 of the Code of the Federated
25 States of Micronesia is hereby amended to read as follows:



1 "Section 409. Promulgation of regulations. The Director,
2 with the approval of the President, shall promulgate
3 regulations, pursuant to chapter 1 of title 17 of this Code,
4 governing the amount of the premium for insurance under the
5 plan, the procedure for making claims under the plan, the
6 amount and type of benefits under the plan, the policy
7 limits under the plan, and such other matters as may be
8 consistent with the contents and purpose of this chapter,
9 including the implementation of those provisions of this
10 chapter pertaining to participating agencies. The plan may
11 provide, arrange for, pay for, or reimburse the costs of
12 medical, dental and vision treatment and care,
13 hospitalization, surgery, prescription drugs, medicine,
14 prosthetic appliances, out-patient care, and other medical
15 care benefits, in cash or the equivalent in medicines and
16 supplies, and may provide life insurance benefits. The plan
17 may contract with private sector insurance companies to
18 provide benefits, and may contract for other services as
19 needed."

20 Section 9. Title 52 of the Code of the Federated States of
21 Micronesia is hereby further amended by adding a new section 410 to
22 read as follows:

23 "Section 410. Off-island medical referral.

24 (1) No payment shall issue for any off-island medical
25 referral unless:



1 (a) The procedure is one which must or may be
2 performed off-island under the standard medical referral
3 criteria, or cannot be effectively performed at the
4 referring hospital, and the referral conforms to all
5 referral procedures set forth in the regulations; or

6 (b) The Director determines that a medical
7 emergency existed, the necessary surgery or treatment could
8 not have been performed effectively at the referring
9 hospital, and the delay necessary to follow proper
10 procedures would have resulted in death or permanent serious
11 damage to the health of the patient; or

12 (c) The patient is outside of the Federated
13 States of Micronesia when a medical emergency arises, or is
14 covered by a supplemental or non-resident plan, as set forth
15 in the regulations.

16 (2) The Director shall consult with the Directors of
17 the member States' Health Services, and shall develop
18 standard medical referral criteria within six months of the
19 date this act becomes law, to be applied to all off-island
20 medical referrals."

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PRESIDENTIAL COMM. NO. 8-2/2
FSM CONGRESS

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1 Section 10. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its becoming
3 law without such approval.

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Bailey Olter
President
Federated States of Micronesia

