

**TWELFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE**

**FIRST SPECIAL SESSION, 2000**

*PUBLIC LAW NO. 12-28*

**H. B. NO. 12-157, HD1**

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**AN ACT**

To establish a Health Care System Review Commission, and for other purposes.

**BE IT ENACTED BY THE TWELFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:**

Section 1. Findings and Purpose. The Legislature finds that health care process in the CNMI has changed very little in the past twenty (20) years. While the government annually appropriates approximately \$36 million dollars to subsidize the government managed health care delivery system, the Legislature finds that the health status of the community has not improve and that morbidity rates and mortality rates for chronic diseases continue to rise despite the fact that the United States and other developed nations enjoy improved morbidity and mortality statistics and improved quality of life.

The Legislature also finds that over the past several years numerous patient and family complaints are brought to the Legislature regarding health care practices, health insurance issues, licensing of health professionals, malpractice and other health related concerns.

Furthermore, the Legislature finds that in order to improve the quality of the health care delivery system, health care status of the community, third party reimbursements and overall quality of life as well minimizing consumer complaints, the following areas would have to be reviewed and redefined. These changes are necessary to facilitate the further development of quality health services and consumer satisfaction as well as accommodating the patient needs and expectations during this period of dwindling economic activity and financial resources:

- 1) **Regulating Health Industry and Enforcement Agency:** The Legislature finds that general health care practices are poorly regulated and defined. Existing agencies are poorly staffed, improperly empowered and lacking proper authority. In addition, overlapping authority by several agencies provide for the duplication and confusion in regulating this major industry. The Legislature also finds that a single

all encompassing regulatory and enforcement agency is necessary for any positive change to occur in this area.

- 2) **Health Insurance Regulation:** The Legislature finds that health insurance activities in the CNMI are poorly regulated. The Legislature further finds that current practices do not allow for equivalent benefit distribution and cost sharing. Furthermore, the Legislature finds that in the end, the lack of any defined health regulations governing the current business practice of health insurance, the consumers of health care will continue to suffer.
- 3) **Government Out Patient Service:** The Legislature finds that the CNMI can no longer continue to meet the ever increasing patient expectations regarding the care they receive and still continue to attempt to improve the overall quality of life, longevity, and manage tertiary medical referral needs at the same time. The Legislature also finds that the private sector can be encourage to increase their outpatient services in order to allow the Department of Public Health to focus on relevant public health and acute care issues. As our financial resources diminish, the Legislature finds that by encouraging the participation of the non-government medical provider to absorb most of the out patient health care needs of the community would be in the best interest of the CNMI.
- 4) **Health Maintenance Organization (HMO) and Managed Care:** The Legislature finds that HMO's/Managed Care operates independent of any regulatory agency and because of the lack of policy to monitor the business practice of such organizations, this organizational model will continue to dictate the type of care to be provided to their enrollees and subscribers. The Legislature further finds that the CNMI government provides many services on behalf of HMO/Managed Care groups without proper remuneration for such service. In effect, the CNMI provides a subsidy for this type of organizational model. Further, the United States Congress has passed legislation that would control HMOs/Managed Care in a fashion that brings improved quality of care, accountability, and patient choice. In addition, the Legislature finds the need to provide for dispute mediation outside of the HMO/Managed Care organizational system.
- 5) **Medical Professional Licensing:** The Legislature finds that health care professional licensing regulations are out dated and no longer fit the trends in

modern health care. In addition, the Legislature finds that the current Board is without adequate staffing to adequately monitor and enforce their legislative mandates. The Legislature finds the need to amend the present statute in order to address the new developments in health care.

- 6) **Medically Indigent:** The Legislature finds that the financing of indigent health care remains a major health care challenge; very little attention is given to mechanisms that will make this issue manageable and organized. The Legislature further finds the need to define this issue and seek alternative financial and programmatic approaches to address the inherent health problems commonly found within this population group.
- 7) **Certificate of Need:** The Legislature finds that a Certificate of Need law will be very helpful in the allocation of limited resources and control of for-profit only organizations. The Legislature further finds that such legislation can assist sincere and dedicated institutions and eliminate under capitalized business ventures.

Therefore, in order to make positive health care industry changes, the Legislature finds the need to establish a “health care system review commission” to embark on a fact finding mission to recommend health policies that will enable the delivery of health services more accessible, viable and cost effective to the Legislature.

Section 2. Enactment. Notwithstanding the provisions of 1 CMC §§ 2901(g) and 2902, there is hereby created a temporary “Health Care System Review Commission” to be appointed by the Governor within 30 days after the effective date of this Act. The Commission shall consist of 9 members to be chosen as follows: 1 person, duly licensed to practice dentistry in the CNMI; 1 person holding an MHA degree with a health planning background; 1 registered professional nurse duly licensed to practice nursing in the CNMI; the Deputy Secretary for Public Health Administration or his designated representative; 2 persons duly licensed to practice medicine in the CNMI who shall represent the private medical practitioners of the CNMI and have been in private practice five consecutive years; 2 persons who shall represent the health insurance sector authorized to do business in the CNMI; and 1 person representing physician assistants. The members of the Commission shall serve without compensation. Upon the Commission’s request, the Department of Public Health shall provide, but not limited to, technical, administrative and clerical support.

Section 3. Scope of Review. The Commission shall review, but not limited to, the following components:

- (a) CNMI laws and regulations affecting the delivery of health care;
- (b) CNMI insurance laws and regulations;
- (c) Health manpower development;
- (d) Financing of health care in the CNMI;
- (e) Medically Indigent;
- (f) Medicaid Program;
- (f) Privatization of health services; and
- (h) Licensing of health services

Section 4. Report and Duration. Upon the appointment of the members of the Commission, it shall have nine months to report its findings and recommendations to the Governor and the presiding officers of the Legislature. The duration of the Commission shall expire not later than one year after the effective date of this act.

Section 5. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 6. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 7. Effective Date. This Act shall take effect upon its approval by the Governor or upon its becoming law without such approval.

**CERTIFIED BY:**

**ATTESTED TO BY:**

/s/ Benigno R. Fitial  
**BENIGNO R. FITIAL**  
SPEAKER OF THE HOUSE

/s/ Evelyn C. Fleming  
**EVELYN C. FLEMING**  
HOUSE CLERK

Approved this 31<sup>st</sup> day of October, 2000

/s/ Pedro P. Tenorio  
**PEDRO P. TENORIO**  
**GOVERNOR**  
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS