



COPY

THE SENATE

Twenty-Third Northern Marianas Commonwealth Legislature
P. O. Box 500129
Saipan, MP 96950

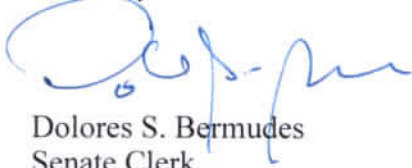
June 10, 2024

The Honorable Edmund S. Villagomez
Speaker
House of Representatives
23rd Northern Marianas Commonwealth Legislature
Saipan, MP 96950

Dear Speaker Villagomez:

I have the honor of returning without amendments House Bill No. 23-87, HS1 entitled – To amend 3 CMC §2824 to authorize the Commonwealth Healthcare Corporation to organize and assist in establishing a charitable foundation.” The Senate passed H.B. No. 23-87, HS1 by the unanimous vote, a quorum being present, in its 1st Day, Third Special Session on June 07, 2024.

Sincerely,



Dolores S. Bermudes
Senate Clerk

Transmitted to **HOUSE**:

Received by: helas. Date: 6/10/2024 Time: 10:15 am



The Senate
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
P.O. BOX 500129
SAIPAN, MP 96950

STANDING COMMITTEE REPORT NO. **2394**
Date: April 25, 2024
RE: House Bill No. 23-87, HS1

Honorable Edith E. DeLeon Guerrero
President of the Senate
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Madam President:

Your Committee on Health, Education and Welfare, to which was referred House Bill No. 23-87, HS1, entitled:

“To amend 3 CMC §2824 to authorize the Commonwealth Healthcare Corporation to organize and assist in establishing a charitable foundation.”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion and deliberation, your Committee recommends passage of the proposed legislation in its original form of House Bill No. 23-87, HS1.

II. ANALYSIS:

A) Purpose:

The purpose of House Bill No. 23-87, HS1 is to provide the Commonwealth Healthcare Corporation with ample authorization to participate in the creation of a charitable foundation that maintains an independent status and may benefit healthcare.

B) Committee Findings:

Your Committee finds that the Commonwealth Healthcare Corporation (CHCC) was established by the Legislature in the year of 2009 in an effort to provide the people of the Commonwealth with an efficient healthcare system. Your Committee further finds that the corporate powers as outlined in Public Law No. 16-15, granted CHCC the authority to create a separate and independent foundation with the ability to accept donations for the benefit of the corporation. However, in 2017, this public law was amended by Public Law No. 19-18 as it deleted the section that authorized the creation of a foundation.

Your Committee finds that CHCC holds the intention of heightening access to capital for investment in local healthcare capacity by establishing an affiliated foundation. CHCC can extend its effort in fulfilling its mission and augment its impact through the association with a foundation. Furthermore, the dedicated foundation would aid the corporation in placing investments into new program development, technological upgrades, improvements of facility, and expanding essential services.

Your Committee met on April 25, 2024 to discuss the provisions of the proposed legislation. During the Committee Meeting, no member objected to the passage of House Bill No. 23-87, HS1 in its original form.

C) Legislative History:

House Bill No. 23-87, HS1 was formally introduced by Representative Malcolm J. Omar on November 11, 2023, and was passed by the House of Representatives on First and Final Reading during its Second Day, Third Regular Session on February 1, 2024. House Bill No. 23-87, HS1 was transmitted to the Senate on February 2, 2024, and referred to the Senate Standing Committee on Health, Education and Welfare for disposition.

D) Public Hearing and Comment:

1. Public Hearing. No public hearing was scheduled for House Bill No. 23-87, HS1. However, a committee meeting, which is open to the public, was held to receive written and oral testimonies on any proposed legislation appearing on the agenda. See below for further details.
2. Committee Meeting. The proposed legislation made its first appearance during the scheduled committee meeting on April 25, 2024, in which your Committee deliberated on the provisions stated in the proposed legislation and the comments provided to the Committee for review.

The respective Committee Meeting notices and agendas were officially posted on various legislative forums and social media sites in accordance with the Open Government Act to invite members of the general public to provide comments as indicated under Item No. III. Public Comment of the Committee Agenda. During the

committee meeting. However, no public comment was received on the proposed legislation by your Committee during the scheduled meeting.

- 3. Written Comment. Your Committee To date, the status of comments received from the foregoing government agencies are as follows:

- a. *Esther L. Muna, PhD, MHA, FACHE, Chief Executive Officer, Commonwealth Healthcare Corporation, letter dated March 22, 2024*

E) Estimated Fiscal Cost:

The enactment of House Bill No. 23-87, HS1 will not result in additional costs to the CNMI government and may result in potential cost benefit and additional capital as a result of the corporation's association in a charitable foundation.

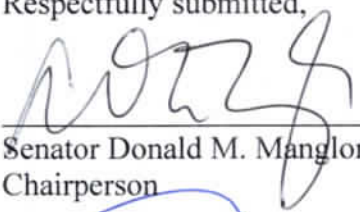
F) Summary of Committee Amendments:

Your Committee made no amendments to the proposed legislation.

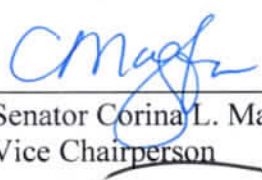
III. CONCLUSION:

Your Committee agrees with the intent and purpose of the proposed legislation and recommends passage in the form of House Bill No. 23-87, HS1 in its original form.

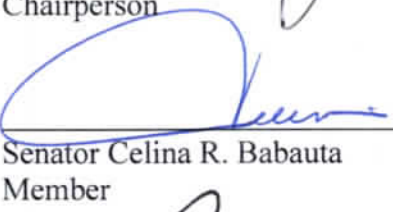
Respectfully submitted,



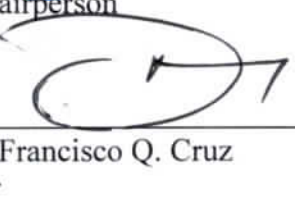
Senator Donald M. Manglona
Chairperson



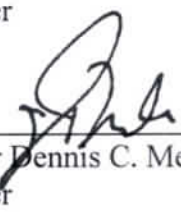
Senator Corina L. Magofna
Vice Chairperson



Senator Celina R. Babauta
Member



Senator Francisco Q. Cruz
Member



Senator Dennis C. Mendiola
Member

Reviewed by:



Senate Legal Counsel

Attachment(s):

- *Written Comment(s):*

1. *Esther L. Muna, PhD, MHA, FACHE, Chief Executive Officer, Commonwealth Healthcare Corporation, letter dated March 22, 2024*

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 13, 2023

Second Regular Session, 2023

H. B. 23-87, HS1

A BILL FOR AN ACT

To amend 3 CMC §2824 to authorize the Commonwealth Healthcare Corporation to organize and assist in establishing a charitable foundation.

**BE IT ENACTED BY THE 23RD NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** In 2009, the Legislature established the
2 Commonwealth Healthcare Corporation (CHCC) to provide a more efficient public
3 healthcare system. As part of that legislation, the corporate powers included the
4 authority to create a separate and independent foundation that could accept
5 donations for the benefit of the work of CHCC. P.L. 16-51, Section 3, page 6,
6 lines 7-10. However, in 2017, the Legislature amended the laws related to CHCC
7 and deleted the language authorizing the creation of a foundation. P.L. 19-18,
8 Section 2.

9 As part of a strategic plan, CHCC intends to increase access to capital for
10 investment in local health care capacity by establishing an affiliated foundation. By
11 associating with a foundation, CHCC can elevate its mission and extend its reach
12 and impact. This dedicated foundation would serve as a powerful vehicle for

1 channeling investment into pivotal areas such as new program development,
2 technological upgrades, facility improvements, and the expansion of essential
3 services.

4 The Legislature finds that authorizing CHCC to participate in the creation
5 of a foundation is in the public's best interest. The Legislature further finds that the
6 foundation should maintain an independent status. Therefore, this bill restores the
7 authority of CHCC to participate in the creation of an independent, affiliated
8 charitable foundation that may benefit health care.

9 **Section 2. Amendment.** 3 CMC §2824 of the Commonwealth Code is
10 hereby amended by adding a new subsection (s) to read as follows and to renumber
11 remaining subsections accordingly:

12 **“§ 2824. Corporate Powers.**

13 “(s) Participate and assist in the creation of an independent
14 charitable foundation that operates for the primary benefit of improving
15 health care within the Commonwealth Healthcare Corporation. The
16 charitable foundation shall be governed separately from CHCC. Except for
17 one CHCC trustee, the board of directors for the foundation shall not include
18 any active employees or trustees of CHCC. The CEO of CHCC or a
19 designee may serve as a nonvoting member of the foundation board of
20 directors; and”

1 **Section 3. Severability.** If any provisions of this Act or the application of
2 any such provision to any person or circumstance should be held invalid by a court
3 of competent jurisdiction, the remainder of this Act or the application of its
4 provisions to persons or circumstances other than those to which it is held invalid
5 shall not be affected thereby.

6 **Section 4. Savings Clause.** This Act and any repealer contained herein
7 shall not be construed as affecting any existing right acquired under contract or
8 acquired under statutes repealed or under any rule, regulation, or order adopted
9 under the statutes. Repealers contained in this Act shall not affect any proceeding
10 instituted under or pursuant to prior law. The enactment of the Act shall not have
11 the effect of terminating, or in any way modifying, any liability, civil or criminal,
12 which shall already be in existence on the date this Act becomes effective.

13 **Section 5. Effective Date.** This Act shall take effect upon its approval by
14 the Governor, or it becoming law without such approval.

Intro: 11/13/2023

Date: _____ Introduced by: /s/ Rep. Malcolm J. Omar

Reviewed for Legal Sufficiency by:

/s/ Joseph L.G. Taijeron, Jr. (1/10/2024)
House Legal Counsel



Commonwealth Healthcare Corporation

Commonwealth of the Northern Mariana Islands
1178 Hinemlu' St. Garapan, Saipan, MP 96950



CEO-L24-539

March 22, 2024

Honorable Donald Manglona
Chair, Senate Standing Committee on Health, Education and Welfare
23rd Commonwealth Legislature
Capitol Hill, Saipan MP 96950

Re: Commonwealth Healthcare Corporation (CHCC) Public Comments on HB 23-87, HS1 - *To amend 3 CMC §2824 to authorize the CHCC to participate and assist in the creation of an independent charitable foundation that operates for the primary benefit of improving health care within the Commonwealth Healthcare Corporation.*

Håfa Adai yan Tirow Senator Manglona,

On behalf of the Commonwealth Healthcare Corporation (CHCC), I am writing to extend our strong support for HB 23-87, HS1 and to provide critical insights intended to contribute to legislation that holds the potential for profound and lasting impact on both CHCC and, most importantly, the health of the people of the CNMI.

This bill presents an important opportunity for CHCC to participate and assist in the establishment of a separate yet affiliated charitable foundation that aims to provide measured and long-term solutions to its financial adversities. It is commendable that this Legislature is working towards alleviating some of CHCC's most enduring financial strains, impacted by ongoing cost reimbursement constraints, increasing demands for health services and referrals, a lack of government appropriations, and the continuous challenges imposed by the annual cap on federal Medicaid funding for the CNMI. Swift passage of HB 23-87, HS1 is crucial for CHCC to accelerate efforts to explore avenues through a foundation to assist in overcoming the greater financial barriers that continue to threaten the quality and delivery of medical and public health services in the CNMI.


In 2009, CNMI Public Law 16-51 granted CHCC explicit corporate power to "establish one or more charitable foundations, independent of the Corporation, but for the exclusive benefit of the Corporation" (PL 16-51, §2804(s)). However, in 2017, Public Law 19-78 repealed various provisions of PL 16-51, notably removing CHCC's explicit corporate power to establish a charitable foundation. As a result, CHCC is currently unable to create such a foundation to serve as a separate but supportive entity. Additionally, as a government non-profit corporation, CHCC is restrained from actively soliciting monetary contributions. This bill seeks to reinstate a critical aspect of CHCC's originating statute and by doing so, it enables CHCC to aim strategically to address its greatest needs and meet CNMI-wide healthcare goals through the efforts of a foundation.

An affiliated charitable foundation with CHCC plays a pivotal role in supporting the delivery of healthcare services across the CNMI by soliciting and securing funding, managing donations, and directing resources towards essential areas such as patient care, medical innovation, research, facility repairs and improvements, community outreach, and the development of new programs. Moreover, a separate yet affiliated foundation ensures that CHCC personnel can focus on delivering healthcare services and effectively serving patients. Ultimately, a foundation will act as a bridge between CHCC and the community, as well as fill a vital role to facilitate partnerships and collaborations, locally, nationally, and internationally that support the objectives of the hospital and other key service areas all the while advancing CNMI and CHCC healthcare goals.

Furthermore, CHCC acknowledges the importance of philanthropic contributions and the integration of a foundation into its financial management and growth for the future. Such a foundation would serve as a responsible custodian of their donor and grantor contributions, ensuring that all funds are allocated in a manner compliant with tax-exempt regulations and fiduciary duties, thereby safeguarding resources while simultaneously supporting the expansion and improvement of CHCC services. This non-profit foundation will not only enhance the accountability of CHCC but also promote sustainable growth by purposefully channeling funds to meet the overarching healthcare needs of the CNMI community.

I extend my gratitude for your valuable time and consideration. We eagerly anticipate your positive action in urgently addressing this critical opportunity for CHCC.

Sincerely,



Esther Lizama Muña, PhD, MHA, FACHE
Chief Executive Officer
State/Territorial Health Official