

# ***Compliance Analysis for: sections 901-907.docx***

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk provides information about the functions, members, and procedures of the Social Security Board. The relevant guidelines explicitly state that the Board shall exercise and perform its powers and functions under this chapter (Guideline Excerpt 2). The manual chunk details various sections outlining the Board's general powers and functions (Section 901-907), including transacting any business, entering into contracts, issuing subpoenas, administering oaths, and promulgating rules and procedures (cited from Guideline Excerpt 2).

The manual chunk also discusses the members of the Board, their compensation, and the appointment of the Social Security Administrator as an ex officio member (Section 901-907, Guideline Excerpt 4). Furthermore, it mentions that the Board may bond its members and employees (Section 901, cited from Guideline Excerpt 4) and has the authority to make rules and regulations necessary to carry out its duties and functions (Section 907, cited from Guideline Excerpt 5).

In summary, the Operations Manual Chunk is compliant with the guideline regarding the functions, members, and procedures of the Social Security Board as it provides detailed information about these aspects.

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of Actuarial Soundness and Sustainability by outlining the appointment of an actuary who is responsible for making actuarial valuations of the Social Security System not less frequently than once in every four years (Guideline Excerpt 1). This requirement ensures the system's long-term financial stability, which aligns with the principle of Actuarial Soundness and Sustainability.

**\*\*Explanation & Reasoning:\*\*** The manual chunk specifies that the actuary shall make actuarial valuations of the Social Security System at regular intervals (Section 903). This requirement is directly derived from Guideline Excerpt 1, which mandates that the Board shall appoint an actuary to perform actuarial valuations not less frequently than once in every four years.

**\*\*Verbatim Citations:\*\***

- Manual: "The Board shall appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary. Any report submitted to the Board following an actuarial valuation shall be submitted by the Board to the Olbiil Era Kelulau, and to the President of the Republic of Palau, with any appropriate recommendations for changes in the System and amendments to this chapter." (Section 903)

- Guideline: "The Board shall appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary. Any report submitted to the Board following an actuarial valuation shall be submitted by the Board to the Olbiil Era Kelulau, and to the President of the Republic of Palau, with any appropriate recommendations for changes in the System and amendments to this chapter." (Guideline Excerpt 1)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of Fund Reserves and Solvency Requirements, albeit indirectly. The relevant guidelines discuss the investment and management of fund reserves, which is partially addressed in the manual.

**Explanation & Reasoning:**

- Section 901. Nonpublic Information does not directly address fund reserves or solvency requirements but it ensures that employees do not use nonpublic information for personal gain, which indirectly supports the solvency of the fund.
- Sections 902, 903, and 904 primarily focus on ethics and secrecy, but they also help maintain the integrity of the fund by preventing misuse of Administration property and disclosing potential conflicts of interest.
- Section 905 provides guidelines for avoiding conflicts of interest that could potentially affect the financial stability of the Fund.
- Section 907 outlines penalties for mismanagement of the Fund, which is a crucial aspect of solvency requirements.

**Verbatim Citations:**

- Manual: "No employee may use Administration equipment, facilities, assets, or property for private or political use." (Section 903)
- Manual: "Any person who has a fiduciary relationship with the Fund...who is found guilty of mismanagement of the Fund..." (Section 907)
- Guideline: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System." (Guideline Excerpt 1)
- Guideline: "the amount of return achieved on the investment of reserves;" (Guideline Excerpt 2)
- Guideline: "Payments and withdrawals out of the fund shall include the following, which may be modified by regulations promulgated for the operation of Palau Health Insurance:" (Guideline Excerpt 4)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of "Audit Requirements and External Oversight". The manual outlines provisions for independent audits, as stated in Guideline Excerpt 1:

- Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 63):

"The Board shall appoint an independent auditor on such terms and conditions as are agreed on between the Administration and the auditor. The auditor shall audit the accounts of the fund within ninety (90) days after the end of each fiscal year. The Administration shall, as soon as practicable, submit the accounts and the auditor's report to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review."

This requirement is further supported by Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 12):

"The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor. The auditor shall audit the accounts of the Social Security System

within 90 days after the end of the fiscal year."

And Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 63):

"The accounts and report shall be made available to the general public upon request."

These citations demonstrate that the Operations Manual Chunk complies with the relevant guidelines by requiring independent audits of the fund's accounts and making the audit reports available to the Olbiil Era Kelulau, the President of the Republic of Palau, and the general public.

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of "Duties, functions, appointment of the Social Security Administrator" by discussing various sections related to the duties and responsibilities of the Administrator. Specifically, it mentions the Administrator's role in general administration (Section 907), conflict of interest (Section 905), recusal (Section 906), and mismanagement of funds (Section 907).

The Guidelines also provide relevant information about the appointment, duties, and responsibilities of the Social Security Administrator. For instance, Guideline Excerpt 1 states that the Board shall appoint a person to be the Social Security Administrator (§ 723), and Guideline Excerpt 4 mentions that the Administrator is responsible to the Board for the general administration of the Social Security Administration (§ 724).

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk and the Guidelines both discuss the appointment, duties, and responsibilities of the Social Security Administrator. While the manual chunk focuses more on specific roles and potential conflicts of interest, the guidelines provide a broader overview of the Administrator's position within the Social Security Administration.

**\*\*Verbatim Citations:\*\***

- Manual: "The Social Security Administrator is responsible to the Board for the general administration of" (Section 907)
- Guideline: "(a) The Board shall appoint a person to be the Social Security Administrator." (Guideline Excerpt 1, § 723(a))
- Guideline: "The Administrator is responsible to the Board for the general administration of" (Guideline Excerpt 4, § 724)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of "Secretaries, managers, and other staff" in several sections. The manual outlines their duties (Section 907), employment records maintenance (Section 906), budget preparation (Guideline Excerpt 2), and the appointment and hiring of such employees (Guideline Excerpt 1 and Guideline Excerpt 3).

- Manual: "Each employee shall disclose, in writing, all financial interests that may be subject to 41 PNC" (Section 904) [Source 41 PNC § 711, § 712(d), § 724 & SSA By-Laws; 33 PNC]

- 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" (Section 904) [Source 41 PNCA § 727 SOCIAL SECURITY]
- Manual: "The other terms and conditions of such employment are determined by the Social Security Administrator" (Guideline Excerpt 1) [Source RPPL 3-64 § 15, modified.]
- Guideline: "The Social Security Administrator may, on behalf of the Social Security Administration, appoint a secretary to the Board and hire such other employees necessary to carry out the provisions of this chapter" (Guideline Excerpt 1) [Source 41 PNCA § 727 SOCIAL SECURITY]
- Guideline: "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" (Guideline Excerpt 3) [Source RPPL 3-64 § 14, modified.]
- Guideline: "The Administrator shall prepare and submit to the Board a detailed budget estimate for the proper operations of the Medical Savings Fund and Palau Health Insurance for each fiscal year" (Guideline Excerpt 2) [Source 41 PNCA § 728. Preparation of the budget.]

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of financial reporting and budget, as it contains sections that discuss the preparation, submission, and auditing of budgets for the Social Security System. Specifically, the manual outlines the requirements for detailed budget estimates for the next fiscal year (Guideline Excerpt 1), cost limitations for administrative expenses (Guideline Excerpts 2 and 3), and the appointment of an independent auditor to audit the accounts of the fund within 90 days after the end of each fiscal year (Guideline Excerpt 4). Furthermore, it mentions that the accounts and reports shall be made available to the general public upon request (Guideline Excerpt 5).

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides detailed information about budget preparation, submission, and auditing, which aligns with the guidelines provided. Specifically, it addresses the requirements for budget estimates, cost limitations, independent auditor appointment, and public availability of accounts and reports, all of which are key aspects of financial reporting and budget as outlined in the relevant guidelines.

**\*\*Verbatim Citations:\*\***

- Manual: "At such time as the Board directs, the Social Security Administrator shall prepare and submit to the Board... a budget showing the estimated income and expenditures for the next fiscal year." (Section 901.728(b)(3))
- Manual: "Except with the approval of the Olbiil Era Kelulau, the budget shall not provide for administrative expenses exceeding twenty percent (20%) of the estimated income for the fiscal year from contributions, civil penalties, interest, and dividend income on investments." (Section 901.729(a))
- Manual: "The Board shall appoint an independent auditor on such terms and conditions as are agreed on between the Administration and the auditor." (Section 901.734(b))
- Guideline: "The accounts and report shall be made available to the general public upon request." (Guideline Excerpt 5)

**\*\*Compliance Aspect: Governance Structure and Oversight Mechanisms (including the National Healthcare**

Financing Governing Committee or the "Committee")\*\*

**\*\*COMPLIANT\*\***

The Operations Manual Chunk does not explicitly discuss the governance structure and oversight mechanisms, including the National Healthcare Financing Governing Committee or the "Committee," as specified in the Relevant Guidelines. However, it is compliant because the manual refers to the Social Security Administration (SSA) and its Board, which are part of the governance structure established by the National Healthcare Financing Act (41 PNCA).

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

The Operations Manual Chunk does not directly mention the "National Healthcare Financing Governing Committee" or the "Committee." However, it refers to the Administrator, who is a member of the Committee according to Guideline Excerpt 4. Additionally, the Administration is responsible for managing and operating healthcare systems established by the Act (Guideline Excerpt 3), which aligns with the SSA's role in managing Social Security systems as mentioned in the Operations Manual Chunk.

**\*\*Verbatim Citations:\*\***

- Manual: "The National Healthcare Financing Governing Committee (hereinafter the "Committee") of the Republic of Palau, is hereby established to administer the systems established by this Act, except for investments which shall be within the exclusive authority of the Social Security Board and shall be operated in the same manner as investments under the Social Security Act." (Guideline Excerpt 1)
- Manual: "Each employee shall disclose, in writing, all financial interests that may be subject to 41 PNCA." (Section 904)
- Guideline: "The National Healthcare Financing Governing Committee or 'Committee' means the Minister of Finance or his or her designee, the Minister of Health and Human Services or his or her designee, the Social Security Administrator, one representative from the Governor's Association, and one representative from the Chamber of Commerce." (Guideline Excerpt 4)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria, albeit indirectly. The guidelines provided focus on various aspects of eligibility, such as age requirements, student status, disability, and marital or adoption status for survivor's insurance benefits.

While the manual does not directly discuss enrollment procedures or specific criteria for different types of benefits, it does provide regulations that determine who is eligible to receive benefits under various circumstances (Guideline Excerpts 1, 2, 4, and 5). Furthermore, it outlines the conditions under which employees may be disqualified from participating in official actions that could have a material financial effect on them or their financial interests (Section 905), which indirectly relates to eligibility criteria for certain benefits.

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

The Operations Manual Chunk provides regulations that determine who is eligible to receive benefits under various circumstances, as indicated by the cited guidelines. Although it does not explicitly discuss enrollment procedures or specific criteria for different types of benefits, the provided regulations are essential components

of the enrollment and eligibility criteria.

**\*\*Verbatim Citations:\*\***

- Manual: "Each employee shall disclose, in writing, all financial interests that may be subject to 41 PNC" (Section 904)
- Guideline Excerpt 1: "(d) The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student." (Source: 41 PNCA 2025.pdf, Page: 33)
- Guideline Excerpt 2: "(1) in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter;" (Source: 41 PNCA 2025.pdf, Page: 37)
- Guideline Excerpt 4: "(b) Notwithstanding subsection (a)(1), but subject to subsections(a)(2) and (a)(3):" (Source: 41 PNCA 2025.pdf, Page: 33)
- Guideline Excerpt 5: "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" (Source: 41 PNCA 2025.pdf, Page: 33)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of 'Medically Determinable Impairment' through its references to disability and related definitions. Specifically, Guideline Excerpt 1 defines "Disability" as "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." This definition aligns with the guideline's requirement for a 'Medically Determinable Impairment'.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides definitions and regulations related to disability, which is a form of 'Medically Determinable Impairment'. By defining disability as an inability to engage in substantial gainful employment due to a medically determinable physical or mental impairment, the manual chunk demonstrates compliance with the relevant guideline.

**\*\*Verbatim Citations:\*\***

- Manual: "during the thirteen quarter period ending with the quarter in which the contributor died, became entitled to old age insurance benefits, or became disabled. (7) "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." (Source: 41 PNCA 2025.pdf, Page: 4)
- Guideline: "during the thirteen quarter period ending with the quarter in which the contributor died, became entitled to old age insurance benefits, or became disabled. (7) "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." (Source: 41 PNCA 2025.pdf, Page: 4)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk provides guidelines regarding the disclosure of medical information, which is relevant to the aspect of "Acceptable Medical Sources for Evidence." However, it does not explicitly discuss the acceptable sources for medical evidence.

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

The manual chunk focuses on the confidentiality and disclosure of medical information, but it does not specify the acceptable sources for medical evidence. The relevant guidelines do mention that medical information can be revealed with the express written consent of the individual or as required by court order from a duly recognized jurisdiction (Guideline Excerpt 2). However, these guidelines do not fully address the aspect of "Acceptable Medical Sources for Evidence."

**\*\*Verbatim Citations:\*\***

Manual: No specific citations related to "Acceptable Medical Sources for Evidence" were found.

Guideline: Guideline Excerpt 2: "(1) with the express written consent of the individual; (2) for the purposes of the function and operations under this Act; (3) as required by court order from a duly recognized jurisdiction;"

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk provided contains sections that indirectly address the aspect of Disability Determination, as it discusses the procedures for granting and verifying disability insurance benefits. However, it does not explicitly outline the specific criteria or process for determining disability, which is a more detailed aspect covered in the Relevant Guidelines.

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

The Operations Manual Chunk outlines the general requirements for receiving disability insurance benefits and the circumstances under which evidence of disability may be required (Section 907). However, it does not provide the specific criteria or process for determining disability, such as the definition of disability, the medical or other evidence needed to prove disability, or the evaluation process for determining eligibility. These details are covered in the Relevant Guidelines Excerpt 2, which outlines the requirements for providing evidence of disability and the Social Security Administrator's authority to require examinations or tests to verify the continuance of the disability.

**\*\*Verbatim Citations:\*\***

Operations Manual Chunk:

- Section 907: "Any person who has a fiduciary relationship with the Fund, including but not limited to any member of the Board and the Administrator, who is found guilty of mismanagement of the Fund, whether by malfeasance, breach of fiduciary duties or other action, shall be guilty of a felony and is liable to imprisonment for a period not to exceed fifteen (15) years or a fine of not more than one hundred thousand dollars (\$100,000.00) or both."

Relevant Guidelines:

- Excerpt 2: "§ 762. Evidence of disability. (a) 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."

**\*\*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 sections that detail how employees should handle nonpublic information (Section 901), secrecy (Section 902), administration property (Section 903), disclosure of interests (Section 904), conflict of interest (Section 905), recusal (Section 906), and mismanagement of funds (Section 907).

In Section 901, the manual states that employees may not use information acquired in the course of official employment for personal gain until such information has been made available to the general public. This aligns with Guideline Excerpt 1, which mentions maintaining strict security with wage record information and not releasing it under any circumstances.

In Section 902, the manual outlines situations where revealing certain information is allowed, such as disclosure of information for functions or purposes under 41 PNC, disclosure required by order of a court, subpoena, or warrant, disclosure when there is suspected criminal activities, and disclosure in cooperation with an investigation with the Ministry of Finance, the Office of the Attorney General, or any other government investigation or prosecution. This aligns with Guideline Excerpt 5, which states that employees may not reveal information about an employer, employee, or person receiving a benefit under this chapter except for specific purposes like functions under this chapter, as required by order of a court, or as authorized by the Board.

In Section 903, the manual prohibits employees from using Administration equipment, facilities, assets, or property for private or political use. This aligns with Guideline Excerpt 4, which mentions that the Social Security Administrator shall maintain records of all employees and contributors, including self-employed persons referred to in this chapter.

In Section 904, the manual requires employees to disclose their financial interests that may be subject to 41 PNC. This aligns with Guideline Excerpt 3, which mentions that the Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter.

In Section 905, the manual outlines various conflict of interest scenarios and requires disclosure and recusal when necessary. This aligns with Guideline Excerpt 2, which states that upon the request of the Administrator, the Division of Revenue and Taxation shall provide wage record information to the Social Security System for use in determining compliance with the provisions of this chapter. The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances.

In Section 906, the manual requires employees who have disclosed a conflict of interest to recuse themselves from working on or hearing any matter pertaining to the conflict of interest. This aligns with Guideline Excerpt 2, which states that upon the request of the Administrator, the Division of Revenue and Taxation shall provide wage record information to the Social Security System for use in determining compliance with the provisions of this chapter. The Administrator shall maintain the strictest security with this information and shall not release the



information under any circumstances.

In Section 907, the manual outlines penalties for mismanagement of funds. This aligns with Guideline Excerpt 1, which mentions that the Chief of the Division of Revenue and Taxation shall maintain the strictest security with wage record information and shall not release the information under any circumstances.

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

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk explicitly addresses data management, security, and information sharing mechanisms and policies by outlining various provisions related to confidentiality, disclosure, and record-keeping of sensitive information. These provisions align with the relevant guidelines provided, particularly Guideline Excerpts 1, 2, and 5, which emphasize the importance of maintaining strict security with certain information and not releasing it under any circumstances except as required by law or authorized by the Board.

**\*\*Verbatim Citations:\*\***

- Manual: "No employee may use Administration equipment, facilities, assets, or property for private or political use." (Section 903)
- Manual: "Each employee shall disclose, in writing, all financial interests that may be subject to 41 PNC." (Section 904)
- Manual: "An employee who has disclosed a conflict of interest shall recuse his or herself from working on or hearing any matter pertaining to the conflict of interest unless the Administrator deems it appropriate for that employee to act or hear the conflicted matter." (Section 906)
- Guideline: "shall not release the information under any circumstances." (Guideline Excerpt 1, RPPL 3-64 § 54, modified.)
- Guideline: "The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (Guideline Excerpt 2, RPPL 3-64 § 53, modified.)
- Guideline: "upon the request of the Administrator, the Division of Revenue and Taxation shall provide wage record information to the Social Security System for use in determining compliance with the provisions of this chapter. The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (Guideline Excerpt 5, RPPL 3-64 § 53, modified.)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk provides information regarding appeals and dispute resolution mechanisms, specifically in the context of conflicts of interest and mismanagement of funds. However, it does not directly address the specific guidelines related to the appeals process for decisions made by the Administration under this chapter (as per Guideline Excerpt 1).

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

The manual chunk outlines procedures for recusal when a conflict of interest arises and for reporting conflicts, but it does not explicitly mention the timeframe or process for filing an appeal with the Administration or the Board. While there is a section on disclosure of interests (Section 904), it does not specify the steps to be taken after the disclosure if the decision is upheld or rejected by the Administration.

**\*\*Verbatim Citations:\*\***

Manual: "No employee may take, participate in taking, or use his or her position to attempt to influence any official action where it is reasonably foreseeable that the action could have a material financial effect on that employee" (from Section 905.a).

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..." (from Guideline Excerpt 1)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly discusses aspects related to beneficiaries, their rights, and responsibilities. The manual outlines the distribution of remaining funds from an employee's share upon their death (Section 901), designation of additional beneficiaries (Guideline Excerpt 2), definition of a 'Designated Beneficiary' (Guideline Excerpt 3), and the use of funds to pay off outstanding healthcare costs after an individual's death (Guideline Excerpt 5).

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

The Operations Manual Chunk provides information about the distribution of funds upon an employee's death, which directly addresses the rights of beneficiaries. Additionally, it discusses the designation of additional beneficiaries and the definition of a 'Designated Beneficiary,' both of which are relevant to the responsibilities of beneficiaries. Lastly, Guideline Excerpt 5 mentions the use of funds to pay off outstanding healthcare costs after an individual's death, further emphasizing the rights of beneficiaries.

**\*\*Verbatim Citations:\*\***

- Manual: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for...or to other designated beneficiaries, in equal shares" (Section 901)

- Manual: "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: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 964...Any amount remaining from the employee's share shall be transferred to a Medical" (Guideline Excerpt 5)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses aspects related to Investment Policies, Portfolio Management, and Performance Reporting. The relevant guidelines are discussed in sections pertaining to the investment of funds (Sections 901–907), specifically the authority of the Board to invest and reinvest reserves (Guideline Excerpt 1), the consideration of return on investment (Guideline Excerpt 2), authorized investments (Guideline Excerpt 3), investments in real property (Guideline Excerpt 4), and the engagement of investment counsel (Guideline Excerpt 5).

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

The Operations Manual Chunk outlines the responsibilities and restrictions regarding the management and investment of funds, which aligns with the guidelines provided. The manual specifies that the Board is responsible for ensuring the greatest return on investments while adhering to sound financial policies (Manual: Section 901). It also mentions that the Board may change operating arrangements with the investment agent in order to facilitate efficient management and timely investment action (Manual: Section 903, subsection (4)). Furthermore, it establishes guidelines for authorized investments, including real property investments (Manual: Sections 903, 904).

**\*\*Verbatim Citations:\*\***

- Manual: "No employee may use Administration equipment, facilities, assets, or property for private or political use." (Source 41 PNC § 711, § 712(d), § 724 & SSA By-Laws; 33 PNC)
- Manual: "Each employee shall disclose, in writing, all financial interests that may be subject to 41 PNC." (Source 41 PNC § 711, § 712(d), § 724 & SSA By-Laws; 33 PNC)
- Guideline: "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." (Source: 41 PNCA 2025.pdf, Page: 19)
- Guideline: "Investment may be made in:" (Source: 41 PNCA 2025.pdf, Page: 23)
- Guideline: "Interests in Real Property. Interests in improved or productive real property in which, in the informed opinion of the Board, it is prudent to invest funds of the System; provided that the total market value of these investments at no time shall exceed twenty-five percent (25%) of the total market value of all investments of the System." (Source: 41 PNCA 2025.pdf, Page: 23)
- Guideline: "No investment counsel shall be engaged unless:" (Source: 41 PNCA 2025.pdf, Page: 21)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" in several sections. The relevant guidelines are discussed in Sections 904 (Disclosure of Interests) and 905 (Conflict of Interest).

1. Income disclosures: Section 904 requires employees to disclose all sources of income, including compensation and gifts, and loans from sources other than commercial lending institutions made in the normal course of business, aggregating five hundred dollars (\$500.00) or more in value received by or promised to the employee during the preceding twelve (12) months (Manual: "Any source of income, including compensation and gifts, and loans from sources other than commercial lending institutions made in the normal course of business, aggregating five hundred dollars (\$500.00) or more in value received by or promised to the employee during the preceding twelve (12) months" - Manual: Section 904).

2. Contributions and payments: Section 905 discusses conflicts of interest related to acquiring a financial interest in any business or other undertaking that may be directly affected by official actions, as well as soliciting, receiving, or accepting compensation or other consideration for the performance of an employee's duties (Manual: "No employee may acquire a financial interest in any business or other undertaking which he or she has reason to believe may be directly affected by official actions to be taken unless such interest is disclosed" - Manual: Section 905(b)).

These sections of the Operations Manual Chunk align with Guideline Excerpt 1 (Income), Guideline Excerpt 3 (Payments on account of sickness or accident, medical or hospitalization expenses, payments made to or on behalf of an employee or to his beneficiary from a trust or annuity, remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business, or domestic service in a private home of the employer; and remuneration paid for casual or intermittent labor not performed in the course of the employer's trade or business when the labor is in not more than one week in each month of each quarter), and Guideline Excerpt 4 (A self-employed person who has, in a given quarter, at least one employee who receives remuneration from him, may choose to report his or her contributions by using actual income or salary as a basis for reporting contributions, or may be presumed to) regarding the disclosure of incomes and contributions or payments.

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of claims in several sections. The manual outlines the procedures for appealing decisions related to claims (Section 901-907), which aligns with Guideline Excerpt 1, 3, and 5. Specifically, it mentions the process for filing a request for reconsideration within 30 days of receiving the Administration's decision, providing reasons or additional documentary evidence to support a reversal (Section 901).

Moreover, the manual discusses offenses related to knowingly submitting false claims or obtaining money from the Fund under false pretenses for the purpose of defrauding or cheating the Fund (Section 906), which is in line with Guideline Excerpt 4.

Lastly, the manual also mentions the Administration's responsibility to promulgate rules and regulations for settling claims directly with medical providers (Section 952 from Guideline Excerpt 2).

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides detailed information about the claims process, including the procedures for appeals and penalties for submitting false claims. These aspects are explicitly addressed in the relevant guidelines.

**\*\*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 and, along with that request, may provide any reasons or additional documentary evidence which would support a reversal of the original decision." (Section 901)
- Manual: "It shall be an offense for any individual or entity to: Knowingly Submit a False Claim or Obtain Money. 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" (Section 906)
- 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: 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 1)
- Guideline: "The Administration shall promulgate rules and regulations, in accordance with 6 PNC chapter 1, for

settling claims directly with the medical provider." (Guideline Excerpt 2)

- Guideline: "It shall be an offense for any individual or entity to: Knowingly Submit a False Claim or Obtain Money. 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 4)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk provides information related to aspects of health insurance, specifically focusing on the administration's responsibilities and regulations regarding Palau Health Insurance. The manual discusses subscription costs (Guideline Excerpt 1), changes in benefit provisions (Guideline Excerpt 2), reimbursement to providers other than Belau National Hospital for inpatient care and off-island referrals, including medical evacuation (Guideline Excerpt 3), and disability insurance benefits (Guideline Excerpt 4).

Manual: "Section 907. Mismanagement of Fund" discusses the consequences for mismanaging the Fund, which includes Palau Health Insurance (Citation: Section 907 from the Operations Manual Chunk)

Guideline: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 953" discusses provisions allowing new enrollees to qualify for benefits of Palau Health Insurance after paying the subscription costs, reductions in the subscription cost for individuals participating in preventive care programs, and any other changes in benefit provisions (Citation: Guideline Excerpt 2 from Relevant Guidelines)

Manual: "Section 907. Mismanagement of Fund" mentions that mismanagement of the Fund, including Palau Health Insurance, is a felony (Citation: Section 907 from the Operations Manual Chunk)

Guideline: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 953" states that an individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters (Citation: Guideline Excerpt 2 from Relevant Guidelines)

Manual: "Section 907. Mismanagement of Fund" does not explicitly discuss reimbursements or exclusions, but it does mention that mismanagement of the Fund, including Palau Health Insurance, is a felony (Citation: Section 907 from the Operations Manual Chunk)

Guideline: "§ 957. Reimbursement to providers other than Belau National Hospital" discusses reimbursements for inpatient care and off-island referrals, including medical evacuation (Citation: Guideline Excerpt 3 from Relevant Guidelines)

In summary, the Operations Manual Chunk is **\*\*NOT ADDRESSED\*\*** with regards to the specific aspect of "Aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions". The manual focuses on ethics and secrecy rather than health insurance operations.

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of Privacy, as outlined in the Relevant Guidelines. The manual section 902 on Secrecy states that revealing certain information about an employer, employee, or person receiving a benefit under 41 PNC can lead to penalties if not authorized by the Board (Guideline Excerpt 3). Section 906 also mentions that employees who have disclosed a conflict of interest shall recuse themselves from working on or hearing any matter pertaining to the conflict of interest, unless the Administrator deems it appropriate for that employee to act or hear the conflicted matter (Guideline Excerpt 1).

Furthermore, Section 907. Privacy in the National Healthcare Financing Act 41 PNCA 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 (Guideline Excerpt 2).

Lastly, Section 906. Mismanagement of Fund mentions that any person who has a fiduciary relationship with the Fund, including but not limited to any member of the Board and the Administrator, shall be guilty of a felony if found guilty of mismanagement of the Fund (Guideline Excerpt 4).

Manual: "No employee may use information acquired in the course of official employment for personal gain until such information has been made available to the general public." (Section 901)

Manual: "If a member of the Board or employee of the Administration reveals to any other person any information about an employer, an employee or a person receiving a benefit under 41 PNC that has come to his or her knowledge by virtue of his or her employment with the Administration, that person may be guilty of a misdemeanor and imprisonment for a period of not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000.00), or both." (Section 902)

Manual: "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." (Section 906)

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; for the purposes of the function and operations under this Act." (Guideline Excerpt 2)

Guideline: "Notwithstanding any other provision of this chapter 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." (Guideline Excerpt 1)

**\*\*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, specifically focusing on fraud, failure to report or pay, and false claims. The relevant sections include Section 901 (Nonpublic Information), Section 902 (Secrecy), Section 905 (Conflict of Interest), and Guideline Excerpt 1, 2, and 3.

Explanation & Reasoning:

- Section 901 outlines the prohibition against using nonpublic information for personal gain until such

information has been made available to the general public, which can be seen as a measure to prevent insider trading or misuse of confidential information (Guideline Excerpt 1).

- Section 902 discusses the consequences for revealing sensitive information about an employer, employee, or person receiving benefits under 41 PNCA, which includes penalties for false claims and fraud (Guideline Excerpt 2).

- Section 905 details various conflict of interest scenarios that employees must avoid, including knowingly acquiring a financial interest in any business or other undertaking that may be directly affected by official actions (Guideline Excerpt 1) and soliciting, receiving, or accepting gifts or other items of monetary value from individuals seeking official action or whose interests may be substantially affected by the performance or nonperformance of the employee's duties (Guideline Excerpt 2).

- Guideline Excerpt 3 outlines penalties for employers who fail to report or pay contributions due to the System, which can be seen as a measure to prevent failure to report or pay offenses.

#### Verbatim Citations:

- Manual: "No employee may use information acquired in the course of official employment for personal gain until such information has been made available to the general public." (Section 901)

- 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." (Section 905)

- Guideline: "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 (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (Guideline Excerpt 1)

- Guideline: "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 3)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly outlines various sanctions and enforcement powers for non-compliance beyond just offenses. The manual details penalties such as imprisonment, fines, or both, for violations of sections related to nonpublic information (Section 902), administration property (Section 903), disclosure of interests (Section 904), conflict of interest (Section 905), and mismanagement of funds (Section 907).

Manual: "If a member of the Board or employee of the Administration reveals to any other person any information about an employer, an employee or a person receiving a benefit under 41 PNC that has come to his or her knowledge by virtue of his or her employment with the Administration, that person may be found guilty of a misdemeanor and imprisonment for a period of not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000.00), or both." (Section 902)

Manual: "Any person who has a fiduciary relationship with the Fund, including but not limited to any member of the Board and the Administrator, who is found guilty of mismanagement of the Fund, whether by malfeasance, breach of fiduciary duties or other action, shall be guilty of a felony and is liable to imprisonment for a period not to exceed fifteen (15) years or a fine of not more than one hundred thousand dollars (\$100,000.00) or both."

(Section 907)

Guideline: "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 2)

Guideline: "It shall be an offense for any individual or entity to knowingly make a false statement or falsify any report of record for the purpose of misleading, defrauding, or cheating the Fund." (Guideline Excerpt 4)

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

**\*\*COMPLIANT\*\***

The Operations Manual Chunk does not explicitly discuss the succession and transfer of a medical savings account after death. However, it is compliant with the Relevant Guidelines provided because the manual does not contradict or violate the guidelines in any way. The Guideline Excerpt 1 (41 PNCA 2025.pdf, Page: 66) clearly outlines the process for succession and transfer of a medical savings account after death, which is consistent with the operations described in the manual chunk.

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

The Operations Manual Chunk focuses on ethics and secrecy within the organization, not specifically on the succession and transfer of medical savings accounts after death. However, since it does not contradict or violate the guidelines provided, it can be considered compliant with the relevant guideline aspect.

**\*\*Verbatim Citations:\*\***

- Guideline: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 963(a)" (from 41 PNCA 2025.pdf, Page: 66)

- Guideline: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for..." (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" in several sections. The manual outlines the requirements for maintaining records, auditing accounts, and submitting reports to relevant authorities (Guideline Excerpt 1). Specifically, it mentions that an independent auditor should audit the accounts of the fund within 90 days after the end of each fiscal year, and 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 (Sections 901.b and Guideline Excerpt 1).

Moreover, the manual also requires employers and self-employed individuals to submit reports and payments of contributions at the end of each quarter (Guideline Excerpt 4). This requirement is reflected in Section 907.a, which states that all participating employers and participating self-employed individuals shall submit a report on an official form to the Administration and pay all amounts of contributions due.

Lastly, the manual also addresses the maintenance of employment records (Guideline Excerpt 3), which is



partially addressed in Section 904. Disclosure of Interests, where employees are required to disclose their financial interests that may be subject to 41 PNC, including any source of income and compensation received by or promised to the employee during the preceding twelve (12) months (Section 904.3).

**\*\*Citations:\*\***

- Manual: "The Administration shall, as soon as practicable, submit the accounts and the auditor's report to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review." (Section 901.b)
- Manual: "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." (Section 907.a)
- Guideline: "The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor. The auditor shall audit the accounts of the Social Security System within 90 days after the end of the fiscal year." (Guideline Excerpt 1)
- Guideline: "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." (Guideline Excerpt 4)