

HEALTHCARE FUND
REGULATIONS
RELATING TO MINISTRY OF HEALTH OPERATIONS

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PRELIMINARY STATEMENTS

Section 1. Authority

The following rules and regulations are promulgated pursuant to and in accordance with the Administrative Procedure Act, as codified in 6 PNC §101 ff. and RPPL No. 8-14, as codified in Title 41, Chapter 9 of the PNC. These rules and regulations have been promulgated by the Republic of Palau Healthcare Financing Governing Committee (hereinafter “Committee”) and shall have the force and effect of law.

[41 PNC § 908]

Section 2. Purpose and Scope

The purpose of these rules and regulations is to ensure effective and efficient implementation and administration of the National Healthcare Financing Act, RPPL 8-14 (HCFA) by its Committee and by the Social Security Administration, as the administrative agency mandated with the responsibility and duty of administering the provisions of the HCFA.

[Source 41 PNC § 908]

PART I. CONFIDENTIALITY OF PERSONAL HEALTH INFORMATION

Section 101. Commitment to Confidentiality of Personal Health Information.

The Ministry of Health (MOH) is committed to protecting the confidentiality of the personal health information in its custody and control. Anyone who collects, uses or discloses personal health information on MOH’s behalf is required to follow these 10 information practices:

Section 102. Accountability for Personal Health Information

- (1) MOH is responsible for the personal health information in its custody or control, and has designated Privacy Officers (PO). The POs are accountable for MOH's compliance with its Privacy Policy and related legislation.
- (2) MOH demonstrates its commitment to privacy and the confidentiality of personal health information by:
 - a) Implementing policies and procedures to protect personal health information.
 - b) Educating anyone who collects uses or discloses personal health information on MOH's behalf about their responsibilities under MOH's privacy policies.
 - c) Implementing policies and procedures through the Privacy Office to:
 - i) Receive and respond to complaints
 - ii) Field inquiries on privacy related matters, and
 - iii) Make material on MOH's privacy policies and procedures publicly available.
 - d) Reviewing this Privacy Policy on an annual basis.

Section 103. Identifying Purposes for Which Personal Health Information is Being Collected

- (1) MOH collects personal health information for purposes related to direct patient/client care, administration and management of MOH programs and services, patient billing, administration and management of the health care system, research, teaching, statistical reporting, fundraising and as permitted or required by law.
- (2) When personal health information that has been collected is to be used for a purpose not previously identified, the new purpose will be identified. Unless the new purpose is permitted or required by law, written consent of the subject of the record is required before the information can be used for that purpose.

Section 104. Consent for the Collection, Use, and Disclosure of Personal Health Information

- (1) MOH will generally rely on implied consent from our clients or their legally authorized representative for the collection, use, or disclosure of personal health information and MOH will collect, use or disclose PHI as permitted or required by law without express consent for the purposes and functions of administration of the Healthcare Fund (HF).

- (2) In some circumstances, MOH will obtain express consent to collect, use or disclose personal health information. For example, the invoice expressly authorizes disclosure of personal health information to the HF that is necessary for accurate billing and reporting purposes. When consent is required, an individual may withdraw consent at any time, but the withdrawal cannot be retroactive. The withdrawal may also be subject to legal or contractual restrictions and reasonable notice.
- (3) When an individual authorizes billing for services to an insurer such as the HF or a private health insurance provider, he or she is also consenting to release of personal health information to that organization.

Section 105. Limiting Collection of Personal Health Information

MOH limits the amount and type of personal health information it collects to that which is necessary to fulfill the purposes identified. Information is collected directly from the individual, unless the law permits or requires collection from third parties.

Section 106. Limiting Use, Disclosure, and Retention of Personal Health Information

MOH uses and discloses personal health information for purposes related to direct patient/client care, administration and management of MOH programs and services, patient billing, administration and management of the health care system, research, teaching, statistical reporting, fundraising and as permitted or required by law.

Section 107. Accuracy of Personal Health Information

To the extent reasonably possible, personal health information will be as accurate, complete, and up to date as is necessary for the purposes for which it is to be used.

Section 108. Safeguards for Personal Health Information

- (1) MOH has implemented security safeguards for the personal health information it holds, which include:
 - a) Physical measures (such as locked filing cabinets);
 - b) Organizational measures (such as permitting access on a "need-to-know" basis only), and
 - c) Technological measures (such as the use of passwords, encryption, and audits).
- (2) MOH requires anyone who collects, uses or discloses personal health information on its behalf to be aware of the importance of maintaining the confidentiality of personal health

information. This is done through the signing of confidentiality agreements, privacy training, and contractual means.

- (3) MOH ensures that the personal health information in its custody and control is protected against theft, loss and unauthorized use or disclosure.
- (4) Care is used in the disposal or destruction of personal health information, to prevent unauthorized parties from gaining access to the information.

Section 109. Openness About Personal Health Information Policies and Practices

Information about MOH's policies and practices relating to the management of personal health information are available from the MOH Administrative offices, including:

- a) Contact information for the POs, to whom complaints or inquiries can be made;
- b) the process for obtaining access to personal health information held by MOH, and making requests for its correction;
- c) a description of the type of personal health information held by MOH, including a general account of its use and disclosures;
- d) a copy of any brochures or other information that explains MOH's privacy policies, procedures, or regulations.

Section 110. Individual Access to Personal Health information

- (1) Individuals may make written requests to have access to their records of personal health information, in accordance with MOH's policy for access and correction to records.
- (2) MOH will respond to an individual's request in a reasonable time and may charge for the cost of reproducing or accessing records, as may be established by a separate policy.
- (3) MOH will take reasonable steps to ensure that the requested information is made available in a form that is understandable.
- (4) Individuals who successfully demonstrate the inaccuracy or incompleteness of their personal health information may request that MOH amend their information.

PART II. REIMBURSEMENT FROM INDIVIDUAL MEDICAL SAVINGS ACCOUNTS

Section 201. Reimbursement Procedure from MSAs.

- (1) When the encounter form is received, the MSA balances available for the individual will be checked.

- (2) If the patient has sufficient funds in an MSA to pay for the medical costs to be charged and the patient authorizes the deduction from one or more MSAs, then proper coding shall be entered. In addition, the amount shown on the Cost Schedule is adjusted according to the Sliding Fee Schedule.
- (3) The adjusted amount is then deducted from the MSA account.
- (4) An invoice is prepared following the procedure established by MOH.
- (5) BNH aggregates and submits all claims for reimbursement from MSAs on a monthly, quarterly, or other regular basis in an electronic format which provides the following information:
 - a. Full name, date of birth, Social Security Number and/or BNH clinic number of individual receiving healthcare services;
 - b. MSA account(s) to be charged;
 - c. Date of the encounter;
 - d. Amount billed, as adjusted according to the sliding fee scale;
 - e. Amount to be deducted from the MSA;
 - f. List of services provided using CPT codes; and,
 - g. Reference number of document authorizing the MSA deduction (such as invoice #).
- (6) Additional information to support individual claims for reimbursement and as needed for statistical purposes may be requested by the Healthcare Fund from time to time and shall be provided in either electronic or hard copy form, as mutually agreed.

Section 202. What Charges are Reimbursable

- (1) Any outpatient charges, including dental, pharmaceutical and other curative clinics may be approved by the patient to be deducted from an MSA.
- (2) Other charges, including but not limited to, those from Public Health, are not deductible from an MSA unless authorized by written policy of the Healthcare Governing Committee and the Minister of Health.

PART III. REIMBURSEMENT FROM PALAU HEALTH INSURANCE

Section 301. Covered Inpatient Care at Belau National Hospital

- (1) PHI helps pay the cost of inpatient medical services for an insured individual, subject to a copayment, and excluding the costs of personnel employed by the Ministry of Health, capital expenditures and depreciation. These are expected to be provided for in the National Government budget.
- (2) The cost covered by PHI for inpatient medical services is based on the actual non-personnel cost of providing the inpatient medical services, using a Fee Schedule adopted by the Ministry of Health and the Healthcare Finance Governing Committee, and subject to the limitations provided in the Healthcare Fund regulations.

[41 PNC §955(a)]

Section 302. Included Services

- (1) Part V. of the Healthcare Fund regulations govern what services are covered, excluded, and subject to limitations.
- (2) Generally, reimbursable covered inpatient medical services at Belau National Hospital are intended to include only what is usual, reasonable, and customary for the diagnosed condition and includes the following furnished to an inpatient insured individual:
 - a. Drugs and biologicals;
 - b. Supplies, appliances, and equipment; and,
 - c. Bed and board.
- (3) Generally, reimbursable covered off-island care is intended to include only that which is both approved by the Medical Referral Committee prior to referral and is usual, reasonable, and customary for the pre-approved diagnosed condition.

Section 303. Co-payment from the Individual

- (1) The patient is responsible for paying a co-payment of 20% of the total cost up to a ceiling of \$200.00 to \$400.00 for inpatient services at BNH and for a co-payment of 20% of the total cost up to a ceiling of \$1,000.00 to \$4,000.00 per covered stay for approved off-island referrals.
- (2) The co-payment ceiling amount is determined using the following schedule:

Bracket	Household Earned Income (US\$/quarter)	Ceiling for Inpatient	Ceiling for Referrals
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1	\$0 - \$1399	\$200	\$1000
2	\$1400 - \$2799	\$300	\$2000
3	\$2800 - \$4199	\$400	\$3000
4	\$4200+	\$400	\$4000

(3) The co-payment is collected following the procedure established by MOH and prior to any off-island referral.

[41 PNC §955(a)(1)]

Section 304. Reimbursement Procedure for PHI

- (1) When the encounter form is received at time of admission, a check will be made for PHI coverage. If the patient is covered, then the appropriate billing codes are entered.
- (2) The amount shown on the Cost Schedule will be adjusted based on the Reimbursement Schedule, as listed below, to determine the amount to be paid by PHI. The percentages reflect an adjustment to total costs to take into account personnel expenses associated with the cost. PHI cannot reimburse for personnel expenses.
- (3) Initially, the Reimbursement Schedule is as follows, with the percentages being applied to the amounts shown on the Cost Schedule:
 - a. For drugs and biologicals – flat rate of \$5/\$6/\$10 for drugs in categories A, B & C, respectively, for each prescription
 - b. For bed and board – Days 1-5 at \$40/day; Days 6-15 at \$20/day; with Days over 15 not reimbursed
 - c. For supplies, appliances, and equipment - 50% of cost
- (4) The invoice is prepared following the procedure established by the Ministry of Health.
- (5) BNH aggregates and submits all claims for covered inpatient and off-island referral services for reimbursement on a monthly, quarterly, or other regular basis in an electronic format which provides the following information:
 - a. Name, date of birth, Social Security Number and/or BNH clinic number of individual receiving inpatient or off-island referral services;
 - b. Dates of admission and discharge;
 - c. Number of inpatient days;

- d. Listing of each covered service provided using standardized codes and classifications that have been approved by the Governing Committee (CPT codes);
- e. Amount billed;
- f. Patient co-payment ceiling;
- g. Patient co-payment amount;
- h. Amount of claim for reimbursement;
- i. Certification that the co-payment has been collected from the individual receiving services; and,
- j. Reference number of document authorizing the MSA deduction (such as invoice #).

(6) Additional information to support individual claims for reimbursement and as needed for statistical purposes may be requested by the Healthcare Fund from time to time and shall be provided in either electronic or hard copy form, as mutually agreed.

Section 305. Process When Both PHI and Private Insurance Coverage Available

When an inpatient at Belau National Hospital or a patient receiving approved services from an off-island provider is covered by both PHI and private insurance, invoices shall be prepared for both insurers following the appropriate procedure. At the time the request for reimbursements are submitted to PHI and to the private insurer, each shall be informed of the other available coverage and of the date and total amounts submitted to the other insurer.

PART IV. APPROVAL OF PROVIDERS

The Ministry of Health shall notify the Healthcare Fund of all providers approved to offer healthcare services on Palau on an annual basis, and more often, if requested.

PART V. MEDICAL REFERRAL COMMITTEE

Section 501. Role of Medical Referral Committee for Approving Off-island Care

- (1) The Medical Referral Committee process serves to provide quality, affordable, and cost-effective tertiary care.
- (2) At the same time, the process also serves to prevent resources from being used for off-island care where quality care can be provided for the patient through either outpatient or inpatient care on Palau and to prevent siphoning of those resources from primary care in general.
- (3) The Medical Referral Committee process for individuals covered through PHI is intended to use the same standards as for individual not covered through PHI, as provided in Title

34, Palau National Code §333. Medical Referral Committee and other Ministry of Health regulations and standards in effect at the time RPPL 8-14, Healthcare Financing Act, was enacted, and these regulations are to be interpreted and applied to put that intention into effect.

Section 502. When Approval of Medical Referral Committee Required

Approval of the Medical Referral Committee shall be required for any case submitted for coverage to Palau Health Insurance where care is provided off-island.

Section 503. Standards To Be Used

The Medical Referral Committee shall base referral decisions on an analysis of and subject to the following:

- (1) the patient's ability to pay for the costs of a medical referral;
- (2) the patient's life expectancy;
- (3) a patient with a condition that can be treated adequately in Palau may not be granted medical referral benefits;
- (4) the likelihood that the patient's condition will be substantially improved;
- (5) a patient with a condition that the Medical Referral Committee determines is terminal shall not be granted medical referral benefits; and
- (6) other factors the Medical Referral Committee deems appropriate.

[34 PNC 333(d)]

Section 504. Process for Palau Health Insurance Cases

If the Committee approves the referral of a patient eligible for coverage by PHI, the approval shall be in writing on the form adopted and approved for that purpose and shall include:

- (1) Patient's name, DOB, and SSN/clinic number
- (2) Name and ICD-9 code of patient's diagnosis or diagnoses being approved for off-island treatment
- (3) Specific services to be provided by name and by CPT treatment code
- (4) Identity and amount quoted for providing specific services for each off-island providers who offered services
- (5) Recommendation of Provider to be selected
- (6) Projected length of stay

Section 505. Quotation Process for Off-Island Referrals

- (1) The following process shall be used to obtain quotes for services for cases approved for off-island referral:
 - a. The primary physician prepares a Medical Summary and presents it to the Medical Referral Program Coordinator;
 - b. The Coordinator sends the Medical Summary to three healthcare providers recommended by the Committee as best suited to provide the expected services;
 - c. The Coordinator contacts the three healthcare providers and requests quotes for the costs of care, broken down by service and as a total amount;
 - d. The Committee reviews the quotes and may select the provider based on a combination of cost, availability, ability to provide the care, and past experience with the provider in similar cases;
 - e. The Coordinator then informs both the patient and HF of the estimated costs of care;
 - f. The patient's share of the costs is collected prior to further action on the referral; and,
 - g. The Coordinator advises the HF when the patient's share has been collected and action is taken on the referral.

- (2) If the off-island provider requests approval for additional treatment, the Medical Referral Committee shall review the request using the same process as for a new referral, except that additional quotes are not required, if the additional treatment meets the standards and, in the judgment of the Committee, the additional quoted costs are reasonable and necessary. The HF shall be immediately notified of the approval of additional treatment using the same form and providing the same information as for a new referral.

Section 506. What Benefits Are Approved by Medical Referral Committee

- (1) Costs to be approved by the Medical Referral Committee include:
 - a. Physician services;
 - b. Nursing services;
 - c. Other professional healthcare services;
 - d. Bed and board;
 - e. Other diagnostic or therapeutic services;
 - f. Drugs and biologicals used or consumed while an inpatient, including a limited supply of drugs and biologicals medically necessary to facilitate the individual's departure and required until he or she can obtain a continuing supply;

- g. Supplies, appliances, and equipment used or consumed while an inpatient, including a limited supply of drugs and biological medically necessary to facilitate the individual's departure and required until he or she can obtain a continuing supply; and,
- h. Medical evacuation, including whether an escort is required.

(2) All costs approved shall be those reasonable and necessary to provide treatment for the patient's diagnoses.

Section 507. Modifications Allowed for Processing Off-island Referrals

MOH may modify the process for Palau Health Insurance cases and for obtaining quotations for costs found in subsections 4 and 5, above, provided agreement is reached with the Healthcare Fund Governing Committee and the changes in process and quotations will not reduce access to off-island care or increase the cost to the individual, to MOH, or to the Healthcare Fund.