

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

Bill No. 480-30(COR)

Introduced by: 3:14pm Oct. 19, 2010

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AN ACT TO 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 ITEM (A) TO 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 interest
24 in providing coverage to qualified active employees and retirees shall,
25 if selected, maintain a bona-fide office and operations base in Guam
26 and possess a business privilege license to do business in Guam.

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

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

17 **Section 3.** Item 9a) is hereby added to Sub Section 15102 of Article 1,
18 Chapter 15, Title 22 GCA.

19 "§ 15102. Certificate of Authority. Admission is secured by procuring a
20 Certificate of Authority from the Commissioner. Such certificate shall not be
21 granted until the applicant conforms to the applicable requirements of this
22 Title and of the other laws of Guam prerequisite to its issue. After a certificate
23 is granted, the insurer shall continue to comply with the requirements
24 pertaining to it as set forth in this Title and in the other laws of Guam.

25 (a) The Insurance Commissioner shall revisit annually, the
26 requirements for a Certificate of Authority for providers of Healthcare

1 Insurance Coverage, to ensure that the processes remain fair and open in
2 order to foster vigorous competition and shall amend its requirements when
3 necessary or recommend to I Liheslaturan Guahan, changes to General
4 Regulations relative to Certificates of Authority.”

5 **Section 4.** Effective Date. This Act shall take effect upon enactment into law.”