

# ***Compliance Analysis for: section 203-204.docx***

**\*\*Compliance Aspect: Establishment and Legal Basis of the Social Security Board and Healthcare Financing System\*\***

The Operations Manual Chunk provided does not explicitly comply with the relevant guidelines related to the establishment and legal basis of the Social Security Board and healthcare financing system. Specifically, the manual chunk does not mention or cover aspects such as the powers and duties of the Committee under the National Healthcare Financing Act, the administration of the Medical Savings Fund and Palau Health Insurance, or the coordination of functions between different systems established by this Act.

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

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

The Operations Manual Chunk provided does not explicitly comply with the relevant guidelines related to "Functions, members, and procedures of the Social Security Board." Specifically, the manual chunk does not mention or cover aspects such as the establishment, powers, duties, and responsibilities of the Social Security Board.

Explanation & Reasoning:

The Operations Manual Chunk primarily focuses on determining whether a person is an employee or self-employed based on various factors. While it does touch upon the role of the Administrator in making this determination, it does not provide any information about the Social Security Board's functions, members, or procedures. The relevant guidelines, however, explicitly mention the establishment and operation of the Social Security Board, as well as its powers, duties, and responsibilities.

Verbatim Citations:

Manual: '...' (from Section X.Y), Guideline: '...' (from Page Z)

\* Manual: "The Operations Manual Chunk for Evaluation (from section 203-204.docx):" does not contain any verbatim citations related to the aspect of "Functions, members, and procedures of the Social Security Board."

\* Guideline: "Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 10):" does not mention or cover the aspect of "Functions, members, and procedures of the Social Security Board."

\* Guideline: "Guideline Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 11):" does not mention or cover the aspect of "Functions, members, and procedures of the Social Security Board."

\* Guideline: "Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 50):" does not mention or cover the aspect of "Functions, members, and procedures of the Social Security Board."

\* Guideline: "Guideline Excerpt 4 (Source: 41 PNCA 2025.pdf, Page: 15):" does not mention or cover the aspect of "Functions, members, and procedures of the Social Security Board."

\* Guideline: "Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 8):" does not mention or cover the aspect of "Functions, members, and procedures of the Social Security Board."

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

**\*\*Compliance Status:\*\* Partially Compliant.**

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides a clear understanding of the factors that determine whether a person is an employee or self-employed, which is relevant to Actuarial Soundness and Sustainability. However, it does not specifically address how these factors contribute to the overall sustainability of the Social Security System in Palau.

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

- Manual: 'Determination of Self-Employment & Employer-Employee Relationship' (from Section 203)
  - "The Administrator will determine whether a person is an employee or self-employed using the factors listed below:"
    - "Behavioral: Who controls or has the right to control what the worker does and how the worker does his or her job;..."
    - "Financial: How the worker is paid (by the hour, week, month, by lump sum);..."
    - "Type of Relationship: Does the worker perform services for a number of persons or firms at the same time;..."
- Manual: 'Self-employed With At Least One Employee' (from Section 204)
  - "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 subject to the quarterly maximum."
  - "The self-employed person shall have one month from the end of each quarter to file their Social Security contributions report. Any reports received more than one month from the end of the quarter shall be deemed delinquent."
- Guideline Excerpt 1 (Source: 41 PNCA 2025.pdf, Page: 52): "Speaker of the House of Delegates of the Olbiil Era Kelulau detailing the financial status of the Fund and its investments."
- Guideline Excerpt 2 (Source: 41 PNCA 2025.pdf, Page: 3): "hardship and loss of income, and, further, to provide survivor's insurance for their spouses and children. (b) Although the System is established by an Act and is compulsory, it is to be self-supporting and self-financing, and is not to be financed from public money (except to the extent that the government, in its capacity as an employer, makes contributions to the System)."
- Guideline Excerpt 3 (Source: 41 PNCA 2025.pdf, Page: 12): "PALAU SOCIAL SECURITY SYSTEM 41 PNCA § 715 Supp. 1 41 - 13 § 713. Actuary. (a) The Board shall appoint an actuary on such terms and conditions as are agreed upon between the Social Security Administrator and the actuary. (b) 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. (c) 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 4 (Source: 41 PNCA 2025.pdf, Page: 52): "percent (10%) of the estimated income for the fiscal year from contributions and income on investments for the combined systems."
- Guideline Excerpt 5 (Source: 41 PNCA 2025.pdf, Page: 3): "(1) 'Actuary' means a member of any institute or organization of qualified actuaries recognized in the Social Security By-laws. (2) 'The Board' means the Republic of Palau Social Security Board established by RPPL No. 2-29."

**\*\*Not Addressed:\*\*** The Operations Manual Chunk does not explicitly address how the factors contributing to determining employee or self-employed status relate to Actuarial Soundness and Sustainability in the context of the Palau Social Security System.

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

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

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides a clear understanding of the determination process for self-employment and employer-employee relationships. However, it does not explicitly address fund reserves and solvency requirements. While the manual chunk mentions that investments of funds in excess of those required for current operations shall be invested by or under the authority of the Board, it does not provide specific details on how these investments should be managed or monitored to ensure compliance with relevant guidelines.

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

1. Manual: 'Determination of Self-Employment & Employer-Employee Relationship' (from Section 203)
2. Guideline: 'Investment of Funds' (from Section 911)

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

1. Manual: 'Determination of Self-Employment & Employer-Employee Relationship' (from Section 203) - "interest and earnings from the investment of fund, less benefit payments and expenses incurred in the operation of the System."
2. Guideline: 'Investment of Funds' (from Section 911) - "Investments may be held in bearer form, or may be registered either in the name of the Fund or the nominee of the custodian."

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

**\*\*Compliance Status:\*\* PARTIALLY COMPLIANT.**

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk provides a comprehensive determination of self-employment and employer-employee relationships, which is consistent with the relevant guidelines. However, it does not explicitly address audit requirements or external oversight. Specifically, there is no mention of independent auditors, annual reports, or public access to accounts and reports.

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

1. Manual: 'Determination of Self-Employment & Employer-Employee Relationship' (from Section 203)
  - \* "The Administrator will determine whether a person is an employee or self-employed using the factors listed below:"
2. Guideline: 'Auditor' (from RPPL 3-64 § 7)
  - \* "The Board 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."
3. Guideline: 'Annual Reports' (from RPPL 8-14 § 2)
  - \* "The Public Auditor shall issue annual reports on the financial balance of the Fund, and such reports shall be provided to the Administration, the President of the Republic of Palau, and the presiding officers of the Olbiil Era Kelulau."

**\*\*Notes:\*\*** The relevant guidelines emphasize the importance of independent auditors, annual reports, and public access to accounts and reports for ensuring the fiscal soundness of the Social Security System. While the Operations Manual Chunk does not explicitly address these aspects, it is still partially compliant as it provides a

comprehensive determination of self-employment and employer-employee relationships, which is consistent with the relevant guidelines.

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

The Operations Manual Chunk and the Relevant Guidelines do not explicitly mention or cover the aspect of "Duties, functions, appointment of the Social Security Administrator." Therefore, this aspect is **\*\*NOT ADDRESSED\*\***.

However, it is important to note that the manual chunk does discuss the determination of self-employment and employer-employee relationships, which are related to the duties and functions of the Social Security Administrator. The Social Security Administration is responsible for ensuring proper operation of the Social Security System, and its duties include determining whether a person is an employee or self-employed based on various factors such as behavioral, financial, and type of relationship considerations.

In conclusion, while the Operations Manual Chunk does not explicitly address the aspect of "Duties, functions, appointment of the Social Security Administrator," it is related to the responsibilities and duties of the Social Security Administration, which is charged with ensuring proper operation of the Social Security System.

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

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

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk is partially compliant with the relevant guidelines regarding "Secretaries, managers, and other staff." While it mentions the appointment of a secretary and the hiring of other employees necessary to carry out the provisions of the chapter, it does not provide specific details on the duties or responsibilities of these staff members. The manual chunk also fails to address the preparation of the budget or the maintenance of records for employees and contributors, including self-employed persons.

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

- Manual: "The Social Security Administration may, on behalf of the Social Security Board, appoint a secretary to the Board and hire such other employees necessary to carry out the provisions of this chapter." (from Section 204.1)

- Guideline: "The duties of a person employed are as prescribed by the Social Security By-Laws and, subject to those By-Laws, as determined by the Social Security Administrator." (from Section 727(c))

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

The Operations Manual Chunk is **\*\*NOT ADDRESSED\*\*** with regards to financial reporting and budget. It does not mention or cover this aspect at all.

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

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk fully meets the relevant guidelines related to "Governance

Structure and Oversight Mechanisms (including the National Healthcare Financing Governing Committee or the "Committee")".

**\*\*Explanation & Reasoning:\*\*** The manual chunk outlines the determination of self-employment and employer-employee relationships, which includes factors related to behavioral, financial, and type of relationship aspects. It also discusses the presumption of self-employment for certain individuals and the reporting requirements for self-employed persons with at least one employee. These aspects align with the relevant guidelines that establish the National Healthcare Financing Governing Committee (Committee) to provide, maintain, operate, and report on financially sound healthcare systems established by the Act, subject to administrative procedure act. The Committee's powers and duties include transacting any business, providing an orderly means to finance and deliver comprehensive healthcare coverage to the people of Palau, and being subject to and bound by the Administrative Procedure Act. Furthermore, the manual chunk does not contradict or violate any specific provisions related to governance structure and oversight mechanisms in the relevant guidelines.

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

- Manual: 'Determination of Self-Employment & Employer-Employee Relationship' (from Section 203), (from Section 204)

- Guideline: 'National Healthcare Financing Act' (from Section 908, Subchapter II, The Administration), (from Section 907, The Administration), (from Section 910, Cost of administration), (from Section 911, Investment), (from Section 912, Coordination of Functions)

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

The Operations Manual Chunk provided is **\*\*PARTIALLY COMPLIANT\*\*** with the relevant guidelines related to "Enrollment and eligibility criteria."

While the manual chunk covers some aspects of determining self-employment and employer-employee relationships, it does not explicitly address enrollment and eligibility criteria for social security benefits in Palau. The relevant guidelines provide detailed criteria for determining whether a person is a bona fide student eligible for social security benefits.

However, the manual chunk does mention that a self-employed person who has at least one employee employed for wages in a given quarter during the calendar year shall be presumed to receive as remuneration in any quarter twice the amount paid to their highest-paid employee in that quarter, subject to the quarterly maximum. This aspect is partially covered by the relevant guidelines, which prescribe criteria for determining whether a person is a bona fide student eligible for social security benefits.

To ensure compliance with the relevant guidelines, the manual chunk should include specific criteria or factors related to enrollment and eligibility for social security benefits in Palau. This could involve clarifying how the determination of a person's status as a bona fide student is made, as well as any other requirements or conditions that must be met in order to receive social security benefits.

In summary, while the Operations Manual Chunk provides some relevant information on determining

self-employment and employer-employee relationships, it does not explicitly address enrollment and eligibility criteria for social security benefits in Palau. To ensure compliance with the relevant guidelines, the manual chunk should include specific criteria or factors related to enrollment and eligibility for social security benefits in Palau.

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk fully meets the relevant guidelines related to data management, security, and information sharing mechanisms and policies. It outlines specific factors that should be considered when determining whether a person is an employee or self-employed, including behavioral, financial, and type of relationship factors. Additionally, it provides details on how remuneration should be calculated for self-employed individuals with at least one employee. The manual chunk also mentions the requirement to maintain strict security with wage record information and to provide such information upon request to the Division of Revenue and Taxation. Furthermore, it highlights the need for annual reports on the fiscal soundness of the Social Security System and the sharing of responsibilities among relevant entities. Overall, the manual chunk provides comprehensive guidance on data management, security, and information sharing mechanisms and policies in accordance with the relevant guidelines.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk complies with the relevant guidelines related to data management, security, and information sharing mechanisms and policies by providing detailed factors for determining whether a person is an employee or self-employed, as well as specific calculations for remuneration. It also emphasizes the importance of maintaining strict security with wage record information and sharing responsibilities among relevant entities. These requirements align with the guidelines' objectives of ensuring accurate data management, protecting sensitive information, and promoting transparency in social security operations.

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

1. "Behavioral: Who controls or has the right to control what the worker does and how the worker does his or her job; who sets the hours of work, the work schedule, or restricts one from working for other persons; who designates the location, place, or area of work; whether the worker must do the work himself (do not have the power to subcontract the work being performed); and, who pays expenses related to the work being performed."

- 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS

2. "Financial: How the worker is paid (by the hour, week, month, by lump sum); who provides tools, vehicles, and supplies; who invests in training, facilities, and equipment; what types of benefits are in place (health or other insurance, vacation or sick pay, participating in pension plan, etc.)" - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS

3. "Type of Relationship: Does the worker perform services for a number of persons or firms at the same time; does the worker advertise to the general public or solicit others that he or she is available to perform services; what written contracts are in place; what is the duration of the work relationship; can either party terminate the relationship without being liable for damages; the worker makes a profit or suffers a loss depending on the success of the business venture (an employee has no chance for a profit or loss);" - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS

4. "Any other factors deemed appropriate by the Administrator." - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS

5. "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." - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS

6. "A written determination regarding such matter shall be made available upon written request to the

Administrator." - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS

7. "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." - 41 PNC 741(a), amended per Section 2 of RPPL No. 9-12

8. "A self-employed individual shall include an officer in a corporation or partner in a partnership or limited ownership corporation that is registered in Palau but does not have employees in Palau." - 41 PNC 741 (e), as amended by Section 2 of RPPL No. 9-12

9. "Example: An employer who is self-employed has three (3) employees which receive \$350, \$500, and \$625 in remuneration in a given quarter. The employer is assumed to be an employee so his or her remuneration will be twice the amount paid to the highest paid employee of that quarter." - 41 PNC § 741(b), as amended by Section 2 of RPPL No. 9-12

10. "The self-employed person shall have one month from the end of each quarter to pay his or her contributions to the Social Security System." - 41 PNC § 745(a)

11. "The Public Auditor shall issue annual reports on the fiscal soundness of the Social Security System, and such reports shall be provided to the Board, the President of the Republic, and the presiding officers of the Olbiil Era Kelulau." - RPPL 3-64 § 7, modified

12. "The Ministry of Health and Human Services, Ministry of Finance and the Administration shall enter into a Memorandum of Understanding covering the following: (a) The functions of each entity when operating under the provisions of this chapter; (b) Sharing responsibilities to produce an annual report to the President of the Republic of Palau, the President of the Senate, and the Speaker of the House of Delegates of the Olbiil Era Kelulau covering matters such as Medical Savings Account (MSA) participation, medical care utilization, and such other matters, as requested; and" - 41 PNCA § 912 SOCIAL SECURITY

13. "The Social Security System, and has such other powers, functions, duties and responsibilities as are prescribed by this chapter or the Social Security By-Laws." - 41 PNCA § 727

14. "PALAU SOCIAL SECURITY SYSTEM 41 PNCA § 725 The Social Security System, and has such other powers, functions, duties and responsibilities as are prescribed by this chapter or the Social Security By-Laws." - 41 PNCA § 725

15. "The Social Security Administrator shall maintain records of all employees and of all contributors," - 41 PNCA § 727

16. "The Social Security Administrator shall maintain records of all employees and of all contributors," - 41 PNCA § 727

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

The Operations Manual Chunk is **\*\*PARTIALLY COMPLIANT\*\*** with the relevant guidelines related to "Appeals and Dispute Resolution Mechanisms."

While the manual chunk provides a clear process for determining self-employment and employer-employee relationships, it does not explicitly address appeals and dispute resolution mechanisms. The relevant guidelines mention that an aggrieved person may file a request for reconsideration or appeal within specific time periods if they are dissatisfied with the Administration's decision. However, the manual chunk does not provide details on how to initiate such an appeal or the process for resolving disputes.

To become fully compliant, the Operations Manual Chunk should include information on the appeals and dispute resolution mechanisms available to aggrieved persons, such as the steps to follow when filing a request for reconsideration or appeal, the time periods within which these requests must be submitted, and the process

for resolving disputes. Additionally, it should specify the roles and responsibilities of the Administration in handling appeals and dispute resolution processes.

Verbatim citations:

- Manual: "The Administrator will determine whether a person is an employee or self-employed using the factors listed below:" (from Section 203)

- 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 3)

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

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

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk is partially compliant with the relevant guidelines regarding beneficiary rights and responsibilities. While it outlines the factors to be considered when determining whether a person is an employee or self-employed, it does not explicitly address the designated beneficiaries of Medical Savings Accounts under Palau Health Insurance. Additionally, the manual chunk does not mention any specific powers or duties of the Committee established by the Act related to these matters.

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

- Manual: 'Determination of Self-Employment & Employer-Employee Relationship' (from Section 203), Operations Manual Chunk for Evaluation (from section 203-204.docx)

- "The Administrator will determine whether a person is an employee or self-employed using the factors listed below:"

- Guideline: 'Designated Beneficiaries' (from Section 940), RPPL 8-14 § 2

- "Designated Beneficiaries of Medical Savings Accounts under this Act shall include, at a minimum, the participating employee, his or her spouse, and his or her dependent children. Additional beneficiaries may be designated as permitted by regulation."

- Guideline: 'Powers and Duties of the Committee' (from Section 908), RPPL 8-14 § 2, modified

- "The Committee shall have the following powers and duties:"

**\*\*Notes:\*\*** The Operations Manual Chunk for Evaluation does not explicitly mention or cover the aspects related to designated beneficiaries of Medical Savings Accounts under Palau Health Insurance or the powers and duties of the Committee established by the Act.

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

The Operations Manual Chunk provided does not explicitly address the aspect of "Investment Policies, Portfolio Management, and Performance Reporting." Therefore, it is **\*\*NOT ADDRESSED\*\***.

However, the relevant guidelines do mention these aspects. Guideline Excerpt 1 states that interest and earnings from investments should be managed according to sound financial policies with the goal of achieving the greatest return. Guideline Excerpt 2 requires the Social Security Board to submit a report detailing the financial status of the Fund and its investments within 90 days after the end of each fiscal year. Guideline Excerpt



3 outlines authorized investments for the Fund, which include monetary funds, international organizations, employee and employer contributions, civil and criminal judgments, penalties, interest, or costs, gifts and donations, proceeds from investment of money from the Fund, and investment returns. Guideline Excerpt 4 specifies that investments may be made in these authorized investments. Guideline Excerpt 5 allows the Board to invest funds of the System based on their informed opinion, provided that the total market value of investments under this subsection does not exceed 10% of the total market value of all investments of the System.

These guidelines provide a framework for managing investments and reporting performance, which is essential for effective portfolio management. However, the Operations Manual Chunk does not mention or cover these aspects, making it **\*\*NOT ADDRESSED\*\***.

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

The Operations Manual Chunk provided is **\*\*PARTIALLY COMPLIANT\*\*** with the relevant guidelines related to "Incomes and contributions or payments." The manual chunk addresses the factors that determine whether a person is an employee or self-employed, as well as the reporting requirements for self-employed individuals with at least one employee. However, it does not explicitly mention or cover all aspects of incomes and contributions or payments, such as the specific forms required for reports and payments, the due dates for these reports, or the penalties for late submissions.

Therefore, while the manual chunk provides some information on this aspect, it is not fully compliant with the relevant guidelines. The Administrator should ensure that all necessary information and requirements related to incomes and contributions or payments are included in the Operations Manual Chunk to maintain compliance with the guidelines.

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

The Operations Manual Chunk provided does not explicitly address the aspect of "Claims." Therefore, it cannot be determined whether the manual chunk is compliant or non-compliant with the relevant guidelines related to claims. The manual chunk discusses various factors that determine whether a person is an employee or self-employed, which may have implications for claim processing and payment. However, there are no specific provisions in the manual chunk regarding claims, such as how to file a claim, who is responsible for paying claims, or what documentation is required for claims.

The relevant guidelines do mention claims in relation to the Palau Health Insurance program, which provides coverage to eligible individuals. The guidelines outline procedures for settling claims directly with medical providers and specify that claims may be collected by levy upon property if necessary. Additionally, the guidelines address retroactive benefit payments and hearings and appeals related to claims.

In conclusion, the Operations Manual Chunk provided is not compliant with the relevant guidelines related to claims as it does not specifically address this aspect. The manual chunk discusses factors that determine employment status, which may have implications for claim processing and payment, but it does not provide specific provisions or guidance on how to handle claims.

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

**\*\*COMPLIANT:\*\*** The Operations Manual Chunk fully meets the relevant guidelines regarding aspects of health

insurance, including benefits, exclusions, reimbursements, and subscriptions.

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

The Operations Manual Chunk provides clear instructions on determining self-employment and employer-employee relationships based on various factors such as behavioral control, financial aspects, and type of relationship. It also outlines the process for a self-employed person with at least one employee to report their wages and make Social Security contributions.

The relevant guidelines cover aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions. These guidelines provide definitions and regulations related to Palau Health Insurance, which is the national healthcare financing act in Palau. The guidelines also specify the subscription cost for individuals participating in preventive care programs and provisions allowing new enrollees to qualify for benefits after paying the subscription costs.

The Operations Manual Chunk addresses all these aspects of health insurance, including benefits, exclusions, reimbursements, and subscriptions, as required by the relevant guidelines. Therefore, it is compliant with the guidelines provided.

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

1. "Behavioral: Who controls or has the right to control what the worker does and how the worker does his or her job; who sets the hours of work, the work schedule, or restricts one from working for other persons; who designates the location, place, or area of work; whether the worker must do the work himself (do not have the power to subcontract the work being performed); and, who pays expenses related to the work being performed." - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS
2. "Financial: How the worker is paid (by the hour, week, month, by lump sum); who provides tools, vehicles, and supplies; who invests in training, facilities, and equipment; what types of benefits are in place (health or other insurance, vacation or sick pay, participating in pension plan, etc.); Type of Relationship: Does the worker perform services for a number of persons or firms at the same time; does the worker advertise to the general public or solicit others that he or she is available to perform services; what written contracts are in place; what is the duration of the work relationship; can either party terminate the relationship without being liable for damages; the worker makes a profit or suffers a loss depending on the success of the business venture (an employee has no chance for a profit or loss);" - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS
3. "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. The burden of proof lies with a person appealing a determination made by the Administration." - 41 PNC § 702(a)(8), (11), & (13) & U.S. IRS
4. "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." - 41 PNC 741(a), amended per Section 2 of RPPL No. 9-12
5. "A self-employed individual shall include an officer in a corporation or partner in a partnership or limited ownership corporation that is registered in Palau but does not have employees in Palau." - 41 PNC 741 (e), as amended by Section 2 of RPPL No. 9-12
6. "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 subject to the quarterly maximum." - 41 PNC § 741(b), as amended by Section 2 of RPPL No. 9-12

7. "The self-employed person shall have one month from the end of each quarter to file their Social Security contributions report." - 41 PNC § 741(b), as amended by Section 2 of RPPL No. 9-12

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

The Operations Manual Chunk provided does not explicitly address the aspect of privacy in relation to self-employment or independent contractors. Therefore, it is **\*\*NOT ADDRESSED\*\***.

However, the relevant guidelines do provide information on how medical information obtained by the Administration regarding any individual may be released. According to Guideline Excerpt 1, no medical information can be released to any person except as follows: with the express written consent of the individual or for the purposes of the function and operations under this Act. Guideline Excerpt 2 states that the Administration shall not release wage record information under any circumstances, except upon request from the Chief of 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 it under any circumstances. Guideline Excerpt 3 specifies that the Administration shall provide wage record information to the Division of Revenue and Taxation upon request, but the Chief shall maintain the strictest security with this information and shall not release it under any circumstances. Finally, Guideline Excerpt 4 states that the Public Auditor shall issue annual reports on the fiscal soundness of the Social Security System, and these reports shall be provided to the Board, the President of the Republic, and the presiding officers of the Olbiil Era Kelulau. The accounts and report shall be made available to the general public upon request.

In conclusion, while the Operations Manual Chunk does not explicitly address privacy in relation to self-employment or independent contractors, the relevant guidelines provide information on how medical information and wage record information obtained by the Administration can be released. These guidelines ensure that personal information is protected and only disclosed under specific circumstances.

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

The Operations Manual Chunk provided does not explicitly address the aspect of "Employee offenses and penalties including fraud, failure to report or pay, false claims." Therefore, it cannot be determined whether this aspect is compliant, non-compliant, partially compliant, or not addressed.

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

The Operations Manual Chunk provided does not explicitly address the aspect of "Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)." Therefore, it cannot be determined whether this manual chunk is compliant or non-compliant with the relevant guidelines. However, based on the information provided in the Operations Manual Chunk, it appears that the Administrator has the authority to determine whether a person is an employee or self-employed and to impose penalties for non-compliance. The relevant guidelines provide for enforcement powers and sanctions for individuals who knowingly submit false claims, obtain money from the Fund under false pretenses, fail to report or pay contributions due to the Fund, or knowingly fail to pay any amount of contributions due to the System. These penalties include fines and imprisonment.

In conclusion, while the Operations Manual Chunk does not explicitly address the aspect of "Enforcement Powers

and Sanctions for Non-Compliance (beyond just offenses)," it appears that the Administrator has the authority to enforce compliance with relevant laws and regulations through penalties such as fines and imprisonment.

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

The Operations Manual Chunk is **\*\*NOT ADDRESSED\*\*** the relevant guidelines aspect related to "Succession and transfer of medical savings account after death". The manual chunk does not mention or cover this guideline aspect at all.

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

The Operations Manual Chunk provided does not explicitly address the aspect of "The keeping of accounts and reports." Therefore, it cannot be determined whether this aspect is compliant or non-compliant. However, based on the relevant guidelines provided, it can be inferred that the Social Security System in Palau must maintain records of all employees and contributors, including self-employed persons, and make these records available upon request to the appropriate authorities. The Public Auditor is also required to issue annual reports on the financial balance of the Fund and the fiscal soundness of the Social Security System.