

Article 6
Catastrophic Illness Assistance Program

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NOTE: Rule-making authority cited for the formulation of regulations for the Catastrophic Illness Assistance Program by the Department of Public Health. **Check with DPH&SS for the latest Rules for this program as there have been a number of legislative changes since these rules were adopted.**

§1501. Legal Authority. Public Law 18-31, Section 4 authorizes the Department to adopt rules and regulations in accordance with the Administrative Adjudication Law to administer the catastrophic illness assistance program.

§1602. Purpose. The Catastrophic Illness Assistance Program (CIAP) is designed and intended to assist families and individuals unable to afford the cost of medical treatment of a catastrophic illness.

The purpose of these rules and regulations is to ensure that the intent of the Legislature, established through Public Law 17-81, is carried out in the administration and use of the "Catastrophic Illness Program" funds.

§1603. Definitions. (a) *Applicant* means the member of the household whose injury or illness has resulted in the expenditures for medical care for which assistance is sought.

(b) *Department* means the Department of Public Health and Social Services.

(c) *Director* means the Director of the Department of Public Health and Social Services.

(d) *Catastrophic Illness* means:

(1) An illness for which treatment costs Thirty Thousand Dollars (\$30,000) or more over and above any medical insurance, Medicare, Medicaid, or Medically Indigent Program coverage.

(2) An illness of an individual who meets the eligibility requirements of the Medically Indigent Program with regards to residency, income and resources, but who needs services covered under this program but not covered by MIP.

(e) *Household* means an individual living alone or a group of related individuals living together under the same roof. Related individuals living together may be considered to be living separate and apart if they can demonstrate they are 18 years of age or older and are not claimed as dependent for tax purposes by other members of the household. An eighteen year old who is still living at home or attending high school or college shall be considered a member of his parent's household. A child under 18 years of age must be included in the household of the person responsible for the child's welfare regardless of whether the child is claimed as a tax dependent except where the person responsible for that child's welfare is not liable for the costs of that child's medical care in the case of pregnancy, venereal disease, or substance abuse, pursuant to 19 GCA §1111. For purposes of this definition *related* includes common-law and legal guardianship except for foster care arrangements.

(f) *Medically Related* means any hospitalization or medical services necessary for treatment of medical conditions arising from or a direct complication of the disease or injury for which CIAP assistance is being sought, but excludes airfare, room and board, and other indirect costs.

(g) *Person responsible for the child's welfare* includes the child's parent, guardian, foster parent, an employee of a public or private residential home or institution or authorized agency responsible for the child's welfare.

(h) *Approved Medical Facility* means any medical facility recommended by the individual's physician and approved by the Director.

(i) *Medically Necessary* means any medical services or

treatment that are part of the treatment plan of the catastrophic illness or injury.

(j) *Date of Service* means the date on which medically related expenses were incurred.

(k) *Program* means the Catastrophic Illness Assistance Program in the Bureau of Health Financing in the Department of Public Health and Social Services.

§1604. Types of Treatment. (a) **General.** CIAP covers only medically necessary treatment of a catastrophic illness or injury, and only if that treatment is performed by licensed medical professionals in an approved medical facility.

(b) **Scope of Medical Coverage.** CIAP covers all services and treatment that are a part of the treatment plan of the catastrophic illness or injury, excluding the types of treatment not covered, prescribed in subsection (c).

(c) **Types of Treatment not covered:** The following types of treatment are not covered by CIAP:

(1) **Experimental medical treatment.** An experimental medical treatment is a form of treatment which has not been determined safe and found effective by the federal Medicare program.

(2) **Empirical medical treatment.** An empirical medical treatment is a form of treatment based on a practitioner's positive experience with a particular form of therapy but lacks medical rationale or widespread acceptance.

(3) **Elective cosmetic surgery.** An elective cosmetic surgery is a form of treatment primarily done to improve one's physical appearance or for purely aesthetic purpose.

(4) **Rehabilitative Services,** including long term inpatient services intended to assist a physically handicapped individual to achieve his maximum physical potential.

(5) **Intermediate level of care services.**

- (6) Air transportation.
- (7) Treatment for patients who are terminally ill.
- (8) Psychiatric services.
- (9) Private duty nursing services.
- (10) Off-island services
- (11) Mortuary expenses.
- (12) Special appliances and materials.
- (13) Fertility procedures.
- (14) Any services or items which are not medically required for the diagnosis or treatment of a disease, injury or condition.

(d) **Limitations.** One hundred thousand dollars (\$100,000) is the maximum award that may be made for a twelve-month period (12 months). Payments may only be made for hospitalization and medical care if application is made to the program within 12 months of the date of service for which payment is sought. clients are responsible to notify service providers to forward their claims for payment to the program for processing. Claims received over 12 months from the date of service will be denied.

§1605. Eligibility. (a) An application is eligible for CIAP if he or she is a resident of Guam, and (1) has incurred thirty thousand dollars (\$30,000) or more in costs for hospitalization and medical care over and above any medical insurance, Medicare, or Medicaid coverage or (ii) an individual who meets the eligibility requirements of the Medically Indigent Program with regards to residency, income, or resources but who needs services covered under this program but not covered by MIP.

If an applicant has insurance coverage, evidence must be submitted indicating that payment for the medical treatment is excluded from or is in excess of the insurance coverage.

If an applicant does not have insurance coverage, evidence should be submitted indicating that the cost of medical related expenses in excess of \$30,000.00 has been incurred.

A household may include out-of-pocket medically related expenses in calculating the cost of medical treatments, except that deductible and co-payments paid in connection with obtaining private insurance benefits may be not be counted. The household must establish that the expenses claimed are medically related and have been incurred by the applicant.

(b) **Residency.** The applicant must be a resident of Guam and a U.S. citizens or an alien lawfully admitted for permanent residence or otherwise permanently residing in the U.S. under color of law.

§1606. Income and Resource. The department shall determine the household's income and resources in the manner described in this chapter. Once income and resource amounts have been determined, the Department will use the highest of the two amounts to determine the household's liability rate based on the household's size.

(a) **Computing Annual Income.** The program shall determine the household's income by estimating its income prospectively for the year following the date of application. all income will be presumed available for a twelve-month period and will be annualized using the most reasonable and equitable method. Based on the household member's pay period frequency, the appropriate multiplication factor that matches that frequency is used.

Pay Period Frequency	Factor
Weekly	52
Biweekly	26
Twice Monthly	24
Monthly	12

(4) **Other Income Frequencies.** In estimating the annual. income, the household's gross income shall be figured, applying the definitions of *earned income* and

unearned income found in eh Medicaid State Plan.

(c) **Resource.** The following shall be considered as resources:

- Savings
- Checking Account Balances
- Cash Surrender Value of Life Insurance
- Time Certificate Deposits
- Stocks and Bonds
- Real Property, excluding exempt real property
- Personal Property, excluding exempt vehicles
- Cash on hand

(d) **Exempt Property.** The following shall not be considered as resources:

The building in which household resides and land upon which the building sits.

One vehicle per each person over 18 in the household.

(e) **Debts Counted.** In assessing the value of a resource, the amount of any debt for which the resource acts as security shall be considered, and an equity value assigned to the resource.

§1607. Household Liability. A household determined to be eligible for CIAP and having income or resources may be reasonable for paying a portion of the medically related expense, as follows:

If the household's income or resources (whichever is greater) is less than \$150,000, the household is not required to pay any more than the \$30,000 which established its eligibility until the \$100,000 limit on the government's contribution is exceeded.

If the household's income or resources (whichever is greater) exceeds \$150,000, the household must pay a percentage of the medical costs over \$30,000. The percentage is figured by subtracting \$30,000 from 20% of the greater of income or resources and dividing that amount by \$30,000. The resulting percentage shall comprise the household's co-payment on all payment of

costs over \$30,000; the government shall pay the balance of costs incurred, except that the government has no responsibility for costs once the \$100,000 maximum award per year has been reached.

Examples:

If a household's income or resources (whichever is greater) is \$30,000, and the cost of treatment is \$31,000, the recipient pays \$30,000, and the programs pays \$1,000. The household pays not co-payment because income or resources does not exceed \$150,000.

If a household's income or resources (whichever is greater) is \$130,000, and the cost of treatment is \$31,000, the household pays \$30,000, and the programs pays \$1,000. The household pays no co-payment because income or resources does not exceed \$150,000.

If a household's income or resources (whichever is greater) is \$150,000, and the cost of treatment is \$31,000, the household pays \$30,000, and the program pays \$1,000. The household pays no co-payment because income or resources (whichever is greater) is \$160,000, and the cost of treatment is \$31,000, the household pays \$30,070, and the program pays \$930. The household's liability os 7% above \$30,000, figured as follows:

Step One: $\$160,000 \times 20\% = \$32,000$

Step Two: $\underline{\$32,000 - 30,000} = 7\% \text{ of } \$1,000 = \$70.00$

\$30,000

If a household's income or resources (whichever is greater) is \$170,000, and the cost of treatment is \$31,000, the household pays \$30,130, and the program pays \$870. The household's liability is 13% above \$30,000, figured as follows:

Step One: $\$170,000 \times 20\% = \$34,000$

Step Two: $\frac{\$34,000 - 30,000}{\$1,000} = 13\%$ of \$1,000 = \$130.00

\$30,000

If a household's income or resources (whichever is greater) is \$180,000, and the cost of treatment is \$31,000, the household pays \$30,200, and the programs pays \$800. The household's liability rate is 20% above \$30,000, figured as follows:

Step One: $\$180,00 \times 20\% = \$34,000$

Step Two: $\frac{\$36,000 - 30,000}{\$1,000} = 20\%$ of \$1,000 = \$200.00

\$30,000

if a household's income or resources (whichever is greater) is \$190,000, and the cost of treatment is 31,000, the household pays \$30,270, and the programs pays \$730. The household's liability rate is 27% above \$30,000, figured as follows:

Step One: $\$190,00 \times 20\% = \$38,000$

Step Two: $\frac{\$38,000 - 30,000}{\$1,000} = 27\%$ of \$1,000 = \$270.00

\$30,000

If a household's income or resources (whichever is greater) is \$200,000, and the cost of treatment is \$31,000, the household pays \$30,380, and the program pays \$670. The household's liability rate is 33% above \$30,000.

Step One: $\$200,000 \times 20\% = \$40,000$

Step Two: $\frac{\$40,000 - 30,000}{\$1,000} = 33\%$ of \$1,000 = \$380.00

\$30,000

(b) A household may include out-of-pocket medically related expenses in computing its share of the liability amount. The household must establish that the expenses

being claimed are medically related and have been directly incurred. Insurance premiums expenses paid or covered by a medical insurance carrier or other third party sources are not to be taken into account.

(c) Households who meet the eligibility requirements of the Medically Indigent Program with regard to residency, income, and resources, but who needs services covered under this program but not covered by MIP are not responsible for payment a portion of the medically related expenses as prescribed by 7.1; rather, such households must pay any liability required by the MIP program.

§1608. Application and Coverage. (a) **Application.** An application form for CIAP must be filed with the Department.

the applicant shall be responsible for the truth of all statements provided in the application.

The application may be filed by the head of household, spouse, or someone acting on behalf of the applicant.

(b) **Supporting Documents.** The applicant shall submit the following documents supporting its application:

Receipts, cancelled checks, or unpaid bills establishing that the applicant has incurred the hospitalization and medical costs required for eligibility and liability.

(c) **Application List.** An application for CIAP will be processing the order received, except that no application will be considered complete until all documents are received.

(d) **Certification and Coverage.** Once eligibility is established, the Department will issue the household a Certification of Eligibility for CIAP. The notice of certification will contain the following:

Illness and Treatment Covered
Amount Awarded

Household's Amount of Liability
Eligible Individual
Name of the Medical Facilities Authorized for
Treatment
Limitation and Restrictions

Certification will be limited to the amount of the award.

(e) Coverage of Unpaid Bills.

(1) Unpaid bills may be covered by CIAP if application is made within one year of the date of services.

(2) Any medical payments made by the applicant shall not be reimbursed, but may be counted as payment of the \$30,000 required to establish initial eligibility, and any required liability.

(f) Maximum Award. If the award indicated by the notice of certification is exceeded, additional assistance may be authorized however, no more than One Hundred Thousand Dollars (\$100,000) per twelve-month period (12 months) shall be awarded to an individual applying for and receiving assistance under the Catastrophic Illness Assistance Program.

(g) Notice of Disposition. A Notice of Disposition will be provided for each application. The notice shall inform the CIAP applicant of the action taken by the Department. Each notice will inform the individual of the availability of a Fair Hearing in the event they are not satisfied with the Department's decision and wish to appeal.

Appeals may be taken in accordance with the uniform Fair Hearing procedures for Food Stamp, Financial Assistance, and Medical Assistance Program.

(h) Availability of Funds. The Director will suspend the issuance of CIAP funds have been exhausted as evidenced by the Report of Appropriation Allotment and Encumbrances. The Director will prepare and submit a request to the Governor for additional funds from the Legislature. The Department will continue to accept and process applications but no certificates of eligibility will be

issued until funds are made available.

§1609. Penalty for Fraudulent Actions. Any individual receiving assistance to which he is not entitled due to false declarations or misrepresentations shall be liable for repayment of paid medical claims incurred by any member of the household and may be prosecuted for misdemeanor or felony charges as provided by law.

§1610. Effective Date. These regulations shall apply to any applicant seeking assistance for medically related expenses incurred exclusively after October 1, 1992.

§1611. Severability. If any part or section of these regulations is declared to be invalid by a court of law or administrative tribunal for any reason the rest of these rules and regulations shall not be affected thereby and shall remain valid and enforceable.
