

Compliance Analysis for: sections 318–322.docx

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

****COMPLIANT:**** The Operations Manual Chunk fully and clearly meets the relevant guidelines related to "Functions, members, and procedures of the Social Security Board." It outlines the procedures for appointing and compensating members of the Social Security Board, as well as their duties and responsibilities. The manual also specifies that the Administrator is responsible for general administration of the Social Security System under the guidance of the Board.

****Explanation & Reasoning:**** The Operations Manual Chunk provides a detailed description of the procedures for establishing and operating the Social Security Board, which is in line with the relevant guidelines. The manual outlines the powers and duties of the Board, as well as the appointment, compensation, and responsibilities of its members. Additionally, it specifies that the Administrator is responsible for general administration of the Social Security System under the guidance of the Board, which aligns with the relevant guidelines.

****Verification:**** The Operations Manual Chunk can be verified by cross-referencing the information provided in the manual with the relevant guidelines. Specifically, the manual's description of the procedures for establishing and operating the Social Security Board, as well as the powers and duties of its members, aligns with the relevant guidelines. Furthermore, the manual's specification that the Administrator is responsible for general administration of the Social Security System under the guidance of the Board also aligns with the relevant guidelines.

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines related to "Actuarial Soundness and Sustainability." Specifically, the manual chunk lacks sufficient information or discussion regarding the actuarial soundness of the survivor's insurance benefit. The guidelines require that the Social Security System be self-supporting and self-financing, and the actuary must make actuarial valuations of the system at least once every four years. However, there is no indication in the manual chunk that such an actuarial valuation has been conducted or that the survivor's insurance benefit is being funded in a manner consistent with the guidelines.

Therefore, the compliance status for this aspect is ****NOT ADDRESSED****.

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

****COMPLIANT****

The 'Operations Manual Chunk' is fully and clearly compliant with the relevant guidelines related to 'Fund Reserves and Solvency Requirements'. The manual chunk provides detailed information on the calculation of survivor benefits for both surviving spouses and children, as well as the investment of fund reserves in accordance with sound financial policies. It also outlines the requirements for custodians of the Fund and the reporting obligations of the Committee. Overall, the manual chunk demonstrates a thorough understanding of the guidelines and their application to the operations of the Social Security System.

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

The 'Operations Manual Chunk' is fully compliant with the relevant guidelines related to 'Fund Reserves and Solvency Requirements'. The manual chunk provides detailed information on the calculation of survivor benefits for both surviving spouses and children, as well as the investment of fund reserves in accordance with sound financial policies. It also outlines the requirements for custodians of the Fund and the reporting obligations of the Committee. Overall, the manual chunk demonstrates a thorough understanding of the guidelines and their application to the operations of the Social Security System.

****Verbatim Citations:****

1. 41 PNC § 755(b), as amended by RPPL No. 9-12, Sec. 6: "If the surviving spouse was born before January 1, 1954, and surviving spouse is eligible to receive both the surviving spouse insurance benefit and another benefit, the surviving spouse shall receive the full amount of the surviving spouse insurance benefit."
2. 41 PNC § 755(c), as amended by RPPL No. 9-11, Sec. 2: "If the surviving spouse was born on or after January 1, 1954, and the surviving spouse is eligible to receive both the surviving spouse insurance benefit and another benefit, the surviving spouse insurance benefit shall be sixty percent (60%) of the surviving spouse insurance benefit."
3. 41 PNC § 755(d), as amended by RPPL No. 9-12, Sec. 6: "A person who is under the age of sixty (60) and who is eligible to receive a survivor benefit shall be entitled to receive a monthly amount equal to fifteen percent (15%) of the amount of the basic benefit applicable to the deceased at the time of his or her death."
4. 41 PNC § 758: "The reserves of the Fund in excess of the requirements for current operations shall be invested and reinvested by or under the authority of the Board which shall ensure the greatest return commensurate with sound financial policies."
5. 41 PNCA 2025.pdf, Page: 19: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System."
6. 41 PNCA 2025.pdf, Page: 20: "member, employee or agent be held liable for actions in good faith and in performance of his or her duties."
7. 41 PNCA 2025.pdf, Page: 52: "percent (10%) of the estimated income for the fiscal year from contributions and income on investments for the combined systems."
8. 41 PNCA 2025.pdf, Page: 54: "Monetary Fund, World Health Organization, United Nations, or the Asian Development Bank, and designated by the lender or grantor to be paid into the Fund and used by the Administration."
9. 41 PNCA 2025.pdf, Page: 22: "specific duration and is voidable at any time by either party after 30 days notice is given."
10. 41 PNCA 2025.pdf, Page: 23: "Preferred and Common Stock. Shares of preferred or common stock of any corporation created or existing under the laws of the Republic of Palau or under the laws of the United States or any state or territory thereof, provided that:"

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

****COMPLIANT:**** The Operations Manual Chunk is fully compliant with the relevant guidelines related to "Audit Requirements and External Oversight." The manual chunk clearly outlines the process for determining eligibility for surviving spouse and child benefits, including requirements for filing applications and submitting necessary documentation. Additionally, the manual chunk specifies that the Administration shall only recognize one surviving spouse and one surviving child as claimants, and that determination of eligibility for benefits shall be made by the Administrator. These provisions align with the relevant guidelines, which require an independent auditor to audit the accounts of the Social Security System within 90 days after the end of each fiscal year, and for

the Board to submit the accounts and the auditor's report to the President of the Republic of Palau for review.

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

The Operations Manual Chunk provided does not explicitly address the duties, functions, and appointment of the Social Security Administrator. Therefore, it cannot be determined whether this aspect is fully and clearly addressed in the manual chunk or if it is non-compliant, partially compliant, or not addressed.

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

Based on the provided Operations Manual Chunk and Relevant Guidelines, I would classify this aspect as ****COMPLIANT****. The manual chunk fully and clearly meets the guideline related to "Secretaries, managers, and other staff".

The manual chunk outlines the roles and responsibilities of various staff members involved in the administration of the Medical Savings Fund and Palau Health Insurance. It specifies that the Administrator is responsible for the general day-to-day administration and operation of these plans and funds, and may delegate powers and duties to other employees as deemed necessary. This aligns with Guideline Excerpt 6, which states that the Administrator shall have such powers, duties, and responsibilities as delegated by the Committee, and may delegate any power, duty, or responsibility to any employee of the Administration.

Furthermore, the manual chunk provides details on the preparation and submission of budget estimates for the proper operations of the Medical Savings Fund and Palau Health Insurance, which is in line with Guideline Excerpt 5. The Administrator is responsible for maintaining records of all employees and contributors, as per Guideline Excerpt 1.

Therefore, based on the provided information, the Operations Manual Chunk complies with the relevant guidelines related to "Secretaries, managers, and other staff".

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines related to financial reporting and budget. Specifically, it lacks information on how the monthly amount of survivor's insurance benefit is determined and how it relates to the overall budget of the Social Security System.

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

The Operations Manual Chunk provides details on the monthly amount of survivor's insurance benefit for a surviving spouse or child, but it does not explain how this amount is calculated or how it relates to the overall budget of the Social Security System. The relevant guidelines require that the annual budget show the estimated income and expenditures for the next fiscal year, as well as any summaries, schedules, and supporting data deemed necessary. However, the Operations Manual Chunk does not provide this information.

****Verbatim Citations:****

Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 17): "a budget showing the estimated income and expenditures for the next fiscal year."

Guideline Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 52): "a statement showing the estimates of contributions, other income, and expenditures for the fiscal year in progress, together with any summaries, schedules, and supporting information deemed necessary."

Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 17): "a statement showing the estimates of income and expenditures for the fiscal year in progress, together with any summaries, schedules and supporting data that the Social Security Administrator thinks necessary."

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

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

****COMPLIANT****

The Operations Manual Chunk fully and clearly meets the relevant guideline aspect related to "Governance Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the "Committee")". The manual chunk provides detailed information on the establishment, powers, duties, and responsibilities of the National Healthcare Financing Governing Committee (Committee), as well as its subcommittees and agencies. It also outlines the procedures for the administration and operation of the Medical Savings Fund and Palau Health Insurance, including the appointment and delegation of powers to the Social Security Administrator.

The relevant guidelines provide a framework for the establishment and operation of the Committee and its subcommittees and agencies, as well as the administration and operation of the Medical Savings Fund and Palau Health Insurance. These guidelines are consistent with the information provided in the Operations Manual Chunk, indicating compliance with the relevant guideline aspect.

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

Based on the provided Operations Manual Chunk and Relevant Guidelines, I have evaluated the aspect of "Enrollment and eligibility criteria" as follows:

****COMPLIANT:**** The Operations Manual Chunk fully and clearly meets the relevant guidelines. It outlines the requirements for surviving spouse and child insurance benefits, including eligibility criteria, application procedures, and benefit amounts. The manual chunk also references the applicable laws and regulations, which further support its compliance with the guidelines.

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

The Operations Manual Chunk provides detailed information on the enrollment and eligibility criteria for surviving spouse and child insurance benefits. It specifies that a surviving spouse or child must be under the age of 65 to receive benefits, and it outlines the different types of benefits available based on the relationship between the deceased insured person and the survivor. The manual chunk also includes instructions for applying for benefits, including the necessary documentation required.

The Relevant Guidelines provide further details on the eligibility criteria for surviving spouse and child insurance benefits. They specify that a surviving spouse or child must be under the age of 65 to receive benefits, and they

outline the different types of benefits available based on the relationship between the deceased insured person and the survivor. The guidelines also provide information on the application process, including the required documentation.

Overall, both the Operations Manual Chunk and the Relevant Guidelines clearly outline the enrollment and eligibility criteria for surviving spouse and child insurance benefits. As such, I have determined that this aspect is COMPLIANT with the relevant guidelines.

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines regarding data management, security, and information sharing mechanisms and policies. Specifically, the manual chunk lacks clear provisions on how the Social Security System manages, secures, and shares sensitive personal and financial information of its beneficiaries. This is a significant deviation from the guidelines, which require strict security measures to protect such information.

Guideline Excerpt 1 states that the Administrator shall not release any wage record information under any circumstances, except upon request by the Chief of the Division of Revenue and Taxation for compliance purposes. However, the manual chunk does not specify how the Social Security System manages and secures this sensitive information when sharing it with the Division of Revenue and Taxation. This raises concerns about potential misuse or unauthorized access to beneficiaries' personal and financial data.

Guideline Excerpt 2 requires that the Public Auditor issue annual reports on the fiscal soundness of the Social Security System, which shall be made available to the general public upon request. The manual chunk does not mention any provisions for sharing this information with the public or ensuring its security and confidentiality. This is a significant deviation from the guidelines, which require transparency and accountability in the management of social security funds.

Guideline Excerpt 3 outlines a Memorandum of Understanding between the Ministry of Health and Human Services, Ministry of Finance, and the Administration regarding their functions and responsibilities under the Social Security System. The manual chunk does not mention any provisions for information sharing or collaboration between these entities, which is a significant deviation from the guidelines.

Guideline Excerpt 4 requires that the Social Security System maintain records of all employees and contributors, and that these records be maintained securely. The manual chunk does not specify how the Social Security System manages and secures these records, which raises concerns about potential misuse or unauthorized access to sensitive personal and financial data.

Guideline Excerpt 6 requires 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 or for the purposes of the function and operations under this Act. The manual chunk does not mention any provisions for managing and securing medical information, which is a significant deviation from the guidelines.

In conclusion, the Operations Manual Chunk provided does not fully comply with the relevant guidelines regarding data management, security, and information sharing mechanisms and policies. Specifically, it lacks clear provisions on how the Social Security System manages, secures, and shares sensitive personal and financial

information of its beneficiaries. This raises concerns about potential misuse or unauthorized access to beneficiaries' data and undermines the transparency and accountability required by the guidelines. Therefore, the compliance status for this aspect is "NOT COMPLY."

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

****COMPLIANT:**** The Operations Manual Chunk fully and clearly meets the relevant guidelines related to "Appeals and Dispute Resolution Mechanisms." It outlines the process for filing an appeal or request for reconsideration of a decision made by the Administration, as well as the timeframes within which such requests must be filed. Additionally, it specifies the types of evidence that may be submitted in support of an appeal or request for reconsideration. These provisions are consistent with the relevant guidelines, which require that any person aggrieved by a decision of the Administration may file a request for reconsideration within 30 days of receipt of the Administration's decision and may provide any reasons or additional documentary evidence which would support a reversal of the original decision. Furthermore, the guidelines state that failure to adhere to this claims appeal procedure or failure to file a request within the stated time period shall result in the denial of the appeal and the loss of the right to further appeal the decision. The Operations Manual Chunk also specifies that if a surviving spouse beneficiary is eligible to receive another benefit, such beneficiary shall have the option to receive both benefits on a monthly basis in accordance with Title 41, or to receive either benefit in one lump sum, the amount of which shall be determined in accordance with Title 41, while continuing to receive the other benefit on a monthly basis. This provision is consistent with the relevant guidelines, which state that any person aggrieved by a decision of the Administration may obtain a review of the decision in the Supreme Court by filing with the Clerk of Courts, within sixty (60) days after receiving notice of the decision, a written petition praying that the decision be modified or set aside in whole or in part.

****Explanation:**** The Operations Manual Chunk provides clear and comprehensive information regarding the process for filing an appeal or request for reconsideration of a decision made by the Administration. It specifies the timeframes within which such requests must be filed, as well as the types of evidence that may be submitted in support of an appeal or request for reconsideration. These provisions are consistent with the relevant guidelines, which require that any person aggrieved by a decision of the Administration may file a request for reconsideration within 30 days of receipt of the Administration's decision and may provide any reasons or additional documentary evidence which would support a reversal of the original decision. Furthermore, the guidelines state that failure to adhere to this claims appeal procedure or failure to file a request within the stated time period shall result in the denial of the appeal and the loss of the right to further appeal the decision. The Operations Manual Chunk also specifies that if a surviving spouse beneficiary is eligible to receive another benefit, such beneficiary shall have the option to receive both benefits on a monthly basis in accordance with Title 41, or to receive either benefit in one lump sum, the amount of which shall be determined in accordance with Title 41, while continuing to receive the other benefit on a monthly basis. This provision is consistent with the relevant guidelines, which state that any person aggrieved by a decision of the Administration may obtain a review of the decision in the Supreme Court by filing with the Clerk of Courts, within sixty (60) days after receiving notice of the decision, a written petition praying that the decision be modified or set aside in whole or in part. Overall, the Operations Manual Chunk fully and clearly meets the relevant guidelines related to "Appeals and Dispute Resolution Mechanisms."

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

The Operations Manual Chunk provided in Section 318-322.docx does not fully comply with the relevant guidelines related to "Beneficiary Rights and Responsibilities." Specifically, the manual chunk fails to address

certain aspects of the guidelines regarding designated beneficiaries and payments to exiting foreign employees.

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

1. The Operations Manual Chunk does not provide any information or discussion on the aspect of designated beneficiaries under the relevant guidelines (41 PNCA 2025.pdf, Page: 57). According to the guidelines, designated beneficiaries include the participating employee, his or her spouse, and dependent children, with additional beneficiaries that may be designated as permitted by regulation. The manual chunk does not mention these requirements or provide any guidance on how to designate beneficiaries.
2. The Operations Manual Chunk also fails to address the aspect of payments to exiting foreign employees under the relevant guidelines (41 PNCA 2025.pdf, Page: 57). According to the guidelines, all non-Palauan citizens who contributed to the Medical Savings Fund and are permanently residing outside Palau shall be entitled to a refund of their contributions. The manual chunk does not mention this requirement or provide any information on how to process such payments.
3. Additionally, the Operations Manual Chunk does not comply with certain aspects of the guidelines related to investments under the Social Security Act (41 PNCA 2025.pdf, Page: 50). According to the guidelines, investments shall be operated in the same manner as investments under the Social Security Act. However, the manual chunk does not provide any information on how to invest the Medical Savings Fund or comply with the requirements for such investments.
4. The Operations Manual Chunk also fails to address certain aspects of the guidelines related to custodians of the Fund (41 PNCA 2025.pdf, Page: 57). According to the guidelines, due bills may be accepted from brokers against payment for securities purchased, pending delivery within a reasonable period of time of certificates representing such investments. The manual chunk does not mention these requirements or provide any guidance on how to handle due bills or investments.

****Crucial Verbatim Citations:****

1. "Designated Beneficiaries. Designated Beneficiaries of Medical Savings Accounts under this Act shall include, at a minimum, the participating employee, his or her spouse, and his or her dependent children. Additional beneficiaries may be designated as permitted by regulation." (Source: 41 PNCA 2025.pdf, Page: 57)
2. "All non-Palauan citizens who contributed to the Medical Savings Fund and are permanently residing outside Palau shall be entitled to a refund of their contributions." (Source: 41 PNCA 2025.pdf, Page: 57)
3. "Investments shall be operated in the same manner as investments under the Social Security Act." (Source: 41 PNCA 2025.pdf, Page: 50)
4. "Due bills may be accepted from brokers against payment for securities purchased, pending delivery within a reasonable period of time of certificates representing such investments." (Source: 41 PNCA 2025.pdf, Page: 57)

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines related to investment policies, portfolio management, and performance reporting. Specifically, there is no information regarding the investment of fund reserves in excess of current operation requirements or the reinvestment of such reserves for maximum return. Additionally, there is no mention of the requirement to submit annual reports detailing the financial status of the Fund and its investments within 90 days after the end of each fiscal year.

Therefore, the compliance status for this aspect is ****PARTIALLY COMPLIANT****.

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

The Operations Manual Chunk is ****NOT ADDRESSED**** with regards to the aspect of "Incomes and contributions or payments". The manual does not contain sufficient information or discussion relevant to this specific guideline aspect, or if the aspect is entirely absent from the manual's content.

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

Based on the provided Operations Manual Chunk and relevant guidelines, I have evaluated the compliance of the 'Claims' aspect. After careful examination, it is determined that the manual chunk is ****NOT ADDRESSED****. This determination is based on the fact that the manual chunk does not contain sufficient information or discussion relevant to this specific guideline aspect. The manual lacks any mention of claims and their related processes, which are crucial for compliance with the guidelines.

Verbatim Citations:

1. Manual: 'Operations Manual Chunk' (from sections 318–322.docx)

- * None applicable

2. Guidelines:

- * RPPL No. 9-14 § 2, Subchapter VI, Claims
- * RPPL No. 8-14 § 2, Subchapter VII, Palau Health Insurance
- * RPPL No. 3-64 § 51, modified, Notes
- * RPPL No. 3-64 § 8, modified, § 716. Hearings and claims appeals
- * RPPL No. 3-64 § 45, Notes
- * RPPL No. 3-64 § 715, By-Laws
- * RPPL No. 8-14 § 2, Subchapter VIII, Totalization agreements
- * RPPL No. 3-64 § 7, modified, § 715. By-Laws
- * RPPL No. 8-14 § 2, Subchapter VII, Palau Health Insurance
- * RPPL No. 8-14 § 2, Subchapter VIII, Totalization agreements

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

****COMPLIANT:**** The Operations Manual Chunk is fully and clearly compliant with the relevant guidelines related to aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions. It covers all aspects mentioned in the guidelines, such as survivor's insurance benefit for surviving spouses and children, basic benefit formula, types of benefits, old age insurance benefit, disability insurance benefit, maximum and minimum amounts of survivor's insurance benefit, earnings test, monthly disability insurance benefit, Supplemental Benefit Payment, subscription costs, exclusions, and Palau Health Insurance. The manual chunk also provides detailed instructions on how to apply for survivor's benefits and the required documents.

****Explanation & Reasoning:**** The Operations Manual Chunk is fully compliant with the relevant guidelines because it covers all aspects related to health insurance, including benefits, exclusions, reimbursements, and subscriptions. It provides detailed instructions on how to apply for survivor's benefits and the required documents. Additionally, the manual chunk references specific sections of the Palau Health Insurance Act, which further supports its compliance with the relevant guidelines.

****Supporting Evidence:****

- The Operations Manual Chunk covers all aspects related to health insurance, including benefits, exclusions, reimbursements, and subscriptions, as mentioned in the relevant guidelines.
- The manual chunk references specific sections of the Palau Health Insurance Act, which further supports its compliance with the relevant guidelines.

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

The Operations Manual Chunk provided does not fully comply with the relevant guidelines related to privacy. The manual chunk fails to address certain aspects of privacy, such as the protection of medical information and the prohibition on releasing personal information without consent. Additionally, the manual chunk does not provide clear guidance on how the Administration should handle requests for access to wage record information or other sensitive data.

Therefore, the compliance status for this aspect is ****PARTIALLY COMPLIANT****. While the manual chunk contains some relevant provisions related to privacy, it is incomplete and lacks sufficient detail to ensure full adherence to the guidelines.

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

The Operations Manual Chunk for evaluation (from sections 318-322.docx) is ****NOT COMPLIANT**** with the relevant guidelines provided. The manual chunk does not explicitly address employee offenses and penalties including fraud, failure to report or pay, false claims. Specifically, it lacks information on how to handle instances of fraudulent activity, such as submitting false claims or falsifying reports. Additionally, there is no mention of penalties for failing to report or pay contributions due to the Social Security System.

****Explanation & Reasoning:**** The relevant guidelines clearly state that it is an offense for any individual or entity to knowingly submit a false claim or obtain money from the Fund under false pretenses, falsify statements and reports, fail to report or pay, or make false claims. However, the Operations Manual Chunk does not provide any guidance on how to handle such situations. This lack of clarity and specificity makes it difficult for employees to understand their responsibilities and potential consequences for engaging in fraudulent activity.

Therefore, the Operations Manual Chunk is ****NOT COMPLIANT**** with the relevant guidelines provided.

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

The Operations Manual Chunk is ****NOT COMPLIANT**** with the relevant guidelines regarding enforcement powers and sanctions for non-compliance. The manual lacks specific information or discussion on this aspect, despite its relevance to the topic. Specifically, it does not address penalties for failing to report or pay contributions, nor does it discuss the consequences of knowingly submitting false claims or obtaining money from the Fund.

The relevant guidelines include:

1. Offenses and penalties related to submitting false claims (Guideline Excerpt 1)
2. Offenses and penalties related to failing to report or pay contributions (Guideline Excerpt 2)
3. Knowingly submitting false claims or obtaining money from the Fund is a felony (Guideline Excerpt 1)
4. Failing to report or pay contributions can result in a civil penalty of up to 100% of the amount withheld or \$250, whichever is greater (Guideline Excerpt 2)

5. Knowingly failing to report or pay contributions is a misdemeanor and may result in imprisonment for up to 12 months or a fine of not more than \$2,000 (Guideline Excerpt 2)
6. Failing to report any amount of remuneration paid or knowingly failing to pay any amount of contributions due to the System is a misdemeanor and may result in imprisonment for up to 12 months or a fine of not more than \$2,000 (Guideline Excerpt 6)
7. Knowingly making false statements or falsifying any report to or record of the Social Security Administration is a misdemeanor and may result in imprisonment for up to 12 months or a fine of not more than \$2,000 (Guideline Excerpt 7)

Therefore, the Operations Manual Chunk is ****NOT COMPLIANT**** with the relevant guidelines regarding enforcement powers and sanctions for non-compliance.

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

The Operations Manual Chunk is ****NOT COMPLIANT**** with the relevant guidelines. The manual chunk does not address the aspect of succession and transfer of medical savings accounts after death comprehensively, and it lacks sufficient information or discussion on this specific guideline aspect.

Explanation & Reasoning:

The Operations Manual Chunk primarily focuses on the surviving spouse insurance benefit and its calculation, while only briefly mentioning the possibility of transferring the remaining funds to a child or other designated beneficiaries. It does not provide clear instructions or guidelines for determining the succession order in case of multiple surviving beneficiaries or the process for transferring funds to designated beneficiaries.

In contrast, the relevant guidelines (Guideline Excerpts 1-7) outline the rules for succession and transfer of medical savings accounts after death, including the order of payment for outstanding healthcare costs, the transfer of remaining funds to surviving spouse, children, parents, or other designated beneficiaries, and the coordination of activities among entities to ensure compliance with the Act.

Verbatim Citations:

Guide Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 66): "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 incurred to a healthcare provider by that individual or other beneficiary of that individual's account for any costs incurred prior to the individual account holder's death. Additionally, any costs due to a Healthcare Facility incurred after that individual's death directly relating to the cause of individual's death shall be paid from the individual's account."

Guide Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 66): "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."

Guide Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 54): "Every participating individual's Medical Savings Account within the Medical Savings Fund shall become available for use by that covered individual and his or her designated beneficiaries beginning on the first day of the first calendar quarter after the month in which contributions were reported and paid into the Medical Savings Fund."

Guide Excerpt 4 (Source: 41 PNCA 2025.pdf, Page: 53): "participation, medical care utilization, and such other matters, as requested; and (c) Coordination of activities among the entities to ensure objectives of this Act are met."

Guide Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 47): "designated beneficiaries and individuals for whom the National Government makes contributions."

Guide Excerpt 6 (Source: 41 PNCA 2025.pdf, Page: 32): "The monthly amount of the benefit is sixty percent (60%) of the basic benefit applicable to the deceased wage earner at the time of his or her death if the surviving spouse is under the age of sixty (60) and is unmarried. The monthly amount of the benefit is one hundred percent (100%) if the surviving spouse is at least sixty (60) and unmarried."

Guide Excerpt 7 (Source: 41 PNCA 2025.pdf, Page: 57): "Additional beneficiaries may be designated as permitted by regulation."

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

Based on the provided 'Operations Manual Chunk' and 'Relevant Guidelines', I have evaluated the compliance status for the aspect "The keeping of accounts and reports".

****COMPLIANT:**** The manual chunk fully and clearly meets the guideline related to "The keeping of accounts and reports". It outlines the requirements for maintaining records, preparing budget estimates, and submitting them to the Board. This information is consistent with the relevant guidelines provided.

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

1. The manual chunk clearly states that the Administration shall maintain accounts and records in accordance with prevailing, generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board (FASB). This requirement aligns with Guideline Excerpt 2, which specifies that the accounts and records shall relate to all funds and transactions for the two systems created by this Act and shall be prepared using generally accepted accounting principles.
2. The manual chunk also outlines the requirements for maintaining employee and contributor records, preparing budget estimates, and submitting them to the Board. These requirements are consistent with Guideline Excerpt 3, which states that the Social Security Administrator may maintain records of all employees and contributors, including self-employed persons referred to in this chapter. Additionally, Guideline Excerpt 5 specifies that the Board shall promulgate its own By-Laws, not inconsistent with this chapter, prescribing procedures for maintaining accounts and reports.
3. Furthermore, the manual chunk provides information on how the Administrator delegates responsibilities related to record keeping and budget preparation. This requirement is consistent with Guideline Excerpt 7, which states that any delegation made by the Administrator shall be made in accordance with 41 PNC § 725.

****Verbatim Citations:****

* Manual Chunk: "The Administration shall maintain accounts and records in accordance with prevailing, generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board (FASB)." (Source: 41 PNCA 2025.pdf, Page: 63)

* Guideline Excerpt 2: "The accounts and records shall relate to all funds and transactions for the two systems created by this Act and shall be prepared using generally accepted accounting principles." (Source: 41 PNCA 2025.pdf, Page: 63)

- * Guideline Excerpt 3: "The Social Security Administrator may maintain records of all employees and contributors, including self-employed persons referred to in this chapter." (Source: 41 PNCA 2025.pdf, Page: 16)
- * Guideline Excerpt 5: "The Board shall promulgate its own By-Laws, not inconsistent with this chapter, prescribing procedures for maintaining accounts and reports." (Source: 41 PNCA 2025.pdf, Page: 12)
- * Guideline Excerpt 7: "Any delegation made by the Administrator shall be made in accordance with 41 PNC § 725." (Source: 41 PNCA 2025.pdf, Page: 63)