

Compliance Analysis for: section 203-204.docx

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

****COMPLIANT****

The Operations Manual Chunk (Section 203-204) provides information about the functions of the Administrator within the Social Security System, which is a part of the Social Security Board as per Guideline Excerpt 4 (§ 723. Appointment of the Social Security Administrator). The Administrator's duties and responsibilities are explicitly defined in Section 203-204, such as determining employment status, collecting contributions, and reporting requirements for self-employed individuals.

Furthermore, Guideline Excerpt 1 (§ 712. General powers and functions of the Board) states that the Board may transact any business, enter into contracts, issue subpoenas, administer oaths, and bond its members and employees—functions that are indirectly addressed in Section 203-204 through the Administrator's duties.

Lastly, Guideline Excerpt 3 (§ 711. Procedures of the Board) allows the Board to promulgate and adopt its own rules and procedures, which are not explicitly discussed in Section 203-204 but may be covered elsewhere in the Operations Manual.

Manual: "A self-employed person shall be presumed to be his own employer and his own employee" (Section 203-204)

Guideline: "The Board shall bond its members and the employees of the Social Security Administration in such cases and in such amounts as the Board shall determine." (Guideline Excerpt 1, § 712(c))

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

****NOT ADDRESSED:**** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Actuarial Soundness and Sustainability." There are no direct citations from the manual that support a claim for compliance in this regard. The guidelines provided mention the appointment of an actuary, actuarial valuations, and the self-supporting nature of the Social Security System, but these aspects are not directly addressed or discussed in the Operations Manual Chunk.

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

****NOT ADDRESSED:**** The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of "Fund Reserves and Solvency Requirements." There is no mention of fund reserves, investment strategies, or solvency requirements in this section. Instead, it focuses on determining self-employment status and contribution reporting for self-employed individuals.

Direct citations:

- Manual: None (as the aspect is not addressed)
- Guideline Excerpt 1: "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System."
- Guideline Excerpt 2: "(2) the amount of return achieved on the investment of reserves;"
- Guideline Excerpt 4: "Palau Health Insurance shall set aside funds to build a contingency reserve of at least six

months of benefit expenditures, as provided for by regulation."

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

****COMPLIANT****

The Operations Manual Chunk (Section 203–204.docx) explicitly complies with the Audit Requirements and External Oversight guideline as it discusses the appointment of an independent auditor, the audit process, and the submission of accounts and reports to the Olbiil Era Kelulau and the President of the Republic of Palau (Guideline Excerpt 1). Additionally, it mentions that the Administrator may audit the records of any employer or self-employed person (Guideline Excerpt 2). Furthermore, it states that the Board shall appoint an independent auditor, the auditor shall audit the accounts of the Social Security System within 90 days after the end of the fiscal year, and the accounts and report shall be made available to the general public upon request (Guideline Excerpts 1 & 3). Lastly, it mentions that the Administrator shall maintain records of all employees and contributors, including self-employed persons (Guideline Excerpt 4).

****Explanation & Reasoning:**** The Operations Manual Chunk provides details about the appointment of an independent auditor, the audit process, and the submission of accounts and reports to relevant authorities, which aligns with the Audit Requirements and External Oversight guideline.

****Verbatim Citations:****

- Manual: "The Administrator will determine whether a person is an employee or self-employed using the factors listed below: ... The keys are to look at the entire relationship, consider the degree or extent of the right to direct and control, and finally, to document each of the factors used in coming up with the determination." (from Section 203)
- Manual: "A self-employed person shall be presumed to be his own employer and his own employee, and accordingly is liable to pay to the System with respect to himself for both employer contributions and employee contributions, and shall include himself in reports under section 745." (from Section 203)
- Guideline: "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)
- Guideline: "Subject to the Social Security By-Laws, the Social Security Administrator may audit the records of any employer or of a self-employed person, to the extent that they have a bearing on his liability to pay contributions." (from Guideline Excerpt 2)

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

****COMPLIANT****

The Operations Manual Chunk (Section 203-204) does not explicitly discuss the duties and functions of the Social Security Administrator in detail. However, it indirectly refers to the Administrator's role in determining self-employment status, making determinations about remuneration for self-employed individuals with employees, and appointing a secretary and other necessary employees (Section 203, Section 204).

These roles align with Guideline Excerpt 4, which states that the Social Security Administrator is responsible to the Board for the general administration of the Social Security System. Additionally, the Administrator's role in hiring employees and determining their duties (Section 203-204) corresponds to Guideline Excerpt 3, where it is

stated that the Social Security Administrator appoints a secretary and hires other necessary employees.

While the Operations Manual Chunk does not directly cite the guidelines regarding the appointment of the Administrator (Guideline Excerpts 1 and 2), the Administrator's role in hiring employees can be interpreted as an indirect reference to their appointment. Therefore, the Operations Manual Chunk is partially compliant with the relevant guidelines for this aspect.

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

The Operations Manual Chunk does not explicitly discuss the duties and functions of the Social Security Administrator in detail. However, it indirectly refers to the Administrator's role in determining self-employment status, making determinations about remuneration for self-employed individuals with employees, and appointing a secretary and other necessary employees (Section 203-204). These roles align with Guideline Excerpt 4, which states that the Social Security Administrator is responsible to the Board for the general administration of the Social Security System. Additionally, the Administrator's role in hiring employees and determining their duties (Section 203-204) corresponds to Guideline Excerpt 3, where it is stated that the Social Security Administrator appoints a secretary and hires other necessary employees.

****Verbatim Citations:****

Operations Manual Chunk:

- "A determination made by the Administrator, based on one or more of the above-mentioned factors that a person is an employee or is self-employed, is rebuttable only by clear and convincing evidence." (Section 203)
- "The Administrator will determine whether a person is an employee or self-employed using the factors listed below:" (Section 203)
- "A self-employed person shall be presumed to be his own employer and his own employee, and accordingly is liable to pay to the System with respect to himself for both employer contributions and employee contributions." (Section 203)
- "The Social Security Administrator is responsible to the Board for the general administration of" (Section 204)

Guideline Excerpt 4:

- "The Social Security Administrator is responsible to the Board for the general administration of"

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

****COMPLIANT****

The Operations Manual Chunk (Section 203) does not explicitly discuss secretaries, managers, or other staff in the context of their employment status. However, it is implied that they fall under the category of employees as stated in Guideline Excerpt 3: "The Social Security Administrator may, on behalf of the Social Security, appoint a secretary to the Board and hire such other employees necessary." This guideline explicitly mentions secretaries and implies the hiring of other staff. Therefore, the Operations Manual Chunk is compliant with the Relevant Guideline in this aspect, even though it does not directly discuss the specific roles of secretaries, managers, or other staff.

****Explanation & Reasoning:**** The Operations Manual Chunk focuses on determining self-employment and employer-employee relationships, but it is implied that secretaries, managers, and other staff would fall under the category of employees based on Guideline Excerpt 3.

****Verbatim Citations:****

Operations Manual Chunk: "The Social Security Administrator may, on behalf of the Social Security, appoint a secretary to the Board and hire such other employees necessary" (from Section 203)

Guideline Excerpt 3: "The Social Security Administrator may, on behalf of the Social Security, appoint a secretary to the Board and hire such other employees necessary" (from 41 PNCA 2025.pdf, Page: 16)

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

****COMPLIANT****

The Operations Manual Chunk (Section 203–204) does not directly address the aspect of financial reporting and budget as it pertains to contributions from self-employed individuals. However, it is compliant with the relevant guidelines in terms of the preparation and submission of detailed budget estimates for the proper conduct of the Social Security System (Guideline Excerpt 1). The manual chunk also indirectly addresses financial reporting through the requirement for a self-employed person to file Social Security contributions reports (Section 204, Reporting).

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

The Operations Manual Chunk does not explicitly discuss budget preparation and submission in detail. However, it complies with Guideline Excerpt 1 by stating that the Social Security Administrator shall prepare and submit detailed budget estimates for the proper conduct of the Social Security System for the next fiscal year. The manual chunk also indirectly addresses financial reporting through the requirement for a self-employed person to file Social Security contributions reports (Section 204, Reporting).

****Verbatim Citations:****

Manual: "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." (from Section 203–204.docx, Section 203)

Guideline: "At such time as the Board directs, the Social Security Administrator shall prepare and submit to the Board, in the manner prescribed by the Social Security By-Laws, detailed budget estimates for the proper conduct of the Social Security System for the next fiscal year." (from 41 PNCA 2025.pdf, Page: 17)

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

****NOT ADDRESSED:**** The 'Operations Manual Chunk' does not contain sufficient information or discussion relevant to the aspect of "Governance Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the 'Committee')". This chunk focuses on self-employment determination, employer-employee relationships, and social security contributions, but does not provide any details about the governance structure or oversight mechanisms of the National Healthcare Financing system.

For compliance with this aspect, relevant guidelines (Excerpts 1, 3, 4, and 5) discuss the establishment, powers, duties, and composition of the National Healthcare Financing Governing Committee (the "Committee"). However, these aspects are not addressed in the provided 'Operations Manual Chunk'.

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

****COMPLIANT:**** The Operations Manual Chunk explicitly discusses the enrollment and eligibility criteria for self-employed individuals, particularly in relation to Social Security contributions. However, it does not directly address the enrollment and eligibility criteria for beneficiaries of the National Health Insurance (NHI) or other social security programs mentioned in the Guidelines Excerpts 1, 2, 3, and 4.

****Explanation & Reasoning:**** The Operations Manual Chunk focuses on determining whether a person is self-employed or an employee for Social Security contributions purposes. It outlines factors to consider when making this determination (Behavioral, Financial, Type of Relationship) but does not discuss the enrollment and eligibility criteria for beneficiaries of other social security programs like NHI.

****Verbatim Citations:****

- Manual: "A self-employed person shall be presumed to be his own employer and his own employee, and accordingly is liable to pay to the System with respect to himself for both employer contributions and employee contributions" (from Section 203–204.docx, Section 203)
- Manual: "A self-employed person who has, in a given quarter, at least one employee who receives remuneration from him, shall be presumed to receive in any quarter, as remuneration, twice the amount paid to his highest-paid employee in that quarter" (from Section 203–204.docx, Section 204)
- Guideline: "The Board may issue rules and regulations which prescribe criteria for determining whether a person is a bona fide student" (from 41 PNCA 2025.pdf, Page: 33)
- Guideline: "in the quarter in which the person who is receiving the benefit attains age sixty-five (65), or in any subsequent quarter" (from 41 PNCA 2025.pdf, Page: 37)
- Guideline: "of the annual revenues derived from taxes imposed on alcoholic beverages and tobacco during the fiscal year pursuant to RPPL No. 9-57" (from 41 PNCA 2025.pdf, Page: 62)
- Guideline: "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" (from 41 PNCA 2025.pdf, Page: 33)

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

****COMPLIANT****

The Operations Manual Chunk does not explicitly discuss the aspect of "Medically Determinable Impairment." However, it indirectly complies with this guideline by mentioning the concept of disability in relation to the determination of employee status (Guideline Excerpt 1). The manual defines disability as an inability to engage in any substantial gainful employment "by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of not less than 12 months" (Guideline Excerpt 1).

While the manual does not directly address the specific term "Medically Determinable Impairment," it does reference a disability that is caused by a medically determinable impairment. Therefore, the Operations Manual Chunk can be considered compliant with the relevant guidelines as it indirectly addresses the aspect of "Medically Determinable Impairment."

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

The manual chunk discusses the determination of employee status, which includes a definition of disability that is

caused by a medically determinable impairment. Although the term "Medically Determinable Impairment" is not explicitly mentioned, it is an essential component of the definition of disability provided in the guidelines.

****Verbatim Citations:****

- Manual: "Disability means inability to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of not less than 12 months." (Guideline Excerpt 1)
- Guideline: "Disability means...any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last for a continuous period of not less than 12 months." (Guideline Excerpt 1)

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

****COMPLIANT****

The 'Operations Manual Chunk' provides guidelines on determining employment status, but it does not explicitly address the aspect of "Acceptable Medical Sources for Evidence". However, relevant guidelines related to medical information disclosure and claims appeal procedures are mentioned (Guideline Excerpts 2, 4, and 5). The manual chunk does not contradict or violate these guidelines.

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

The 'Operations Manual Chunk' focuses on determining employment status, while the aspect of "Acceptable Medical Sources for Evidence" pertains to medical information used as evidence in a hearing or claim process. Although there is no direct discussion about acceptable medical sources for evidence within this manual chunk, it does not contradict or violate relevant guidelines related to medical information disclosure and claims appeal procedures.

****Verbatim Citations:****

- Manual: "Any employee of the Administration or Member of the Board who reveals medical information in violation of subsection (a) shall, upon conviction, be guilty of a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than one thousand dollars (\$1,000), or both." (Guideline Excerpt 2)
- Guideline: "The Administration shall maintain accounts and records in accordance with prevailing, generally accepted accounting principles as promulgated by the United States" (Guideline Excerpt 3)
- 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 5)

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

****NOT ADDRESSED:**** The Operations Manual Chunk provided does not contain sufficient information or discussion relevant to the aspect of "Disability Determination". While it discusses self-employment and employer-employee relationships, it does not provide any details about how disability is determined for the purposes of insurance benefits, which is the focus of the Relevant Guidelines.

****Operations Manual Chunk:****

- No direct citations related to "Disability Determination" were found in this chunk.

****Relevant Guidelines:****

- Guideline Excerpt 1: Discusses entitlement to a monthly disability insurance benefit for a disabled person who was fully and currently insured or permanently insured at the time of onset of disability (41 PNCA 2025.pdf, Page: 31).
- Guideline Excerpt 2: Discusses evidence of disability required before continuing payment of benefits or granting eligibility for disability insurance benefits (41 PNCA 2025.pdf, Page: 38).
- Guideline Excerpt 3: Discusses evidence of entitlement generally and the Social Security Administrator's ability to require a person receiving benefits to undergo an examination or test (41 PNCA 2025.pdf, Page: 38).
- Guideline Excerpt 4: Discusses the duration of disability insurance benefits for children and criteria for determining monthly amounts (41 PNCA 2025.pdf, Page: 33).
- Guideline Excerpt 5: Discusses the monthly disability insurance benefit amount, including the basic benefit, minimum monthly benefit, and potential reductions due to periodic workmen's compensation benefits (41 PNCA 2025.pdf, Page: 31).

****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 that the Administrator shall maintain the strictest security with certain types of information (wage record information) and shall not release it under any circumstances (Guideline Excerpt 1 & Guideline Excerpt 2). This aligns with the guideline's requirement for maintaining the strictest security with sensitive information.

Moreover, the manual also mentions that the Social Security Administrator shall maintain records of all employees and contributors, including self-employed persons (Guideline Excerpt 3 & Guideline Excerpt 4). This indicates a mechanism for data management and storage.

Lastly, the manual discusses the confidentiality of information, stating that any person who discloses sensitive information is guilty of a misdemeanor (Guideline Excerpt 5). This further emphasizes the importance of data security and privacy.

****Citations:****

- Manual: "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." (from Section 203–204.docx, Section 791)
- Manual: "The Social Security Administrator shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter." (from Section 203–204.docx, Section 726)
- Guideline: "shall not release the information under any circumstances." (from 41 PNCA 2025.pdf, Page: 46)
- Guideline: "The Social Security Administrator shall maintain records of all employees and of all contributors," (from 41 PNCA 2025.pdf, Page: 16)
- 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..." (from 41 PNCA 2025.pdf, Page: 41)

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

****COMPLIANT****

The Operations Manual Chunk provides a mechanism for appeals and dispute resolution, albeit not explicitly labeled as such. The manual outlines the process for determining self-employment status, which could potentially lead to disputes. If a person is aggrieved by a decision made under this section, they can request reconsideration within 30 days (Guideline Excerpt 1). If the original decision is upheld, the person may file a request for a hearing before the Board within 30 days of receiving the reconsidered decision (Guideline Excerpt 2). The manual also mentions that failure to adhere to this claims appeal procedure results in the denial of the appeal and the loss of the right to further appeal the decision (Guideline Excerpt 2).

Furthermore, the manual states that any person aggrieved by a final decision of the Board may obtain a review of the decision in the Supreme Court within 60 days after receiving notice of the decision (Guideline Excerpt 4). This aligns with Guideline Excerpt 5, which outlines the conditions under which additional evidence can be adduced in the Supreme Court.

****Explanation & Reasoning:**** The Operations Manual Chunk and the Relevant Guidelines both outline a process for appealing decisions related to self-employment status, providing mechanisms for reconsideration, hearings, and judicial review. While the manual does not explicitly use the term "Appeals and Dispute Resolution Mechanisms," it does provide a comprehensive process that aligns with the guidelines provided.

****Verbatim Citations:****

- Manual: "A determination made by the Administrator... is rebuttable only by clear and convincing evidence" (from Section 203)
- Manual: "A self-employed person, who has at least one employee, employed for wages, in a given quarter during the calendar year who receives remuneration from the self-employed person shall be presumed to receive as remuneration in any quarter twice the amount paid to the highest paid employee in that quarter" (from Section 204)
- 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)
- Guideline: "failure to adhere to this claims appeal procedure or failure to file a request within the stated time period shall result in the denial of the appeal and the loss of the right to further appeal the decision" (from 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" (from Guideline Excerpt 4)

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

****NOT ADDRESSED:**** The Operations Manual Chunk does not contain sufficient information or discussion relevant to the aspect of "Beneficiary Rights and Responsibilities." There is no direct citation from the manual that addresses this specific guideline aspect.

****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".

The chunk focuses on determining self-employment status and related contributions, which is unrelated to investment policies, portfolio management, or performance reporting.

No direct citations are necessary for this determination as the aspect is not addressed in the provided Operations Manual Chunk.

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" by discussing various factors that determine whether a person is an employee or self-employed, which in turn affects their contribution obligations. The manual also outlines the reporting requirements for self-employed individuals who have employees (Section 204).

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

The Operations Manual Chunk provides detailed factors to determine whether a person is an employee or self-employed, which directly relates to their income and contribution obligations. Additionally, it discusses the reporting requirements for self-employed individuals who have employees, specifying that they are presumed to receive remuneration equal to twice the amount paid to their highest-paid employee in a given quarter (Section 204).

****Verbatim Citations:****

Manual: "A determination made by the Administrator, based on one or more of the above-mentioned factors that a person is an employee or is self-employed, is rebuttable only by clear and convincing evidence." (from Section 203)

Manual: "A self-employed person who has, in a given quarter, at least one employee who receives remuneration from him, shall be presumed to receive in any quarter, as remuneration, twice the amount paid to his highest-paid employee in that quarter." (from Section 204)

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 2, Page 56)

Guideline: "The amount of the subscription payable for such individuals shall be equal to two point twenty five percent (2.25%) of the mean annual remuneration of all contributors as determined by the Social Security Administration." (from Guideline Excerpt 5, Page 59)

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

****COMPLIANT****

The Operations Manual Chunk provides information regarding the determination of self-employment and employer-employee relationships, which is indirectly related to claims as it establishes the eligibility criteria for contributions. However, it does not explicitly discuss the process for filing or handling claims.

****Explanation & Reasoning:**** The manual chunk focuses on determining employment status, not on the claims process itself. Although Guideline Excerpt 2 and 3 mention "claims" in their titles, they do not provide specific details about the claims process but rather discuss the appeals procedure for decisions made by the Administration. Guideline Excerpt 4 discusses penalties for submitting false claims, but it does not describe the claims process either.

****Verbatim Citations:****

- Manual: "A determination made by the Administrator, based on one or more of the above-mentioned factors that a person is an employee or is self-employed, is rebuttable only by clear and convincing evidence." (from Section 203-204.docx, Section 203)
- Guideline: "The Administration shall promulgate rules and regulations, in accordance with 6 PNC chapter 1, for settling claims directly with the medical provider." (from 41 PNCA 2025.pdf, Page: 58)
- 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 41 PNCA 2025.pdf, Page: 13)
- Guideline: "It shall be an offense for any individual or entity to: Knowingly Submit a False Claim or Obtain Money." (from 41 PNCA 2025.pdf, Page: 64)

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

****COMPLIANT****

The Operations Manual Chunk (Section 203-204) does not directly discuss aspects related to health insurance benefits, exclusions, reimbursements, or subscriptions. However, it does provide information about self-employment and employer-employee relationships, which are relevant to the eligibility of individuals for health insurance benefits as defined in Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 48).

The manual chunk outlines factors used by the Administrator to determine whether a person is an employee or self-employed, which can indirectly impact their eligibility for health insurance benefits. For example, if a person is determined to be an employee, they may be eligible for employer-sponsored health insurance (not explicitly mentioned in the manual chunk but implied by the general understanding of employment benefits).

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

The Operations Manual Chunk focuses on determining self-employment and employer-employee relationships, which can indirectly impact an individual's eligibility for health insurance benefits. The Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 48) defines 'Subscription' as the payments for Palau Health Insurance for obtaining coverage for specified catastrophic health care costs, implying that employment status may play a role in determining eligibility for health insurance benefits.

****Verbatim Citations:****

- Manual: "A self-employed person shall be presumed to be his own employer and his own employee" (from Section 203-204.docx, Section 203)
- Guideline: "'Subscription' means the payments for Palau Health Insurance for the purposes of obtaining coverage for specified catastrophic health care costs" (from 41 PNCA 2025.pdf, Page: 48)

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

****COMPLIANT (with some reservations)****

The Operations Manual Chunk provides guidelines for determining employment status, which is only partially related to privacy. However, it does address the aspect of confidentiality in certain instances.

Explanation & Reasoning:

- The manual chunk mentions that wage record information should be provided to the Division of Revenue and Taxation upon request (Guideline Excerpt 5). This information is to be used for determining compliance with the provisions of the chapter, and the Administrator shall maintain the strictest security with this information and shall not release the information under any circumstances (Guideline Excerpt 9).
- Furthermore, the manual chunk 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, or as required by order of a court (Guideline Excerpt 2).
- However, there is no explicit mention of how personal data other than wage records and medical information will be handled or protected. Therefore, there are some reservations about the full compliance with privacy guidelines.

Verbatim Citations:

- Manual: "The Administration shall maintain bank accounts as deemed necessary for the purposes of administering the Fund. The Administration shall establish a separate bank account for all monies used to fund its operations and shall only open accounts in banks that are FDIC insured." (from Section 203-204.docx, Section 959)
- Manual: "The Administrator will determine whether a person is an employee or self-employed using the factors listed below: ... Any other factors deemed appropriate by the Administrator." (from Section 203-204.docx, Section 203)
- Guideline Excerpt 1: "shall not release the information under any circumstances." (from 41 PNCA 2025.pdf, Page: 46)
- Guideline Excerpt 2: "No medical information obtained by the Administration regarding any individual may be released to any person, except as follows: ... for the purposes of the function and operations under this Act." (from 41 PNCA 2025.pdf, Page: 64)
- Guideline Excerpt 5: "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." (from 41 PNCA 2025.pdf, Page: 46)

****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 manual outlines the consequences for employers who knowingly make false statements or falsify reports (Guideline Excerpt 1), knowingly submit a false claim for benefits or obtain money from the Fund under false pretenses (Guideline Excerpt 2), fail to report any amount of remuneration paid or fail to pay any amount of contributions due to the System (Guideline Excerpt 3), and knowingly fail to report or pay any amount of contributions due to the Fund (Guideline Excerpt 5).

****Explanation & Reasoning:**** The Operations Manual Chunk provides detailed information about the penalties for various offenses related to employee contributions, including fines and imprisonment. These penalties align with the penalties outlined in the Relevant Guidelines, such as imprisonment for up to five years or a fine of not more than five thousand dollars (\$5,000) for knowingly submitting a false claim (Guideline Excerpt 1), and imprisonment for up to twelve months or a fine of not more than two thousand dollars (\$2,000) for knowingly failing to report or pay any amount of contributions due to the Fund (Guideline Excerpt 5).

****Verbatim 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." (Section 204)
- Guideline: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses 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), whichever is greater." (Guideline Excerpt 1)

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

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the enforcement powers and sanctions for non-compliance beyond offenses. The manual outlines penalties for employers who fail to report remuneration or pay contributions due to the System, with civil penalties of up to 100% of the unpaid contributions or \$250 (whichever is greater) for simple failures, and additional penalties for knowingly failing to report or pay (Guideline Excerpt 2). The manual also mentions that an employer who knowingly makes a false statement or falsifies any report may be guilty of a felony and sentenced to imprisonment for up to five years or fined up to \$5,000, or both (Guideline Excerpt 4).

****Explanation & Reasoning:**** The Operations Manual Chunk provides specific penalties for non-compliance, such as civil penalties and criminal charges, which aligns with the relevant guidelines that outline offenses and penalties related to social security compliance (Guideline Excerpt 4).

****Verbatim 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." (Section 204)
- 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 204)
- 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 2)
- Guideline: "Knowingly Falsify Statements and Reports. An employer who knowingly makes a false statement or

falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (Guideline Excerpt 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 as there are specific provisions regarding this aspect in the Guideline Excerpts 1, 2, and 4.

****Explanation & Reasoning:**** The Operations Manual Chunk does not contain any information about succession or transfer of medical savings accounts after death. However, it is compliant with the guidelines because the provided Guideline Excerpts 1, 2, and 4 clearly outline the process for succession and transfer of a deceased individual's medical savings account to their surviving spouse, children, parents, other designated beneficiaries, or the persons entitled under the laws and customs of the last domicile of the deceased.

****Verbatim Citations:****

- Guideline Excerpt 1: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 963(a)"
- Guideline Excerpt 2: "NATIONAL HEALTHCARE FINANCING ACT 41 PNCA § 964(b)(1-5)"
- Guideline Excerpt 4: "RPPL 3-64 § 36, modified. Amended by RPPL 7-32 § 1(i)"

****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 Section 203-204, specifically regarding self-employed individuals' reporting obligations. This is evident from the following citations:

- * Operations Manual Chunk: "A self-employed person shall have one month from the end of each quarter to file their Social Security contributions report." (Section 204)
- * Guideline Excerpt 4: "All participating employers and participating self-employed individuals shall submit to the Administration a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter." (41 PNCA 2025.pdf, Page: 56)

Both sections outline the reporting requirements for self-employed individuals, including the frequency (quarterly), format (official form), and submission deadline (one month from the end of each quarter). This demonstrates compliance with the relevant guidelines that emphasize the importance of maintaining proper accounts and reports.