

HEALTH: INSURANCE

February 21, 1975

BUREAU OF PLANNING
GOVERNMENT OF GUAM
P.O. BOX 2950
AGANA, GUAM 96910

**Robert Gumbiner, M.D.
Executive Director
Family Health Program
2925 No. Palo Verde Avenue
Long Beach, California 90815**

Dear Dr. Gumbiner:

Thank you for your letter of February 7th and the enclosures pertaining to health care. Perhaps on your next trip to Guam we might find it more convenient to get together. Larry Pett and two of your colleagues came by the office the other day and briefed me on the operations of health care system.

On the subject of bills or hearings that might affect health care system, the Legislature generally announce all bills for consideration and openly invite the public to participate. Larry, I am sure, will be aware of any hearings on the subject.

Again, thanks for your letter and regards.

Sincerely,

/s/ PEDRO C. SANCHEZ

**PEDRO C. SANCHEZ
Special Assistant to the Governor**

PCS/vmc



FAMILY HEALTH PROGRAM / OFFICE OF THE EXECUTIVE DIRECTOR

February 7, 1975

Dr. Pedro Sanchez, Liaison Officer
Special Affairs
Governor's Office
Government of Guam
Agana, Guam 96910

Dear Doctor Sanchez:

I regret our schedules did not permit our meeting during my recent visit to Guam. Best wishes for a successful term as Liaison Officer of Special Affairs to the Governor.

Please be assured that we in FHP and our sister organization, HML Insurance Company, will cooperate to the fullest in bringing the best quality health care to the people of Guam at the lowest possible cost.

Perhaps attention to the history of health care on Guam is appropriate:

- 1973: Guam Memorial Hospital threatened with loss of accreditation. Executive Director of FHP, Robert Gumbiner, M. D., invited to Guam by the Guam Memorial Hospital Board to review this problem.
- 1973: Existing carrier of Government of Guam employees health insurance, AFIA, proposed a rate increase of 30%. FHP was asked to quote on an alternate program by the Government of Guam Insurance Committee. FHP was selected as the provider of health care to the Government of Guam employees through bid basis by the Insurance Committee. FHP signed a management contract with the Catholic Medical Center for a Group Practice Prepayment HMO program.
- 1974: AFIA Insurance Company, along with the Guam Doctors Foundation, refused to meet bid specifications by Government of Guam to cover the elderly. AFIA/Foundation program collapsed because of excessive losses. FHP was requested by the Government of Guam to provide a dual choice with HML Insurance Company, on an Independent Practice Foundation Basis. After several meetings a program was worked out. A majority of the doctors on Guam joined this program (31 out of 34), and the Guam Memorial Hospital was asked to join but refused.

This series of events has lead us to where we are today. In my recent review

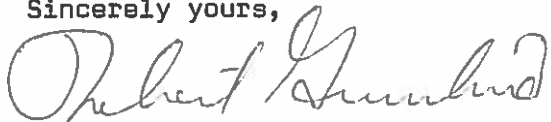
Dr. Pedro Sanchez
February 7, 1975
Page 2

of the operation of FHP/HML on Guam, I found the programs to be running smoothly and according to our actuarial expectations. We project that we will have saved the Government of Guam \$1.7 Million compared to what it would have cost them had they continued with the previous insurance program, AFIA. In addition, FHP has brought 12 experienced, highly qualified physicians from the mainland to Guam. These include Board Certified specialists in; pediatrics, obstetrics, general surgery, and radiology.

I would appreciate being informed of any bills or hearings that may have any bearing on the health care system. We have two medical directors on the Island, Leslie Turner, M. D., for FHP, and Ken Huffman, M. D., for HML, plus two regional managers, Larry Pett for FHP and Bob Mack for HML. These men and their staffs stand ready to discuss, or advise you, on any bills or legislation. I would also like to answer any unfounded rumors or allegations that I know will be forthcoming by individuals who wish to return to the former inoperable situation for reasons of self-interest.

Enclosed is a recent article from the Hughes AirWest "In-Flight" magazine which mentions FHP and may be of interest to you, plus an excerpt from the Congressional Register about the Guam health care system, submitted by Won Pat.

Sincerely yours,



Robert Gumbiner, M. D.
Executive Director

RG:kar
Enclosures

**NEW CONCEPT OF HEALTH CARE
DELIVERY INAUGURATED FOR
GUAM**

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 16, 1975

Mr. WON PAT. Mr. Speaker, certainly one of the prime concerns of our time is the urgent need for equitable and far-reaching health care plans for our citizens. While mainland Americans have been provided with numerous alternatives in this matter, the citizens of Guam have suffered from rather restrictive opportunities.

I am pleased to announce to my distinguished colleagues that progress has been recently made in this area with the announcement of a new concept of health care delivery program for Guam. The program bears careful attention since this approach could be applied elsewhere in the United States. It is important to the consumer because future HML rate increases will be held to a minimum if medical costs can be controlled through individual physicians. Needless to say, we are hopeful that the inauguration of this plan will usher in a new and better era for Americans in Guam. At the same time I strongly urge my colleagues to enact a comprehensive health plan as expeditiously as possible for all Americans.

Mr. Speaker, I am inserting an explanatory article from the Family Health Program newsletter dealing with this new concept in the RECORD for my colleagues who are concerned about this pressing problem:

**NEW CONCEPT OF HEALTH CARE DELIVERY
INAUGURATED ON GUAM**

For the first time both an individual practice HMO mode (foundation type) and a group practice prepayment HMO mode are being sponsored by the same organization. After having successfully organized and operated a group practice prepayment HMO type on Guam for the past year, FHP has inaugurated a dual-choice alternate system in cooperation with a majority of the independent physicians on the Island. This individual practice HMO type is being sponsored by the Health Maintenance Life Insurance Company, a subsidiary of Family Health Program. HML Insurance Company is underwriting the risk on hospitalization, pharmacy, out-of-area, as well as administering the plan, supplying the Medical Director, Nurse Coordinator, Regional Manager, and all claims and administrative personnel.

Government of Guam employees have had the free choice of selecting either the in-

dividual practice HMO, comprising the majority of the 30 independent fee-for-service physicians on Guam, or a Group Practice Prepayment mode through the two group practices on the Island, FHP Catholic Medical Center and Seventh-Day, Adventist Medical Center. The significant feature is that the choice is on the system of care since the benefits and the rates paid are almost identical. Whereas last year only about 3,500 employees out of the 10,000 Government of Guam employees selected either FHP or the insurance mode, this year over 7,000 of the 10,000 employees chose this expanded modernized service.

Both programs serve an identical member population. The doctors in the group practice are salaried physicians working in an integrated group setting while the individual doctors see patients in their own practices. keystones to this new program are: the prior authorization concept for elective hospitalization, the sliding payment scale and the use of a formulary for prescription drugs. Preventive medical services and in-and-out of hospital care are provided on both plans.

A majority of Guam's fee-for-service physicians have joined the independent practice program which will be a three-year program with the Guam Government. Data collection will illustrate after a year if quality health care at a controlled cost can be delivered through the individual practice HMO as effectively as through the group practice HMO. One past American Medical Association President said during a recent speech on Guam: "This new system of health care delivery should be a good experiment." That doctor meant that the two forms of health care delivered to identical populations, both groups use the same hospital and all other factors are perfect for a controlled experiment.

During the last year, FHP has provided health care through FHP's group practice HMO medical center to the employees of the Guam Government, U.S. Federal employees on Guam, the Catholic Diocese, and Catholic School System, University of Guam students, several large hotels and numerous other corporations on the Island. A new group practice prepaid dental plan was also inaugurated in 1974 by FHP for its Guam members.

FHP's innovation, the Independent Practice HMO, will be carefully watched because the approach could be applied elsewhere in the United States. The concept is important to the consumer because, if medical costs CAN be controlled through individual physicians, future HML rate increases will be held to a minimum. Compare the usual insurance carried increases this year of 20 to 40% and you'll see why a health care dollar goes much further in a planned health care system.

Is There an HMO in Your Medical Future?

*This other way to spend your medical insurance dollar
emphasizes prevention along with cures*

Heard about the latest medical development? It's not a new miracle drug or even a fresh transplant procedure; yet it's expected to affect more Americans in coming years than either such medical discovery. It's a mundane-sounding concept called health maintenance organizations (HMOs), which really is no more than a formalized system of prepaid medical care for a given group of people. Yet, with increasing acceptance of HMOs nationwide, and the promise of some \$300 million in government loans and grants for future HMO development, HMOs are changing the face of medical and health care delivery dramatically.

With promoters claiming HMOs will cut medical costs, improve overall health care and virtually save the medical field in this country, and critics saying very much the opposite, a brief view of the HMO phenomenon is in order. Especially since each of us soon may be asked to decide whether an HMO is for us or not.

An HMO is an organization which maintains a medical facility (hospital, clinic, etc.); hires medical professionals on salary (physicians, specialists, technicians), and offers total health and medical care to a voluntary membership on a prepaid, monthly-fee basis. Generally, these voluntary memberships are recruited through employee groups, unions or community groups. For their memberships, individuals receive a wide range of health services, from free prescriptions (in some cases) to total hospital cost coverage.

HMOs differ from Blue Cross-type indemnity insurance significantly. Indemnity insurance, the type most prevalent in America today, benefits the member only when he is sick—often only when hospitalized—and it only pays for medical services. HMOs, proponents exude, benefit members even when they are well, offering periodic health examinations, immunizations, prepaid office visits and checkups, designed to keep the member from ever getting sick. HMOs actually provide the health care required, instead of just paying for it.

As President Nixon pointed out in a statement on HMOs relating to the National Health Care Act, "Like doctors in ancient China, they are paid to

keep their patients well." Therein is the biggest advantage of health maintenance organizations—they are equipped to keep their members healthy.

While numbers vary according to sources, there are approximately 80 HMOs in America today, serving about eight million people. The most well known is Kaiser-Permanente, the giant health care system with 23 hospitals, 60 medical centers and more than two million members. A more typically sized HMO is Family Health Program of Southern California, with seven medical centers (one in Tamuning, Guam) and 50,000 members. FHP primarily serves southern Los Angeles County. Members predominantly have joined through local employee and union packages, wherein the first \$25 monthly portion is paid by the sponsoring group. FHP members have a choice of two basic plans (with numerous options, such as inclusion of dental care for additional premiums). One is a comprehensive plan (\$70 monthly for marrieds with dependents, \$25 for singles), the other requiring additional charges for some services, at a lower monthly rate (\$57 for marrieds, \$20 for singles). (Figure that singles belong at no cost, and marrieds at no more than \$55 a month, since the group pays that initial \$25 amount each month).

Members paying the higher premium may visit the medical center as often as they'd like and get as much health service as they need, at no additional cost. (How often has the thought of a \$20 visit to the doctor kept you from seeing about that sore throat?) FHP members are given complete diagnostic and medical care; periodic examinations; complete laboratory and X-ray service; eye examinations; physical therapy; maternity care; infant care; hospital room and board; doctor's hospital services, including surgery; free prescription drugs; and even birth control pills, IUDs and abortions (therapeutic or elective)—all for the single monthly fee. Members enrolled under the lower cost plan receive basically the same services, but must pay \$2 for each appointment, \$1.50 per prescription drug, \$150 per abortion and 10 percent of all hospital charges.

Family Health Program even offers free transportation to its clinics and back for elderly and disabled members through a fleet of "Medicmobile" vans. All-in-all, every facet of health and medical care that anyone would need is provided members for the single, prepaid monthly charge.

This charge is not inexpensive. Even with a group plan, paying \$55 each month for family medical care is substantial, especially if the medical service is not used. Indemnity plans are generally \$10–\$20 lower each month. Why then, would a family with good indemnity coverage want to join an HMO?

Three reasons: (1) with many indemnity plans, uncovered expenses easily can exceed the difference between their premiums and those of an HMO; (2) many Americans like the convenience and cost control of a single monthly prepaid health charge; no add-ons, no surprises, and (3) the very idea of a health care system designed to keep you well and healthy, rather than one benefiting you only when ill, is strongly appealing.

Now, a word of caution before you run out to enroll in your nearest HMO. There have been several HMO-type organizations which have gone bankrupt, or otherwise disappointed their memberships through mismanagement or out-and-out misrepresentation. Select your HMO with great care to be sure it is right for you. You might start by writing the Group Health Association of America, 1717 Massachusetts Avenue, N.W., Washington, DC 20036. They will send you guidelines for selecting an HMO, along with a list of those throughout the nation which they list as qualified members. Then, before signing anything, visit the medical facility. Talk to the administrators and the management, whether the HMO is privately owned or group owned. Then speak with some members individually, and with the personnel managers of those firms enrolled in the program. From all of these sources, you'll know if the HMO is right for you.

The real goal of health service, whether delivered through an HMO, a private practice or covered through an indemnity plan, is quality medical care. Make that your final criterion. ■

Stop Cheating Yourself Out of Extra Business and Leisure Time
How To Dwarf the Mighty Oak • Picking the Next President
Where Does All That World Football League Money Come From?

OCTOBER 1974

ONE DOLLAR

HIGHEST TRUST *Sundancer*

Las Vegas: The Odds-On Favorite

Gambling Luck Helps, but To Win Big, Play the Odds



*File
Health: Insurance Law*

TWELFTH GUAM LEGISLATURE
1974 (SECOND) Regular Session

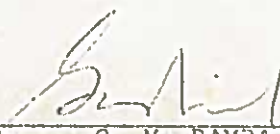
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 564, "An Act to add a new Chapter XV to Title X of the Government Code pertaining to consumer health protection, to add certain sections pertaining to provisions of this Act, and to add Chapter VI to Title XXVIII of the Government Code of Guam relative to licensing of Allied Health Professionals, and for other purposes", was on the 21st day of June, 1974, duly and regularly passed.

BUREAU OF PLANNING
GOVERNMENT OF GUAM
P.O. BOX 2950
AGANA, GUAM 96910


F. T. RAMIREZ
Speaker

ATTESTED:


G. M. BAMBA
Legislative Secretary

This Act was received by the Governor this 2nd day
of July, 1974 at 4:05 o'clock P.M.


KEITH L. ANDREWS
Attorney General of Guam
by Robert O. Rye

APPROVED:


CARLOS G. CANACHO
Governor of Guam

DATED: JUL 12 1974
10:30 A.M.

Public Law
12-156

TWELFTH GUAM LEGISLATURE
1974 (SECOND) Regular Session

Bill No. 564
Substitute

Introduced by

R. F. Taitano
W. D. L. Flores
J. F. Ada
V. D. Ada
G. M. Bamba
P. J. Bordallo
P. M. Calvo
A. L. Cristobal
J. R. Duenas
C. T. C. Gutierrez
F. G. Lujan
A. M. Palomo
F. T. Ramirez
J. M. Rivera
G. R. Salas
A. C. Sanchez
F. R. Santos
A. A. Sekt
E. S. Terlaje
J. U. Torres
A. C. Ysrael

AN ACT TO ADD A NEW CHAPTER XV TO TITLE
X OF THE GOVERNMENT CODE PERTAINING TO
CONSUMER HEALTH PROTECTION, TO ADD CERTAIN
SECTIONS PERTAINING TO PROVISIONS OF THIS
ACT, AND TO ADD CHAPTER V TO TITLE XXVIII
OF THE GOVERNMENT CODE OF GUAM RELATIVE TO
LICENSING OF ALLIED HEALTH PROFESSIONALS,
AND FOR OTHER PURPOSES.

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

2 Section 1. A new Chapter XV, a "Consumer Health Protection
3 Act" is hereby added to Title X, Government Code of Guam to
4 read as follows:

5 "CHAPTER XV

6 Consumer Health Protection Act

7 PART I

8 General

9 Section 9990. The Legislature hereby finds and declares
10 that the cost of health care now exceeds the ability to
11 pay for the average resident of Guam. Expanded insurance
12 protection has been seriously retarded by uncontrolled
13 inflation in health care costs.

1 Factors responsible for the inflationary spiral in
2 health costs include failure to place primary emphasis on
3 personal disease prevention, and personal maintenance of
4 health and ambulatory health care. To improve this
5 situation, it is necessary to strengthen the planning of
6 personal health services, improve the efficiency of
7 operating health services, guarantee quality and accessi-
8 bility of appropriate health care at all times and require
9 the accountability of the provider to make available that
10 care plus development of standards of quality sufficient to
11 adequately protect patients.

12 To assure that citizens of the territory will be
13 able to obtain as well as afford necessary health services
14 on an equitable basis, compulsory prepaid health and sick-
15 ness coverage, accomplished through payroll deduction made
16 by employers and employees, is effective on passage of
17 this Act, and operative on 1 January 1975.

18 Section 9990.1. Definitions (a) 'Prepaid health plan'
19 means a plan which offers a specified scope of benefits
20 to an enrolled population for a predetermined prepaid
21 annual rate.

22 (b) 'Health maintenance organization' means any organi-
23 zation of providers of personal health services with a proven
24 capacity to provide preventive and health maintenance
25 services to a given population of enrolled consumers in a
26 prepaid health plan. Providers shall guarantee that quality
27 services be available and accessible twenty-four (24) hours
28 a day seven (7) days a week. The definition of health
29 maintenance organization under this subdivision shall in-
30 clude, but not be limited to, 'medical care foundations'
31 group practice prepayment organizations, and 'health
32 consumer organizations'. Medical care foundation means
33 any non-profit foundation whose physician membership

1 is capable and guarantees to provide comprehensive health
2 services to patients enrolled in a prepaid health plan.
3 Health consumer organization means any incorporated
4 organization of citizens whose primary motive for
5 organizing is to create a system of financing and arranging
6 for the delivery of personal health services under
7 circumstances which require sensitivity to the consumer's
8 desires in this field. A group practice prepayment
9 organization means a formal, organized group of doctors
10 and other providers in a group practice center with
11 centralized management peer review, and a formal structure
12 and organization.

13 (c) 'Fiscal intermediary' means any private insurance
14 company which performs fiscal and administrative functions
15 for any organization or provider of health care, or on
16 behalf of consumers through a contract for health benefits.

17 (d) 'Peer review-medical audit' means an organized
18 system for regular review of professional performance in
19 or out of the hospital by a committee of peers. Such
20 review is designed to judge the medical justification for
21 case management to assure its quality.

22 (e) 'Utilization review' means an organized review by
23 peers designed to control or eliminate unnecessary
24 admissions to hospitals, and unwarranted length of stays
25 in hospitals.

26 (f) 'Provider profiles' means computer-assisted files
27 of the performance of a provider over an extended period
28 of time.

29 (g) 'Provider' means any licensed individual or
30 organization engaged in the providing of personal health
31 service to the public.

1 (h) 'Health Commission' means that body under which
2 this legislation assumes powers and responsibility for
3 activities related to providing personal health care to the
4 public.

5 (i) 'Approved hospital' means a licensed hospital which
6 meets the standards of performance as developed by the
7 Health Commission to assure quality of care, safety of the
8 patient, and such other criteria as the Commission deems
9 necessary.

10 (j) 'Health facility' means any licensed facility
11 whose primary function is to deliver personal health
12 service to the public. This includes, but is not limited
13 to, out-patient clinics, hospitals, clinics, nursing homes,
14 home care organizations and intermediate care facilities.

15 (k) 'Prepaid capitation' means an annual fixed
16 premium per person paid in advance for a specified set
17 of comprehensive health benefits.

18 (l) 'Benefit period' means the period of time during
19 which an enrolled person is covered under a prepaid health
20 plan.

21 (m) 'Allied health professional' means any professional
22 person involved in the provision of skilled health service
23 both directly or indirectly in support of physicians and
24 health institutions engaged in the delivery of health
25 care services.

26 (n) 'Out of area emergency services' means medical
27 treatment for any sudden or unexpected illness, or the
28 medical treatment of an injury or injuries. Such illnesses
29 or injuries shall be those requiring medical services at
30 a location outside the area of the patient's own health
31 maintenance organization, and requiring the medical
32 services of another provider of health care services, so

1 as to not compromise the quality of care or safety of
2 the patient by delaying treatment. This shall include
3 any emergency services provided to an enrollee while
4 off-island.

5 (c) 'Enrollee' means a person who has enrolled as
6 a beneficiary of a health benefit plan.

7 PART II

8 Administration .

9 Section 9990.2. The Health Commission is hereby created
10 and is the regulatory body which shall set policy and
11 determine regulations which relate to the operation of
12 personal health service of all kinds. The Director of
13 Public Health shall be the Chief Administrative Officer
14 and shall carry out the decisions, policies, and regula-
15 tions of the Commission. (a) The Commission shall hold
16 public hearings pursuant to existing law for purposes
17 which shall include but not be limited to, information
18 gathering, grievance hearing for either consumers or
19 providers of health care, and rate setting.

20 (b) The Commission shall develop the administrative
21 capacity through computer programs to set up an information
22 system capable of collecting and analyzing fiscal and
23 program data from various providers relating to cost,
24 utilization review, provider profiles, quality of care,
25 and consumer satisfaction.

26 (c) The Commission shall enforce the standards set
27 forth in Part III with regard to providers or health
28 maintenance organizations engaged in the delivery of
29 services under this Act. The Commission shall also have
30 the power to apply and enforce such standards with regard
31 to fiscal intermediaries during the transitional period.

1 (d) The Director of Public Health, as Administrator,
2 shall employ such persons, as may be necessary to carry
3 out the provisions of this Act with approval of the
4 Commission and funds provided for this purpose.

5 (e) The Commission shall enter into any agreement with
6 any agency of the Federal government to receive any
7 Federal grant or subsidy which may be available for
8 financing, partially or totally, the cost of carrying
9 out the provisions of this Act.

10 (f) The Commission shall set reasonable standards
11 relating to enrollment periods.

12 (g) The Commission shall establish by regulation
13 program benefits, providers and consumer fees, and limita-
14 tions of liability.

15 Section 9990.3. Notwithstanding any other provision of
16 law, no contract for provision of health care services
17 executed after the effective date of this Act between
18 individuals and fiscal intermediaries or groups of any
19 type and fiscal intermediaries, may be issued or renewed
20 without approval of the Commission and in compliance with
21 the standards as set forth in Part III, but all such
22 existing benefit coverage shall remain in full force and
23 effect until its date of expiration, provided that such
24 time period does not exceed a date four (4) years from the
25 effective date of this Act, except that existing programs
26 may be renewed if, the Commission has not been established
27 and has not developed 'standards' as required.

28 PART III

29 Standards of Participation

30 Section 9990.4. The provisions of this Chapter shall
31 apply to health maintenance organizations, as defined in
32 Subdivision (b) of Section 9990.1, engaged in the delivery

1 of health care services under this Act.

2 Section 9990.5. Each health maintenance organization
3 shall be required to report annually to the Commission on
4 the cost of operation, the use of services, the current
5 description of the location of physicians, allied health
6 professional and health facilities, and the number of
7 persons to whom service is rendered. Full fiscal disclosure
8 by any and all providers of service shall be a condition
9 of participation under this Act.

10 Each health maintenance organization shall be required
11 to furnish complete lists monthly to the Commission or
12 to the agency designated by the Commission of those persons
13 eligible to receive benefits under Title XVIII or XIX of
14 the Social Security Act. This information is to be used
15 solely for the purpose of receiving such Federal reimburse-
16 ment funds, and in no way is to be used to discriminate
17 against the persons or the quality of health care to which
18 they are entitled. All information obtained pursuant to
19 this section shall be confidential.

20 Section 9990.6. Laboratory services provided under the
21 provisions of this Act are to be provided only in the
22 laboratories which are approved by the Commission, or
23 the agency it so designates, in conformance with law.

24 Section 9990.7. Health maintenance organizations shall
25 be certified by the Commission, and shall at least meet
26 the conditions of participation under Federal law.

27 Section 9990.8. Health maintenance organizations shall
28 make those services readily available at reasonable times
29 to all enrollees.

30 Section 9990.9. Health maintenance organizations shall
31 be liable for payment at the prevailing and customary fees
32 for reasonable services as recognized by the Commission,

1 and in conformity with law, for all out-of-area emergency
2 services as defined in Subdivision (n) of Section 9990.1
3 rendered by another provider which are required under the
4 scope of benefits pursuant to this Act. Payment pursuant
5 to this section shall cover such emergency treatment as
6 may be reasonable and necessary until the enrollee can
7 be transferred to the provider group in which he is
8 enrolled. The provider group in which the patient is
9 enrolled must be notified within twenty-four (24) hours
10 of the initiation of emergency treatment or hospitalization
11 if on Guam and within seventy-two (72) hours if off-island.

12 Section 9990.10. Health maintenance organizations shall
13 employ only those health professionals who are qualified
14 and licensed under the law to perform specific acts of
15 medical care for which they are qualified and licensed.
16 Health maintenance organizations shall require continuing
17 education for all professional personnel engaged in the
18 delivery of health care service. Such continuing education
19 shall be that which is recommended by the particular
20 professional organization of which the professional is
21 a member.

22 Section 9990.11. The ratio of physicians and other
23 allied health professional to enrollees in health maintenance
24 organizations shall be set pursuant to regulations adopted
25 by the Commission, subject to adjustment as deemed appro-
26 priate by the Commission.

27 Section 9990.12. Health maintenance organizations shall
28 furnish services in such a manner as to provide available
29 and continuous care, quality care and provision of services
30 shall include ready referral of patients to such services
31 at such times as may be medically appropriate. Such

1 supervision and coordination shall be done in such a
2 manner as to provide coordinated family care for enrolled
3 families.

4 Section 9990.13. Health maintenance organizations shall
5 hold periods of open enrollment when consumers who so
6 desire may enroll, unless a health maintenance organization
7 can demonstrate to the satisfaction of the Commission that
8 it is operating at maximum enrollment capacity.

9 Section 9990.14. Health maintenance organizations shall
10 provide a printed booklet that is available to all consumers
11 who demonstrate an interest. The booklet shall contain
12 a description of the available facilities, the days and
13 hours that medical services is available, public and
14 emergency transportation, a listing of all health pro-
15 fessionals employed or performing services on behalf of the
16 organization, and any such additional information necessary
17 to assist the consumer in making a rational, reasonable
18 choice of providers.

19 Section 9990.15. Health maintenance organizations shall
20 establish an enrollee grievance procedure which shall be
21 in conformity with such procedures as defined and authorized
22 by the Commission.

23 Section 9990.16. Health maintenance organizations shall
24 be subject to formalized peer review as established by
25 the Commission.

26 Section 9990.17. Health maintenance organizations shall
27 not disenroll any enrollee against his wishes without cause
28 as determined by the Commission, either through public
29 hearings or by regulation. All eligible persons who
30 become enrollees, shall remain enrolled in the health
31 maintenance organization of their choice for a benefit
32 period of one (1) year, with the following exceptions:

- 1 (a) An enrollee who changes his residence; or
2 (b) The health maintenance organization is terminated:
3 or
4 (c) The enrollee declares his intent to disenroll
5 through the grievance procedure established by
6 the Commission; or
7 (d) The enrollee declares his intent to voluntarily
8 change H MO's at a time other than the end of
9 the benefit period, he shall pay a premium; and
10 (e) An enrollee if he is unwilling or unable to follow
11 the advice of his physician.

12 Section 9990.18. Health maintenance organizations, to
13 the extent feasible, shall organize an advisory board
14 of enrollees for the purpose of advising the health
15 maintenance organization on matters of primary interest
16 to the consumer.

17 Section 9990.19. Health maintenance organizations shall
18 provide all care including emergency medical services to
19 their enrollees either directly or by contracting for
20 such services in such locations as are readily available
21 to the enrollees. Such emergency services shall include,
22 but not be limited to:

- 23 (a) Hospital intensive and coronary care in the
24 hospital;
25 (b) A team consisting of physicians, nurses and
26 other allied health professionals on duty as
27 necessary to provide 24-hour service;
28 (c) Equipment, facilities, for electrocardiogram,
29 transfusion, inhalation therapy, X-ray, and
30 laboratory;
31 (d) Adequate doctor personnel and an enrollment not
32 to exceed one thousand five hundred (1,500)

1 enrollees per full time doctor.

2 (e) Ambulatory care facilities of not less than
3 one thousand (1000) square feet per one hundred
4 (100) enrollees.

5 PART IV

6 Benefits

7 Section 9990.20. (a) The full range of personal health
8 services is covered to include prevention, screening,
9 annual health assessment, diagnosis and treatment of
10 illness, both in and out of hospitals, extended care,
11 medical rehabilitation, medically justified nursing
12 home care, and care provided in an organized home care
13 program.

14 (b) No deductibles, co-payments, waiting periods,
15 cutoffs, or patient fees are permitted in approved
16 prepaid health plans.

17 (c) A nominal charge for prescription drugs for
18 the treatment of all illnesses.

19 (d) No payments shall be made for custodial or
20 residential care. Payments may be made for medical and
21 nursing services performed in custodial or residential
22 living arrangements.

23 (e) Enrollees of any health maintenance organiza-
24 tion may seek medical services outside their health
25 maintenance organization, or services in addition to
26 the scope of benefits set forth in this Act; provided,
27 however, that such enrollees shall be strictly and
28 solely liable for any such services requested and
29 received. Such enrollee liability shall include but is
30 not limited to those benefits specifically excluded
31 in this Act pursuant to Part IV, and such extra medical

1 care is not reimbursable under approved prepaid plans.

2 (f) All charges resulting from an emergency while
3 and enrollee is off-island shall be reimbursable to
4 the enrollee or their closest living heir.

5 (g) The Commission shall establish the benefits
6 and limits of liability to be provided by this personal
7 health service program.

8 Section 9990.21. (a) Mandatory benefits under this
9 Chapter applying to prepaid health plans, shall include:

10 (1) Out-patient services which are covered
11 as follows: physician; hospital out-patient; opto-
12 metric; acupuncture; podiatric; physical therapy;
13 and audiology, insofar as these can be encompassed
14 by federal participation under an approved plan;

15 (2) Hospital in-patient care;

16 (3) Nursing home care (when available in
17 Guam), including physician services and pre-
18 scription drugs;

19 (4) Purchase of prescription drugs pre-
20 scribed by a physician for the treatment of all
21 medical conditions at a nominal charge;

22 (5) Hospital out-patient dialysis services
23 and home hemodialysis services, including physician
24 services, medical supplies, drugs and equipment
25 required for dialysis;

26 (6) Out-patient laboratory and out-patient
27 X-ray services;

28 (7) Blood and blood derivatives;

29 (8) Dental services;

30 (9) Preventive services (physical examina-
31 tions, well baby care, immunizations and injections);

1 (10) Basic dental services (examination,
2 prophylaxis, X-rays, routine fillings and
3 extractions, emergency treatment);

4 (11) Emergency care on and off-island (in-
5 cluding ambulance);

6 (12) Durable medical equipment and medical
7 supplies;

8 (13) Other diagnostic, screening, or pre-
9 ventive services.

10 (b) Optional services shall include:

11 (1) Eyeglasses;

12 (2) Comprehensive dental care (dentures,
13 crown and bridgework, root canal, etc.);

14 (3) Home health care;

15 (4) Prosthetic devices and hearing aids;

16 (5) Out-patient services including chiro-
17 practic, psychology, occupational therapy,
18 speech therapy.

19 (c) For providers who are not prepaid health plans,
20 the benefits of Subdivisions (a) and (6) shall apply, but
21 such benefits shall be subject to the following limitations:

22 (1) Nursing home care shall be limited to
23 one hundred twenty (120) days per benefit period;

24 (2) Prescription drugs shall be excluded,
25 except those required for long-term treatment of
26 chronic disease;

27 (3) Cosmetic surgery shall be excluded unless
28 approved by psychiatric consultation or vocational
29 rehabilitation agency and related to employment.

30 (d) Services to be provided by the government of
31 Guam through the Department of Public Health and Social

1 Services, shall include:

- 2 (1) Speech, occupational and audiology
3 therapy;
4 (2) Rehabilitative services;
5 (3) Psychiatric care; and
6 (4) Long-term treatment of infectious
7 disease.

8 PART V

9 Consumer Health Protection Premium

10 Section 9990.22. Definitions. (1) 'Employer' means
11 any individual or body of persons, corporate or un-
12 incorporate, public or private, the government of Guam
13 or subject to the laws of Guam, making payment of wages
14 to employees for services performed within Guam or the
15 person having control of the payment of such wages,
16 whether or not the person having control of the payment
17 of such wages is subject to the jurisdiction of the
18 laws of Guam.

19 (2) 'Wages' means all remuneration (other than
20 fees paid to a public official) for services performed
21 by an employee for his employer, including all remunera-
22 tion paid to a nonresident employee for services, per-
23 formed in Guam and, the cash value of all remuneration
24 paid in any medium other than cash; except that such
25 term shall not include remuneration paid for services,
26 the total value of which does not exceed Fifty Dollars
27 (\$50) per week, or for active services as a member of
28 the Armed Forces of the United States; or for agri-
29 cultural labor (as defined in Section 3131(g) of the
30 Internal Revenue Code of 1954); or for domestic service
31 in a private home; for services performed by a duly

1 ordained, commissioned, or licensed minister of the
2 church in the exercise of his ministry, or by a member
3 of a religious order in the exercise of duties required
4 by such order; or for services performed by an individual
5 under the age of eighteen (18) in the delivery or sale
6 of newspaper; or in the form of group-term life insurance
7 on the life of an employee.

8 (3) 'Employee' means a resident of the territory
9 of Guam.

10 (4) 'Payroll period' means a period for which a
11 payment of wages is ordinarily made to the employee
12 by his employer.

13 (5) 'Business income' in the case of an individual,
14 means gross income minus the deductions authorized as
15 business expenses on Form 1040 Internal Revenue Service,
16 minus rental income; dividend income gains or losses
17 from the sale or exchange of an individual's capital
18 assets; royalties; alimony and separate maintenance
19 payments; income from an interest in an estate or trust;
20 and income from annuities, life insurance and endowment
21 contracts and pensions.

22 Section 9990.23. Employee premium. There shall be
23 imposed for each taxable year upon the wages paid every
24 employee, subject to the Consumers Health Protection
25 Act a fixed consumers health protection premium, based
26 on one-half of reasonable cost of care as determined by
27 the Commission for the employee, and a fixed premium,
28 based on the reasonable cost of care for his dependents,
29 who are not otherwise covered by a health protection plan.

30 Section 9990.24. Employer premium. There shall be
31 imposed for each taxable year upon the wages paid by

1 every employer to employees, subject to the Consumers
2 Health Protection Act a fixed consumer health protection
3 premium, based on one-half of the reasonable cost of
4 care as determined by the Commission for each employee.

5 Section 9990.25. Individual premium. There shall be
6 imposed for each taxable year upon the business income
7 of every individual, subject to the Consumer Health
8 Protection Act, from which the consumer health protection
9 premium is not deducted and withheld, a fixed consumer
10 health protection premium based on the reasonable cost
11 of care, to be determined by the Commission.

12 Individuals not employed or covered under Medicaid
13 or Medicare, shall pay twenty-five per cent (25%) of a
14 fixed consumer health protection premium based on the
15 reasonable cost of care to be determined by the Commission.
16 The government of Guam will pay the balance of seventy-five
17 per cent (75%) of such fixed premium from appropriations
18 for such purpose."

19 Section 2. A new Section 9990.26 is hereby added to the
20 Government Code of Guam to read as follows:

21 "Section 9990.26. The provisions of this Act shall
22 continue to be operative, and shall be merged or re-
23 arranged in accordance with any federal legislation
24 that provides similar or equivalent benefits, if and
25 when such federal legislation is enacted. Fiscal arrange-
26 ments pursuant to such enacted federal law shall be
27 accomplished by the Commission in accordance with law."

28 Section 3. A new Section 9990.27 is hereby added to the
29 Government Code of Guam to read as follows:

30 "Section 9990.27. No provision of this Act, and no amend-
31 ment to the Government Code made by this Act, shall affect

1 or alter any contractual or other nonstatutory obliga-
2 tion of an employer to provide health services to his
3 present and former employees and their dependents, or
4 to any such persons, or the amount of any obligation
5 for payment (including any amount payable by an employer
6 for insurance premiums or into a fund to provide for
7 any such payment) toward all or any part of the cost of
8 such services. And, such employer-employee negotiated
9 funds as currently exist may be used to meet the
10 obligation of premiums on behalf of the employee."

11 Section 4. The Health Commission, established by Section
12 9990.2 of this Code, is directed to consult with an actuarial
13 firm to determine costs of Consumer Health Protection to persons
14 covered by this Act, their employers, and self-employed persons.
15 Such consultation should be completed in a written report prior
16 to 1 December 1974. The written report shall include a schedule
17 of recommended fees and incidental costs upon which the premium
18 shall be based, provided, however that no fee schedule shall be
19 implemented without the prior approval of the Legislature.

20 Section 5. Appropriation. There is hereby authorized to be
21 appropriated from any Unappropriated Surplus of the General Fund
22 such sum as may be necessary to implement the intent of this Act.

23 Section 6. Chapter VI is hereby added to Title XXVIII of
24 the Government Code of Guam to read as follows:

25 "CHAPTER VI

26 Allied Health Professionals

27 Section 27400. Definition. As used in this Act:

28 'Allied health professional' means any professional
29 person, a mid-level medical worker, a physician extender
30 or assistant, medical specialists and practitioners,
31 ancillary para-professionals or para-medics, involved

1 in the provision of skilled health service both directly
2 and indirectly, in support of physicians and health
3 institutions engaged in the delivery of health care
4 services. Such personnel include, but are not limited
5 to, physicians assistants, OB nurse assistants, pediatric
6 nurse practitioners, physiotherapists, laboratory tech-
7 nicians, interns, aides, attendants, medical social
8 workers, health aides, and speech and hearing therapists.

9 Section 27401. Allied Health Professional's license
10 required. No allied health professional shall serve in
11 such a capacity, unless he is the holder of a license
12 issued pursuant to this Act.

13 Section 27402. Licensing function of the Commission
14 relating to allied health professionals. The Commission
15 on Licensure shall license allied health professionals
16 in accordance with rules and regulations issued and, from
17 time to time revised by it. An allied health professional's
18 license shall be non-transferable and shall be valid for
19 two (2) years or until surrendered for cancellation or
20 suspended or revoked by the Commission on Licensure for
21 violation of this Act. Any denial of issuance or renewal,
22 suspension or revocation shall be subject to review upon
23 the timely request of the licensee and pursuant to
24 Administrative Adjudication Act within the Code.

25 Section 27403. Qualifications for licensure. In
26 order to be eligible for a license pursuant to this Act,
27 a person shall:

- 28 (1) Be not less than twenty-one (21) years of
29 age, of good moral character, and physically
30 and emotionally capable of serving as an
31 allied health professional.

1 (2) Have satisfactorily completed a course of
2 instruction and training approved by the
3 Commission on Licensure, which course shall
4 be so designed as to content and so admi-
5 nistered as to present sufficient knowledge
6 of the needs properly to be served; or have
7 presented evidence satisfactory to the
8 Commission on Licensure of sufficient
9 education and training in the foregoing fields.

10 (3) Have passed an examination administered by the
11 Commission on Licensure and designed to test
12 for competence in the subject matter referred
13 to in Item 2 thereof.

14 (4) Have such additional qualifications as may be
15 required by the Commission on Licensure for
16 a license.

17 Section 27404. Licensure in other jurisdictions.

18 The Commission on Licensure may issue an Allied Health
19 Professional license, without examination, to any person
20 who holds a similar current license from another juris-
21 diction; provided that the Commission on Licensure finds
22 that the standards for licensure in such other jurisdic-
23 tion are at least the substantial equivalent of those
24 prevailing in this territory, and that the applicant is
25 otherwise qualified.

26 Section 27405. Courses of instruction and training.

27 If the Commission on Licensure finds that there are not
28 a sufficient number of courses of instruction and training
29 sufficient to meet the requirements of this Act conducted
30 within the territory, it may conduct one or more such
31 courses, and shall make provisions for such courses and

1 their accessibility to residents of this territory. The
2 Commission on Licensure may approve courses conducted
3 within this territory as sufficient to meet the education
4 and training requirements of this Act.

5 Section 27406. Present Allied Health Professionals.
6 Persons who, in the effective date of this Act, have been
7 actively engaged as allied health professionals for at
8 least one (1) year next preceding such effective date,
9 and who do not meet the requirements in force pursuant
10 to Section 27403, shall be issued a temporary license
11 without the need to present evidence of satisfactory
12 completion of a course of instruction and training and
13 without examination, but any such licenses shall expire
14 no later than June 30, 1975.

15 Every holder of an Allied Health Professional's
16 license shall renew it biennially by making application
17 to the Commission on Licensure on forms provided by the
18 Commission. Such renewals shall be granted as a matter of
19 course, unless the Commission finds that the applicant
20 has acted or failed to act in such a manner or under such
21 circumstances as would constitute grounds for suspension
22 or revocation of a license.

23 The biennial fee in the amount of Ten Dollars (\$10.00)
24 shall be paid to the Department of Administration prior
25 to June 30 of every odd-number year.

26 Section 27407. Examination fee. The applicant
27 applying for a license by examination or endorsement to
28 practice as an Allied Health Professional, shall pay a
29 fee of Ten Dollars (\$10.00) to the Board. A fee of Ten
30 Dollars (\$10.00) shall be paid for each examination."

1 Section 7. Section 6 of Part 12 of Public Law 12-150 is
2 hereby amended by inserting on line 2 of page 284 after the
3 word "contribution" the words "for the fiscal year ending
4 June 30, 1974" and by inserting on line 4 of page 284 after
5 the word "program" the words "of 1974".

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