

AN ACT

To further amend title 52 of the Code of the Federated States of Micronesia (Annotated), as amended, by amending sections 401 to 409, to realign the name of the Plan, through clarify the roles of the Administrator, and to expand the eligibility requirements, and for other purposes.

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

2           Section 1. Section 401 of title 52 of the Code of the  
3 Federated States of Micronesia (Annotated), as amended, is hereby  
4 amended to read as follows:

5           "Section 401. Short Title. This chapter shall be known  
6 as the 'MiCare Health Insurance Plan Act of 1984.'"

7           Section 2. Section 402 of title 52 of the Code of the  
8 Federated States of Micronesia (Annotated), as amended, is hereby  
9 amended to read as follows:

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

11           (1) "Administrator" means the Administrator appointed  
12 by the Board of Directors of MiCare Health Insurance  
13 Plan established by the provisions of this chapter.

14           (2) "Agency" means any municipal, State or National  
15 Government public agency, institution or entity.

16           (3) "Board" or "Board of Directors" means the MiCare  
17 Health Insurance Plan Board of Directors established  
18 under the provisions of this chapter.

19           (4) "Business" means any quasi-public or private

1 business entity which is duly licensed to do business  
2 under, and doing business under, the laws of the  
3 Federated States of Micronesia or its political  
4 subdivisions, which is also a participant in the Social  
5 Security system of the Federated States of Micronesia,  
6 and which has been qualified to participate in the  
7 MiCare Health Insurance Plan pursuant to the regulations  
8 promulgated by the Board of Directors under section 409  
9 of this chapter.

10 (5) "Costs of administration" means the following  
11 costs of administering the Plan:

12 (a) wages or salaries for personnel engaged in  
13 administering the Plan;

14 (b) necessary travel for personnel engaged in  
15 administering the Plan;

16 (c) costs and expenses for training of personnel  
17 engaged in administering the Plan;

18 (d) the costs of processing claims;

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

21 (f) the costs of necessary supplies and  
22 equipment;

23 (g) the costs of communications necessary to the  
24 operation of the Plan;

25 (h) the costs of professional services necessary

1 to the operation of the Plan.

2 (6) "Dependents" means the members of an employee's  
3 immediate family, including grandchildren, dependent  
4 parents, and dependent parents-in-law.

5 (7) "Employee" means an employee of the National  
6 Government of the Federated States of Micronesia, an  
7 employee of a participating agency, or an employee of a  
8 participating business.

9 (8) "Full-time employee" means an employee who works  
10 at least 32 hours of the regular and scheduled workweek.

11 (9) "Full-time student" means a student who currently  
12 enrolled in classes totaling 12 or more semester units  
13 at an accredited post-secondary educational institution.

14 (10) "Participating agency" or "participating  
15 agencies" means any public agency, public institution or  
16 other public entity, either municipal, State or  
17 National, participating in the Plan pursuant to section  
18 403 of this chapter.

19 (11) "Participating business" or "participating  
20 businesses" means any business entity, whether quasi-  
21 public or privately owned, participating in the Plan  
22 pursuant to section 403 of this chapter.

23 (12) "Plan" means the MiCare Health Insurance Plan."

24 Section 3. Section 403 of title 52 of the Code of the  
25 Federated States of Micronesia (Annotated), as amended, is hereby

1 amended to read as follows:

2 "Section 403. Eligibility.

3 (1) All full-time employees of the National  
4 Government of the Federated States of Micronesia shall  
5 participate in the Plan.

6 (2) Other persons who may participate in the Plan  
7 are:

8 (a) The full-time employees of each  
9 participating agency and business which has entered into  
10 a contract with the Plan whereby such agencies or  
11 businesses have agreed to participate in the Plan.

12 (b) The dependents of full-time employees of the  
13 National Government, participating agencies and  
14 participating businesses;

15 (c) Members of an employee's household who are  
16 dependent upon the employee, but are not otherwise  
17 defined as "dependents" under the provisions of this  
18 Act, if the employee pays 100 percent of the premiums  
19 for such persons to the Plan;

20 (d) Government employees whose State or agency  
21 does not participate in the Plan, and their dependents,  
22 if they pay 100 percent of the premiums for themselves  
23 and the dependents to the Plan;

24 (e) Former enrollees in the Plan, and their  
25 dependents, if they pay 100 percent of the premiums for

1 themselves and their dependents to the Plan; and

2 (f) Full-time students enrolled at any  
3 postsecondary institution in the FSM, if the  
4 postsecondary institution has entered into a contract of  
5 participation with the Plan and the students pay 100  
6 percent of the premium for themselves to the Plan.

7 (g) Individuals who were previously enrolled in  
8 the Plan as dependents of primary enrollees if they pay  
9 100 percent of the premiums."

10 Section 4. Section 404 of title 52 of the Code of the  
11 Federated States of Micronesia (Annotated), as amended, is hereby  
12 amended to read as follows:

13 "Section 404. Establishment of MiCare Health Insurance  
14 Fund.

15 (1) There is established a MiCare Health Insurance  
16 Fund, (hereinafter MiCare Health Insurance Fund) which  
17 shall be separate from the General Fund or other  
18 funds. All sums appropriated by Congress representing  
19 contributions of the National Government to the Plan,  
20 all sums representing contributions of participating  
21 agencies and participating businesses to the Plan, and  
22 all employee contributions to the Plan, shall be  
23 deposited in the MiCare Health Insurance Fund. Any  
24 unexpended money in the MiCare Health Insurance Fund  
25 shall not revert to the General Fund or lapse at the end

1 of the fiscal year, but shall remain in the MiCare  
2 Health Insurance Fund.

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

19 Section 5. Section 405 of title 52 of the Code of the  
20 Federated States of Micronesia (Annotated), as amended, is hereby  
21 amended to read as follows:

22 "Section 405. Premium Contributions.

23 Employees participating in the Plan shall contribute the  
24 percentage of the premium not paid by their employer for  
25 insurance under the Plan. The National Government of

1 the Federated States of Micronesia shall contribute at  
2 least 52 percent of the premium for eligible employees  
3 of the National Government participating in the  
4 Plan. Any participating agency or participating  
5 business shall contribute at least 50 percent of the  
6 premium for their employees participating in the Plan,  
7 or may at their request contract with the Board to  
8 contribute more than 50 percent. All contributions,  
9 including premium contributions by participating  
10 agencies, individual insureds and participating  
11 businesses shall be deposited in the MiCare Health  
12 Insurance Fund on a timely bi-weekly basis or monthly  
13 basis, or at any timely intervals or frequency as  
14 required by Regulations of the Board."

15 Section 6. Section 406 of title 52 of the Code of the  
16 Federated States of Micronesia (Annotated), as amended, is hereby  
17 amended to read as follows:

18 "Section 406. Disposition of Fund.  
19 All money deposited in the MiCare Health Insurance Fund  
20 shall be used to pay claims, except that a sum  
21 representing not more than ten percent (10%) of the  
22 estimated income for that year from contributions and  
23 income on investments may be expended for costs of  
24 administration."

25 Section 7. Section 407 of title 52 of the Code of the

1 Federated States of Micronesia (Annotated), as amended, is hereby  
2 amended to read as follows:

3 "Section 407. Health Insurance Plan Board of Directors  
4 and Administrator.

5 (1) *Creation.* There is hereby established a Board of  
6 Directors to oversee and govern the Plan and MiCare  
7 Health Insurance Fund established under section  
8 404. There is also hereby established the  
9 Administrator's full-time position for the MiCare Health  
10 Insurance Plan. The Administrator shall be appointed by  
11 the Board and serve at the pleasure of the Board. The  
12 Administrator shall be exempt from the provisions of the  
13 National Public Service System Act.

14 (2) *Composition.* The MiCare Health Insurance Plan  
15 Board of Directors shall consist of not less than seven  
16 members, including one representative from each State of  
17 the Federated States of Micronesia, who shall be  
18 recommended by the Governor of the relevant State; one  
19 representative from the National Government of the  
20 Federated States of Micronesia; one representative from  
21 the private sector; and the Administrator. Each  
22 appointed member of the Board shall be appointed by the  
23 President with the advice and consent of the  
24 Congress. The Administrator shall serve as ex  
25 officio member of the Board. All members of the Board



1 shall be voting members of the Board.

2 (3) *Terms.* Each appointed member of the Board shall  
3 serve for a period of three years, except that initial  
4 appointments to the Board shall be made as follows: two  
5 members for a period of one year; two members for the  
6 period of two years; and two members for a period of  
7 three years. Successor to the first appointees  
8 hereunder shall be appointed for terms of three years  
9 each. Vacancies other than by expiration of term shall  
10 be filled by the President by appointment, in the same  
11 manner as the original appointment was made, for the  
12 unexpired term. Appointed members shall not hold-over  
13 at the expiration of their terms, but may be reappointed  
14 to consecutive terms in the manner set forth in this  
15 section.

16 (4) *Organization.* The Board shall provide for its  
17 own organization and procedure, except that the Board  
18 shall, at a minimum, designate a Chairman and a  
19 Secretary. The Secretary shall keep all records of, and  
20 actions taken by, the Board. These records shall be  
21 open to the public for public inspection. The Secretary  
22 of Justice of the Federated States of Micronesia shall  
23 act as legal advisor to the Board.

24 (5) *Meetings.* The board shall meet at least once  
25 every six months. Meetings may be held at any time or

1 place within the FSM to be determined by the Board upon  
2 the call of the Chairman or upon written request of any  
3 four members. All meetings shall be open to the public  
4 and public notice of the time and place of such meetings  
5 shall be posted in public places and shall be announced  
6 on radio and television throughout the FSM and in  
7 newspapers of general circulation in the FSM, provided  
8 such meetings are matters of public information and  
9 shall not relate to matters that reveal confidentiality  
10 of health records of a member of the Plan. Four members  
11 of the Board shall constitute a quorum for the  
12 transaction of business.

13 (6) *Compensation.* Members of the Board shall be paid  
14 at a rate established by the Board when actually  
15 performing their duties under this chapter; provided  
16 that officials and employees of the State governments or  
17 the Government of the Federated States of Micronesia who  
18 are members of the Board shall not receive any  
19 compensation. All members shall be entitled to receive  
20 travel costs and per diem at standard National  
21 Government rates when actually attending Board meetings  
22 or engaged in the performance of duties authorized by  
23 the Board. Any employee of the National Government  
24 shall be granted leave with pay when actually attending  
25 Board meetings or engaged in the performance of duties

1 authorized by the Board.

2 (7) *General powers and duties.*

3 (a) It shall be the responsibility of the Board  
4 to promote the soundness, stability, growth and healthy  
5 development of the Plan. To that end, the Board shall  
6 have overall responsibility for administration of the  
7 Plan and Fund, PROVIDED, however, that day-to-day  
8 operations of the Plan shall be the responsibility of  
9 Administrator. The Board shall have such other powers  
10 and duties as may be necessary to carry out the purpose  
11 of this chapter.

12 (b) Responsibility for the proper day-to-day  
13 operation of the Plan shall be vested in Administrator  
14 who shall have power to establish contractual service  
15 arrangements with healthcare providers, to determine  
16 types and forms of services, to oversee the financial  
17 accounting and auditing responsibilities, and to  
18 delegate duties and responsibilities to such employees  
19 of the Plan as the Administrator deems feasible and  
20 desirable to carry out the provisions of this chapter.

21 (c) The Board shall periodically consult with,  
22 and seek the advice of, interested members of relevant  
23 government authorities, the public in each respective  
24 State of the Federated States of Micronesia regarding  
25 the operation, safety, soundness, protection, and

1           survivability of the Plan and shall endeavor to ensure  
2           that such consultations are done with persons broadly  
3           representative of actual and potential participants in  
4           the Plan, including representatives of the medical  
5           profession and participating businesses.

6                   (d) Plan shall conduct claim audit to identify  
7           possible claim frauds and abuses, and findings shall be  
8           reported to the Board of Directors, to the Office of the  
9           Public Auditor of the Federated States of Micronesia and  
10          the Department of Justice of the Federated States of  
11          Micronesia for appropriate review and action.

12                   (e) If the result of the investigation is  
13          conclusive that the insured or provider engaged in  
14          insurance fraud activity, the Plan may terminate the  
15          insurance policy and institute means to recover any or  
16          all of the expenses it incurred, or in the case of a  
17          provider, the Plan may terminate its agreement with the  
18          provider and institute means and mechanism to recover  
19          any or all payments made to the provider.

20                   (f) Plan shall establish a formulary with prices  
21          of all covered medicine and pharmaceutical supplies.  
22          Likewise, a Relative Unit Value (RUV) schedule shall be  
23          established and updated from time to time as required to  
24          guide the costs of medical services covered under the  
25          Plan;

1           (8) *Time for Implementation.*

2           (a) All nominations for all positions on the  
3 Board shall be transmitted to Congress within 90 days of  
4 the date this Act becomes law.

5           (b) The Board shall appoint an Administrator  
6 within 90 days of the date all Board members have been  
7 appointed by Congress. If no Administrator is appointed  
8 within this time, the Board shall submit to Congress a  
9 detailed account of the steps it is taking to appoint an  
10 Administrator and the reasons why it has not done so.

11           (c) Immediately upon the appointment of the  
12 Administrator, all employees of the Plan who hold a job  
13 title containing the word "Chief" shall be given a new  
14 job title and the word "Chief" shall be deleted from the  
15 job title."

16           Section 8. Section 408 of title 52 of the Code of the  
17 Federated States of Micronesia (Annotated), as amended, is hereby  
18 amended to read as follows:

19           "Section 408. Reporting.

20           Prior to the commencement of each regular May session  
21 of Congress, the Administrator through the Board, shall  
22 prepare and submit to the President of the Federated  
23 States of Micronesia and to the Speaker of the Congress  
24 an annual report on the status of the Plan. This report  
25 shall include a statement of the amount of money on

1 deposit in the MiCare Health Insurance Fund as of the  
2 date of the annual report, the amount of premiums  
3 collected and interest earned during the preceding  
4 fiscal year, the amount of money disbursed for claims  
5 during the preceding fiscal year, the number of claims  
6 paid during the preceding fiscal year, the costs of  
7 administration, and such other information as the Board  
8 may deem appropriate."

9 Section 9. Section 409 of title 52 of the Code of the  
10 Federated States of Micronesia (Annotated), as amended, is hereby  
11 amended to read as follows:

12 "Section 409. Promulgation of regulations.

13 (1) The Board, with the approval of the President,  
14 shall promulgate regulations, pursuant to chapter 1 of  
15 title 17 of the Code of the Federated States of  
16 Micronesia, governing the amount and payment for  
17 insurance premium for insurance under the Plan, the  
18 procedure for making claims under the Plan, the amount  
19 and type of benefits under the Plan, the policy limits,  
20 exclusions, conditions, and coverages under the Plan,  
21 and such other matters as may be consistent with the  
22 contents and purpose of this chapter, including the  
23 implementation of those provisions of this chapter  
24 pertaining to participating agencies and participating  
25 businesses.

1           (a) The Board shall promulgate no regulation  
2 allowing a claim for benefits under the Plan to be  
3 denied on the grounds that the medical condition giving  
4 rise to the claim existed before the person making the  
5 claim began participating in the Plan. Any such  
6 existing regulation is hereby retroactively repealed for  
7 a period of six months from the date this Act becomes  
8 law.

9           (2) The Plan may:

10           (a) provide, arrange for, pay for, or reimburse  
11 the costs of medical, dental and vision treatment and  
12 care, hospitalization, surgery, prescription drugs,  
13 medicine, prosthetic appliances, out-patient care, and  
14 other medical care benefits, in cash or the equivalent  
15 in medicines and supplies;

16           (b) provide life insurance benefits;

17           (c) contract with private sector insurance  
18 companies to provide benefits; and

19           (d) contract for other services as needed."  
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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 becoming  
3 law without such approval.

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February 15, 2018

for /s/ Yosiwo P. George  
Peter M. Christian  
President  
Federated States of Micronesia