


I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
180-38 (COR)	Therese M. Terlaje	AN ACT RELATIVE TO ENSURING THE ALREADY MANDATED ANNUAL AUDITS FOR GOVERNMENT OF GUAM SELF-FUNDED EMPLOYEE HEALTH BENEFITS TRUST FUND ACCOUNTS BY AMENDING §4302.2(d) OF CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED.	8/27/25 9:44 a.m. ^8/28/25 3:30 p.m.						

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2025 (FIRST) Regular Session

Bill No. 180-38 (COR)

Introduced by:

Therese M. Terlaje 

AN ACT RELATIVE TO ENSURING THE ALREADY MANDATED ANNUAL AUDITS FOR GOVERNMENT OF GUAM SELF-FUNDED EMPLOYEE HEALTH BENEFITS TRUST FUND ACCOUNTS BY AMENDING §4302.2(d) OF CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the Government of Guam's Self-Funded Employee Health Benefits Plans
4 operate through dedicated Trust Fund Accounts that are separate and apart from the
5 General Fund and other government accounts. These funds are comprised of
6 employer and employee premium contributions and are used exclusively to pay
7 health benefit claims and associated administrative costs.

8 *I Liheslatura* further finds that annual audits of these Trust Fund Accounts are
9 vital to ensure financial integrity, transparency, and accountability in the
10 administration of the health insurance program. Independent audits supported by
11 actuarial review provide assurance to plan participants, government entities, and
12 taxpayers that the funds are being properly managed and that liabilities such as
13 Incurred But Not Reported (IBNR) claims are adequately accounted for.

14 It is the intent of *I Liheslaturan Guåhan* to clarify that the costs associated
15 with conducting the required annual audit shall be considered an administrative cost

1 and therefore may be paid from the Self-Funded Health Benefits Trust Fund
2 Accounts. This amendment ensures consistency within § 4302.2 by aligning
3 subsection (d) with the audit requirements outlined in subsection (h), thereby
4 enabling the Department of Administration to fulfill its oversight and reporting
5 obligations without requiring additional appropriations or outside funding sources.

6 Through this Act, *I Liheslaturan Guåhan* reaffirms its commitment to fiscal
7 responsibility, sound financial management of public funds, and the protection of
8 employee health benefits.

9 **Section 2.** § 4302.2(d) of Chapter 4, Title 4, Guam Code Annotated is
10 hereby *amended*, to read:

11 **“§ 4302.2. Creation of the Government of Guam Self-Funded**
12 **Employee Health Benefits Trust Fund Accounts, Herein Referred to as**
13 **“Trust Fund Accounts.”**

14 (a) The Trust Fund Accounts are hereby created and shall not be
15 commingled with the General Fund or any other funds of the
16 government of Guam;

17 (b) A separate bank account for all Trust Fund Accounts shall be
18 established for each Self Funded Health Benefits Plan;

19 (c) All employer and employee premium payments shall be
20 deposited in the respective Self Funded Health Benefits Plan Trust
21 Fund Account. Any foster children covered by a Self Funded Health
22 Benefits Plan shall be fully paid for by the government of Guam;

23 (d) Moneys in the Trust Fund Accounts shall be used by the
24 Department of Administration to pay health benefit related claims and
25 associated administrative costs including annual audit for any Self
26 Funded Health Benefits Plan negotiated by the team authorized in §
27 4302 (c) of Chapter 4, Article 3, Title 4, Guam Code Annotated;

1 (e) Income earned on the moneys in the Trust Fund Accounts
2 shall be credited to the respective Self Funded Health Benefits Plan's
3 Trust Fund Account;

4 (f) Moneys in the Trust Fund Accounts are continuously
5 appropriated in accordance with this Section and are not subject to any
6 transfer authority of *I Maga'håga/Maga'låhi*;

7 (g) The Trust Fund Accounts shall maintain a minimum reserve
8 equal to twenty-five percent (25%) of prior fund year coverage claim
9 payments including incurred but not reported (IBNR) claim liability for
10 the same period;

11 (h) There shall be an annual audited report based on generally
12 accepted accounting principles and generally accepted auditing
13 standards, and supported by actuarial review and opinion of IBNR
14 claims and other future contingent liabilities. The report shall include
15 at a minimum, but not limited to, the following:

16 (1) Opinion of Independent Certified Public Accountant;

17 (2) Balance Sheet;

18 (3) Statement of Revenues and Expenses;

19 (4) Statement of Changes in Fund Balances;

20 (5) Statement of Cash Flows, direct method;

21 (6) Notes to Financial Statements; and

22 (7) A premium equivalency charge developed from total fund
23 year expenditures, including an estimate for IBNR claim cost.”

24 **Section 3. Severability.** If any provision of this Act or its application to any
25 person or circumstance is found to be invalid or contrary to law, such invalidity shall
26 not affect other provisions or applications of this Act, which can be given effect
27 without the invalid provision or application, and to this end, the provisions of this

1 Act are severable.

2 **Section 4. Effective Date.** This Act shall become immediately effective upon

3 enactment.