



The Puerto Rico Chamber of Commerce, Birling Capital Advisors, LLC  
and El Nuevo Día present

# 3<sup>rd</sup> PROMESA Conference

Medicaid: From Cliff to Cliff  
Orlando González, Esq., CPA



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# PR Medicaid Program Highlights



**Manage care with  
delegated MCOs**



**\$2.7 billion in  
premiums**



**1.3 million  
beneficiaries**



**Over 6,000 unique  
providers**



**Block Program (vs.  
entitlement)**



**Over 15.2 million Rx /  
Yr.**

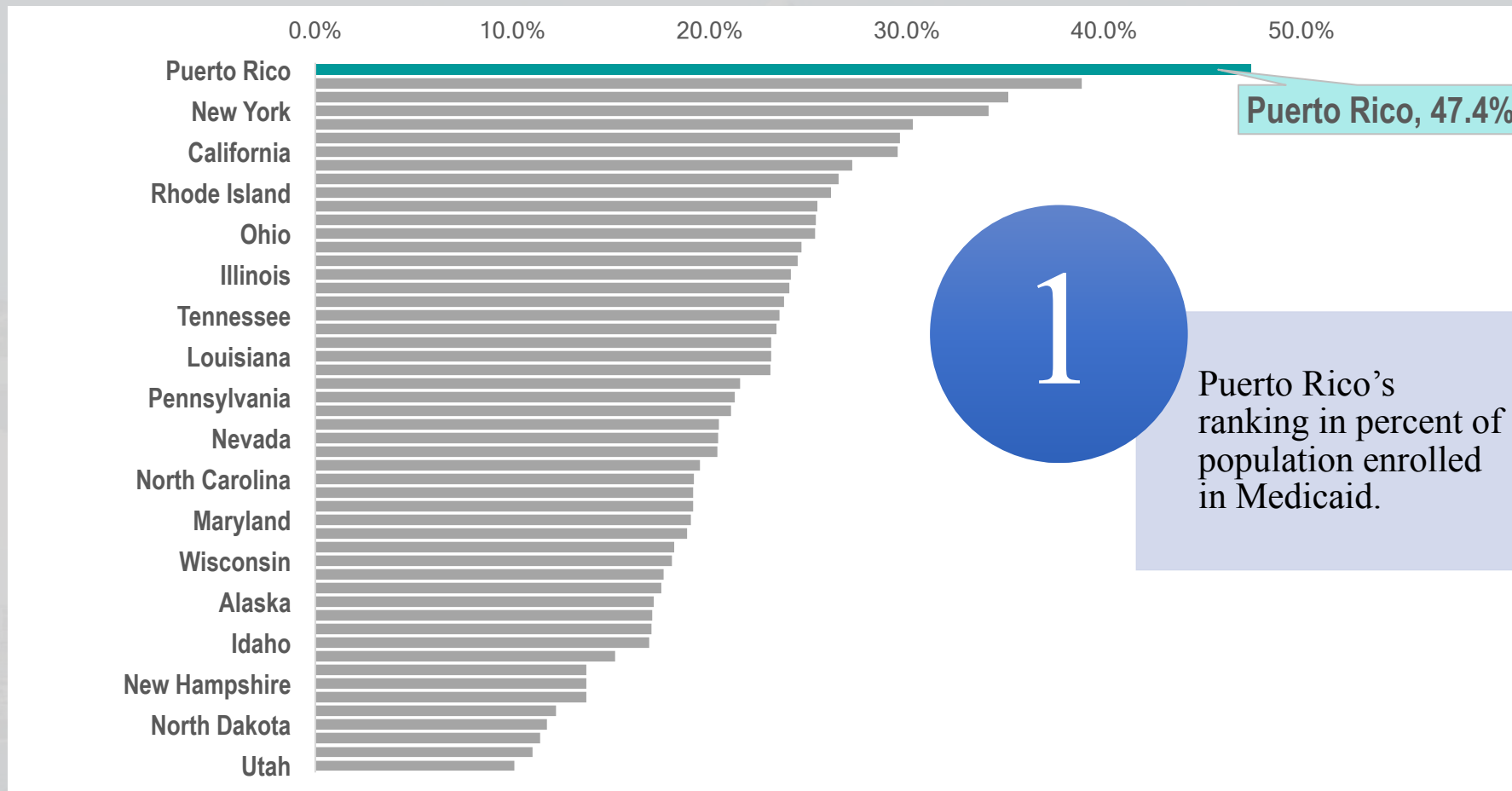


**>\$610 million in  
prescribed Rx**

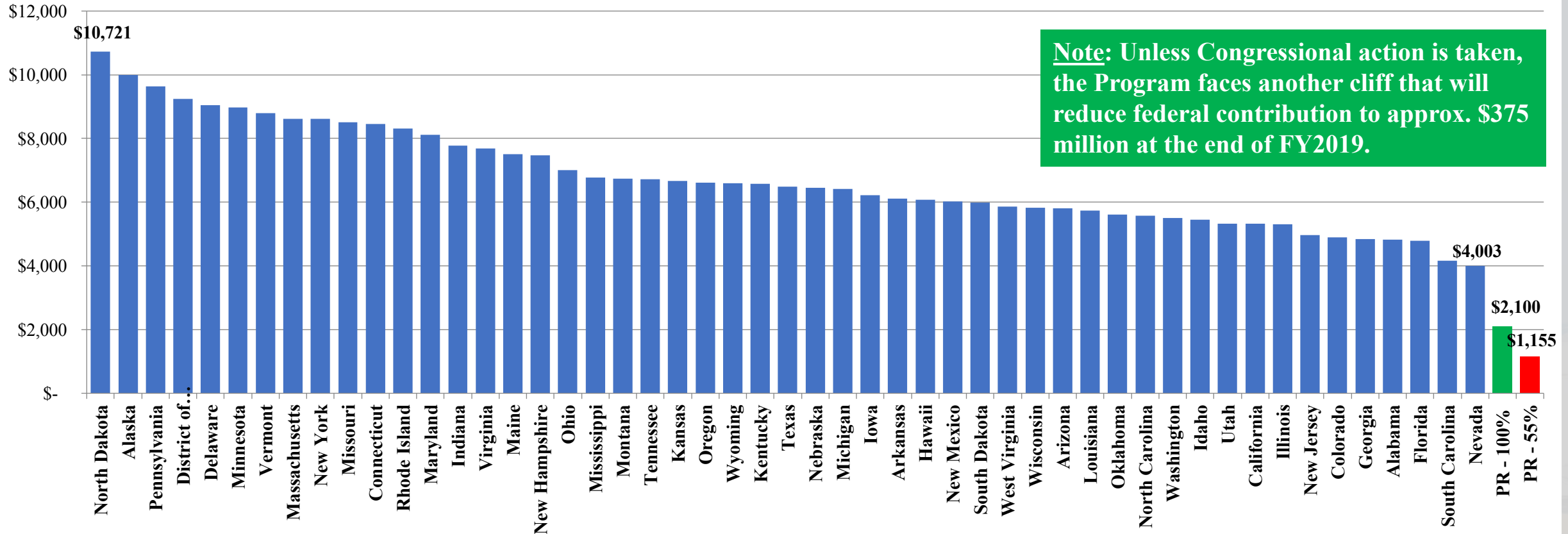


**About 16k direct/  
indirect jobs**

# PR Medicaid: Proportionally More Participants than Any other US Jurisdiction



## Medicaid Spending Per Full-Benefit Enrollee



Data : US 2014  
 Source: The Henry J. Kaiser Family Foundation  
 PR: 2018 Avg

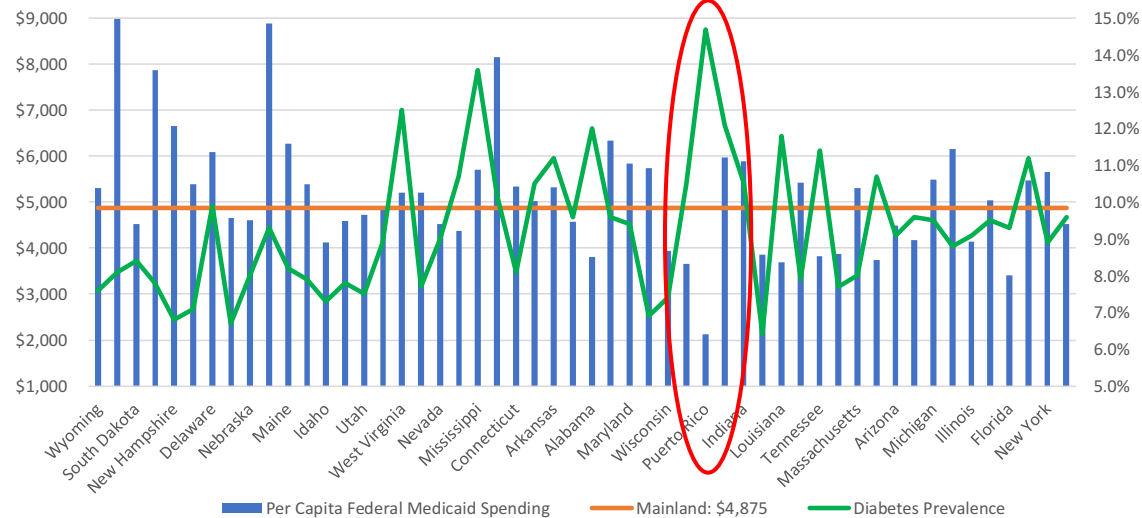
- Current investment with 100% FMAP
- Current investment assuming 55% FMAP



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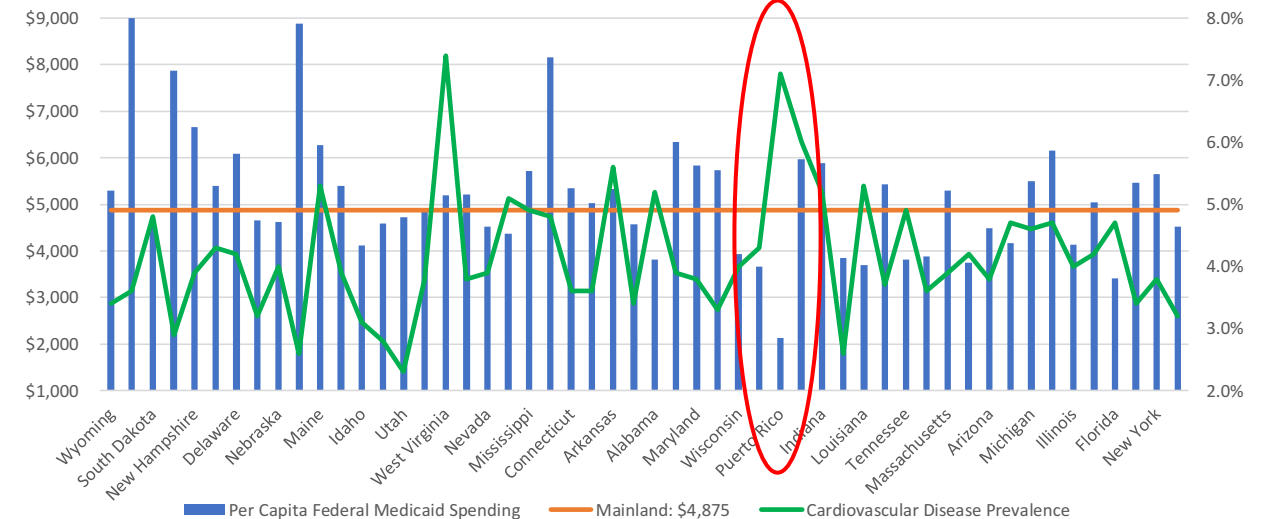
## High Prevalence of Chronic Conditions with Less Funding

PER CAPITA FEDERAL MEDICAID SPENDING AND DIABETES PREVALENCE\*  
ORDERED BY ENROLLMENT  
(BASED ON 2016 TOTAL NET EXPENDITURES)



\*State wide 2015 diabetes prevalence in adults according to Centers of Disease Control  
<https://gis.cdc.gov/grasp/diabetes/DiabetesAtlas>  
<https://data.medicare.gov/uncategorized/fy-2016-financial-management-data>

PER CAPITA FEDERAL MEDICAID SPENDING AND CARDIOVASCULAR DISEASE PREVALENCE\* ORDERED BY ENROLLMENT  
(BASED ON 2016 TOTAL NET EXPENDITURES)

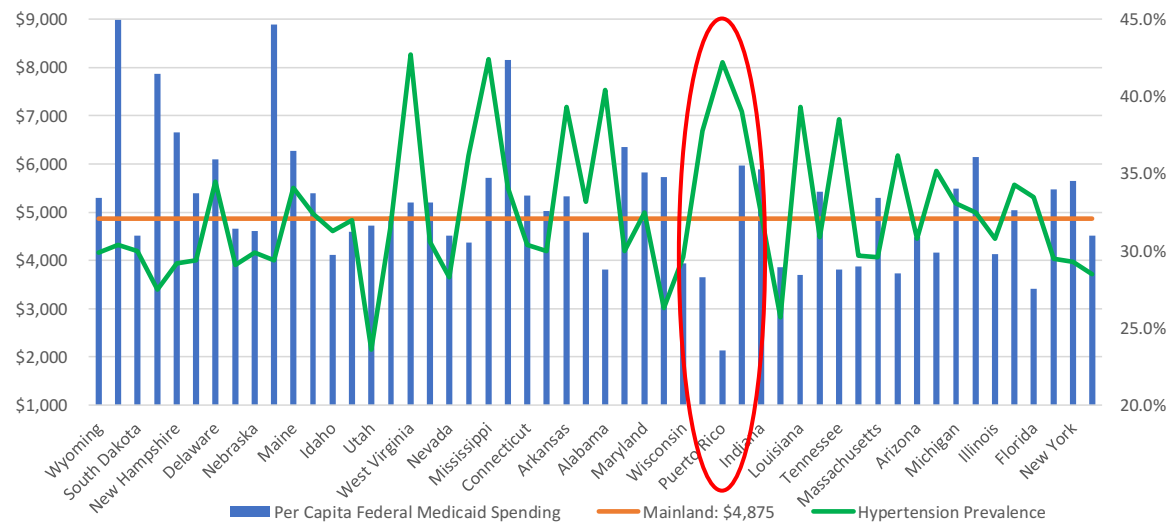


\*State wide 2015 cardiovascular disease prevalence in adults according to Centers of Disease Control  
<https://nccd.cdc.gov/BRFSSPrevalence/>  
<https://data.medicare.gov/uncategorized/fy-2016-financial-management-data>

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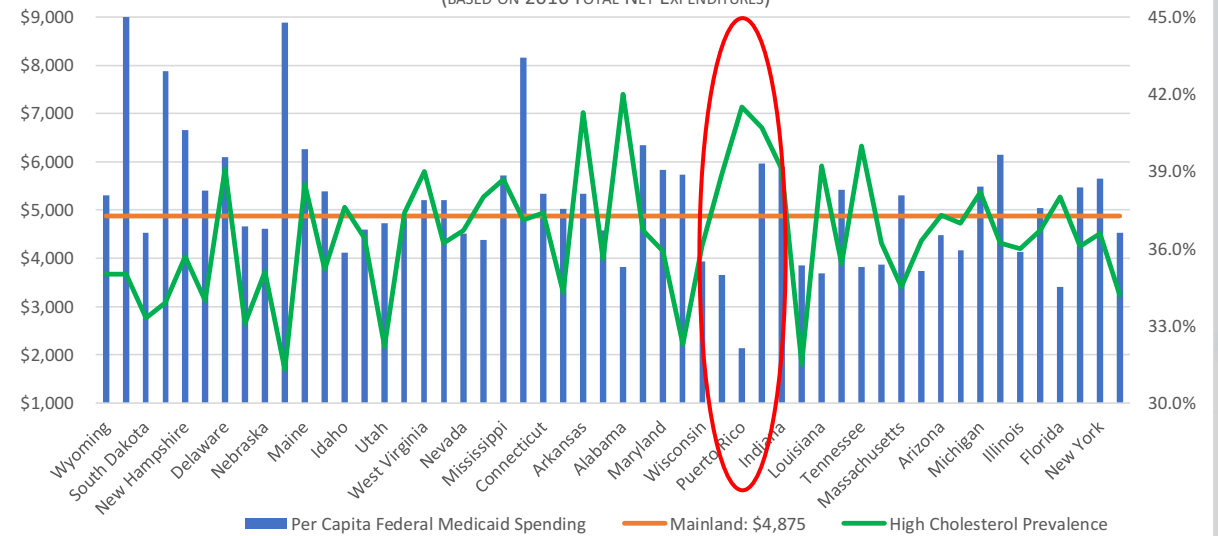
# High Prevalence of Chronic Conditions with Less Funding

PER CAPITA FEDERAL MEDICAID SPENDING AND HYPERTENSION PREVALENCE\*  
ORDERED BY ENROLLMENT  
(BASED ON 2016 TOTAL NET EXPENDITURES)



\*State wide 2015 high cholesterol prevalence in adults according to Centers of Disease Control  
<https://nccd.cdc.gov/BRFSSPrevalence/>  
<https://data.medicare.gov/Uncategorized/FY-2016-Financial-Management-Data>

PER CAPITA FEDERAL MEDICAID SPENDING AND HIGH CHOLESTEROL PREVALENCE\*  
ORDERED BY ENROLLMENT  
(BASED ON 2016 TOTAL NET EXPENDITURES)



\*State wide 2015 high cholesterol prevalence in adults according to Centers of Disease Control  
<https://nccd.cdc.gov/BRFSSPrevalence/>  
<https://data.medicare.gov/Uncategorized/FY-2016-Financial-Management-Data>



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# Collateral Consequences of Such Disparity

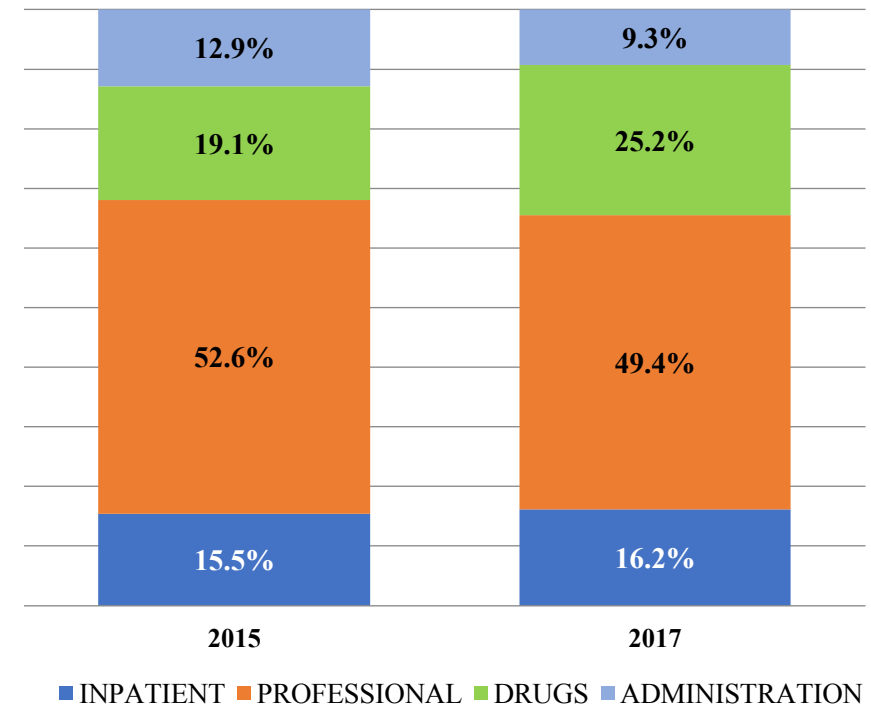
- As Rx costs are based on similar pricing structure to the States, undue pressure is placed on other industry sectors (i.e. physicians) and operations.
- Just for MMM, the proportional reduction from 2015 to 2017 represents \$1.67 PMPM (\$5.3 million) reduction in payments for other providers and administration.
- In contrast, funding comparable to other US jurisdictions promotes better distribution of resources among different provider sectors.

| Rx Cost as a % of Total Premium in the US (2016) |                       |       |
|--|-----------------------|-------|
| Source   | Amount (in million)   | %     |
| Federal  | \$ 365,516,114        | 63.3% |
| State  | 211,955,813           | 36.7% |
| Total  | <u>\$ 577,471,927</u> |       |
| Pharmacy   | <u>\$ 61,699,629</u>  | 10.7% |

Sources:

1. MMM Multihealth LLC
2. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Information-on-Prescription-Drugs/Medicaid.html>
3. <https://data.medicare.gov/Uncategorized/FY-2016-Financial-Management-Data/kn4e-mjby>

**PR Medicaid: Premium Dollar Distribution**

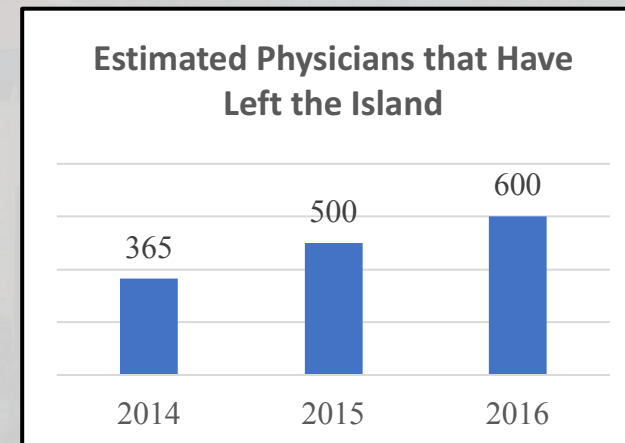
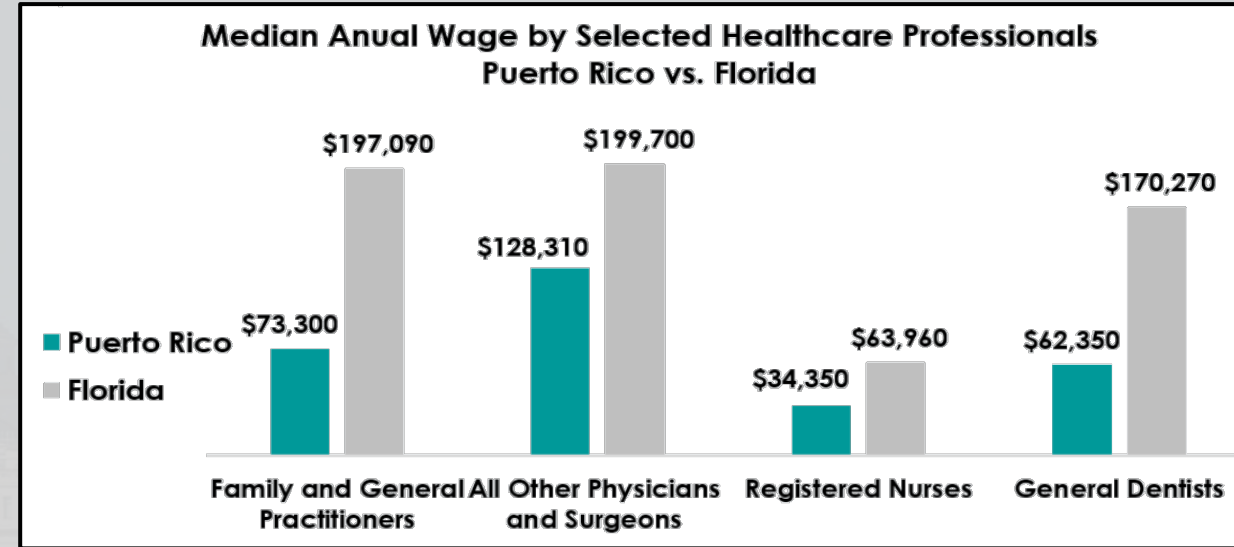
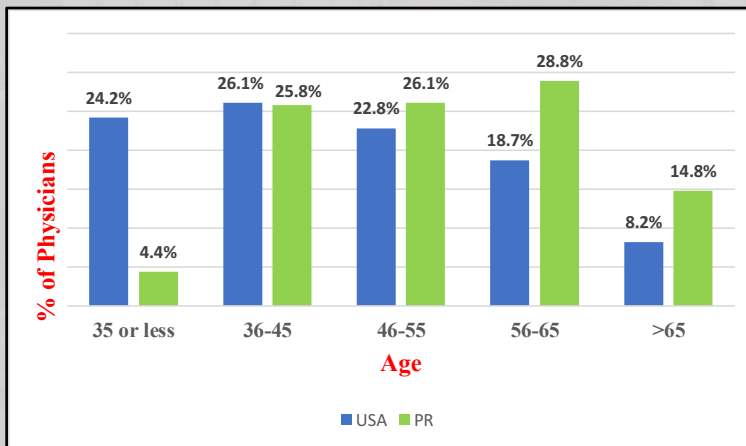


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# Lower Compensation to Providers

- Average compensation to providers is lower on the Island
- This places the healthcare industry in a disadvantageous position with other jurisdictions
- Many doctors migrate to the US (particularly Florida) looking for stability and better compensation
  - Florida provides MD license by endorsement to facilitate PR doctors to practice in the State.
- PR has a larger proportion of older physicians when compared to US average.

Source: Data USA - Line Plot of Age for Physicians & Surgeons (2016).  
MMM Holdings network.



Source: American Community Survey (IPUMS) – US Census Bureau, 2010-2014. Excludes institutionalized participants.  
Bureau of Labor Statistics Occupational Employment and Wages, May 2015  
[http://www.bls.gov/oes/current/oes\\_fl.htm#29-0000](http://www.bls.gov/oes/current/oes_fl.htm#29-0000)

Source: El Nuevo Día:  
November 26, 2017



# Funding Uncertainties: From Cliff to Cliff

- Next rate negotiations among ASES and the MCOs starts in Q3 2019
- Big uncertainty: Funding beyond 2019
- Impact long-term plans for the Program
- Physician shortage in certain specialties
  - Endocrinology
  - Rheumatology
  - Neurology
  - Psychiatry
  - Urology



1. Congressional action is needed to provide stable and reasonable financing. Key proposed elements:
  - a) Cap Amount consistent with existing funding levels assigned after the Bipartisan Budget Act of 2018. That funding level will still be 50% lower than the State with lowest reimbursement per individual.
  - b) 100% FMAP extended until 2021 and reduced to 83% thereafter.
  - c) Provide long-term, multi-year funding.



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# Thank you

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