



HOUSE OF REPRESENTATIVES
SIXTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
FIRST REGULAR SESSION, 2008

Public Law No. 16-51
H. B. No. 16-9, HS1, SD2

AN ACT

To establish a public corporation for healthcare and related public health services known as the Commonwealth Healthcare Corporation; to amend 1 CMC §§ 7103(n) and 8131(a); to repeal and reenact 3 CMC § 2411; to repeal 3 CMC § 2412; and for other purposes.

BE IT ENACTED BY THE SIXTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 **Section 1. Short Title.** This Act may be cited as the “Commonwealth Healthcare
2 Corporation Act of 2008.”

3 **Section 2. Findings and Purpose.** The Legislature finds that the healthcare service
4 under the Department of Public Health is not operating as effectively as demanded by the
5 consumers of its healthcare. Several factors are responsible, including a changing
6 environment for public healthcare financing, stagnant public funding, and difficulties in
7 procurement, recruiting and staffing. The establishment of the Commonwealth Healthcare
8 Corporation will allow management more flexibility and authority to independently meet the
9 acute and long-term healthcare needs of the Commonwealth. The establishment of an
10 advisory body representative of the community will ensure that healthcare management
11 receives the advice it needs to guide the Corporation toward increased financial self-
12 sufficiency.

13 It is the intent of the Legislature that the Commonwealth Healthcare Corporation
14 develop and regulate, as necessary, a high quality, efficient, and market oriented public
15 healthcare delivery system in the CNMI. To the extent it determines prudent, this Act
16 authorizes the Corporation to enter into performance management contracts and other types

1 of contracts with the nonprofit and private sector for management functions and delivery of
2 healthcare services.

3 The purpose of this Act is to establish the Commonwealth Healthcare Corporation, a
4 public corporation, to coordinate the delivery of quality healthcare to all Commonwealth
5 residents in a financially responsible manner. The Commonwealth Healthcare Corporation is
6 intended to be a professionally managed, nationally accredited, independent public healthcare
7 institution that is as financially self-sufficient and independent of the Commonwealth
8 Government as is possible.

9 **Section 3. Amendment.** Title 3, Division 2 of the Commonwealth Code is amended
10 by adding a new Chapter 8 to read as follows:

11 **“Chapter 8. Commonwealth Healthcare Corporation Act.**

12 **§ 2801. Short Title.** This chapter shall be known as the “Commonwealth Healthcare
13 Corporation Act of 2008.”

14 **§ 2802. Definitions.** As used in this chapter:

15 (a) “Board” means the Board of Trustees of the Commonwealth Healthcare
16 Corporation.

17 (b) “Chief Executive Officer” means the chief executive officer and principal
18 manager of the Commonwealth Healthcare Corporation.

19 (c) “Clinics” include the Tinian Health Center, Rota Health Center, the Women’s
20 Clinic and the Children’s Clinic.

21 (d) “Corporation” means the Commonwealth Healthcare Corporation and shall
22 include the Commonwealth Health Center and Rota and Tinian Health Centers.

23 (e) “Health care professionals” means those persons licensed or certified to practice
24 by the Health Professions Licensing Board, as provided by Public Law 15-105 and other
25 applicable law.

26 (f) “Hospital” means the Commonwealth Health Center and such ancillary public
27 health facilities as may from time to time be established.

1 **§ 2803. Establishment of Commonwealth Healthcare Corporation.**

2 (a) There is hereby established in the Commonwealth government a Commonwealth
3 Healthcare Corporation, a public corporation, which is hereby allocated to the executive
4 branch for purposes of organization and coordination.

5 (b) The Corporation shall assume the functions and duties of the (1) Commonwealth
6 Heath Center; (2) the Clinics including the Rota Health Center, Tinian Health Center, the
7 Women's Clinic, and the Children's Clinic; (3) the Community Guidance Center; (4) inter-
8 island medical referral services; and (5) other clinics, operations and function of the
9 Department of Public Health as may be transferred to the Corporation by the Secretary of
10 Public Health.

11 (c) The Corporation shall be headed by a chief executive officer (CEO) appointed by
12 the Governor to a four year term in office, following receipt of a Board nominee under §
13 2805(j) of this chapter.

14 (d) The Corporation shall have a seven member Board of Trustees that the CEO may
15 call upon from time to time for advice and assistance.

16 (e) The Corporation shall operate a healthcare system in the Commonwealth, that
17 includes the operation and oversight of the Commonwealth Health Center, Tinian Health
18 Center, Rota Health Center, the Women's Clinic, the Children's Clinic, and the Community
19 Guidance Center. In doing so, the Corporation shall provide quality healthcare to the people
20 of the Commonwealth, purchase appropriate medical equipment, and expand the level of
21 medical and other public healthcare services available in the Commonwealth.

22 (f) Within 365 days following the effective date of this Act, the Corporation shall
23 further assume the functions and duties of the Department of Public Health under Title 3,
24 Division 2 of the Commonwealth Code (3 CMC §§ 2101 - 2798), and under Title 1, Division
25 2, Chapter 12 of the Commonwealth Code (1 CMC §§ 2601 - 2650), and other public law;
26 provided, that the Secretary of the Department Public Health may reserve to the Department
27 those functions and duties that the Secretary specifies as appropriate in a writing
28 communicated to the Governor and presiding officers of the legislature.

1 (g) Within 365 days following the effective date of this Act and upon
2 recommendation of the Secretary, the Governor may transfer to the Department of Public
3 Health the functions and duties of the Division of Environmental Quality.

4 **§ 2804. Corporate Powers.**

5 The Corporation shall have and exercise each and all of the following powers:

6 (a) Full authority to discharge the functions and duties provided by law to the
7 Department of Public Health and transferred under this chapter to the Corporation, excepting
8 those functions and duties reserved under § 2803(f) and (g) of this chapter.

9 (b) Maintain and operate healthcare facilities and provide acute and chronic
10 healthcare services within the Commonwealth and, to the extent consistent with the
11 certificate of need program, privatize the management and delivery of healthcare and health
12 related services in the Commonwealth through performance management contracts and other
13 types of agreements with the nonprofit and private sector;

14 (c) Establish a schedule of market oriented fees to be charged for care and service at
15 its facilities and implement and administer low income means testing prior to the expenditure
16 of public funds for medical referral and other healthcare services;

17 (d) Develop, recommend, and implement a multi-year strategic plan to make the
18 Corporation as financially independent of the Commonwealth Government as is possible, by
19 proposing, among other things, (1) legislative adoption of a system of universal mandatory
20 minimum healthcare coverage for all inhabitants of the Commonwealth and (2) regulatory
21 adoption of fees and charges that are sufficient to recover the Corporation's full costs and
22 fund adequate financial reserves;

23 (e) Acquire real property from the Department of Public Lands and other persons,
24 subject to the laws of the CNMI, by grant, purchase, gift, devise, or lease, and hold and use
25 any such real property necessary or convenient for the fulfillment of its duties, functions, and
26 powers under this Act;

27 (f) Establish its internal organization and management;

28 (g) Rely upon Commonwealth procurement and supply regulations or adopt, pursuant
29 to Commonwealth law, procurement and supply regulations to purchase and lease supplies,

1 goods, materials, and commodities, to contract for services, and to furnish and supply
2 services as relating to the operation of its services and facilities;

3 (h) Adopt an official seal;

4 (i) Sue or be sued in its own corporate name;

5 (j) Employ, retain or contract for the services of qualified managers, professionals,
6 and other specialists, as individuals or as organizations, who shall be exempt from the
7 application of the Civil Service Act, as amended (1 CMC § 8101 et seq.), to manage and
8 assist the Corporation and its employees.

9 (k) Develop and adopt a personnel system, including a comprehensive compensation
10 plan, whose wage and salary scales shall be independent of the civil service system but, to the
11 extent practicable, commensurate with those paid by the Commonwealth for positions
12 requiring comparable education, training, or experience. The personnel system shall be as
13 described in § 2809 of this chapter;

14 (l) Adopt such rules and regulations as may be necessary for the exercise of the
15 Corporation's powers, performance of its duties, and administration of its operations;

16 (m) Adopt and maintain a uniform system of accounting in accordance with generally
17 accepted accounting principals applicable to healthcare organizations and issue public
18 monthly financial statements in accord with such a system;

19 (n) Adopt and maintain financial controls and policies consistent with those of well
20 managed nonprofit and public healthcare corporations doing business in the United States.
21 These controls shall include prudent collections of accounts receivable using, as appropriate,
22 the services of the private sector, and implementation of a travel authorization policy that is
23 consistent with Commonwealth law;

24 (o) Acquire or construct and use any real or personal property necessary or
25 convenient for the fulfillment of its duties, functions, and powers under this Act, including
26 meeting projected future CNMI healthcare needs;

27 (p) Develop, maintain and operate itself in a manner that encourages the creation, full
28 funding, and public offering of affordable, comprehensive, and universal health insurance to
29 the people of the Commonwealth;

1 (q) Prepare a detailed statement of its proposed balanced budget for each ensuing
2 fiscal year. Unless the CEO determines in a written communication to the Governor and
3 presiding officers of the Legislature that there is an emergency need relating to the public
4 health that must be met by such an expenditure, no expenditures shall be made for a purpose
5 not included in the adopted budget;

6 (r) Prescribe, adopt, amend and repeal bylaws;

7 (s) Receive, hold and expend appropriations, moneys collected for services rendered,
8 grants, donations, or any other funds designated for the use and benefit of the Corporation
9 and to establish one or more charitable foundations, independent of the Corporation, but for
10 the exclusive benefit of the Corporation;

11 (t) Borrow money from any private or public source, either within the Commonwealth
12 or the United States, and to give security in connection with such borrowing;

13 (u) Establish by regulation and administer a subsidy program to enable the
14 Corporation to provide healthcare to low income individuals;

15 (v) Adopt regulations determining when off-island care is necessary and appropriate.
16 Off-island care shall not be a liability of the Corporation. Off-island care shall be funded
17 separately from the Corporation's funding, whether by a separate legislative appropriation or
18 from an independent source of funding, such as universal coverage insurance or some
19 combination thereof.

20 (w) Do any and all other things necessary to the full and convenient exercise of the
21 above powers.

22 **§ 2805. Chief Executive Officer and Board of Trustees Established.**

23 (a) All powers vested in the Corporation shall be vested in the Chief Executive
24 Officer (CEO) as provided in §§ 2806 and 2807 of this chapter.

25 (b) There shall be a Board of Trustees whose role shall be advisory to the CEO,
26 except as provided in this section. The Board shall be composed of seven members. Three
27 members of the Board shall be ex officio voting members: One such member shall be the
28 CEO. The second member shall be the director of medical affairs, and the third member shall
29 be a United States citizen or permanent resident who is a representative selected by the

1 Corporation's non-physician healthcare professionals, as defined in 3 CMC § 2212. Four
2 members shall be appointed by the Governor with the advice and consent of the Senate. Each
3 such member shall have at least a bachelor's degree from an accredited United States post-
4 secondary institution and five years of management and supervisory experience in the private
5 sector including nonprofit corporations. The senatorial districts of Rota and Tinian shall each
6 have one representative on the Board. The members of the Board shall be independent, and
7 the Governor may remove the non ex officio board members only on grounds of gross
8 neglect or dereliction of duty including conflicts of interest and failure to attend three
9 consecutive meetings of the Board, breach of fiduciary duty, conviction of a felony, or
10 mental or physical incapacity.

11 (c) The CFO shall serve as nonvoting ex officio member of the Board.

12 (d) The non ex officio members of the Board shall serve staggered terms for four
13 years subject to re-appointment. The initial members shall choose their staggered terms by lot
14 if they cannot reach a consensus among themselves within 30 days of their appointment.

15 (e) The provisions of 1 CMC § 2901 (f) and (g) shall not apply to the Board. The
16 Board shall elect a chairman and any other officers from among its members every two years.

17 (f) Four members shall constitute a quorum of the Board for the transaction of
18 business. The concurrence of four members present shall constitute official action of the
19 Board. The Board shall adopt rules and regulations governing the conduct of its affairs.

20 (g) Members shall be compensated for attendance at meetings of the Board pursuant
21 to 1 CMC § 8247. Pursuant to applicable Commonwealth laws, members may be reimbursed
22 for actual travel, subsistence, and out-of-pocket expenses incurred in the discharge of their
23 responsibilities. The Board shall hold its meetings in the Commonwealth in compliance with
24 the Open Government Meetings and Records Act, 1 CMC § 9901 *et seq.* The Board shall
25 restrict travel to essential needs only within the Mariana Islands, including Guam, unless paid
26 for by federal or other special non-CNMI, public and nonprofit funding sources.

27 (h) No member shall be liable for any decision made in the good faith non-malicious
28 fulfillment of his advisory duties.

29 (i) The Board shall act as a fiduciary in the execution of its duties.

1 (j) The focus of the Board shall be upon strategic planning, the recruitment and
2 retention of a qualified CEO, credentialing medical staff, and ensuring the highest possible
3 quality of healthcare. The Board shall recommend to the Governor the name of a qualified
4 CEO, the compensation to be paid, and the other terms of employment. In determining the
5 compensation to be paid to the CEO, the Board shall reference compensation paid to CEOs in
6 similar positions in the nonprofit and public sector and prevailing Commonwealth
7 Government compensation practices for chief executive officers of public corporations. The
8 Governor may accept or reject the Board's recommendations. If the Governor rejects the
9 Board's recommendations, the Board shall attempt to resolve the differences. If a nominee is
10 rejected by the Governor, the board shall identify another qualified candidate for
11 consideration.

12 (k) The Board shall evaluate annually the performance of the CEO. It may
13 recommend the removal of a CEO pursuant to the terms of the CEO's employment contract.
14 The Governor shall accept the Board's recommendations regarding removal of the CEO and
15 effectuate the removal of the CEO.

16 (l) The Board, as it deems necessary, may periodically make nonbinding advisory
17 recommendations to the CEO. The Board's role with respect to the Corporation's finances
18 and management shall be advisory.

19 **§ 2806. Chief Executive Officer: Powers and Duties.**

20 The CEO shall have the following powers and duties:

21 (a) To govern the operation of the Corporation in a manner that furthers its purposes;

22 (b) To initiate action necessary to exercise the powers of the Corporation conferred by
23 this Act;

24 (c) To implement and adhere to operating policies that will assure the Corporation's
25 delivery of quality healthcare, financial viability, and best promote its purposes;

26 (d) To adopt, implement, and update from time to time the Corporation's budget and
27 strategic plan for meeting the healthcare needs of the Commonwealth, following review and
28 input from the Board of Trustees. The strategic plan shall project for the succeeding five
29 years the annual appropriations that the Corporation requires to balance its finances;

1 (e) To develop and issue public monthly financial statements, a quarterly report on the
2 quality of the delivery of healthcare, and an annual operating budget for submission to the
3 Legislature;

4 (f) To submit an annual report to the Legislature and Governor that includes a current
5 strategic plan for meeting the healthcare needs of the Commonwealth;

6 (g) To develop and adopt a process to annually evaluate the performance of the
7 Corporation's private sector contractors and top managers;

8 (h) To review and adopt policies pertaining to the management, staffing, and
9 financing of the Corporation; and,

10 (i) To appoint committees and task groups to assist the Chief Executive Officer in
11 exercising the powers granted by this chapter.

12 **§ 2807. Corporate Officers.**

13 (a) The principal officer of the Corporation shall be the Chief Executive Officer
14 (CEO). The CEO shall appoint a Chief Financial Officer (CFO), a Director of Medical
15 Affairs, a Director of Nursing, a Director of the Community Guidance Center, a Resident
16 Director to head the Tinian Health Center and a Resident Director to head the Rota Health
17 Center upon consultation with the respective mayors, and other officers as the CEO may
18 determine necessary for the operation of the Corporation. The officers of the Corporation
19 shall serve at the pleasure of the CEO.

20 (b) As provided in § 2805(j), the Board shall recruit and retain a qualified, fulltime
21 CEO. The CEO shall hold no other public or private position, unless otherwise authorized in
22 the contract of employment. The CEO shall comply with the Government Ethics Code (1
23 CMC § 8501 *et seq*). The CEO shall appoint the other officers of the Corporation.

24 (c) The CEO shall have at least a master's degree in healthcare administration,
25 business management, or other relevant field of study from an accredited university or
26 college. The CEO also shall have at least seven (7) years of experience in healthcare
27 management, including total healthcare management responsibilities for at least 50
28 employees. The CEO shall be the chief executive officer of the Corporation with full charge

1 and control of the Corporation, including the operation and maintenance of the Corporation's
2 services, facilities and employees.

3 (d) In exercising the powers granted under § 2806 of this chapter, the CEO shall:

4 (1) Enforce the rules and regulations of the Corporation;

5 (2) Convene from time to time as the CEO determines necessary and
6 appropriate meetings of the Board and submit to the Board such reports on the affairs
7 of the Corporation as may be appropriate;

8 (3) Inform the Board of the needs of the Corporation and its budget;

9 (4) Prepare or cause to be prepared all plans and specifications for the
10 construction and repair of works and facilities operated by the Corporation;

11 (5) Devote the CEO's full time to the business of the Corporation; to plan,
12 organize, direct, coordinate and control the services of such employees in the exercise
13 of the powers of the Corporation; and, in lieu of hiring employees of the Corporation
14 to perform any of the tasks, works or other services required by the Corporation, to
15 contract with private sector businesses and independent contractors to provide such
16 services;

17 (6) Cause to be published monthly financial statements and, within a
18 reasonable time from the end of each fiscal year, an annual report showing the results
19 of operations for the preceding fiscal year and the financial status of the Corporation
20 on the last day thereof. The publication shall be online and in a form acceptable to the
21 Governor;

22 (7) Implement and monitor the progress of the Corporation's multi-year
23 strategic plan, including its progress toward accreditation by a national agency that
24 certifies hospitals, which shall be included in the annual report pursuant to paragraph
25 (6) of this subsection; and

26 (8) Perform other related duties as this Act may require.

27 (e) The Chief Financial Officer (CFO) shall have at least a masters in business
28 administration degree and five years of experience in healthcare finances. The CFO shall
29 have custody of all moneys of the Corporation and shall pay out such money only in

1 accordance with this Act, the direction of the CEO, and any applicable law governing the
2 expenditure of public funds.

3 (f) The Chief Medical Officer (CMO) shall be a licensed physician with at least five
4 years clinical experience and three years of healthcare management experience. The CMO
5 shall be under the direct supervision of the CEO and shall be responsible for monitoring the
6 delivery of quality healthcare, liaison with the medical staff and administration, and such
7 other responsibilities as the CEO may assign.

8 (g) The Director of Nursing shall have a master's degree in nursing science and at
9 least seven years of nursing management experience. The Director of Nursing shall be under
10 the direct supervision of the CEO and shall be responsible for the daily functions of the
11 nursing employees and the nursing unit.

12 (h) The Director of the Community Guidance Center shall have a master's degree in
13 public health administration and at least five years of mental health management experience.
14 The Director of the Community Guidance Center shall be under the direct supervision of the
15 CEO and shall be responsible for the daily functions of the Community Guidance Center and
16 its employees.

17 (i) With respect to the legal services of the Corporation, the CEO shall rely upon the
18 services of attorneys designated by the Attorney General. Upon the prior approval of the
19 Attorney General, the CEO may engage an in-house counsel, whose employment contract
20 and compensation shall be reviewed and approved by the Attorney General; provided that the
21 compensation of the in-house counsel shall be limited to compensation applicable to
22 attorneys within the Attorney General's Office. All other official documents, contracts,
23 financial obligations, and other written instruments shall be approved as to form and legality
24 by an attorney for the Corporation. Approval as to form and legal sufficiency may be
25 conclusively evidenced by the signature of the attorney following a statement to that effect.

26 (j) The resident directors for the Tinian Health Center and the Rota Health Center
27 shall have at least a bachelor's degree plus five years of management experience. A resident
28 director shall be under the direct supervision of the CEO and shall be responsible for the
29 daily operations of the health center on the island.

1 **§ 2808. Fiscal Authority: Accounting and Expenditures.**

2 (a) There is hereby established a revolving fund to be known as the “Healthcare
3 Operations Fund” which shall be maintained separate and apart from the general fund and
4 other funds of the Commonwealth Government. The Fund shall maintain independent records
5 and accounts.

6 (b) All moneys received by the Corporation regardless of the source shall be
7 deposited into the Fund in accounts and banks qualified to hold government funds as
8 provided by law.

9 (c) All appropriations by the Commonwealth Legislature shall be transferred to the
10 Fund as provided by law. All revenues earmarked for the support of the Corporation shall be
11 similarly transferred to the Fund.

12 (d) All expenditures including payments into sinking or other special accounts and
13 debts liabilities, obligations and operational expenses of the Corporation shall be paid from
14 the Fund.

15 (e) The Public Auditor, directly or indirectly through independent certified public
16 accountants, shall examine and report to the public, at least annually, upon the status of the
17 financial records and accounts maintained by the Corporation. Copies of any such reports
18 shall be furnished to the Governor, and the presiding officers of the Legislature, and the
19 Board.

20 (f) The CEO shall cause to be prepared public monthly financial reports of the status
21 of funds maintained by the Corporation. Additionally, the Corporation shall present an annual
22 report within 60 days after the end of each fiscal year and, if requested by the Governor or
23 the Legislature, shall present special reports within 30 days after the end of each intervening
24 quarter. The financial information presented in the reports shall be in accordance with the
25 uniform system of accounting adopted by the CEO following the approval of the Secretary of
26 the Department of Finance and consideration of any comments submitted by the Public
27 Auditor.

28 (g) The fiscal year of the Corporation shall correspond to that of the Commonwealth.

1 (h) The expenditure authority of all funds collected by the Corporation or
2 appropriated to the Corporation shall be the CEO or his or her designee.

3 **§ 2809. Employment Policy.**

4 (a) The staff and employees of the Corporation shall be exempt from the application
5 of the Commonwealth Civil Service Act, as amended (1 CMC § 8101 et seq.), by no later
6 than two years commencing upon the effective date of this chapter. Provisions for the
7 transition period shall be set forth in a Memorandum prepared by the Corporation following
8 input from the Office of Personnel Management. The Memorandum shall ensure that the
9 Corporation shall develop, adopt, and administer a merit-based personnel system that rewards
10 productivity and service, provides management flexibility, and includes provisions for
11 employees to appeal serious disciplinary action. The Corporation shall adopt a personnel
12 policy manual that sets forth the selection, promotion, performance evaluation, demotion,
13 suspension, dismissal, and other disciplinary rules for employees of the Corporation.

14 (b) (1) No recommendation of any person who applies for examination or
15 appointment to any office or position within the Corporation which may be given by
16 an elected official of the Commonwealth, except as to the ability or character of the
17 applicant, shall be considered by any person in the giving of any examination or in the
18 making of any appointment under the personnel system of the Corporation.

19 (2) No person shall make any false statement, certificate, mark, rating, or
20 report with regard to any test, certification, or appointment made under the personnel
21 system of the Corporation, nor commit or attempt to commit any fraud preventing the
22 impartial execution of any provision of the personnel system of the Corporation.

23 (3) No person shall, directly or indirectly, give, pay, offer, solicit, or accept
24 any money, service, or other thing of value to obtain any appointment, proposed
25 appointment, promotion or proposed promotion to, or obtain any advantage in, a
26 position within the Corporation.

27 (c) Employees of the Corporation shall be eligible to participate in any
28 Commonwealth health and life insurance plan and shall accumulate leave time in accordance
29 with applicable Commonwealth law. The Commonwealth Workers' Compensation Law shall

1 apply to employees of the Corporation, and compensation payments pursuant thereto unless
2 otherwise secured shall be made from the Government Self-Insurance Fund, 4 CMC § 9354,
3 from appropriations by the legislature for that purpose, or from funds otherwise available.
4 Employees of the Corporation shall participate in the Retirement Fund in the same manner as
5 do employees of other public corporations.

6 **§ 2810. Immunity From or Indemnification for Civil Liability; Defense of Chief**
7 **Executive Officer, Board of Trustees, Officers, Employees, and Contractors.**

8 The Public Employee Legal Defense and Indemnification Act, 1 CMC § 2301 et seq.,
9 (Public Law 15-22 and any amendments thereto), shall apply to the Commonwealth
10 Healthcare Corporation, its Board of Trustees, CEO, officers, agents, employees, and, to the
11 extent the Corporation chooses to provide by contract in exchange for reasonable
12 consideration, its contractors. Additionally, 7 CMC § 2201 et seq., including its liability
13 limitations, shall apply to such persons.

14 **§ 2811. Exemption from Taxation.**

15 As an instrumentality of the Commonwealth, the Corporation and all property
16 acquired by the Corporation, and all revenues and income therefrom are exempt from
17 taxation and business regulations by the Commonwealth or by any political subdivision or
18 public corporation thereof. This exemption on behalf of the Corporation includes, but is not
19 limited to, its franchise, capital, obligations including interest thereon, reserves, surplus,
20 loans, income assets, and other property of any kind, provided that this exemption does not
21 apply to persons entering into independent contracts with the Corporation.

22 **§ 2812. Orderly Transition.**

23 There shall be an orderly transition of the operations of the Corporation situated in the
24 Commonwealth from the Department of Public Health to the Corporation. Within 365 days
25 after the enactment of this Act, the Corporation and the Department of Public Health shall
26 execute a memorandum of understanding to effectuate the orderly transfer of personnel and
27 property by specifying, among other things, the personnel, property, and funds to be
28 transferred and a time-table to complete the mandate of this Act. The transition period may

1 be extended for a period not to exceed 180 days by the Secretary of the Department of Public
2 Health upon written notice to the presiding officers of the legislature.

3 **§ 2813. Transfer of Property and Personnel to Corporation.**

4 Within 365 days after the enactment of this Act, the appropriate government
5 authority, including the Governor, the Department of Public Lands, and the Department of
6 Public Health, as the case may be, shall transfer to the Corporation:

7 (a) All real property owned by the Department of Public Health and all other real and
8 personal property used exclusively for functions and duties which are to be assumed by the
9 Corporation, and all materials and supplies used exclusively in connection therewith; and,

10 (b) All working capital, cash, accounts payable and receivable, deposits, advances
11 payable and receivable, all books, records and documents, and all other rights, obligations,
12 assets, liabilities, agreements, contracts, leases, concessions and all other rights, obligations,
13 and privileges pertaining to the operation of the Corporation within the Commonwealth, and
14 other matters and concerns of the Governor or the Department of Public Health which are to
15 be assumed by the Corporation, including the assets, personal and real property, held by the
16 government healthcare facilities within the Commonwealth.

17 (c) All personnel used in the administration and operations of Commonwealth Health
18 Center and the health centers in Rota and Tinian shall be transferred to the Corporation.

19 (d) The unexpended balances of appropriations, allocations, allotments, or other funds
20 available for the use by the Commonwealth Health Center and the health centers in Rota and
21 Tinian under the Department of Public Health shall be transferred to the Corporation.

22 (e) Appropriations for functions and duties transferred to the Corporation from the
23 Department of Public Health shall become assets of the Corporation and be deposited into the
24 Healthcare Revolving Fund.

25 (f) Accounts receivable from the Government Health and Life Insurance Trust due to
26 the three island health centers and the Department of Public Health shall not be transferred to
27 the Corporation, but shall remain within the General Fund.

1 **§ 2814. Assumption of Rights, Obligations and Duties of the Government.**

2 (a) To the extent feasible, the Corporation shall assume all rights, obligations and
3 duties of the Government or the Department of Public Health under any agreements to which
4 they are parties that relate to the financing, operation or delivery of healthcare services in the
5 Commonwealth;

6 (b) All lawful obligations of the government or the Department of Public Health
7 existing during the effective date of this Act, and all fines, taxes, penalties, forfeitures,
8 obligations and rights, due, owing or accruing to the government or the Department of Public
9 Health, and all writs, prosecutions, actions and proceedings by or against the government or
10 the Department of Public Health shall remain unaffected by adoption of this Act; and,

11 (c) This Act shall not be deemed to affect petitions, hearings and other proceedings
12 pending before the Department of Public Health and legal proceedings and investigations to
13 which the Department of Public Health is a party. The Corporation shall assume and succeed
14 the Department, without further action, in all matters and orders relating to the functions and
15 duties assumed by the Corporation as of the effective date of this Act.

16 **§ 2815. Personnel Rules Applicable During Transition.**

17 As further provided in § 2809(a) of this chapter, the personnel laws and rules and
18 regulations applicable to the employees working for the Corporation on the effective date of
19 this Act shall continue to apply to the Corporation until such time the Corporation's merit-
20 based personnel rules and regulations take effect."

21 **Section 4. Repealer and Reenactment.** 3 CMC § 2411 is hereby repealed and
22 reenacted to read as follows:

23 "§ 2411. **Commonwealth Health Center.** The Commonwealth Hospital
24 located on Saipan shall be known as the 'Commonwealth Health Center.'"

25 **Section 5. Amendment.** 1 CMC § 7103(n) is hereby amended to read as follows:

26 "(n) 'Government Corporation' includes the Northern Marianas Retirement
27 Fund, the Northern Marianas Housing Corporation, the Marianas Public Land Trust,
28 the Marianas Visitors Authority, the Commonwealth Ports Authority, the

1 Commonwealth Healthcare Corporation, and any other public corporation created by
2 a specific Commonwealth law.”

3 **Section 6. Amendment.** 1 CMC § 8131(a) is hereby amended to add a new
4 paragraph (16) to read as follows:

5 “(16) Personnel and staff of the Commonwealth Healthcare Corporation.”

6 **Section 7. Amendment.** 7 CMC § 2201(b)(4), as amended by Public Law 15-22, is
7 hereby amended to add a new last sentence to read as follows:

8 “(4) “Employee” means an officer, elected or appointed official, exempted
9 service, excepted service, classified or unclassified employee, or servant of a public
10 entity, whether or not compensated, but does not include an independent contractor of
11 the Commonwealth. Employee includes former employees of the Commonwealth.
12 Employee includes persons to whom § 2810 of the Commonwealth Healthcare
13 Corporation Act of 2008 applies.”

14 **Section 8. Repealer.** 3 CMC § 2412 is hereby repealed in its entirety.


15 **Section 9. Severability.** If any provision of this Act or the application of any such
16 provision to any person or circumstance should be held invalid by a court of competent
17 jurisdiction, the remainder of this Act or the application of its provisions to persons or
18 circumstances other than those to which it is held invalid shall not be affected thereby.

19 **Section 10. Savings Clause.** This Act and any repealer contained herein shall not be
20 construed as affecting any existing right acquired under contract or acquired under statutes
21 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
22 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
23 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
24 any liability, civil or criminal, which shall already be in existence on the date this Act
25 becomes effective.

1 Section 11. Effective Date. This Act shall take effect upon its approval by the
2 Governor or becoming law without such approval.

CERTIFIED BY:

ATTESTED TO BY:




ARNOLD I. PALACIOS
SPEAKER OF THE HOUSE



EVELYN C. FLEMING
HOUSE CLERK

APPROVED on this 15th day of JANUARY, 2009



BENIGNO R. FITIAL
GOVERNOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS