

I MINA'TRENTAI NUEBI NA LIHESLATURAN GUÅHAN

2027 (FIRST) Regular Session

Bill No. \_\_\_\_-39 (COR)

Introduced by: Bistra Mendiola

[Hypothetical Fiscal Note Placeholder: Request submitted to Bureau of Budget Management and Research (BBMR) pursuant to 2 GCA § 13101 et seq. Fiscal Note / Waiver to be attached upon receipt. Anticipated baseline impact: \$0 unless future appropriations enacted per §5 of this Act.]

**AN ACT TO AMEND §§ 4301(a) AND 4302(c)(2), TITLE 4, GUAM CODE ANNOTATED, TO EXPAND ELIGIBLE SUBSCRIBERS TO THE GOVERNMENT OF GUAM GROUP HEALTH INSURANCE PROGRAM IN A PHASED, RISK-MANAGED, EQUITABLE, AND FISCALLY PROTECTED MANNER; TO ADD LEGISLATIVE FINDINGS AND INTENT; TO ESTABLISH DETAILED FISCAL SAFEGUARDS, RISK-ADJUSTMENT AUTHORITY, RATING FLEXIBILITY, TRANSITION PROTECTIONS, REVIEW REQUIREMENTS, CARRIER INCENTIVES, IMPLEMENTATION FUNDING, AND PUBLIC AWARENESS CAMPAIGNS; AND FOR OTHER PURPOSES.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title.

This Act may be cited as the “Health Coverage Expansion and Stability Act of 2027.”

Section 2. Legislative Findings and Intent.

I Liheslaturan Guåhan finds and declares that:

(a) Public Law 34-83 established a unified, single-risk-pool procurement system that has lowered per-member premiums and stabilized coverage for government employees, retirees, and foster children.

(b) Voluntary, targeted expansion to additional classes — including employees of small nonprofit organizations that provide essential community services, and eligible small businesses — can enlarge the risk pool, improve access for vulnerable residents, reduce uncompensated care at Guam Memorial Hospital, support small businesses and the nonprofit sector, and lower or stabilize premiums island-wide, provided strong safeguards prevent adverse selection, premium volatility, and unintended General Fund exposure.

(c) Risks (adverse selection, rating incoherence for high-need groups, evaluation ambiguity in heterogeneous pools, implementation delays, carrier non-participation, and potential premium increases for existing enrollees) are real but addressable through precise statutory language, mandatory rulemaking timelines, tiered rating authority, reinsurance options, transition protections, carrier incentives, implementation funding, public awareness campaigns, and a three-year review with interim triggers.

(d) It is the intent of I Liheslaturan Guåhan to extend P.L. 34-83 responsibly, with fiscal neutrality at baseline, actuarial soundness calibrated to Guam demographics, equity (including cultural and subpopulation impacts), premium stability for current subscribers, and mandatory evaluation after three years. The higher income threshold of 400% of the Federal Poverty Guidelines ensures middle-income families benefit from the same cost-saving pool as government workers, while asset limits and full-premium requirements maintain fiscal discipline and prevent abuse.

Section 3. Amendment to §4301(a), Title 4 GCA.

Section 4301(a) of Title 4, Guam Code Annotated, is amended to read:

“§ 4301(a). Group Insurance. I Maga'låhi is authorized to enter into contracts and reject proposals, with the written concurrence of the Speaker of I Liheslaturan Guåhan or the Chief Justice of the Supreme Court of Guam (whose consents may be withheld in their sole discretion), with one (1) or more insurance companies authorized to do business in Guam, or with a third-party administrator for self-funded plans if determined to be cost-effective, for group insurance, including, but not limited to, hospitalization, medical care, life, and accident, for all employees or separate groups of employees, retirees, foster children, and additional eligible classes of subscribers as may be designated by law, specifically including the following:

(1) private-sector employees whose employers voluntarily elect to participate in the program;

(2) unemployed or non-employed adult residents of Guam whose household income does not exceed 400% of the Federal Poverty Guidelines (or equivalent Guam-adjusted Local Poverty Level) as published

annually by the U.S. Department of Health and Human Services and adopted by rule, and whose household assets (excluding primary residence and one vehicle) do not exceed \$10,000;

(3) legally handicapped adults as defined under Guam law;

(4) special-needs children and adults enrolled in government-recognized disability or developmental programs;

(5) dependents of all eligible subscribers under this subsection;

(6) individuals receiving services from government-contracted nonprofit organizations; and

(7) employees of 501(c)(3) or equivalent nonprofit organizations operating in Guam with fewer than 50 employees.

Participation by any additional eligible class under this subsection shall be voluntary, and such subscribers shall pay the full actuarial premium (or segmented rate if authorized under this subsection) unless a separate appropriation or statutory subsidy is expressly provided by law. The government shall not be construed as an agent of any insurance company or third-party administrator in negotiating or administering this group insurance program.

The Department of Administration shall, within 180 days of enactment, promulgate rules pursuant to the Administrative Adjudication Law establishing: (i) income- and asset-verification processes for subsection (2), (ii) enrollment procedures for all additional classes including mandatory de-duplication cross-checks with Medicaid to prevent overlap or duplicate coverage, (iii) verification of nonprofit status for subsections (6) and (7) using IRS Form 990 or equivalent documentation, and (iv) any necessary phase-in provisions. To reflect Guam's higher cost of living relative to the mainland United States, the Department of Administration is expressly authorized to adopt by rule a Guam-specific adjusted poverty level higher than the Federal Poverty Guidelines if such adjustment is supported by credible cost-of-living data and is necessary to ensure equitable access for island residents; any such adjusted level shall be published annually and subject to the same public notice and comment requirements as other rules under this subsection. To support implementation, \$2,500,000 is hereby appropriated from the General Fund to the Department of Administration for rulemaking, actuarial consultations, initial administrative costs, and public outreach, subject to BBMR fiscal note review and expenditure reporting.

The Negotiating Team, in consultation with the Department of Administration and an independent actuary, is authorized and directed to implement risk-adjustment mechanisms no later than the first procurement cycle following enactment. Mechanisms shall include:

(A) prospective risk scoring using a standardized, industry-accepted model (e.g., hierarchical condition categories or equivalent) calibrated specifically to Guam demographics and health utilization patterns via independent actuarial review;

(B) data-collection requirements from the selected carrier(s) or third-party administrator(s), with enforcement through contract penalties for non-compliance (including withholding of up to 10% of administrative fees and, for repeated non-compliance, up to contract termination);

(C) premium or payment adjustments (prospective or concurrent) and inter-group settlements to balance actuarial risk across the pool, with a cap on annual transfers at 5% of total premiums;

(D) phase-in periods of up to 36 months, exclusions for Medicare-eligible retirees, and reinsurance corridors for claims exceeding 120% of expected costs per high-risk enrollee.

Any methodology shall be transparent, actuarially certified, designed to mitigate adverse selection while preserving carrier incentives for efficiency, and subject to at least 90 days of public notice and comment before adoption or material change. Disputes concerning risk scores or transfers shall be resolved through binding arbitration or administrative appeal as prescribed by rule.

The Negotiating Team may authorize segmented or tiered rating for high-risk classes (subsections (2)–(4)) so that premiums reflect expected claims differences while maintaining overall pool integrity and voluntary participation. Segmented rates require actuarial certification and public notice.

Existing enrollees as of the effective date shall be grandfathered at no less than their current premium tier for a transition period of 36 months, subject to annual adjustments no greater than the medical inflation rate plus 2% unless separately appropriated.”

Section 4. Conforming Amendment to §4302(c)(2), Title 4 GCA.

Section 4302(c)(2), Title 4, Guam Code Annotated, is amended to read:

“Notwithstanding any other provision of law, the Negotiating Team shall evaluate all qualified proposals submitted in response to the solicitation and shall forward to I Muga’lâhi only the single most economical and beneficial healthcare insurance proposal plan that best serves all eligible subscribers as defined in §4301(a), including any additional classes designated therein, and explicitly considering subpopulation impacts to prevent bias against high-need groups. In determining 'most economical and beneficial,' the Team shall apply the following fixed weights unless modified via subsequent rule after public comment: (i) 40% for lowest projected blended per-member-per-month cost after risk adjustment, (ii) 30% for broadest network access, equity, and continuity of care for high-need populations, (iii) 20% for premium stability (lowest projected year-over-year increase), and (iv) 10% for overall value, quality metrics, and administrative efficiency. The Team shall document the weighting, subpopulation analysis, and rationale in the procurement record.”

#### Section 5. Fiscal Safeguard.

No expansion under this Act obligates increased government premium contributions unless separately appropriated by law. Private-sector, non-employed, nonprofit, and other additional subscribers pay the full actuarial premium (or segmented rate if authorized) unless subsidized by later statute. The government incurs no automatic liability for reinsurance corridors or risk-adjustment transfers unless funds are expressly appropriated. Any reinsurance or adjustment shortfalls shall be recovered from carrier reserves or administrative fees before any General Fund recourse.

#### Section 6. Three-Year Review and Sunset.

The Department of Administration shall, no later than 36 months after the first enrollment of additional classes, submit a comprehensive report to I Liheslaturan Guåhan evaluating: enrollment patterns, premium trends, adverse selection, risk-adjustment effectiveness, GMH uncompensated-care impact, fiscal outcomes, and participation by nonprofit employees. The report shall include public hearings and an independent audit and recommend continuation, modification, or repeal. Absent affirmative legislative reauthorization by December 31, 2029, the additional classes in §4301(a)(1)–(7) shall sunset effective September 30, 2030, with existing enrollees grandfathered indefinitely at then-current rates.

**Interim trigger:** If premiums for existing enrollees rise more than 5% above medical inflation in any year, the expansion shall automatically pause pending legislative review and possible modification.

#### Section 7. Severability.

If any provision or application is held invalid, the remainder remains effective.

#### Section 8. Effective Date.

This Act takes effect upon enactment, with rulemaking and risk-adjustment implementation deadlines as specified.

#### Section 9. Carrier Incentives.

To encourage carrier participation and small/nonprofit employer opt-in, the Negotiating Team is authorized to negotiate temporary incentives, including a 25% premium tax credit for the first year of opt-ins by employers with fewer than 50 employees, or qualified nonprofits. Such incentives shall be cost-neutral to the General Fund, funded through carrier concessions, administrative efficiencies, or negotiated bid adjustments, and limited to the first 24 months of implementation.

#### Section 10. Appropriation for Public Awareness Campaigns.

To promote awareness and encourage enrollment among eligible classes, \$1,000,000 is hereby appropriated from the General Fund to the Department of Administration for state-sponsored public information services and media campaigns. The campaigns shall commence within 3 months of enactment and include culturally appropriate, bilingual (Chamorro and English) materials targeting vulnerable populations, nonprofits, small businesses, and potential enrollees. The Department shall submit quarterly performance reports to I Liheslaturan Guåhan on campaign reach, enrollment impacts, and expenditures, subject to BBMR oversight. Funds unexpended after 24 months shall revert to the General Fund.

#### Section 11. Errors and Omissions; Limitations on Publicly Available Data.

(a) The findings, projections, estimates, and assumptions contained in this Act, including but not limited to enrollment forecasts, premium impact modeling, fiscal savings calculations, and uncompensated care reduction projections, are based on the best publicly available data sources as of February 2026, including U.S. Census Bureau Island Areas data (2020), Guam Bureau of Statistics and Plans reports, published GMH financial summaries, and peer-reviewed studies of similar health insurance expansions.

(b) Government agencies, including the Department of Administration, Department of Public Health and Social Services, Guam Memorial Hospital Authority, and the Office of the Governor, possess additional non-public information, including detailed claims data, carrier contract terms, internal actuarial analyses, real-time enrollment records, and proprietary financial information that is not available to the general public, the Legislature, or the bill sponsor.

(c) Nothing in this Act, its accompanying materials, or any public statements made in support thereof shall be construed as a warranty, guarantee, or representation that the projections or estimates are complete, error-free, or will occur exactly as modeled. All such projections are inherently uncertain and

subject to change based on actual implementation, carrier participation, enrollment behavior, claims experience, medical inflation, and other variables not fully knowable from public sources.

(d) The sponsor, I Liheslaturan Guåhan, and any person or entity involved in drafting, introducing, or supporting this Act shall not be liable for any errors, omissions, inaccuracies, or differences between projected outcomes and actual results arising from the use of limited publicly available data or from the absence of access to non-public government records.

(e) This section is intended to ensure transparency with the public and to encourage reliance on ongoing agency reporting (including the three-year review required under Section 6) for the most accurate assessment of the Act's impacts after enactment.