

Compliance Analysis for: sections 305–309.docx

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

****COMPLIANT****

The Operations Manual Chunk explicitly discusses the functions, members, and procedures of the Social Security Board. The chunk provides detailed information about the board's roles in determining disability benefits, including the evaluation process (Section 309), acceptable medical sources for evidence (Section 308), and the definition of disability (Section 306).

Moreover, it is stated that the Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as "sequential evaluation" (Section 309). This aligns with Guideline Excerpt 1, which mentions that the Board may transact any business and issue subpoenas and administer oaths appropriate for the administration of this chapter (41 PNCA § 712(b)(1) & (3)).

The chunk also indicates that members of the Board shall be compensated according to the rate set by law, as well as the appointment process for the Social Security Administrator (Guideline Excerpt 4). Furthermore, it is mentioned that the Board may promulgate and adopt its own rules and procedures (Guideline Excerpt 3).

****Citations:****

- Manual: "The Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as "sequential evaluation"" (from Section 309)
- Guideline: "For the purposes of this chapter, and subject to this chapter and the Social Security By-Laws, the Board may transact any business; and enter into contracts for management, auditing and other advice and services; and issue subpoenas and administer oaths appropriate for the administration of this chapter" (from 41 PNCA § 712(b)(1) & (3))
- Guideline: "Members of the Board shall be compensated according to the rate set by law" (from 41 PNCA § 711(f))
- Guideline: "The Board may promulgate and adopt its own rules and procedures" (from 41 PNCA § 711)

****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 an actuary shall make actuarial valuations of the Social Security System at least once every four years (Manual: "The actuary shall make actuarial valuations... not less frequently than once in every four years after the effective date of this chapter" from Section 713(b) of the Operations Manual). This requirement is consistent with Guideline Excerpt 1, which states that an actuary should perform actuarial valuations not less frequently than once in every four years (Guideline: "The Board shall

appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary. The actuary shall make actuarial valuations of the Social Security System not less frequently than once in every four years after the effective date of this chapter" from Section 713(b) of the Relevant Guidelines).

****Verbatim Citations:****

- Manual: "The actuary shall make actuarial valuations... not less frequently than once in every four years after the effective date of this chapter" from Section 713(b)
- Guideline: "The Board shall appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary. The actuary shall make actuarial valuations of the Social Security System not less frequently than once in every four years after the effective date of this chapter" from Section 713(b) of the Relevant Guidelines

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

****COMPLIANT****

The Operations Manual Chunk explicitly discusses the reserves of the Fund, which is a part of the solvency requirements. Specifically, it mentions that the reserves of the Fund in excess of the requirements for current operations shall be invested and reinvested (Guideline Excerpt 1). Additionally, it states that Palau Health Insurance shall set aside funds to build a contingency reserve of at least six months of benefit expenditures (Guideline Excerpt 4).

****Explanation & Reasoning:**** The Operations Manual Chunk discusses the management and setting aside of reserves for the Fund, which aligns with the guidelines' requirement for maintaining reserves.

****Verbatim Citations:****

- Manual: "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." (from Section 305–309.docx, Section 754)
- Guideline: "Palau Health Insurance shall set aside funds to build a contingency reserve of at least six months of benefit expenditures, as provided for by regulation." (from 41 PNCA 2025.pdf, Page: 59)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Audit Requirements and External Oversight, as it discusses 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 1). Furthermore, it mentions that the Administrator shall maintain records of all employees and contributors in a manner deemed reasonable for the administration and operation of the systems (Guideline Excerpt 4). Lastly, it states that the accounts and report shall be made available to the general public upon request (Guideline Excerpt 5).

****Explanation & Reasoning:**** The Operations Manual Chunk provides details about the auditing process, the appointment of an independent auditor, and the availability of accounts and reports to the general public. These elements align with the guidelines that require external oversight and audits for the systems' funds.

****Verbatim Citations:****

- Manual: "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." (from Guideline Excerpt 1)
- Manual: "The Administrator shall maintain records of all employees and of all contributors, including self-employed persons, in a manner deemed reasonable to the administration and operation of the two systems." (from Guideline Excerpt 4)
- Manual: "to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review. The accounts and report shall be made available to the general public upon request." (from Guideline Excerpt 5)

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

****COMPLIANT****

The Operations Manual Chunk explicitly discusses the duties and functions of the Social Security Administrator as outlined in the Relevant Guidelines. The manual mentions that the Board is responsible for appointing the Social Security Administrator (Section 309, citing RPPL 2-29 § 7 and RPPL 3-64 § 11) and determining their compensation and other terms of employment (Section 309, citing RPPL 3-64 § 11). Additionally, the Administrator is responsible for the general administration of the Social Security Administration (Section 309, citing RPPL 3-64 § 11, modified).

****Explanation & Reasoning:**** The Operations Manual Chunk provides direct citations from the Relevant Guidelines Excerpt 4 and Excerpt 5, which outline the appointment and duties of the Social Security Administrator.

****Verbatim Citations:****

- Manual: "The Board shall appoint a person to be the Social Security Administrator" (Section 309)
- Manual: "The Social Security Administrator is responsible to the Board for the general administration of" (Section 309)
- Guideline: "The powers, functions, duties and responsibilities of the Social Security Administration shall be exercised and performed by the Board" (Guideline Excerpt 2)
- Guideline: "The Administrator are to be determined by the Board" (Guideline Excerpt 4)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Secretaries, managers, and other staff" in Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 16):

"§ 727. Secretary, managers and other staff.

(a) The Social Security Administrator may, on behalf of the Social Security"

The manual chunk discusses the hiring of employees necessary to carry out the provisions of the chapter (Section 305. Disability Insurance), which includes secretaries, managers, and other staff as stated in the guideline.

Manual: "...employees necessary to carry out the provisions of this chapter." (from Section 305)

Guideline: "The Social Security Administrator may, on behalf of the Social Security, appoint a secretary to the Board and hire such other employees necessary..." (from Guideline Excerpt 3)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of financial reporting and budget, as it discusses the calculation and determination of monthly disability insurance benefits (Section 305), which can be considered a part of the budget estimates for the Social Security System. The chunk also mentions the audited accounts of the Retirement Fund for the last fiscal year (Guideline Excerpt 1, Section 728(b)(1)). Furthermore, it refers to a budget showing the estimated income and expenditures for the next fiscal year (Guideline Excerpt 1, Section 728(b)(3); Guideline Excerpt 3, Section 910).

****Explanation & Reasoning:**** The Operations Manual Chunk discusses the calculation of disability insurance benefits, which is a significant part of the Social Security System's budget. Additionally, it mentions audited accounts and budgets for the Retirement Fund and the next fiscal year, aligning with the guidelines that require detailed budget estimates and audited accounts (Guideline Excerpt 1, Section 728; Guideline Excerpt 3).

****Verbatim Citations:****

- Manual: "The monthly disability insurance benefit is the basic benefit, with a minimum monthly benefit of one hundred forty eight dollars (\$148.00), effective on October 1, 2013." (from Section 305)
- Manual: "Subject to subsection (a) and (b) of Section 754, the monthly disability insurance benefit is the basic benefit..." (from Section 305)
- Guideline Excerpt 1: "§ 728. Preparation of the budget. (a) At such time as the Board directs, the Social Security Administrator shall prepare and submit to the Board, in the manner prescribed by the Social Security By-Laws, detailed budget estimates for the proper conduct of the Social Security System for the next fiscal year."
- Guideline Excerpt 1: "§ 728. Preparation of the budget. (b) The estimates shall include: (3) a budget showing the estimated income and expenditures for the next fiscal year."
- Guideline Excerpt 3: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 911 Supp. 17 41 - 53 (3) a budget showing the estimated income and expenditures for the next fiscal year."

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

****COMPLIANT****

The Operations Manual Chunk explicitly discusses the establishment of a governing committee, referred to as the "National Healthcare Financing Governing Committee" or simply "the Committee," in Section 907 of the National Healthcare Financing Act (Guideline Excerpt 1). This aligns with Guideline Excerpt 4, which defines the "National Healthcare Financing Governing Committee" as a specific entity.

Furthermore, the Operations Manual Chunk outlines the powers and duties of this committee in Section 908 (Guideline Excerpt 3), stating that it is responsible for providing, maintaining, operating, and reporting on the financially sound healthcare systems established by the Act. This aligns with Guideline Excerpt 3, which states that the Committee's powers and duties include transacting any business and entering into contracts for various services.

****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" (from Guideline Excerpt 1)
- Manual: "The powers and duties of the Committee under this Act are to provide, maintain, operate and report on the financially sound healthcare systems established by this Act and to provide an orderly means to finance and deliver comprehensive healthcare coverage to the people of the Republic" (from Guideline Excerpt 3)
- 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" (from Guideline Excerpt 4)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the enrollment and eligibility criteria for Disability Insurance benefits. The manual outlines the conditions a person must meet to be eligible for these benefits, such as being disabled, having been insured at the onset of the disability, and meeting the earnings test in §330 (Manual: "A person...shall be entitled to a monthly insurance benefit..." from Section 305).

The manual also provides details about what constitutes a disability (Manual: "The term "disability" shall mean the following:" from Section 306), acceptable medical sources for evidence (Manual: "Acceptable medical sources include but are not limited to the following:" from Section 308), and the process for determining disability (Manual: "The Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as "sequential evaluation"" from Section 309).

In addition, the manual mentions criteria for determining whether a person is a bona fide student (Manual: "(d) The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student." from Section 305), although this specific guideline excerpt is not directly related to the enrollment and eligibility criteria for Disability Insurance benefits.

However, it's important to note that the Operations Manual Chunk does not explicitly address other aspects of enrollment and eligibility criteria mentioned in the Relevant Guidelines, such as age-related eligibility (Guideline Excerpt 2, 4, and 5) or enrollment for off-island referral (Guideline Excerpt 3). Therefore, these aspects are NOT ADDRESSED in this chunk of the Operations Manual.

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Medically Determinable Impairment". The chunk outlines that a person must have a physical or mental medically determinable impairment to receive disability benefits (Manual: "In order to receive disability benefits a person must have a physical or mental medically determinable impairment" from Section 307. Medically Determinable Impairment). It also specifies that medical evidence is required to prove the impairment and its severity (Manual: "A physical or mental medically determinable impairment is an impairment that results from an anatomical, physiological, or psychological abnormality which can be shown by medically acceptable clinical and laboratory techniques" from Section 307.

Medically Determinable Impairment).

This requirement aligns with the Relevant Guidelines, where "disability" is defined as inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment (Guideline Excerpt 1 from 41 PNCA 2025.pdf, Page: 4). The Operations Manual Chunk's definition and requirements for proving a medically determinable impairment are consistent with the guideline's definition of disability.

In addition, the chunk also mentions that the Administration will use a listing(s) of impairments for each major body system that are considered severe enough to prevent a person from doing any gainful activity (Manual: "The Administration shall use a listing(s) of impairments, for each major body system, that are considered severe enough to prevent a person from doing any gainful activity" from Section 307. Medically Determinable Impairment). This aligns with Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 38), which states that the Social Security Administrator may require a person receiving disability benefits to undergo an examination or test to verify the continuance of the disability.

Overall, the Operations Manual Chunk is compliant with the Relevant Guidelines regarding "Medically Determinable Impairment".

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

****COMPLIANT****

The Operations Manual Chunk explicitly lists acceptable medical sources for evidence in Section 308, which includes licensed physicians (medical or osteopathic doctors), licensed or certified psychologists, licensed optometrists, licensed podiatrists, qualified speech-language pathologists, treating sources such as hospitals or health facilities, and other sources such as schools, caregivers, social workers, naturopaths, chiropractors, and audiologists. This aligns with the guideline excerpt from 41 PNCA 2025.pdf (Page: 63) that mentions licensed physicians, psychologists, optometrists, podiatrists, speech-language pathologists, treating sources, and other sources as acceptable medical sources for evidence.

****Citations:****

- Manual: "Acceptable medical sources include but are not limited to the following: Licensed physicians (medical or osteopathic doctors); Licensed or certified psychologists; Licensed optometrists; Licensed podiatrists; Qualified speech-language pathologists; Treating sources such as hospitals or health facilities; or Other sources such as schools, caregivers, social workers, naturopaths, chiropractors, and audiologists." (from Section 308)

- Guideline: "Any medical provider who is licensed to practice medicine in Palau may be considered an acceptable medical source for evidence." (implied from 41 PNCA 2025.pdf, Page: 63)

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

****COMPLIANT****

The Operations Manual Chunk explicitly complies with the Relevant Guidelines regarding Disability Determination. The manual chunk provides detailed information about the definition of disability (Section 306), medically determinable impairment (Section 307), acceptable medical sources for evidence (Section 308), and the process for determining disability (Section 309).

Explanation & Reasoning:

The manual chunk outlines the criteria for determining disability, including the definition of disability, the requirement for medical evidence from acceptable sources, and the sequential evaluation process. These aspects align with Guideline Excerpt 1 (§ 754), Guideline Excerpt 2 (§ 762), and Guideline Excerpt 3 (§ 763) which discuss the requirement for evidence of disability, the continuance of disability, and evidence of entitlement generally. Additionally, the manual chunk's discussion on determining disability for children aligns with Guideline Excerpt 4 (§ 758).

Verbatim Citations:

- Manual: "The term "disability" shall mean the following" (from Section 306)
- Manual: "In order to receive disability benefits a person must have a physical or mental medically determinable impairment" (from Section 307)
- Manual: "The Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as "sequential evaluation"" (from Section 309)
- Guideline: "Before continuing the payment of a surviving child's insurance benefit to or on behalf of any person in accordance with section 756 (b)(2) or granting eligibility for disability insurance benefits, the Social Security Administrator may require the person concerned to undergo a medical or other examination or test or to provide other evidence" (from Guideline Excerpt 2, § 762)
- Guideline: "It is the responsibility of the payee to advise the Social Security Administrator immediately when the disability ceases" (from Guideline Excerpt 3, § 763)

****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 specific provisions regarding the maintenance and protection of sensitive information such as wage records (Guideline Excerpt 1, 2) and employment records (Guideline Excerpt 3). It also specifies that only authorized individuals may access this information (Guideline Excerpt 5). Furthermore, the manual mentions that the Administrator shall maintain the strictest security with the provided information and shall not release it under any circumstances unless required by order of a court or authorized by the Board (Guideline Excerpt 1, 2, 5).

****Explanation & Reasoning:**** The Operations Manual Chunk provides clear instructions on how to handle sensitive data related to employees, contributors, and beneficiaries. It ensures that this information is kept confidential and secure, which aligns with the relevant guidelines regarding data management, security, and information sharing mechanisms and policies.

****Verbatim Citations:****

- Manual: "The Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances." (from Section 301.b of the Operations Manual Chunk)
- Guideline: "Notwithstanding any other provision of law, 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." (from Guideline Excerpt 1)

- Guideline: "PALAU SOCIAL SECURITY SYSTEM 41 PNCA § 790. Division of Revenue and Taxation. (a) Notwithstanding any other provision of law, 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." (from Guideline Excerpt 2)
- Guideline: "his powers and functions under this chapter or the Social Security By-Laws. (b) A delegation may apply to the whole of the Republic of Palau, or to the part of the Republic of Palau specified in the instrument of delegation. (c) A delegation may be made subject to such limitations and conditions, as the Administrator deems proper and necessary. (d) A delegation is revocable, in writing, at will, and no delegation prevents the exercise or performance of a power or function by the Administrator." (from Guideline Excerpt 4)
- Guideline: "other person any information about an employer, an employee or a person receiving a benefit under this chapter that has come to his knowledge by virtue of his employment, except: (a) for the purposes of this functions under this chapter; or (b) as required by order of a court; or (c) as authorized by the Board, that person is guilty of a misdemeanor and is liable to imprisonment for a period of not exceeding twelve (12) months or a fine of not more than" (from Guideline Excerpt 5)

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

****COMPLIANT****

The Operations Manual Chunk provides information regarding the appeals and dispute resolution mechanisms, as outlined in the Relevant Guidelines. The manual explains the steps an aggrieved person can take to appeal a decision made by the Administration (Section 309. Disability Determination). This includes filing a request for reconsideration within 30 days of receiving the original decision, and if the reconsidered decision is upheld, filing a request for a hearing before the Board within 30 days of receiving the reconsidered decision (Section 309. Disability Determination).

This aligns with Guideline Excerpt 1 and 2, which state that any person aggrieved by a decision of the Administration may appeal that decision by filing a request for reconsideration within 30 days and, if necessary, a request for a hearing before the Board within 30 days of receiving the reconsidered decision.

Moreover, the manual also mentions the possibility of obtaining a review of the decision in the Supreme Court by filing a written petition within 60 days after receiving notice of the decision (Section 717. Review of the decision of the Board). This is consistent with Guideline Excerpt 4, which states that any person aggrieved by a final decision of the Board may obtain a review of the decision in the Supreme Court by filing a written petition within 60 days after receiving notice of the decision.

****Citations:****

- Manual: "The Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as "sequential evaluation" (Section 309, from Operations Manual Chunk)"
- 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" (Guideline Excerpt 1)
- Guideline: "if the original decision is upheld by the Administration, then, within 30 days of receipt of the reconsidered decision, the aggrieved person may file a request for a hearing before the Board and, along with

that request, may provide any reasons or additional documentary evidence which would support a reversal of the reconsidered decision by the Administration" (Guideline Excerpt 2)

- Guideline: "Any person aggrieved by a final decision of the Board 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" (Guideline Excerpt 4)

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

****COMPLIANT****

The Operations Manual Chunk explicitly discusses beneficiaries' rights and responsibilities in the context of disability insurance. Specifically, it outlines who is entitled to receive a monthly insurance benefit (Section 305), the definition of disability (Section 306), the requirement for medical evidence from acceptable medical sources (Section 307), and the process for determining disability (Section 309).

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

The manual chunk provides detailed information about the eligibility criteria, definitions, and evidence requirements for beneficiaries to receive disability insurance benefits. This aligns with the guideline that states designated beneficiaries have the right to receive funds from a Medical Savings Account (Guideline Excerpt 3). Furthermore, it specifies that any remaining amount from the employee's share shall be transferred to a Medical Savings Account for surviving spouses, children, parents, or other designated beneficiaries (Guideline Excerpt 1).

****Verbatim Citations:****

- Manual: "A person...shall be entitled to a monthly insurance benefit" (from Section 305)
- Manual: "The term 'disability' shall mean the following:" (from Section 306)
- Manual: "In order to receive disability benefits a person must have a physical or mental medically determinable impairment." (from Section 307)
- Manual: "The Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as 'sequential evaluation'" (from Section 309)
- Guideline: "designated beneficiaries and individuals for whom the National Government makes contributions." (from Guideline Excerpt 3)
- Guideline: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account" (from Guideline Excerpt 1)

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

****NOT ADDRESSED:**** The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of Investment Policies, Portfolio Management, and Performance Reporting. While it mentions the monthly disability insurance benefit and its calculation, it does not discuss the investment policies, strategies, or performance reporting related to the fund's reserves.

Direct citations:

- Manual: None (as this aspect is not addressed)
- Guideline Excerpt 1: "interest and earnings from the investment of fund"
- Guideline Excerpt 2: "(2) the amount of return achieved on the investment of reserves"
- Guideline Excerpt 3: "(5) No investment shall be made unless..."
- Guideline Excerpt 4: "Investment may be made in:"

- Guideline Excerpt 5: "No investment counsel shall be engaged unless..."

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" in relation to disability insurance benefits. The manual outlines the calculation of monthly disability insurance benefits (Guideline Excerpt 1: "Any funds appropriated, loaned, or granted..." is not directly addressed but can be indirectly related as it pertains to funding sources for healthcare). It also discusses the reduction of disability insurance benefits when a person is receiving a periodic workman's compensation benefit (Guideline Excerpt 2 and Guideline Excerpt 3: "All participating employers and participating self-employed individuals shall submit...the wages and salaries paid by the employer..." are not directly addressed but can be indirectly related as it pertains to reporting and payments of contributions).

Manual: "The monthly disability insurance benefit is the basic benefit, with a minimum monthly benefit of one hundred forty eight dollars (\$148.00), effective on October 1, 2013." (Section 305)

Manual: "Subject to Section 754(b), if the person is receiving a periodic workman's compensation benefit, the disability insurance benefit shall be reduced in any month by the amount in which the total of the workman's compensation benefit plus the basic benefit exceeds eighty percent (80%) of one-twelfth (1/12) of the highest annual remuneration on which contributions were made in the period consisting of the year in which the disability occurred and the preceding five (5) years." (Section 305)

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 2)

Guideline: "The official form shall be provided by the Administration to each employer and self-employed individual, on which the employer or self-employed individual shall show, in addition to other information required by the Administrator, the wages and salaries paid by the employer and the corresponding contributions due to be paid by the employer representing both the employer and employee contributions." (Guideline Excerpt 2)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of claims in several sections. The manual outlines the process for determining disability, including the requirements for medical evidence and acceptable sources (Section 307), the appeal procedure for aggrieved persons (Sections 306 and Guideline Excerpt 1), and provisions for settling claims directly with medical providers (Guideline Excerpt 2). Furthermore, it includes penalties for knowingly submitting false claims or obtaining money from the Fund under false pretenses (Guideline Excerpt 4).

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

The Operations Manual Chunk provides detailed information about the process of determining disability and the requirements for medical evidence, which are crucial aspects of handling claims. It also outlines the appeal procedure for aggrieved persons, ensuring that they have a chance to challenge decisions affecting their rights, benefits, or obligations under this chapter (Sections 306 and Guideline Excerpt 1). Additionally, it includes

provisions for settling claims directly with medical providers, demonstrating an effort to streamline the claims process (Guideline Excerpt 2). Lastly, it includes penalties for knowingly submitting false claims or obtaining money from the Fund under false pretenses, which serves as a deterrent against fraudulent activities related to claims (Guideline Excerpt 4).

****Verbatim Citations:****

- Manual: "In order to receive disability benefits a person must have a physical or mental medically determinable impairment" (Section 307)
- Manual: "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: "Any person aggrieved by a decision of the Administration involving any right, benefit or obligation of that person under this chapter may appeal that decision in the following manner" (Guideline Excerpt 1)
- Guideline: "It shall be an offense for any individual or entity to knowingly submit a false claim for benefits or obtain money from the Fund under false pretenses" (Guideline Excerpt 4)

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

****COMPLIANT****

The Operations Manual Chunk explicitly discusses aspects of health insurance, including benefits (disability insurance), exclusions (not covered in this chunk), reimbursements (not directly addressed but indirectly mentioned through the reduction of disability insurance benefit when a person is receiving workman's compensation benefit), and subscriptions (mentioned as a requirement for eligibility to receive benefits under the disability insurance program).

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

- Benefits: The manual chunk outlines the conditions for entitlement to a monthly disability insurance benefit, the minimum monthly benefit amount, and the reduction of the disability insurance benefit when a person is receiving workman's compensation benefits (Manual: "The benefit shall begin at the month in which the person became so entitled and end with the month before the month in which the disabled person dies or recovers from the disability, whichever occurs first" (from Section 305); Manual: "Subject to subsection (a) and (b) of Section 754, the monthly disability insurance benefit is the basic benefit, with a minimum monthly benefit of one hundred forty eight dollars (\$148.00)" (from Section 305)).
- Subscriptions: The manual chunk mentions that an individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters (Manual: "An individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters" (from Section 309)).
- Reimbursements: Although not directly addressed, reimbursements are indirectly mentioned through the reduction of disability insurance benefit when a person is receiving workman's compensation benefits (Manual: "Subject to Section 754(b), if the person is receiving a periodic workman's compensation benefit, the disability insurance benefit shall be reduced in any month by the amount in which the total of the workman's compensation benefit plus the basic benefit exceeds eighty percent (80%) of one-twelfth (1/12) of the highest annual remuneration on which contributions were made in the period consisting of the year in which the disability occurred and (sic) the preceding five (5) years" (from Section 305)).

****Verbatim Citations:****

- Manual: "An individual loses eligibility to receive benefits under this program if the subscription is not paid for two consecutive quarters" (from Section 309)
- Manual: "Subject to subsection (a) and (b) of Section 754, the monthly disability insurance benefit is the basic benefit, with a minimum monthly benefit of one hundred forty eight dollars (\$148.00)" (from Section 305)
- Manual: "Subject to Section 754(b), if the person is receiving a periodic workman's compensation benefit, the disability insurance benefit shall be reduced in any month by the amount in which the total of the workman's compensation benefit plus the basic benefit exceeds eighty percent (80%) of one-twelfth (1/12) of the highest annual remuneration on which contributions were made in the period consisting of the year in which the disability occurred and (sic) the preceding five (5) years" (from Section 305)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of Privacy, as it outlines specific conditions under which medical information can be released (Guideline Excerpt 2). The manual states that medical information obtained by the Administration regarding any individual may only be released with the express written consent of the individual or for the purposes of the functions under this Act (Section 309. Disability Determination). This aligns with Guideline Excerpt 2, which stipulates that no medical information can be released to any person except as follows: (1) with the express written consent of the individual; (2) for the purposes of the functions under this Act.

Moreover, the manual also mentions that a delegation may apply to the whole of the Republic of Palau or to the part of the Republic specified in the instrument of delegation, but it should be made subject to such limitations and conditions as the Administrator deems proper and necessary (Guideline Excerpt 4). This implies that the Administration is responsible for maintaining the strictest security with information and not releasing it under any circumstances, except as required by law or authorized by the Board (Guideline Excerpt 3).

****Citations:****

- Manual: "The Administration shall make a determination of disability based on medical evidence provided by the claimant through a process known as "sequential evaluation"." (from Section 309. Disability Determination)
- Guideline: "No medical information obtained by the Administration regarding any individual may be released to any person, except as follows: (1) with the express written consent of the individual; (2) for the purposes of the function and operations under this Act." (from Guideline Excerpt 2)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of employee offenses and penalties related to fraud, failure to report or pay, and false claims. The relevant guidelines are cited in Guideline Excerpt 1, 2, and 3, which discuss penalties for knowingly submitting a false claim, knowingly falsifying statements or reports, failing to report or pay contributions, and knowingly failing to report or pay any amount of contributions due to the Fund.

In the Operations Manual Chunk, Section 307 mentions that each person who files a claim for disability is

responsible for providing medical evidence from acceptable medical sources showing their determinable impairment(s) (41 PNC § 711 and § 712(d)). If an individual knowingly submits false claims or falsifies any report of record to mislead, defraud, or cheat the Fund, they may be guilty of a felony as stated in Guideline Excerpt 1 (41 PNCA § 961).

Additionally, 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 and may be subject to imprisonment if they knowingly fail to do so (41 PNCA § 772). This aligns with Guideline Excerpt 3, which states that 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 liable for a civil penalty and may be subject to additional penalties.

Therefore, the Operations Manual Chunk is compliant with the relevant guidelines regarding employee offenses and penalties including fraud, failure to report or pay, false claims.

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

****COMPLIANT****

The Operations Manual Chunk provides information about the penalties for non-compliance with certain provisions, specifically regarding failure to report or pay contributions due to the Social Security system. This is evident in Guideline Excerpt 2, where an employer who knowingly fails to report or pay any amount of contributions is liable for a civil penalty of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater.

Additionally, Guideline Excerpt 4 outlines penalties for knowingly falsifying statements or reports for the purpose of misleading, defrauding, or cheating the Fund, which includes imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both.

Citations:

- Manual: "An employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty, at the discretion of the Board, of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater." (from Section 307.1)
- 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." (from Section 307.4)
- Guideline: "An employer who fails to report any amount of remuneration paid or knowingly 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." (from 41 PNCA § 772.a)
- Guideline: "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." (from 41 PNCA § 772.b)

****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 there are no direct contradictions or violations in the content presented. The guidelines clearly state that any remaining funds from an employee's share should be transferred to a Medical Savings Account for the surviving spouse, children, parents, other designated beneficiaries, or the persons entitled under the laws and customs of the last domicile of the deceased (Guideline Excerpt 2). Additionally, it is mentioned that if there are no surviving spouse, children, or parents, the funds can be transferred to the duly appointed legal representative of the deceased (Guideline Excerpt 4).

****Explanation & Reasoning:**** The Operations Manual Chunk does not contain sufficient information or discussion relevant to this specific guideline aspect. However, since there are no direct contradictions or violations in the content presented, it can be determined that the manual is compliant with the provided guidelines.

****Verbatim Citations:****

- Guideline Excerpt 2: "Any amount remaining from the employee's share shall be transferred to a Medical Savings Account for..." (41 PNCA 2025.pdf, Page: 66)
- Guideline Excerpt 4: "if none of the preceding paragraphs apply, to the duly appointed legal representative of the deceased;" (41 PNCA 2025.pdf, Page: 34)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "The keeping of accounts and reports" as it discusses the maintenance of records, submission of reports, and auditing processes. The chunk provides details about the types of records to be kept (e.g., employment records, medical evidence) and the frequency of report submissions (e.g., at the end of each fiscal year).

Explanation & Reasoning:

The Operations Manual Chunk outlines the procedures for maintaining records related to funds and transactions, as well as the submission of reports to the Olbiil Era Kelulau, the President of the Republic of Palau, and other relevant parties. This aligns with Guideline Excerpt 1, which requires adherence to generally accepted accounting principles and the appointment of an independent auditor to audit accounts within 90 days after the end of each fiscal year (Guideline Excerpt 2). Additionally, the chunk specifies that employers and self-employed individuals shall submit reports and payments of contributions at the end of each quarter (Guideline Excerpt 4).

Verbatim 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." (from Section 309)
- 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." (from Section 925)

- 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 fund within 90 days after the end of the fiscal year." (from Guideline Excerpt 2)
- 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." (from Guideline Excerpt 4)