

I Mina'Trentai Kuáttro Na Liheslaturan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
153 -34 (COR)	Michael F.Q. San Nicolas	AN ACT TO AMEND §§ 26208, AND 26302(e) AND TO REPEAL §§ 26208.1, 26208.2, 26208.3, AND 26603(d), EACH OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO REORGANIZING CERTAIN SPECIAL FUNDS INTO THE 'UNIFIED HEALTH FUND', REORGANIZING ADMINISTRATIVE PROTOCOLS OF SUCH FUND, AND AMENDING LANGUAGE TO REFLECT THE UNIFIED HEALTH FUND.	7/14/2017 2:53 p.m.						

I MINA'TRENTAI KUÁTTRO NA LIHESLATURAN GUÁHAN
2017 (FIRST) Regular Session

Bill No. 153-34(ccr)

Introduced by:

Michael F.Q. San Nicolas 

AN ACT TO AMEND §§ 26208, AND 26302(e) AND TO REPEAL §§ 26208.1, 26208.2, 26208.3, AND 26603(d), EACH OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO REORGANIZING CERTAIN SPECIAL FUNDS INTO THE ‘UNIFIED HEALTH FUND’, REORGANIZING ADMINISTRATIVE PROTOCOLS OF SUCH FUND, AND AMENDING LANGUAGE TO REFLECT THE UNIFIED HEALTH FUND.

2017 JUL 14 PM 2:53 KC

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guáhan* finds
3 that the Guam Memorial Hospital Pharmaceuticals Fund (‘Pharmaceuticals Fund’)
4 was established by Guam Public Law 24-17. The Healthy Futures Fund was
5 established by Guam Public Law 27-5, which was signed into law by Governor
6 Felix P. Camacho on February 28, 2003. The GMHA Medicaid Matching Fund
7 was established by Guam Public Law 32-68.

8 *I Liheslatura* finds that the Pharmaceuticals Fund and the GMHA Matching
9 Fund both are sources of additional revenue to support the operations of Guam’s
10 only public hospital.

11 *I Liheslatura* finds that, according to the Department of Public Health and
12 Social Services’ Fourth (4th) Quarter 2016 Medicaid and MIP Expenditure and
13 Demographic Report, Medicaid expenditures and encumbrances totaled ninety five
14 million three hundred eighty-two thousand seven hundred five dollars
15 (\$95,382,705), forty-five percent (45%) of which are local matching funds, totaling

1 up to forty-two million nine hundred twenty-two thousand two hundred seventeen
2 dollars (\$42,922,217), and Medically Indigent Program expenditures and
3 encumbrances totaled eleven million six hundred eighty-one thousand seven
4 hundred eight dollars (\$11,681,708). This totals up to fifty four million six hundred
5 three thousand nine hundred twenty-five dollars (\$54,603,925).

6 *I Liheslatura* finds that in Fiscal Year 2016, Business Privilege Tax revenues
7 were two hundred twenty-nine million two hundred sixty thousand five hundred
8 sixteen dollars (\$229,260,516), six and nineteen hundredths percent (6.19%) of
9 which are revenues for the Pharmaceuticals Fund, which would be fourteen million
10 one hundred ninety-one thousand two hundred twenty-six dollars (\$14,191,226).

11 *I Liheslatura* finds that in Fiscal Year 2016, Healthy Futures Fund received
12 twenty-one million six hundred sixty-four thousand, four hundred ninety-four
13 dollars (\$21,664,494) in revenue, some of which has been used to provide local
14 funds for Medicaid and the Medically Indigent Program.

15 *I Liheslatura* finds that in Fiscal Year 2014, the Guam Memorial Hospital
16 Authority had an operating loss of twenty-four million five hundred eleven
17 thousand three hundred seventy-seven dollars (\$24,511,377).

18 *I Liheslatura* finds that in Fiscal Year 2015, the Guam Memorial Hospital
19 Authority had an operating loss of twenty-five million eight hundred forty-one
20 thousand one hundred nineteen dollars (\$25,841,119).

21 *I Liheslatura* finds that in Fiscal Year 2016, the Guam Memorial Hospital
22 Authority had an operating loss of twenty-nine million two hundred forty-nine
23 thousand seventy-six dollars (\$29,249,076).

24 *I Liheslatura* further finds that the large operating losses incurred by the
25 Guam Memorial Hospital Authority require significant subsidies, which have
26 largely come from the Pharmaceuticals Fund and supplemental amounts from the

1 General Fund allow Guam's only public hospital to continue operating in the
2 interest of the people of Guam.

3 *I Liheslatura* finds that in Fiscal Year 2016, the combined revenue to the
4 health care funds combined with the local contributions to Medicaid and the
5 Medically Indigent Programs, totals up to ninety million four hundred fifty-nine
6 thousand six hundred forty-five dollars (\$90,459,645), yet we fail to prioritize the
7 operational shortfalls of the Guam Memorial Hospital Authority, which continues
8 to face an adverse financial position.

9 *I Liheslatura* further finds that this failure to prioritize has resulted in bond
10 debt of about forty-nine million and nine hundred thousand dollars (\$49,900,000)
11 of new borrowing last year. This has resulted in an additional two million nine
12 hundred sixty-seven thousand two hundred five dollars (\$2,967,205) in debt
13 service for Fiscal Year 2018, rising to additional debt service of four million four
14 hundred twenty-six thousand seven hundred sixty-five dollars (\$4,426,765) in
15 Fiscal Year 2023.

16 *I Liheslatura* finds that Governor Eddie Calvo proposes to raise the Business
17 Privilege Taxes from four percent (4%) to four and seventy-five hundredths
18 percent (4.75%), which would raise taxes by about forty-eight million five hundred
19 thirty-two thousand three hundred eleven dollars (\$48,532,311).

20 *I Liheslatura* finds that Governor Eddie Calvo proposes to borrow an
21 additional one hundred twenty-five million dollars (\$125,000,000) for the Guam
22 Memorial Hospital Authority.

23 *I Liheslatura* further finds that the combined effect of the tax increase and
24 the additional borrowing proposed by the Governor is to add even more tax and
25 debt burdens on our overburdened people.

26 *I Liheslatura* finds that the Guam Memorial Hospital Authority has the
27 professional capacity to determine how public healthcare dollars should be spent.

1 *I Liheslatura* further finds that unifying our healthcare funds under the
2 Administration of the Guam Memorial Hospital Authority will empower them to
3 make healthcare decisions that eliminate shortfalls discriminately in the context of
4 addressing universal health care needs with existing public dollars.

5 It is therefore the intent of *I Liheslaturan Guåhan* that the health care funds
6 of the government of Guam should be consolidated into a Unified Health Fund,
7 which shall be administered by the Administrator of the Guam Memorial Hospital
8 Authority, in consultation with the Medical Director of Guam Memorial Hospital
9 Authority, to resolve the financial shortfalls of the Guam Memorial Hospital
10 Authority within existing public healthcare dollars, without the need to raise taxes
11 or take on additional debt.

12 **Section 2. Unified Health Fund.** § 26208 of Article 2, Chapter 26, Title
13 11, Guam Code Annotated, is hereby amended, to read:

14 **§ 26208. Unified Health ~~Creation of the Guam Memorial Hospital~~**
15 **~~Authority Pharmaceuticals Fund.~~**

16 (a) Creation. There is hereby created, separate and apart from all
17 other funds of the government of Guam, a fund to be known as the ‘Unified
18 Health ~~Guam Memorial Hospital Authority Pharmaceuticals Fund~~’ (‘Fund’).
19 The Fund shall not be commingled with any other funds of the government
20 of Guam. ~~the General Fund~~

21 (b) Sources of Funding. All monies from the following sources
22 shall be deposited into the Fund and shall be subject to the provisions of this
23 Section:

24 (1) Six and nineteen hundredths percent (6.19%) of all
25 Business Privilege Taxes collected in Guam. The Department of
26 Administration shall deposit, on the last day of each month, a sum
27 equal to six and nineteen hundredths percent (6.19%) of all Business

1 Privilege Taxes collected for that month in the Fund. The Department
2 of Administration shall be required to first and foremost fund the
3 Fund prior to distribution to any other source in accordance with the
4 provisions of this requirement.

5 (2) All monies received under 11 GCA Chapter 26 Articles 3
6 and 6.

7 (3) All revenues appropriated for Medicaid.

8 (4) All revenues appropriated for the Medically Indigent
9 Program.

10 (5) All revenues appropriated as a subsidy to the Guam
11 Memorial Hospital Authority.

12 (c) Administration. Monies deposited in the Fund and shall be kept
13 in a separate interest-bearing bank account and shall be administered by the
14 Administrator of the Guam Memorial Hospital Authority. Accounting
15 procedures for the funds shall be prescribed by the Director of
16 Administration, in accordance with Generally Accepted Accounting
17 Principles. of which GMHA will be authorized to withdraw from the funds.
18 Six and nineteen hundredths percent (6.19%) of all Business Privilege Taxes
19 collected in Guam shall be deposited in the Guam Memorial Hospital
20 Authority Pharmaceuticals Fund and shall be appropriated by *I Liheslaturan*
21 Guåhan. to fund

22 (d) Expenditures. No part or portion of the monies in the Fund
23 from whatever source derived shall be used for any other purpose than is
24 authorized in this Subsection. Monies deposited in the Fund shall be
25 authorized for an annual audit of the Fund and further for expense on a
26 discretionary basis, in consultation with the Medical Director of the Guam

1 Memorial Hospital Authority, solely by the Administrator of the Guam
2 Memorial Hospital Authority who may only fund, in whole or in part:

3 (1) all pharmaceutical, drug, medical supplies, medical
4 equipment, blood and blood products, and medicine requirements and
5 any operational shortfalls for the Guam Memorial Hospital;

6 (2) disbursements to fund the Guam State Medicaid Office
7 for the administration of the Guam Medicaid State Plan and its related
8 expenses, including Federal Matching Funds as applicable;

9 (3) disbursements to fund the Medically Indigent Program;

10 (4) transfers into the Guam Cancer Trust Fund for
11 maintenance of the Guam Cancer Registry and programs supporting
12 cancer screening, treatment, support services, cancer education, and
13 outreach programs;

14 (5) disbursements to fund health, education, public safety
15 and social programs, including those that are community-based or
16 administered by other agencies, that provide awareness on tobacco
17 and alcohol and substance abuse prevention, cessation, treatment and
18 control, enforce alcohol and substance abuse regulations, reduce drug-
19 related violence and abuse, reduce underage drinking, and/or support
20 traffic safety; and

21 (6) disbursements to fund health promotion and disease
22 prevention programs, including those administered by other agencies,
23 that attempt to reduce resources spent on treating preventable illness
24 and functional impairment, enhance the quality of life, improve
25 overall health and well-being, and/or reduce disparities in the health
26 status of populations through the Department of Public Health and
27 Social Services.

1 (e) No authorization for the withdrawal or transfer of cash or funds
2 shall be made from the Fund created pursuant to subsection (a) of this
3 section except as enumerated in section (d) of this section. Any person in
4 violation of this subsection shall be guilty of a third- (3rd-) degree felony.

5 (f) Monies deposited in the Fund shall not be subject to the transfer
6 authority of *I Maga'lahi* or any method of withholding of appropriations that
7 may be imposed by the Bureau of Budget and Management Research
8 (BBMR). The Administrator of the Guam Memorial Hospital Authority shall
9 transmit, within twenty (20) calendar days of the end of each fiscal quarter,
10 an accounting of transactions of the Fund to *I Maga'lahi* and *I Liheslatura*.
11 The contents of the Fund are continuously appropriated subject to the
12 provisions of subsection (d) of this section. Nothing herein shall prohibit *I*
13 *Liheslaturan Guåhan* from appropriating any other supplemental amounts to
14 the Guam Memorial Hospital Authority. ~~The Department of Administration~~
15 shall deposit, on the last day of each month, a sum equal to six and nineteen
16 hundredths percent (6.19%) of all Business Privilege Taxes collected for that
17 month in the Guam Memorial Hospital Authority Pharmaceuticals Fund.
18 ~~The Department of Administration shall be required to first and foremost~~
19 ~~fund the Guam Memorial Hospital Authority Pharmaceuticals Fund prior to~~
20 ~~distribution to any other source in accordance with the provisions of this~~
21 ~~requirement. The Guam Memorial Hospital Authority Pharmaceutical Fund~~
22 ~~will not be subject to *I Maga'låhen Guåhan's* transfer authority or any~~
23 ~~method of withholding of appropriations that may be imposed by the Bureau~~
24 ~~of Budget and Management Research (BBMR)."~~

25 **Section 3. Appropriation to the Guam Memorial Hospital Authority**
26 **Pharmaceuticals Fund Repealed.** § 26208.1 of Article 2, Chapter 26, Title 11,
27 Guam Code Annotated, is hereby repealed, in its entirety.

1 **Section 4. Application of Guam Memorial Hospital Authority**
2 **Pharmaceuticals Fund Repealed.** § 26208.2 of Article 2, Chapter 26, Title 11,
3 Guam Code Annotated, is hereby repealed, in its entirety.

4 **Section 5. GMHA Medicaid Matching Fund Repealed.** § 26208.3 of
5 Article 2, Chapter 26, Title 11, Guam Code Annotated, is hereby repealed, in its
6 entirety.

7 **Section 6. Healthy Futures Fund Repealed.** Subsection (d) of § 26603,
8 Article 6, Chapter 26, Title 11, Guam Code Annotated, is hereby repealed, in its
9 entirety.

10 **Section 7. Proceeds of Excise Tax on Alcoholic Beverages.** Subsection
11 (e) of § 26302, Article 3, Chapter 26, Title 11, Guam Code Annotated, is hereby
12 amended, to read:

13 “(e) Proceeds of Excise Tax on Alcoholic Beverages. All proceeds
14 from taxes collected under this Section shall be deposited in the ‘Unified
15 Healthy Futures Fund’ created pursuant to 11 GCA § 26208 ~~26603(d)~~.”

16 **Section 8. References to “Healthy Futures Fund” Amended to Read**
17 **“Unified Health Fund”.** References in the Guam Code Annotated to the “Healthy
18 Futures Fund” are hereby amended to read “Unified Health Fund”, to include
19 references only in 12 GCA §§ 77704(a) and §77705(a).

20 **Section 9. Effective Date.** This Act shall be effective October 1, 2017 and
21 all amendments in this Act shall be applied prospectively and the provisions of this
22 Act shall apply to the Fiscal Year 2018 Budget Act and all subsequent Budget
23 Acts.