

I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
13-38 (COR)	Therese M. Terlaje	AN ACT TO ADD A NEW CHAPTER 98 TO DIVISION 4 TITLE 10 GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING A PUBLIC-PRIVATE PARTNERSHIP FOR GUAM'S PUBLIC HOSPITAL.	1/13/25 9:23 a.m.						

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2025 (FIRST) Regular Session

Bill No. 13-38 (COR)

Introduced by:

Therese M. Terlaje 

**AN ACT TO ADD A NEW CHAPTER 98 TO DIVISION 4
TITLE 10 GUAM CODE ANNOTATED RELATIVE TO
ESTABLISHING A PUBLIC-PRIVATE PARTNERSHIP
FOR GUAM'S PUBLIC HOSPITAL.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.**

3 *I Liheslaturan Guåhan* finds that there has been ongoing discourse regarding
4 the implementation of a Public-Private Partnership (P3) for the Guam Memorial
5 Hospital (GMHA). The 2016 Guam Memorial Hospital Task Force Report
6 recommended “to pursue a public-private partnership as a model to ensure a
7 sustainable and quality facility for the people of Guam”.

8 *I Liheslaturan Guåhan* finds that pursuant to P.L. 33-143 the Guam Economic
9 Development Authority (GEDA) was mandated to develop and public a Request For
10 Information (RFI) for the purpose of soliciting and determining public interest and
11 the desired direction public policymakers may take relative to the management and
12 operation(s) of the GMHA. RFI 16-001 was published to comply with this mandate
13 and received three responses from Eikon LLC, Strategic Global Management Inc.
14 and Cormin Global Consulting Group. GEDA therefore determined that there are at
15 least three (3) companies that may respond to a Request For Proposal (RFP) for a
16 Public-Private Partnership (P3). GEDA concluded in RFI 16-001, “that the direct

1 stakeholders come together in the development of this RFP and request for
2 Legislative support through legislation detailing the basis of this PPP prior to the
3 issuance of the final RFP”.

4 *I Liheslaturan Guåhan* finds that Bill 305-35 was subsequently introduced in
5 the 35th Guam Legislature to require the GMHA to prepare a Request For Proposal
6 (RFP) for a Public-Private Partnership for the management, operation, and
7 maintenance of GMHA. The bill did not pass into law due to concerns from GMHA
8 including that the bill did not adhere to the Guam Procurement Code and additional
9 assertions of GMHA’s capability to manage the hospital independently.

10 *I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority
11 (GMHA) reported a concerning \$30 million cash shortfall in an Oversight Hearing
12 on Fiscal matters of the hospital conducted on February 26, 2024. The Guam
13 Memorial Hospital Authority (GMHA) also submitted their 2025 Fiscal Year Budget
14 request to *I Liheslaturan Guåhan*, requesting \$74.3 million for FY25 but received
15 only \$37.7 million. GMH officials testified in an oversight hearing on October 7,
16 2024, that that without an additional \$20 million, the hospital’s operations are at risk.
17 warned that secondary units, including ICU, telemetry, and interventional
18 cardiology, face suspension without adequate funding. These financial challenges
19 underscore the precarious fiscal health of the hospital and the urgency of engaging
20 private sector expertise to ensure GMHA’s fiscal sustainability.

21 *I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority
22 (GMHA) is facing additional challenges including outdated compensation requiring
23 immediate Medicaid rebasing, utilizing a behavioral health Electronic Health
24 Records (EHR) System which they testified was not appropriate for an acute care
25 hospital thereby costing the Government of Guam millions of dollars and further
26 hindering their operations, and the shortage of healthcare personnel which further
27 exacerbate operational challenges.

1 *I Liheslaturan Guåhan* finds that the Executive branch has expressed their
2 opinion regarding GMHA’s current management and operational challenges and
3 recognized “the need to partner with private healthcare experts to address our
4 healthcare personnel shortages and the financial stability of the hospital”.

5 *I Liheslaturan Guåhan* finds that the Guam Memorial Hospital Authority
6 pursuant to 10 GCA Chapter 80 §80109 (j), retains the power to “employ, retain or
7 contract for the services of qualified managers, specialists or as individuals or as
8 organizations pursuant to §80109 (p), also retains the power to “contract with a
9 corporation to exercise any or all the powers of the Administrator, and of those
10 officers authorized by §80108”.

11 *I Liheslaturan Guåhan* finds that pursuant to 12 GCA Chapter 83 § 83105,
12 the “Guam Economic Development Authority, in consultation with the
13 administrators and directors of healthcare agencies on Guam, shall utilize the
14 program study generated by each of the healthcare agencies and the report generated
15 by the U.S. Department of the Interior funded assessment report by the U.S. Army
16 Corps of Engineers and the Guam Fire Department to identify and prioritize potential
17 projects from such program studies and assessment reports to be completed”. GEDA
18 further issued RFP No. 24-006 for Professional Hospital Consulting Services on
19 August 2, 2024. The RFP is intended to “provide a report that documents future
20 health care needs of the local and regional population and assess organizational
21 structures that would enhance the operation, fiscal health and medical services
22 offering of GMH following trends in the health care industry and local and federal
23 laws and regulations governing the provision of health care services”.

24 *I Liheslaturan Guåhan* finds that the National Institute of Health (NIH)
25 conducted a study to identify the effects of public-private partnerships on hospital
26 performance indicators. The NIH reported that improvements to “hospital
27 performance indicators, including service quality indicators, is one of the most

1 significant achievements of PPP implementation”. They further stated that
2 “hospitals with PPP were considered able to reduce corruption with the existence of
3 anti-corruption mechanism through discretionary control, increased accountability
4 and transparency, and detection and enforcement of regulations described in human
5 resource management, facility and equipment management, drug supply, and
6 security. These changes to new norms adapted from private management promote
7 personal responsibility and minimize opportunities, incentives and pressures to
8 engage in corrupt practices”.

9 Therefore, it is the intent of *I Liheslaturan Guåhan* to solicit assistance for
10 the management of the Guam Memorial Hospital Authority by mandating that an
11 RFP be developed and published by the GMHA P3 Committee for purposes of
12 creating a Public-Private Partnership for the Guam Memorial Hospital Authority

13 **Section 2.** A new Chapter 98 is hereby *added* to Division 4, Title 10 Guam
14 Code Annotated to read:

15 “Chapter 98 Public-Private Partnership for the Management of Guam’s

16 Public Hospital

17 §98101. Short Title

18 §98102. Establishment of the GMHA P3 Committee

19 §98103. Contract Type

20 §98104. Contract Limit

21 §98105. Conflict of Interest

22 **§98101. Short Title**

23 This act may be cited as the GMHA’s Public-Private Partnership Act of
24 2025”.

25 **§98102. Establishment of the GMHA P3 Committee**

1 There is hereby established a GMHA P3 Committee who shall be tasked with
2 developing and publishing a Request for Proposal (RFP) for a Public-Private
3 Partnership for the management, operation, and maintenance of the GMHA.

4 a) Composition of the GMHA P3 Committee. The committee shall be
5 composed of the following members:

6 (1) The Director of Guam Economic Development Authority, who
7 shall serve as Chairperson

8 (2) The Director of Department of Administration or his/her designee

9 (3) The Director of the Bureau of Budget and Management Research
10 or his/her designee

11 (4) The CEO/ Administrator of the Guam Memorial Hospital
12 Authority

13 (5) The Chairperson on the Committee on Health of *I Liheslaturan*
14 *Guåhan* or his or her designee; and

15 (6) The Guam Memorial Hospital Board of Trustees

16 (7) President of the Guam Medical Association or his/her designee

17 (8) President of the Guam Medical Society or his/her designee

18 (9) Representative from the Guam Nursing Association

19 (10) The Director of the Department of Public Health and Social
20 Services or his/her designee

21 b) Responsibilities of the GMHA P3 Committee. The P3 Committee shall:

22 (1) Develop and publish a Request for Proposal (RFP) that outlines the
23 potential structure for a Public Private Partnership arrangement and
24 identifies the scope of services to be provided by the private partner.
25 The RFP may address at least one of the following models:

26 i. A Public-Private Collaboration in the operation of the
27 hospital

1 ii. The transfer of the management and operation of GMHA in
2 its entirety to either a for-profit or non-profit entity or the
3 transfer of limited management and operation on only specific
4 GMHA operations and assets

5 (2) The P3 Committee may provide supplementary information to
6 facilitate the development of the Public-Private Partnership,
7 including but not limited to:

8 i. Determining critical areas where private partnerships can
9 introduce enhanced efficiencies, advanced technologies, and
10 best practices to improve the standard of care and
11 operational effectiveness of the hospital

12 ii. Researching and analyze information related to the level of
13 available federal and non-governmental funding mandated
14 by law and how any change in GMHA's operational
15 structure would impact the availability of federal and non-
16 governmental funding

17 c) Inclusion of Legal and Procurement Advisors. The P3 Committee shall
18 invite the Attorney General of Guam and the General Service Agency
19 (GSA) Officer to any meetings convened for the purposes outlined in the
20 chapter and shall receive copies of all documents involved in this process.

21 (1) The Attorney General of Guam shall act as legal advisor during all
22 phases of the solicitation or procurement process and shall have the
23 authority to extend the timelines outlined in this Chapter as
24 deemed necessary.

25 (2) The GSA Procurement Officer shall be an advisor throughout the
26 entirety of the RFP process and advise the P3 Committee in regard
27 to procurement compliance.

1 d) Notwithstanding Guam procurement rules and regulations, the P3
2 Committee shall prepare and submit a copy of the RFP to the Speaker of I
3 Liheslaturan Guåhan and for purposes of obtaining finances, public
4 dissemination and to engage relevant stakeholders before finalizing and
5 publishing the RFP.

6 (1) The Committee on Health shall conduct at least two (2) public
7 hearings on the RFP and transmit appropriate recommendations on
8 the RFP to the P3 Committee for consideration.

9 **§98103. Contract Type.**

10 The Guam Memorial Hospital Authority (GMHA) shall enter into a contract-
11 based Public-Private Partnership with a private entity for purposes of improving the
12 operational efficiency and healthcare provisions of the hospital.

13 a) The contract for management services of the GMHA shall be defined by
14 the P3 Committee

15 b) The RFP developed by the P3 Committee shall delineate a
16 comprehensive scope of services expected from the private partner and,
17 at a minimum, the following services shall be included:

18 (1) Enhanced billings and collections process to maximize revenue;

19 (2) Critical updates to Medicaid rebasing in accordance with federal
20 and local regulations;

21 (3) Streamlining of daily operations to improve efficiency and reduce
22 costs;

23 (4) Maintenance and potential upgrades to the GMHA facility to meet
24 current healthcare demands;

25 (5) Upgrades to Information Technology Infrastructure to support
26 patient care and administrative functions;

1 (6) Any other services the P3 Committee identifies is needed to ensure
2 operational efficiency of the hospital and improved patient care

3 c) The contract shall include a provision safeguarding the employment of all
4 current non-management staff members at GMHA. This provision will
5 guarantee that these staff members retain their status as Government of
6 Guam employees and the associated retirement and other benefits
7 conferred upon them by the Government, without disruption due to the
8 transition to a new management model.

9 **§98104. Contract Limits.**

10 The validity of the contract shall be valid for a maximum of five (5) years,
11 with the option to renew contract terms for an additional five (5) years, but not to
12 exceed a total of twenty (20) years of four (4) consecutive contract renewals. The
13 renewal of any contract shall be contingent upon the private-partner meeting
14 performance metrics and further agreed upon by both the p3 Committee and the
15 private partner. If any amendments are proffered, the revised contract shall be
16 submitted and reviewed by the GSA, Attorney General, and submitted to *I*
17 *Liheslaturan Guåhan* for approval. The awarded contract must contain performance
18 reviews at least annually by GEDA, and provisions for contract termination and
19 penalty based upon such review.

20 **§98105. Conflict of Interest.**

21 No contract awarded subject to the provisions of this Act shall be awarded to
22 any party who has a blood or martial relationship to the third (3rd) degree on
23 consanguinity with the Administrator or management team of GMHA, the P3
24 Committee, a BOT member of GMHA, the Governor of Guam, the Lieutenant
25 Governor of Guam, or a Member of *I Liheslaturan Guåhan*.”

26 **Section 3. Applicability to New Hospital.** This Act shall apply to any new
27 public hospital constructed by or for the Government of Guam.

1 **Section 4. Severability.** If any provision of this Act or its application to any
2 person or circumstance is found to be invalid or contrary to law, such invalidity shall
3 not affect other provisions or applications of this Act that can be given effect without
4 the invalid provision or application, and to this end the provisions of this act are
5 severable.

6 **Section 5. Effective Date.** This Act shall become immediately effective
7 upon enactment.