

## Critical Sustainability Measures To Provide Essential Health Services to Puerto Rico's Medicaid Recipients May 2019

The Government of Puerto Rico has outlined five critical sustainability measures to provide essential health services to Puerto Rico's Medicaid recipients. These measures are necessary in order to stabilize, strengthen and improve the island's Medicaid program and the healthcare system as a whole. Sustained federal investment in Puerto Rico's Medicaid system will help ensure the nearly 1.5 million U.S. citizens who are enrolled in Medicaid receive quality healthcare.

### **1) Keep Physicians and Providers Within the Healthcare System to Avoid Collapse:**

According to statistics compiled by the Puerto Rico College of Physician and Surgeons, the number of registered physicians in Puerto Rico decreased 58% from 2015 to 2018. Low reimbursement rates and lack of healthcare infrastructure are some of the main reasons physicians point to as to why they chose to leave the island. Puerto Rico's Medicaid physician fees are lower when compared to other states. Puerto Rico's physician fees are 19 percent of Medicare for primary care services and 50 percent of Medicare for maternity services, compared to the national average of 66 percent of Medicare for primary care and 81 percent of Medicare for obstetric care. Additional funding is needed to increase provider payments in order to stem the exodus of physicians and healthcare professionals from the island. Committed to maintaining program integrity, the Government of Puerto Rico has developed a strategy to ensure the increase goes directly to providers through directed payment arrangements that will be evaluated and approved by Centers for Medicaid and Medicare Services (CMS).

### **2) Provide Life-Saving Hepatitis-C Drugs to Puerto Rico's Medicaid Beneficiaries:**

Puerto Rico's Medicaid plan currently does not provide coverage for drugs that cure the Hepatitis-C virus. There are approximately 14,000 Puerto Ricans that are eligible for treatment and could be cured by making these drugs available to them. While the short-term cost is high, however, in the long term we estimate that savings can be achieved due to the avoidance of costs related to the treatment of Hepatitis-C virus such as decompensated cirrhosis and liver transplants. We are investing in the long-term health and well-being of our population if we can begin to provide this benefit and negate the need for more serious, more dangerous treatment options in the future.

### **3) Prevent Collapse of Puerto Rico's Hospital System due to Medicaid Losses:**

According to the latest available CMS Hospital Cost Reports, over 50% of Puerto Rico hospitals reported net losses.<sup>1</sup> Medicaid, as is the case in most other States, is the payer with the lowest reimbursement rates for hospitals. Puerto Rico hospitals are disproportionately affected by the low reimbursement rates because Medicaid covers almost half of the island's population. These conditions jeopardize the ability for hospitals to operate and re-invest in their infrastructure. To support the sustainability of hospital services, additional funds are needed to compensate hospitals for losses attributable to Medicaid. These payments will be tied to the new Diagnosis Related Group (DRG) payment system that will be launched on November 1, 2019. This payment

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<sup>1</sup> Based on fiscal year 2016 Hospital Cost Reports. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Downloadable-Public-Use-Files/Cost-Reports/Cost-Reports-by-Fiscal-Year.html>

system will also allow reimbursement rates to be tied to the quality and value of services offered by each facility.

#### **4) Provide Medicare Part B Premium Coverage for Dual Eligibles as is Provided in the States:**

There are approximately 282,000 Medicaid and Medicare dual eligibles in Puerto Rico that pay the Medicare Part B premium out-of-pocket. In most cases, the payment is a direct deduction from each individual's Social Security check, which for most recipients is their main or sole source of income. In all States, this premium is required to be paid by Medicaid for dual eligibles – however this does not apply in Puerto Rico. The Government of Puerto Rico recognizes that the high cost of the premium, which could be as high as \$135.50 per month, directly affects the livelihood of these low income and elderly individuals, and may force them to choose between this critical health benefit or other essentials like food, rent, etc. Providing this benefit will ensure that Medicare beneficiaries in Puerto Rico are not unduly harmed by their disparate treatment under Medicare Part B coverage, which is currently affecting the physical, mental and financial health of our most vulnerable citizens.

#### **5) Adjust the Puerto Rico Poverty Level to Increase Fairness of Medicaid Eligibility:**

Due to the disproportionately low level of federal Medicaid funding for Puerto Rico, the island has been forced to limit Medicaid eligibility well below the federal poverty level used in the states. As a result, a large portion of low-income and vulnerable families and individuals remain without health coverage even though they would clearly qualify if they moved stateside. Currently, Puerto Rico provides benefits to 120,000 individuals known as the State or Commonwealth population directly from its state funds. However, state funds are insufficient to meet the full needs of this population so additional federal funding is needed to continue to provide essential healthcare services on the island so that these individuals do not see themselves forced to move stateside in search of adequate health coverage which is bound to be more costly to the federal government. The modification of the Puerto Rico poverty level (PRPL) on which income requirements for Medicaid is based would increase the fairness in eligibility for this population compared to their fellow citizens in the states. The full transparency of this change would be guaranteed through the approval by CMS of a State Plan Amendment (SPA).