

EDDIE BAZA CALVO  
Governor



RAY TENORIO  
Lieutenant Governor

*Office of the Governor of Guam*

September 5, 2013

Office of the Speaker  
Judith T. Won Pat, Ed.D.  
Date: 9/5/13  
Time: 1:21 PM  
Received by: [Signature]

Honorable Judith T. Won Pat, Ed.D.  
Speaker  
*I Mina'trentai Unu Na Liheslaturan Guåhan*  
155 Hesler Street  
Hagåtña, Guam 96910

Dear Madam Speaker,

Enclosed is Bill No. 174 -32 (LS), *An Act Making Appropriations for Medical and Dental Insurance Premiums for Employees of the Executive and Legislative Branches and for Retirees of the Government of Guam for Fiscal Year Ending September 30, 2014*, which I have **vetoed** and am returning with the objections that I outline below.

The supposed motivation behind Bill No. 174 was to save the government money, even if it resulted in the lack of choice. This was stated very clearly in the introduced version of Bill No. 174, and repeatedly in published columns and news interviews. However, this is far from accurate, and I must correct the misinformation given to the public about a supposed "\$18 million in savings," which some senators have been talking about with reference to Bill No. 174. Even under the most optimistic of scenarios, the savings in the bill would not result in \$18 million ready for appropriation from the General Fund. The initial projection was obviously overstated. The budget chairman, who initially relied on this projected savings to reduce the amount appropriated to cover the retirees' insurance pool in his original version of the budget bill, Bill No. 177, later realized that taking the projected savings from the retirees' insurance pool placed their coverage at risk, so even he had to restore the amounts that were supposedly saved in his second-to-last version of the budget, Bill No. 177.

Relying solely on last year's configuration of the plans selected by the GovGuam employees, at best there is a possibility of a projected savings of \$2 million by accepting an exclusive provider. However, this savings would come at the loss of choice to our employees, and it is tenuous at best. Even though one might assume that giving one health insurance company the exclusive contract would produce greater savings, the simple fact is that neither the Legislature nor the administration can predict the price, or even the estimated price, of the health insurance pool. The employees' and retirees' decision on whether to choose the more expensive 1500 deductible plan or the cheaper 2000 deductible plan, more than anything else, will determine the cost of the contract. And that won't be known until after open enrollment.

Stating that there will be any savings to the General Fund based on *one* of several possible scenarios is fiscally irresponsible at best. In addition, this single scenario ignores the obvious implications that the timing of the Medicare open enrollment will have on such savings:

- There has not been any information provided to substantiate the supposed savings in premium reduction due to GovGuam retirees opting to leave the GovGuam plan and join the Medicare Part D and Medicare Part D supplement. The cost to reimburse retirees for their purchase of these programs has not been presented. The cost GovGuam has to pay for 100% of the Medicare Supplement Plan F has also not been presented.
- Federal Open Enrollment to join Medicare is during November for coverage effective January 1, 2014. *Who will cover the drug expenses of the retirees during the 3-month period they opt out of GovGuam's health plan and prior to them joining Medicare Part D?*
- Who will cover any dependents of GovGuam retirees who would not be covered after the retiree opts out of GovGuam health insurance?
- What will be the Medicare Part D cost for retirees currently covered under the "Unqualified" prescription Drug Plan of GovGuam which is the 2000 Deductible Plan? They will have to pay the premium penalty for each year they failed to previously have coverage under a "Qualified" Drug Plan.

In order to realize an estimated savings of \$18 million, the bid for an exclusive contract would necessarily have to have come in at more than \$2 million below the actual amount projected to be paid out in total claims for FY 2013.

- Have the senators considered that an exclusive contract comes with a participating agreement that would have stipulated that this one insurance company had *the right to recoup its losses in the following plan year*, negating any "savings" there may have been? The multiple carrier contracts do not have such a provision.
- Have the senators considered the procurement nightmare that would happen should the company awarded the exclusive contract purposely bid below claims data for Fiscal Year 2015 so it could outright win the next contract and recoup revenues through the provisions of the participating agreement? This is a scheme that could have taxpayers paying where senators suggested there could be a "savings."

- Have the senators examined the risk that choosing an exclusive contract means that GovGuam employees and retirees and their dependents could be at the mercy of a company that, hypothetically speaking, could:
  - Try to pull out of the contract and yank insurance coverage in the middle of the year, potentially leaving our employees and retirees without any coverage to fall back on?
  - Deny coverage to employees and retirees when they need coverage most?
  - Bury what rightfully should be paid to employees and retirees in medical loss ratio rebates under a loophole and later pay these revenues as dividends to stockholders?
  - Fail to meet the needs of thousands of employees, retirees and their dependents simply because major clinics and medical centers do not recognize the insurance coverage?
- Have the senators considered the risk that forcing a change from the non-exclusive option to the exclusive one could trigger a protest that would cause the current contract to roll over? This would be the ultimate injustice to our employees and retirees, as the new plan year benefits are better for them, especially those needing expensive specialty drugs to treat their chronic diseases.

Rather than economic, the real motivation here appears to be more political. Are the senators who, for the past three years, have been advocating for employees and retirees to have choice in insurance carriers no matter the cost now changing their minds in support of one insurance company? What has changed so quickly in the minds and convictions of those who even used the issue of a single insurance carrier against me politically?

The responsible action we can take is two-fold. First, we should be consistent in our stated agenda to provide our employees and retirees with choice in health insurance coverage. Second, we should wait to know which plans the employees and retirees choose after open enrollment closes so we can know the true amount of savings to the General Fund. Then, and not before then, should we be able to responsibly estimate what can be appropriated from whatever savings there may be. Otherwise, we simply would be making empty promises to the taxpayers of Guam, and the employees and retirees who serve with us.

*Senseramente,*

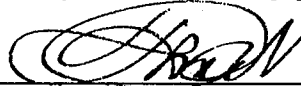
A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized representation of the name Eddie Baza Calvo.

EDDIE BAZA CALVO

*I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN*  
2013 (FIRST) Regular Session

**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN**

This is to certify that Bill No. 174-32 (LS), "AN ACT MAKING APPROPRIATIONS FOR MEDICAL AND DENTAL INSURANCE PREMIUMS FOR EMPLOYEES OF THE EXECUTIVE AND LEGISLATIVE BRANCHES AND FOR RETIREES OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR ENDING SEPTEMBER 30, 2014", was on the 24<sup>th</sup> day of August, 2013, duly and regularly passed.



Judith T. Won Pat, Ed.D.  
Speaker

Attested:



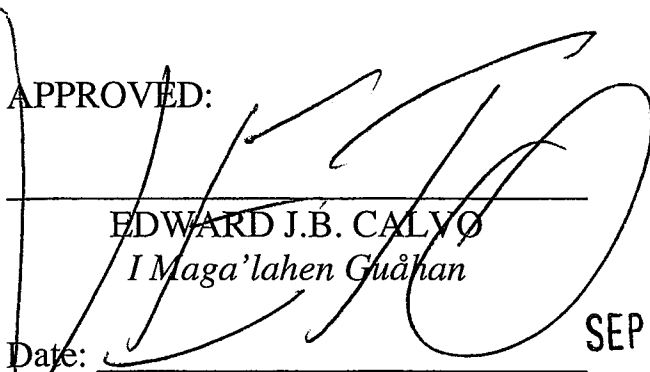
Tina Rose Muña Barnes  
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 24 day of August, 2013, at 343 o'clock P.M.



Assistant Staff Officer  
*Maga'lahi's Office*

APPROVED:



EDWARD J.B. CALYO  
*I Maga'lahaen Guåhan*

Date:

SEP 05 2013

Public Law No. \_\_\_\_\_



*I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN*  
2013 (FIRST) Regular Session

**Bill No. 174-32 (LS)**

As amended on the Floor.

Introduced by:

Vicente (ben) C. Pangelinan  
R. J. Respicio  
Michael F. Q. San Nicolas  
Judith T. Won Pat, Ed.D.  
T. R. Muña Barnes  
B. J.F. Cruz  
T. C. Ada  
Frank B. Aguon, Jr.  
V. Anthony Ada  
Chris M. Dueñas  
Michael T. Limtiaco  
Brant T. McCreadie  
Tommy Morrison  
Dennis G. Rodriguez, Jr.  
Aline A. Yamashita, Ph.D.

**AN ACT MAKING APPROPRIATIONS FOR MEDICAL  
AND DENTAL INSURANCE PREMIUMS FOR  
EMPLOYEES OF THE EXECUTIVE AND  
LEGISLATIVE BRANCHES AND FOR RETIREES OF  
THE GOVERNMENT OF GUAM FOR FISCAL YEAR  
ENDING SEPTEMBER 30, 2014.**

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

2 **Section 1. Government of Guam Health Insurance Program**  
3 **Appropriation.**

4 (a) The sum of Five Million Seven Hundred Four Thousand Five  
5 Hundred Seventy Nine Dollars (**\$5,704,579**) is appropriated for medical and dental

1 insurance premiums for fiscal year ending September 30, 2014 for the following  
2 agencies: Office of *I Maga'låhen Guåhan* (GOV), Commission on Decolonization  
3 (COD), Guam Ancestral Lands Commission (GALC), Veterans Affairs Office  
4 (VAO), Bureau of Budget and Management Research (BBMR), Civil Service  
5 Commission (CSC), Department of Administration (DOA), Guam Election  
6 Commission (GEC), Department of Revenue and Taxation (DRT), Bureau of  
7 Statistics and Plans (BSP), Department of Public Works (DPW), Contractors  
8 License Board (CLB), Guam Board of Registration for Professional Engineers,  
9 Architects and Land Surveyors (PEALS), Guam Police Department (GPD),  
10 Department of Corrections (DOC), Department of Agriculture (AGR), Guam  
11 Public Library System (GPLS), Department of Youth Affairs (DYA), Guam  
12 Environmental Protection Agency (GEPA), Department of Labor (DOL),  
13 Department of Parks and Recreation (DPR), Department of Land Management  
14 (DLM), Office of the Chief Medical Examiner (CME), Customs and Quarantine  
15 Agency (CQA), Department of *Chamorro* Affairs (DCA), Department of Military  
16 Affairs (DMA), Guam Council on the Arts and Humanities Agency (CAHA),  
17 Guam Fire Department (GFD), Guam Educational Telecommunications  
18 Corporation (KGTF/PBS Guam), *Chamorro* Land Trust Commission (CLTC),  
19 Guam Regional Transit Authority (GRTA), Guam Solid Waste Authority  
20 (GSWA), Office of Public Accountability (OPA), Office of the Attorney General  
21 (OAG), and Mayors' Council of Guam (MCOG).

22 This sum is composed of Four Million Eight Hundred Ninety Eight  
23 Thousand Four Hundred Ninety Two Dollars (**\$4,898,492**) from the Fiscal Year  
24 2014 General Fund revenues and Eight Hundred Six Thousand Eighty Seven  
25 Dollars (**\$806,087**) from Fiscal Year 2014 Special Funds.

26 **SUMMARY OF APPROPRIATION FUNDING SOURCE**

27 FISCAL YEAR 2014 GENERAL FUND REVENUES \$4,898,492

|    |   |                    |
|----|---|--------------------|
| 1  | AIR POLLUTION CONTROL FUND              | \$5,173            |
| 2  | CHAMORRO LAND TRUST OPERATIONS FUND     | \$18,454           |
| 3  | CUSTOMS, AGRICULTURE AND QUARANTINE     |                    |
| 4  | INSPECTION SERVICES FUND                | \$198,657          |
| 5  | DPW BUILDING AND DESIGN FUND            | \$11,724           |
| 6  | ENHANCED 911 EMERGENCY REPORTING SYSTEM |                    |
| 7  | FUND                                    | \$35,432           |
| 8  | ENVIRONMENTAL HEALTH FUND               | \$11,736           |
| 9  | GUAM CONTRACTORS LICENSE BOARD FUND     | \$18,210           |
| 10 | GUAM ENVIRONMENTAL TRUST FUND           | \$6,514            |
| 11 | INDIRECT COST FUND                      | \$36,151           |
| 12 | HEALTHY FUTURES FUND                    | \$163,634          |
| 13 | LAND SURVEY REVOLVING FUND              | \$105,395          |
| 14 | MANPOWER DEVELOPMENT FUND               | \$16,942           |
| 15 | PEALS FUND                              | \$3,025            |
| 16 | SOLID WASTE OPERATIONS FUND             | \$465              |
| 17 | TAX COLLECTION ENHANCEMENT FUND         | \$16,077           |
| 18 | GUAM HIGHWAY FUND                       | \$156,583          |
| 19 | TOURIST ATTRACTION FUND                 | \$465              |
| 20 | WATER RESEARCH AND DEVELOPMENT FUND     | \$1,450            |
| 21 | <b>TOTAL</b>                            | <b>\$5,704,579</b> |

22 (b) The sum of Five Million Eighty One Thousand Eight Hundred  
23 Eighty Seven Dollars (**\$5,081,887**) is appropriated from the Fiscal Year  
24 2014 General Fund revenues for medical and dental insurance premiums for  
25 fiscal year ending September 30, 2014 for the Guam Department of  
26 Education.



1 (c) The sum of One Million Two Hundred Eighty One Thousand  
2 Eight Hundred Sixty Five Dollars (**\$1,281,865**) is appropriated from the  
3 Fiscal Year 2014 General Fund revenues for medical and dental insurance  
4 premiums for fiscal year ending September 30, 2014 for the University of  
5 Guam.

6 (d) The sum of Four Hundred Seventy Five Thousand Nine  
7 Hundred Sixty Seven Dollars (**\$475,967**) is appropriated from the Fiscal  
8 Year 2014 General Fund revenues for medical and dental insurance  
9 premiums for fiscal year ending September 30, 2014 for the Guam  
10 Community College.

11 (e) The sum of One Hundred Two Thousand Fifty Eight Dollars  
12 (**\$102,058**) is appropriated from the Fiscal Year 2014 General Fund  
13 revenues for medical and dental insurance premiums for fiscal year ending  
14 September 30, 2014 for the Public Defender Service Corporation.

15 (f) The sum of One Hundred Sixty Four Thousand Six Hundred  
16 Seventeen Dollars (**\$164,617**) is appropriated from the Fiscal Year 2014  
17 General Fund revenues for medical and dental insurance premiums for fiscal  
18 year ending September 30, 2014 for *I Liheslaturan Guåhan*.

19 **Section 2. Retiree Medical and Dental Insurance Expenses**  
20 **Appropriated to the Government of Guam Retirement Fund (GGRF).** The  
21 sum of Sixteen Million Six Hundred Twenty Five Thousand Five Hundred Forty  
22 Six Dollars (**\$16,625,546**) is appropriated from the Fiscal Year 2014 General Fund  
23 revenues to the GGRF to pay for retiree group medical and dental insurance  
24 premiums to continue existing programs currently contained in the semi-monthly  
25 payments.

26 **Section 3. Government of Guam Health Insurance Program**  
27 **Reporting.**

1 (a) All health insurance carriers for the government of Guam *shall* submit  
2 a monthly written report and corresponding Microsoft Excel file of said report to  
3 the Department of Administration and the Office of Finance and Budget of *I*  
4 *Liheslaturan Guåhan* aggregating the:

5 (1) Enrollees, both subscribers and dependents, by active employee  
6 and retiree subscriber counts by plan by class by groups supported/paid by  
7 the Fiscal Year 2014 General Fund revenues, detailed by  
8 agency/department; and enrollees, both subscribers and dependents, by  
9 active employee and retiree subscriber counts by plan by class by groups  
10 supported/paid by autonomous agencies of the government of Guam,  
11 detailed by autonomous agency.

12 (2) Autonomous agencies within this Subsection *shall* include the  
13 Guam Power Authority, the Guam Waterworks Authority, the Jose D. Leon  
14 Guerrero Commercial Port, the A.B. Won Pat International Airport  
15 Authority, the Guam Housing Corporation, the Guam Economic  
16 Development Authority, the Government of Guam Retirement Fund, and the  
17 Guam Visitors Bureau.

18 (3) This report and corresponding Microsoft Excel file *shall* be  
19 filed with *I Maga'låhen Guåhan* and the Speaker of *I Liheslaturan Guåhan*  
20 *no later than* twenty (20) days after the end of each month of Fiscal Year  
21 2014.

22 (b) All health insurance carriers for the government of Guam *shall* file a  
23 monthly written report detailing each individual health insurance premium  
24 payment received by the government of Guam health insurance carrier from the  
25 government of Guam, by date and by agency to *I Liheslaturan Guåhan no later*  
26 *than* twenty (20) days after the end of each month of Fiscal Year 2014.

1           **Section 4. Severability.** If any provision of this Act or its application to  
2 any person or circumstance is held invalid, the invalidity *shall not* affect other  
3 provisions or applications of this Act which can be given effect without the invalid  
4 provision or application and to this end the provisions of this Act are severable.




# I Mina'trentai Dos na Liheslaturan Guahan

Senator Vicente (ben) Cabrera Pangelinan (D)

August 24, 2013

Senator Judith T. Won Pat  
Speaker  
*I Mina'trentai Dos na Liheslaturan Guahan*  
155 Hesler St.  
Hagatna, Guam

Office of the Speaker  
Judith T. Won Pat, Esq., D.  
Date: 8/24/13  
Time: 9:05 am  
Received by: 

Chairman  
Committee on Appropriations,  
Public Debt, Legal Affairs,  
Retirement, Public Parks,  
Recreation, Historic Preservation  
and Land

Re: Request to Waive Public Hearing

Hafa Adai Speaker Won Pat,

Member  
Committee on Education,  
Public Libraries  
and Women's Affairs

A memo identified as HRD No. OG-13-727 was sent to the Legislature, from the Government of Guam Health Insurance Negotiating Team identifying two options for medical and dental coverage for the government of Guam employees, retirees and their families. In light of the recent veto by the Governor of Substitute Bill 38, a contract for FY2014 health insurance might be entered into prior to the passage of the FY2014 Budget Act.

Member  
Committee on General  
Government Operations and  
Cultural Affairs

Public law requires that the most economical and beneficial health insurance plan be selected for the government of Guam employees, retirees and their families. Bill No. 174-32 (LS) will provide the appropriate funding to enter into such a contract.

Member  
Committee on Municipal  
Affairs, Tourism, Housing and  
Hagåtña Restoration and  
Development Authority

I hereby request that the public hearing for Bill No. 174-32 (LS) "An Act making Appropriations for Medical and Dental Insurance Premiums for employees of the Executive and Legislative Branches and for Retirees of the Government of Guam for Fiscal Year ending September 30, 2014" be waived pursuant to Section 6.04 of the *I Mina'trentai Dos na Liheslaturan Guahan* Standing Rules and Section 2103 of Title 2 Guam Code Annotated. It is critical that the Legislature act quickly to ensure that the government of Guam promptly funds health insurance for FY2014 in order that appropriate contracts for employees' and retirees' health insurance are adequately funded and certified. Funding the most economical and beneficial health plan for the government of Guam health insurance program will ensure that other critical government operations, including health, education and public safety, be preserved for FY2014 pending the enactment of a budget bill.

Member  
Committee on Health &  
Human Services, Health  
Insurance Reform, Economic  
Development and Senior  
Citizens

I appreciate your consideration to this request.

Member  
Committee on Aviation, Ground  
Transportation, Regulatory  
Concerns and Future  
Generations

Si Yu'os Ma'ase,



Vicente (ben) Cabrera Pangelinan  
Senator

324 W. Soledad Ave. Suite 100, Hagåtña, Guam 96910

Tel: (671) 473-(4BEN) 4236 - Fax: (671) 473-4238 - Email: senbenp@guam.net

Website: <http://senbenp.com>



**OFFICE OF THE SPEAKER  
JUDITH T. WON PAT, Ed.D.**

**CHAIRPERSON OF THE COMMITTEE ON EDUCATION AND PUBLIC LIBRARIES**

2013 AUG 24 AM 9:19

**VICE CHAIR**

COMMITTEE ON TOURISM,  
MUNICIPAL AFFAIRS,  
HOUSING AND  
RECREATION

August 24, 2013

**MEMORANDUM**

To: Honorable Rory Respicio  
Chairperson, Committee on Rules

From: Speaker Judith T. Won Pat, Ed.D.

Subject: Waiver of Public Hearing-Bill 174-32(LS)

**COMMISSIONER**

GUAM COMMISSION ON  
DECOLONIZATION

GUAM FIRST  
COMMISSION

**VICE PRESIDENT**

ASSOCIATION OF  
PACIFIC ISLAND  
LEGISLATURES  
(APIL)

After carefully evaluating the request to waive the requirement of a public hearing on-Bill No. 174-32(LS) An Act making Appropriations for Medical and Dental Insurance Premiums for employees of the Executive and Legislative Branches and for Retirees of the Government of Guam for Fiscal Year ending September 30, 2014"

I certify that Bill No. 174-32 (LS) meets one of the requirements set forth in §2103(a) of Title 2 Guam Code Annotated and the requirement for a public hearing is hereby waived.

**BOARD MEMBER**

PACIFIC RESOURCES FOR  
EDUCATION  
AND LEARNING  
(PREL)

Sincerely,

Judith T. Won Pat, Ed.D.

**LEGISLATIVE  
REPRESENTATIVE**

PACIFIC ISLAND  
DEVELOPMENT BANK  
(PIDB)

FESTIVAL OF THE  
PACIFIC ARTS  
(FESTPAC)

cc: Clerk of the Legislature

|                               |  |
|-------------------------------|--|
| <b>COMMITTEE<br/>ON RULES</b> |  |
| Name                          | <u>      Diane      </u>                                     |
| Date/Time                     | <u>      AUG 24 2013      </u><br><u>      9:19 AM      </u> |