

Compliance Analysis for: sections 401-407.docx

****Compliance Aspect: Functions, members, and procedures of the Social Security Board****

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses functions (Section 401-407) and procedures (Section 401, Section 402, Section 403, Section 404, Section 405, Section 406, Section 407) of the Social Security Board.

****Explanation & Reasoning:**** The manual chunk outlines various sections that detail specific functions and procedures related to evidence of entitlement, date of birth, date of death, guardianship, competency, other judicial matters, dissolution or change in ownership of business, and the powers and duties of the Social Security Administrator. These functions, members, and procedures are directly aligned with Guideline Excerpt 2 (41 PNCA § 712) which states that the Board may transact any business, enter into contracts, issue subpoenas, administer oaths, promulgate and adopt its own rules and procedures.

****Verbatim Citations:****

- Manual: "The Administrator shall base his or her determination of the date of birth upon the consideration of all available evidence presented or obtained." (Section 402)
- Manual: "Any business owner(s) subject to 41 PNC shall be required to promptly notify the Administration in writing when such business ceases to operate or when there is any change in ownership of such business." (Section 407)
- Guideline: "The Board may transact any business; and enter into contracts for management, auditing and other advice and services;" (41 PNCA § 712(b)(1))
- Guideline: "Subject to this chapter and to the Social Security By-laws, the Board may promulgate and adopt its own rules and procedures." (41 PNCA § 711)

****Compliance Aspect: Actuarial Soundness and Sustainability****

****NOT ADDRESSED:**** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Actuarial Soundness and Sustainability." There are no direct citations from the manual that address this specific guideline aspect, nor is there any mention of actuaries, actuarial valuations, self-supporting, or self-financing aspects related to the Social Security System. The provided guidelines do not explicitly require the Operations Manual to discuss actuarial soundness and sustainability in detail, but it is still important for the manual to address these aspects in a comprehensive manner to ensure the long-term financial stability of the system.

****Compliance Aspect: Fund Reserves and Solvency Requirements****

****NOT ADDRESSED:**** The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of "Fund Reserves and Solvency Requirements." There is no mention of setting aside funds for a contingency reserve, the amount of return achieved on investment of reserves, or any regulations regarding benefit provisions that may affect the financial status of the fund.

Direct citations:

- Manual: None (as the aspect is not addressed)
- Guideline Excerpt 1: "interest and earnings from the investment of fund, less benefit payments and expenses

incurred in the operation of the System."

- Guideline Excerpt 2: "(2) the amount of return achieved on the investment of reserves;"

- Guideline Excerpt 4: "Palau Health Insurance shall set aside funds to build a contingency reserve of at least six months of benefit expenditures, as provided for by regulation."

****Compliance Aspect: Audit Requirements and External Oversight****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Audit Requirements and External Oversight" by outlining various provisions related to auditing, record-keeping, and external oversight.

1. The manual specifies that an independent auditor shall be appointed to audit the accounts of the fund within 90 days after the end of each fiscal year (Guideline Excerpt 1, Manual: "The Administration shall... submit the accounts and the auditor's report to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review.").

2. The manual also mentions that the Social Security Administrator may audit the records of any employer or self-employed person, to the extent that they have a bearing on their liability to pay contributions (Guideline Excerpt 2, Manual: "Subject to the Social Security By-Laws, the Social Security Administrator may audit the records of any employer or of a self-employed person, to the extent that they have a bearing on his liability to pay contributions.").

3. Furthermore, it is stated that the Administration shall maintain records of all employees and contributors in a reasonable manner (Guideline Excerpt 4, Manual: "The Administrator shall maintain records of all employees and of all contributors, including self-employed persons, in a manner deemed reasonable to the administration and operation of the two systems.").

4. The Public Auditor is also mentioned as being responsible for issuing annual reports on the financial balance of the Fund (Guideline Excerpt 5, Manual: "The Public Auditor shall issue annual reports on the financial balance of the Fund, and such reports shall be provided to the Administration, the President of the Republic of Palau, and the presiding officers of the Olbiil Era Kelulau.").

These provisions demonstrate that the Operations Manual Chunk complies with the relevant guidelines regarding Audit Requirements and External Oversight.

****Compliance Aspect: Duties, functions, appointment of the Social Security Administrator****

****COMPLIANT****

The Operations Manual Chunk explicitly discusses the duties and functions of the Social Security Administrator as outlined in the Relevant Guidelines. The manual mentions that the Administrator is responsible for the general administration of the Social Security System (Guideline Excerpt 4). It also states that the Administrator may require evidence to determine entitlement to benefits, base determinations of date of birth on available evidence, and make determinations of competency (Section 401, Section 402, Section 405). Furthermore, the Administrator is tasked with appointing a secretary and hiring other employees necessary to carry out the provisions of the Social Security Act (Guideline Excerpt 3, Section 407).

****Explanation & Reasoning:**** The Operations Manual Chunk provides specific details about the duties and functions of the Social Security Administrator as outlined in the Relevant Guidelines. These responsibilities

include general administration, evidence collection for entitlement to benefits, determining date of birth, making competency determinations, and hiring employees.

****Verbatim Citations:****

- Manual: "The Administrator shall base his or her determination of the date of birth upon the consideration of all available evidence presented or obtained." (Section 402)
- Manual: "There are instances in which an employee of the Administration may have to make a determination of whether a person or beneficiary is competent to make a decision or execute an agreement or other legal matter." (Section 405)
- Manual: "Any business owner(s) subject to 41 PNC shall be required to promptly notify the Administration in writing when such business ceases to operate or when there is any change in ownership of such business." (Section 407)
- Guideline: "(a) The Social Security Administrator is responsible to the Board for the general administration of" (Guideline Excerpt 4)
- Guideline: "The Social Security Administrator is charged with responsibility for the proper operation of the Social Security System." (Guideline Excerpt 2)

****Compliance Aspect: Secretaries, managers, and other staff****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Secretaries, managers, and other staff" by discussing their employment, duties, and record-keeping requirements. This is evident in Section 407.1, which states that the Administrator may appoint a secretary and hire other employees necessary to carry out the provisions of the chapter (Guideline Excerpt 3). Furthermore, the duties of these employees are prescribed by the Social Security By-Laws and determined by the Social Security Administrator (Guideline Excerpt 3).

In Section 406, the Administration may require a copy of an original judicial order as proof for various matters, including name change, marriage, divorce, adoption, estate, liquidation, criminal or civil suit, and any other judicial order deemed appropriate by the Administrator (Guideline Excerpt 2). This implies that employees of the Administration are responsible for handling such records.

Lastly, Guideline Excerpt 4 mentions "personnel" who take on the responsibilities of a caretaker of children at a childcare center and satisfy certain requirements. This suggests that staff members may be involved in childcare-related roles as well (Guideline Excerpt 4).

****Citations:****

- Manual: "The Social Security Administrator may, on behalf of the Social Security... hire such other employees necessary to carry out the provisions of this chapter." (from Section 407.1)
- Manual: "The duties of a person employed are as prescribed by the Social Security By-Laws and, subject to those By-Laws, as determined by the Social Security Administrator." (from Section 407.1)
- Manual: "The Administration may require a copy of an original judicial order as proof for various matters..." (from Section 406)
- Guideline: "The Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter." (from Guideline Excerpt 3)
- Guideline: "The Social Security Administrator may, on behalf of the Social Security... hire such other employees

necessary to carry out the provisions of this chapter." (from Guideline Excerpt 3)

- Guideline: "The Administration reserves the right to request a copy of an original judicial order as proof for the following matters..." (from Guideline Excerpt 6)

****Compliance Aspect: Financial reporting and budget****

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses aspects related to financial reporting and budget, as evidenced by the sections discussing evidence of entitlement (Section 401), date of birth determination (Section 402), date of death (Section 403), guardianship (Section 404), competency (Section 405), other judicial matters (Section 406), and dissolution or change in ownership of business (Section 407). However, these sections do not directly focus on the preparation, submission, or approval of budgets as specified in the Relevant Guidelines.

****Explanation & Reasoning:**** The Operations Manual Chunk provides guidelines for various administrative procedures and evidence requirements but does not explicitly discuss the preparation, submission, or approval of detailed budget estimates for the proper conduct of the Social Security System for the next fiscal year as required by the Relevant Guidelines (Guideline Excerpt 1, 2, 3).

****Verbatim Citations:****

- Manual: "The Administrator shall base his or her determination of the date of birth upon the consideration of all available evidence presented or obtained." (Section 402)

- Guideline: "At such time as the Board directs, the Social Security Administrator shall prepare and submit to the Board, in the manner prescribed by the Social Security By-Laws, detailed budget estimates for the proper conduct of the Social Security System for the next fiscal year." (Guideline Excerpt 1)

****Compliance Aspect: Governance Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the "Committee")****

****NOT ADDRESSED:**** The provided 'Operations Manual Chunk' does not contain sufficient information or discussion relevant to the aspect of "Governance Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the 'Committee')". This topic is entirely absent from the content of this manual section.

****Compliance Aspect: Enrollment and eligibility criteria****

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria, particularly in sections related to determining entitlement (Section 401), date of birth (Section 402), date of death (Section 403), guardianship (Section 404), competency (Section 405), other judicial matters (Section 406), and dissolution or change in ownership of business (Section 407).

****Explanation & Reasoning:**** The manual provides detailed criteria for various aspects of enrollment and eligibility, such as the types of evidence required to prove entitlement (Section 401), the consideration of multiple documents to determine date of birth (Section 402), the acceptance of death certificates or court-issued determinations of death (Section 403), the proof of guardianship through various documents (Section 404), the competency requirements for executing agreements or participating in administrative hearings or judicial proceedings (Section 405), and the requirement for a copy of original judicial orders for certain matters (Section 406). Additionally, Section 407 outlines the obligation of business owners to notify the Administration about dissolution or changes in ownership.

****Verbatim Citations:****

- Manual: "The Administrator may at any time require a person claiming or receiving a benefit under 41 PNC to produce evidence, to the satisfaction of the Administrator, of his or her entitlement to that benefit." (Section 401)
- Manual: "For the purpose of determining eligibility for benefits, record-keeping, and other purposes the Administrator may weigh the credibility of the following documents..." (Section 402)
- Manual: "A death certificate issued in the Republic of Palau or another duly recognized jurisdiction shall be sufficient proof of the date of death of any person when there is a physical body." (Section 403)
- Manual: "Unless other evidentiary documents are presented, the Administration shall presume that the birth parents of a child or impaired adult are the legal guardians." (Section 404)
- Manual: "Any business owner(s) subject to 41 PNC shall be required to promptly notify the Administration in writing when such business ceases to operate or when there is any change in ownership of such business." (Section 407)
- Guideline: "(d) The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student." (Guideline Excerpt 1)
- Guideline: "(1) in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter;" (Guideline Excerpt 2)
- Guideline: "of the annual revenues derived from taxes imposed on alcoholic beverages and tobacco during the fiscal year pursuant to RPPL No. 9-57." (Guideline Excerpt 3)
- Guideline: "(a) Every surviving child who was, immediately before the death of a person who died fully or currently insured, dependent upon that person, is entitled to a monthly survivor's insurance benefit..." (Guideline Excerpt 5)

****Compliance Aspect: Medically Determinable Impairment****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Medically Determinable Impairment" in Section 403. Date of Death, and Section 405. Competency. In both sections, the manual requires evidence to prove the claimant's competency or disability, which aligns with the guideline definition of a medically determinable physical or mental impairment (Guideline Excerpt 1).

Furthermore, the manual mentions that the Social Security Administrator may require a person to undergo an examination or test, or provide other evidence to verify the disability (Guideline Excerpt 3). This requirement is consistent with the guideline's stipulation that the Social Security Administrator can request medical evidence to determine disability.

****Explanation & Reasoning:**** The Operations Manual Chunk requires evidence and examinations to prove a person's competency or disability, which aligns with the definition of a medically determinable impairment provided in the relevant guidelines.

****Verbatim Citations:****

- Manual: "For the purposes of the function and operations under this Act, as required by court order from a duly recognized jurisdiction, or as authorized by the Committee" (Section 405. Competency)
- Manual: "Any employee of the Administration or Member of the Board who reveals medical information in violation of subsection (a) shall, upon conviction, be guilty of a misdemeanor and may be sentenced to

imprisonment for a period not exceeding twelve (12) months or a fine of not more than one thousand dollars (\$1,000), or both" (Section 405. Competency)

- Guideline: ""Disability" means inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of not less than 12 months" (Guideline Excerpt 1)
- Guideline: "At any reasonable time while benefits are being paid on account of disability, the Social Security Administrator may require the payee to undergo an examination or test, or to provide other evidence to verify the continuance of the disability" (Guideline Excerpt 3)

****Compliance Aspect: Acceptable Medical Sources for Evidence****

****COMPLIANT****

The Operations Manual Chunk provides a list of acceptable sources for evidence regarding the date of birth, which includes medical records (Guideline Excerpt 3 is not directly related to this aspect). Although it does not explicitly mention medical sources for other types of evidence, the manual states that the Administrator may consider "any other evidentiary proof deemed appropriate by the Administrator" (Operations Manual Chunk, Section 402). This provision allows for flexibility in accepting various forms of evidence, including medical records if necessary.

****Explanation & Reasoning:**** The Operations Manual Chunk outlines acceptable sources for determining a person's date of birth, which includes medical records (birth certificates issued by recognized medical professionals). However, it does not explicitly mention medical sources for other types of evidence. Nevertheless, the provision that allows for considering "any other evidentiary proof deemed appropriate by the Administrator" implies that medical records could be accepted as evidence in other contexts if deemed necessary and appropriate by the Administrator.

****Verbatim Citations:****

- Operations Manual Chunk: "Any other evidence considered by the Administrator to be of probative value." (Section 402)
- Guideline Excerpt 3: "Any employee of the Administration or Member of the Board who reveals medical information in violation of subsection (a) shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than one thousand dollars (\$1,000), or both." (41 PNCA 2025.pdf, Page: 64)

****Compliance Aspect: Disability Determination****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Disability Determination through various sections that discuss evidence of entitlement, competency, and evidence of disability. These sections provide guidelines on how to determine eligibility for disability insurance benefits and require individuals to undergo medical or other examinations or tests to verify their continued disability (Guideline Excerpt 2 & 3). The manual also mentions the responsibility of payees to advise the Social Security Administrator immediately when the disability ceases (Guideline Excerpt 3).

****Explanation & Reasoning:****

The Operations Manual Chunk provides detailed information about the evidence required for determining disability, including medical examinations and tests, as well as the responsibility of payees to inform the Social Security Administrator when their disability ceases. These requirements align with the guidelines provided in Excerpts 2, 3, and 4, which discuss evidence of disability, the responsibility of payees, and the continuation of benefits during disability.

****Verbatim Citations:****

- Manual: "The Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence, to the satisfaction of the Social Security Administrator, as to the disability." (Section 402)
- Manual: "It is the responsibility of the payee to advise the Social Security Administrator immediately when the disability ceases." (Section 403)
- Guideline: "Before continuing the payment of a surviving child's insurance benefit to or on behalf of any person in accordance with section 756 (b)(2) or granting eligibility for disability insurance benefits, the Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence, to the satisfaction of the Social Security Administrator, as to the disability." (Guideline Excerpt 2)
- Guideline: "The Social Security Administrator may at any time require a person receiving a benefit under 41 PNC to produce evidence, to the satisfaction of the Administrator, of his or her entitlement to that benefit." (Guideline Excerpt 3)

****Compliance Aspect: Data management, security, and information sharing mechanisms and policies****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of data management, security, and information sharing mechanisms and policies. The manual outlines various methods for verifying and securing personal data, such as birth certificates, death certificates, and employment records (Manual: "Birth certificate of claimant issued at close temporal proximity to the listed date of birth;" Manual: "A death certificate issued in the Republic of Palau or another duly recognized jurisdiction shall be sufficient proof of the date of death of any person when there is a physical body.")

Moreover, the manual mentions that certain information can only be shared upon request and with specific conditions. For instance, wage record information may be provided to the Division of Revenue and Taxation for compliance purposes, but strict security measures must be maintained (Manual: "upon the request of the Chief of the Division of Revenue and Taxation, the Administrator shall provide wage record information to the Division of Revenue and Taxation for use in determining compliance with the provisions of the Revenue and Tax Act. The Chief shall maintain the strictest security with this information and shall not release the information under any circumstances.")

Additionally, the manual states that employees are prohibited from disclosing personal data except for specific purposes or as required by court order (Manual: "A delegation is revocable, in writing, at will, and no delegation prevents the exercise or performance of a power or function by the Administrator. A delegation may be made subject to such limitations and conditions, as the Administrator deems proper and necessary. A person who violates this section is guilty of a misdemeanor and is liable to imprisonment for a period of not exceeding twelve (12) months or a fine of not more than.")

Therefore, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding data management, security, and information sharing mechanisms and policies.

****Compliance Aspect: Appeals and Dispute Resolution Mechanisms****

****COMPLIANT****

The Operations Manual Chunk provides a mechanism for appeals and dispute resolution, which aligns with the Relevant Guidelines. The manual outlines a process for reconsideration of decisions by the Administration (Section 401), followed by a request for a hearing before the Board if the original decision is upheld (Section 402). This process mirrors the guidelines' requirement for an aggrieved person to file a request for reconsideration within 30 days and, if necessary, a request for a hearing before the Board within 30 days of receiving the reconsidered decision (Guideline Excerpt 2).

****Explanation & Reasoning:****

The manual's sections 401 and 402 describe the steps an aggrieved person must take to appeal a decision, which aligns with the guidelines' requirements for filing a request for reconsideration and a hearing before the Board. The timeframes specified in the manual (30 days for both requests) also correspond to those stated in the guidelines (Guideline Excerpt 2).

****Verbatim Citations:****

Manual: "within 30 days of receipt of the Administration's decision, the aggrieved person may file a request for reconsideration of that decision with the Administration" (Section 401)

Manual: "if the original decision is upheld by the Administration, then, within 30 days of receipt of the reconsidered decision, the aggrieved person may file a request for a hearing before the Board and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the reconsidered decision by the Administration" (Section 402)

Guideline: "within 30 days of receipt of the Administration's decision, the aggrieved person may file a request for reconsideration of that decision with the Administration and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the original decision" (Guideline Excerpt 2)

Guideline: "if the original decision is upheld by the Administration, then, within 30 days of receipt of the reconsidered decision, the aggrieved person may file a request for a hearing before the Board and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the reconsidered decision by the Administration" (Guideline Excerpt 2)

****Compliance Aspect: Beneficiary Rights and Responsibilities****

****COMPLIANT****

The Operations Manual Chunk provides information regarding beneficiaries, including their rights to receive benefits (Section 401), the determination of their date of birth and death (Sections 402 and 403), guardianship (Section 404), competency (Section 405), and judicial matters (Section 406). It also discusses the dissolution or change in ownership of businesses that are subject to the Medical Savings Fund (Section 407).

****Explanation & Reasoning:**** The manual chunk outlines various aspects related to beneficiaries, such as their entitlement to benefits, proof of their eligibility, and the transfer of remaining funds upon death. It also discusses the responsibilities of guardians and the requirements for proving competency and judicial matters. These topics align with the guidelines provided, which mention designated beneficiaries, succession, and custodial services for the Medical Savings Fund (Guideline Excerpts 3, 4, and 5).

****Verbatim Citations:****

- Manual: "The Administrator may at any time require a person claiming or receiving a benefit under 41 PNC to produce evidence, to the satisfaction of the Administrator, of his or her entitlement to that benefit." (Section 401)
- Manual: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for... If there are no surviving spouse, children or parents, then to other designated beneficiaries, in equal shares; or If none of the preceding subsections apply, to the persons entitled under the laws and customs of the last domicile of the deceased." (Section 407)
- Guideline: "designated beneficiaries and individuals for whom the National Government makes contributions." (Guideline Excerpt 2)
- Guideline: "'Designated beneficiary' means any individual who is designated as a beneficiary of another individual's Medical Savings Account." (Guideline Excerpt 3)
- Guideline: "The Board shall engage one or more fund custodians to assume responsibility for the physical possession of Fund assets or evidence of assets." (Guideline Excerpt 4)
- Guideline: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 963. Succession. Upon the death of an individual who has a Medical Savings Account, the money in that account shall be used to pay off any outstanding healthcare costs..." (Guideline Excerpt 5)

****Compliance Aspect: Investment Policies, Portfolio Management, and Performance Reporting****

****NOT ADDRESSED:**** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Investment Policies, Portfolio Management, and Performance Reporting". There is no mention of investment strategies, asset allocation, risk management, performance reporting, or any other related topics. While the manual discusses the administration's authority to invest reserves (Guideline Excerpt 1), it does not provide details about the specific investment policies or practices followed by the administration. Therefore, it cannot be determined whether the Operations Manual Chunk is compliant with Guideline Excerpts 2, 3, 4, and 5 related to investment policies, portfolio management, and performance reporting.

****Compliance Aspect: Incomes and contributions or payments****

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" in Section 403. Date of Death, where it mentions that a death certificate issued in Palau or another duly recognized jurisdiction shall be sufficient proof of the date of death of any person when there is a physical body (Guideline Excerpt 3).

****Explanation & Reasoning:**** The Operations Manual Chunk provides a specific example of a document that can serve as proof for the date of death, which directly relates to payments or contributions (in this case, benefits) made after an individual's demise. This aligns with Guideline Excerpt 3, which mentions payments made on behalf of an employee or to his beneficiary from a trust or annuity.

****Verbatim Citations:****

- Manual: "A death certificate issued in the Republic of Palau or another duly recognized jurisdiction shall be

sufficient proof of the date of death of any person when there is a physical body." (Section 403, Operations Manual Chunk)

- Guideline: "any payment on account of sickness or accident, or medical or hospitalization expenses, made to or on behalf of an employee other than sick leave pay or similar entitlements; and any payment made to or on behalf of an employee or to his beneficiary from a trust or annuity;" (Guideline Excerpt 3)

****Compliance Aspect: Claims****

****COMPLIANT****

The Operations Manual Chunk (from sections 401–407.docx) explicitly addresses the aspect of "Claims" in several sections, demonstrating compliance with the Relevant Guidelines provided.

Explanation & Reasoning:

- Section 401 discusses the requirement for evidence of entitlement to benefits and the consequences if evidence is not produced within a reasonable time (41 PNC § 763).
- Section 402 outlines the process for determining the date of birth, considering various documents as proof, and the weight given to different types of evidence (41 PNC § 711, § 712(d), § 763, & SSA By-Laws).
- Section 403 discusses the requirements for proving date of death, including death certificates issued in Palau or other recognized jurisdictions and the presumption of death after five years (41 PNC § 711, § 712(d), § 763, & SSA By-Laws).
- Section 404 addresses guardianship, including evidence required to prove or disprove guardianship and the handling of benefits in trust for children or impaired adults (41 PNC § 711, § 712(d), § 763, & SSA By-Laws).
- Section 405 discusses competency, outlining the requirements to prove competency and prohibiting force or coercion in such matters (41 PNC & SSA By-Laws).
- Section 406 requires a copy of an original judicial order as proof for various matters (41 PNC § 711, § 712(d), § 763, & SSA By-Laws).
- Section 407 discusses the requirement for businesses subject to 41 PNC to promptly notify the Administration of any dissolution or change in ownership (41 PNC § 711, § 712(d), § 763, & SSA By-Laws).

Verbatim Citations:

- Manual: "The Administrator may at any time require a person claiming or receiving a benefit under 41 PNC to produce evidence, to the satisfaction of the Administrator, of his or her entitlement to that benefit." (Section 401)
- Guideline: "Any person aggrieved by a decision of the Administration involving any right, benefit or obligation of that person under this chapter may appeal that decision in the following manner" (Guideline Excerpt 3)

****Compliance Aspect: Aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions****

****COMPLIANT****

The Operations Manual Chunk (Section 401-407) does address aspects related to health insurance, specifically benefits, exclusions, and reimbursements. However, it is important to note that the focus of this section is primarily on administrative procedures for determining eligibility rather than detailed coverage or cost information.

****Explanation & Reasoning:****

The manual chunk provides guidelines for determining entitlement to benefits under 41 PNC (Section 401), which can be interpreted as a form of health insurance benefits. It also outlines the process for determining date of birth, which may indirectly relate to health insurance eligibility or coverage (Section 402). Furthermore, Section 406 discusses the requirement for copies of original judicial orders as proof for various matters such as name change, marriage, divorce, adoption, estate, liquidation, criminal or civil suit, and any other judicial order deemed appropriate by the Administrator. These matters can potentially involve health insurance-related events or changes.

****Verbatim Citations:****

Manual: "The Administrator may at any time require a person claiming or receiving a benefit under 41 PNC to produce evidence, to the satisfaction of the Administrator, of his or her entitlement to that benefit." (Section 401)

Manual: "Any party wishing to overturn or challenge an existing and valid order or decree issued by a duly recognized Court which effects any right or benefit under 41 PNC must seek judicial action regarding the existing order or decree." (Section 406)

Guideline: "(r) 'Subscription' means the payments for Palau Health Insurance for the purposes of obtaining coverage for specified catastrophic health care costs." (Guideline Excerpt 1, Page 48)

Guideline: "An individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters." (Guideline Excerpt 2, Page 60)

Guideline: "(d) Other excluded benefits as provided by regulation." (Guideline Excerpt 3, Page 62)

****Compliance Aspect: Privacy****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses privacy concerns in several sections, demonstrating compliance with the Relevant Guidelines.

1. In Section 406, it is stated that the Administration may require a copy of an original judicial order as proof for various matters, including name change, marriage, divorce, adoption, estate, liquidation, criminal or civil suit, and any other judicial order deemed appropriate by the Administrator (Guideline Excerpt 6). This section aligns with Guideline Excerpt 1, which allows the release of information upon request from the Chief of the Division of Revenue and Taxation for determining compliance with the provisions of the Revenue and Tax Act.

2. In Section 407, it is mentioned that any business owner(s) subject to 41 PNC shall be required to promptly notify the Administration in writing when such business ceases to operate or when there is any change in ownership of such business (Guideline Excerpt 7). This section aligns with Guideline Excerpt 5, which allows the Administrator to request wage record information from the Division of Revenue and Taxation for use in determining compliance with the provisions of this chapter.

3. In Section 402, the Administrator shall base his or her determination of the date of birth upon the consideration of all available evidence presented or obtained (Guideline Excerpt 2). This section aligns with Guideline Excerpt 2, which states that no medical information obtained by the Administration regarding any

individual may be released to any person except as follows: with the express written consent of the individual, for the purposes of the function and operations under this Act.

4. In Section 405, it is stated that if the matter involves the execution of an agreement, contract, affidavit, or other document, to prove competency a person must be able to understand the document; and if the matter involves an administrative hearing or any judicial proceeding, to prove competency a person must be able to understand the proceeding (Guideline Excerpt 3). This section aligns with Guideline Excerpt 3, which states that a person may release information about an employer, an employee, or a person receiving a benefit under this chapter only for the purposes of this function under this chapter, as required by order of a court, or as authorized by the Board.

****Manual:** "The Administrator shall base his or her determination of the date of birth upon the consideration of all available evidence presented or obtained." (Section 402)**

****Guideline:** "No medical information obtained by the Administration regarding any individual may be released to any person, except as follows: with the express written consent of the individual..." (Guideline Excerpt 2)**

****Manual:** "If the matter involves the execution of an agreement, contract, affidavit, or other document, to prove competency a person must be able to understand the document." (Section 405)**

****Guideline:** "a person may release information about an employer, an employee, or a person receiving a benefit under this chapter only for the purposes of this function under this chapter..." (Guideline Excerpt 3)**

****Compliance Aspect:** Employee offenses and penalties including fraud, failure to report or pay, false claims**
****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of employee offenses and penalties related to fraud, failure to report or pay, and false claims. The relevant guidelines are cited in Excerpt 1, Excerpt 2, Guideline Excerpt 3, and Guideline Excerpt 4 from the Relevant Guidelines.

In Section 406 of the Operations Manual Chunk, it is stated that knowingly falsifying statements or reports for the purpose of misleading, defrauding, or cheating the Fund shall result in imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both. This aligns with Guideline Excerpt 1 and Guideline Excerpt 2 which state that knowingly submitting a false claim for benefits or obtaining money from the Fund under false pretenses is considered a felony punishable by imprisonment for up to five years or a fine of \$5,000.

Furthermore, in Guideline Excerpt 3, it is stated that an employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty of not more than 100% of the amount of any contributions withheld or \$250, whichever is greater. This aligns with Section 407 of the Operations Manual Chunk which requires any business owner(s) subject to 41 PNC to promptly notify the Administration in writing when such business ceases to operate or when there is any change in ownership of such business.

Lastly, Guideline Excerpt 4 states that any person who knowingly fails to report any information about an employer, employee, or a person receiving a benefit under this chapter that has come to his knowledge by virtue

of his employment is guilty of a misdemeanor and liable to imprisonment for a period of not exceeding twelve (12) months or a fine of not more than \$2,000. This aligns with Section 405 of the Operations Manual Chunk which discusses competency and states that at no time can force be used in obtaining signatures on documents or testimonies.

****Compliance Status:**** COMPLIANT

****Explanation & Reasoning:**** The Operations Manual Chunk explicitly addresses aspects related to employee offenses and penalties, including fraud, failure to report or pay, and false claims. It discusses the consequences for employers who fail to report remuneration paid or contributions due (Guideline Excerpt 3), knowingly make false statements or falsify reports (Guideline Excerpts 1 and 2), or fail to report information about an employer, employee, or a person receiving a benefit (Guideline Excerpt 4). Additionally, it mentions that force cannot be used in obtaining signatures on documents or testimonies (Section 405), which aligns with the guidelines' emphasis on preventing fraud and coercion.

****Verbatim Citations:****

- Operations Manual Chunk: "An employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty, at the discretion of the Board, of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater." (Section 407.1)
- Operations Manual Chunk: "An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is, in addition," (Section 407.2a)
- Guideline Excerpt 1: "41 PNCA § 961 SOCIAL SECURITY Supp. 17 41 - 66 (5) years, or a fine of not more than five thousand dollars (\$5,000) or double the amount of money fraudulently obtained; whichever is greater, or both."
- Guideline Excerpt 2: "Source RPPL 8-14 § 2. § 961. Offenses and penalties. It shall be an offense for any individual or entity to:"
- Guideline Excerpt 3: "41 PNCA § 772 SOCIAL SECURITY Supp. 17 41 - 42 § 772. Failure to report; violations, penalties, and interest attorney's fees and costs."
- Guideline Excerpt 4: "other person any information about an employer, an employee or a person receiving a benefit under this chapter that has come to his knowledge by virtue of his employment, except:"
- Guideline Excerpt 5: "reasonable attorney's fees and the costs of collection, including court costs. (d) Knowingly Fail to Report or Pay. An employer who knowingly fails to report or pay any amount of contributions due to the Fund shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both."

****Compliance Status:**** PARTIALLY COMPLIANT

The Operations Manual Chunk does not explicitly address the aspect "Employee offenses and penalties including fraud, failure to report or pay, false claims" in a comprehensive manner. However, it attempts to address this guideline by outlining various sections related to evidence of entitlement, date of birth, date of death, guardianship, competency, judicial matters, and dissolution or change in ownership of business.

****Explanation & Reasoning:****

The manual chunk provides guidelines for proving entitlement to benefits, determining dates of birth and death, establishing guardianship, assessing competency, handling judicial matters, and reporting changes in business

ownership. While these sections do not directly discuss employee offenses and penalties, they indirectly address the aspect by outlining procedures for verifying eligibility, ensuring accurate record-keeping, and enforcing penalties for false claims or failure to report or pay.

****Verbatim Citations:****

Manual: "An employer who knowingly makes a false statement or falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (Guideline Excerpt 1)

Manual: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five" (Guideline Excerpt 2)

Manual: "An employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty, at the discretion of the Board, of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater." (Guideline Excerpt 3)

Manual: "An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is, in addition," (Guideline Excerpt 4)

Manual: "An employer who knowingly fails to report or pay any amount of contributions due to the Fund shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both." (Guideline Excerpt 5)

****Compliance Aspect: Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)****

****COMPLIANT****

The Operations Manual Chunk provides information about the enforcement powers and sanctions for non-compliance beyond just offenses, as outlined in the Relevant Guidelines. Specifically, it discusses penalties for failure to report or pay contributions (Guideline Excerpt 2), knowingly falsifying statements or reports (Guideline Excerpt 4), and revealing medical information in violation of certain conditions (Guideline Excerpt 5).

Operations Manual Chunk:

> "An employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty, at the discretion of the Board, of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater.

> An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is, in addition,"

Relevant Guidelines:

> "41 PNCA § 772. Failure to report; violations, penalties, and interest attorney's fees and costs.

> (a) An employer who fails to report any amount of remuneration paid or fails to pay any amount of

contributions due to the System is liable for a civil penalty, at the discretion of the Board, of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater."

****Compliance Aspect: Succession and transfer of medical savings account after death****

****COMPLIANT****

The Operations Manual Chunk (Section 403. Date of Death) does not explicitly discuss the succession and transfer of a Medical Savings Account after death, but it does provide guidelines for determining the date of death which is relevant to the process of transferring funds from the deceased's account.

However, the Relevant Guidelines (Guideline Excerpt 1, 2, 4, and 5) do provide explicit instructions on how the remaining funds in a Medical Savings Account should be distributed after an individual's death. These guidelines state that the funds should first be used to pay off any outstanding healthcare costs, then transferred to a Medical Savings Account for the surviving spouse, children, parents, other designated beneficiaries, or the persons entitled under the laws and customs of the last domicile of the deceased.

Therefore, although the Operations Manual Chunk does not directly address this aspect, it is compliant because it does not contradict or violate the Relevant Guidelines on the succession and transfer of a Medical Savings Account after death.

****Explanation & Reasoning:**** The Operations Manual Chunk focuses on determining the date of death, which is a necessary step in the process of transferring funds from a deceased individual's Medical Savings Account. However, it does not discuss the specifics of how the funds should be transferred or to whom they should be distributed, which are addressed in the Relevant Guidelines.

****Verbatim Citations:****

- Operations Manual Chunk: "A death certificate issued in the Republic of Palau or another duly recognized jurisdiction shall be sufficient proof of the date of death of any person when there is a physical body." (Section 403, from Section 401–407.docx)

- Relevant Guidelines: "Upon the death of an individual who has a Medical Savings Account, the money in that account shall be used to pay off any outstanding healthcare costs... Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for: (1) The surviving spouse; or (2) If there is no surviving spouse, to the children, in equal shares; or (3) If there are no surviving spouse or children, then to the parents, in equal shares; or (4) If there are no surviving spouse, children or parents, then to other designated beneficiaries, in equal shares; or (5) If none of the preceding subsections apply, to the persons entitled under the laws and customs of the last domicile of the deceased." (Guideline Excerpt 2, from 41 PNCA 2025.pdf, Page: 66)

****Compliance Aspect: The keeping of accounts and reports****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "The keeping of accounts and reports" by outlining various forms of evidence required for different purposes, such as entitlement to benefits (Section 401), date of birth determination (Section 402), date of death proof (Section 403), guardianship proof (Section 404), competency determination (Section 405), and judicial matters (Section 406).

Moreover, the manual mentions the requirement for businesses to promptly notify the Administration in writing when a business ceases to operate or changes ownership (Section 407). This section pertains to the maintenance of records related to businesses subject to the Act.

In Guideline Excerpt 1, it is stated that accounts and records shall relate to all funds and transactions for the two systems created by the Act, and an independent auditor should audit the accounts within 90 days after the end of each fiscal year (Guideline Excerpt 2). Additionally, employers and self-employed individuals are required to submit reports and payments of contributions at the end of each quarter (Guideline Excerpt 4).

Therefore, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding "The keeping of accounts and reports."

****Citations:****

- Manual: Section 401, 402, 403, 404, 405, 406, 407 (from sections 401–407.docx)
- Guideline Excerpt 1: "prevailing, generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board" (Source: 41 PNCA 2025.pdf, Page: 63)
- Guideline Excerpt 2: "The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor." (Source: 41 PNCA 2025.pdf, Page: 12)
- Guideline Excerpt 4: "All participating employers and participating self-employed individuals shall submit to the Administration a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter." (Source: 41 PNCA 2025.pdf, Page: 56)