ACTION NEEDED FOR HEALTHCARE IN PR

Initial Session
President’s Task Force Healthcare Roundtable
PR Community Presentation by PR Medicare Coalition for Fairness
FEBRUARY 13TH, 2015

James P. O’Drobinak
President of Medicaid and Medicare Advantage Products Association of Puerto Rico (MMAPA)

Commissioner Angela Wayne
Office of the Puerto Rico Insurance Commissioner

Dr. Mario Marazzi Santiago, PhD
Executive Director of the Puerto Rico Statistics Institute

Dr. José Vargas
President of Puerto Rico IPA Association

Roberto Pando, MS, JD
President of the PR Chamber of Commerce Health Committee
Contents

1. Overview

2. Why is Puerto Rico Unique?

3. Unintended impacts increase disparity, Crisis
   - Evident and Increasing Disparity
   - Risk to beneficiaries
   - Risk to health delivery system

4. Saving Healthcare in PR, Saves Federal Money

5. Action is Needed - NOW
1. Overview - Who Are We?

**PR Medicare Coalition for Fairness – We Are a Concerned COMMUNITY** and represent its beneficiaries and healthcare delivery system in PR

1. Medicaid and Medicare Advantage Products Association of PR (MMAPA)
2. Colegio de Médicos de Puerto Rico
3. Community Pharmacies Association
4. PR Pharmaceutical Industry Association (PIA)
5. IPA Association of PR
6. Primary Health Association of PR
7. PR Hospital Association
8. PR Chamber of Commerce
9. Puerto Rico Medical Association
10. Puerto Rico Physical Medicine and Rehabilitation Association
11. PR Ophthalmology Society
12. Colegio de Administradores de Salud de PR
13. American College of Healthcare Executives
14. American Medical Association PR Delegate

**Government Support**
- Governor of Puerto Rico
- Puerto Rico Resident Commissioner
- PR Federal Affairs Administration
- PR Health Insurance Administration
- PR Office of the Insurance Commissioner
- PR Local Legislature

*All these associations represent over 10,000 citizens among our members.*
1. PR Health Care Delivery System

Estimated Distribution of Healthcare Resources in 2015

*Total of $10.5 billion not including government agencies, CFSE, ACAA, and out of pocket expenses by patients

- Private Commercial 23% ($2.7 B)
- Medicaid Program / GHIP 26% ($2.4 B)
- Traditional Medicare 5% ($0.6 B)
- Medicare Advantage and Part D 46% ($4.8 B)

- Over 1.4 M in Mi Salud
- Over 550,000 in MA.
- Over 250,000 in Medicare Platino (Integrated D-SNPs) program contracted by ASES for $10 per month.
1. Why Are We Here?

Our Objectives

(A) Transmit the basic reality of the healthcare delivery system in Puerto Rico
(B) Illustrate how PR is unique, with historic disparities that cause unintended harm
(C) Present specific policy proposals to the President’s Task Force, HHS and CMS
(D) Get specific action done to legitimately mitigate cuts to avoid harm to the beneficiaries in PR
(E) Save our healthcare system from becoming another major crisis in our Island, and in turn another major crisis for the United States
1. Why Are We Here?

President's Task Force on Puerto Rico
Call to Action – “Implement”

For over a century, the people of Puerto Rico and the United States have woven a lasting political, economic, social, and cultural relationship. Today, this relationship is strengthened and renewed by more than four million U.S. citizens who call Puerto Rico home and nearly equal number of Puerto Ricans living on the mainland who travel back to Puerto Rico for business, vacation, or visits to see family and friends. We honor their contributions to the Nation and welcome their vigorous participation in helping to develop, shape, and implement the recommendations presented in this Report.

PRESIDENT BARACK OBAMA, MARCH 11, 2011

Source: http://www.whitehouse.gov/administration/eop/iga/puerto-rico
Emphasis Supplied.
2. Why is Puerto Rico Unique?
2. Why is Puerto Rico Unique?

**Median Household Income**

PR: $19,183

MS (Nearest State): $37,963

US: $52,250

**Unemployment Rate**

PR: 13.7%

MS (Nearest State): 7.2%

US: 5.6%

*PR is poorest (US Census 2013)*

*PR has highest unemployment (December 2014 US Department of Labor)*
2. Why is Puerto Rico Unique?

**Medicare Advantage**
Program Penetration Rates

- **PR**: 74%
- **MN (Nearest State)**: 54%
- **US**: 30%

**ACA Rate Changes**

- **PR**: -12.6%
- **HI (Nearest State)**: -5.3%
- **US**: -3.4%

**PR has highest MA election**
*(CMS reports 2015)*

**PR has highest cuts**
*(CMS Reports: MA Benchmarks from 2011 to 2015)*
2. Why is Puerto Rico Unique?

**Medicare Advantage Monthly Rate**

- **PR**: $520
- **HI (Nearest State)**: $714
- **US**: $766

**Baseline Medicare Monthly FFS Rate**

- **PR**: $419
- **HI (Nearest State)**: $606
- **US**: $725

**PR has lowest MA rates**
*(CMS Reports 2015)*

**PR has lowest FFS rates**
*(CMS Reports 2015)*
2. Why is Puerto Rico Unique?

PR has lowest Medicaid rates

2. Why is Puerto Rico Unique?

WE DO MORE WITH LESS - PR Healthcare Costs lowest in US & among lowest in the OECD
Puerto Rico is held accountable to the same Star ratings system but has to Achieve the ratings with Significantly Less Funding

Positive Element: We can do more with less (BUT there is a limit at the bottom)

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Simple Average STAR Ratings</th>
<th>MA Benchmark 3.0 STARs</th>
<th>STARs Achieved Per Dollar $</th>
<th>Cost Per STAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR MAPDs</td>
<td>3.25</td>
<td>$520</td>
<td>0.0063</td>
<td>$160</td>
</tr>
<tr>
<td>National MAPDs</td>
<td>3.57</td>
<td>$766</td>
<td>0.0047</td>
<td>$215</td>
</tr>
</tbody>
</table>

How much is the cost of 1 Quality STAR?

• National Average Stars is 9% higher than PR BUT they received 47% higher funding than PR
• Puerto Rico continues to evidence its ability TO DO MORE WITH LESS!

(Capture: Puerto Rico Medicare, Coalition for Fairness)
2. Why is Puerto Rico Unique?

Despite the lower funding, Puerto Rico continues to show improved quality BUT lower funding/future cuts are inevitably the BARRIER

Average Rating for Part C and D STARs Improvement Measures in 2015: PR & National

<table>
<thead>
<tr>
<th></th>
<th>National Average</th>
<th>PR Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part C Improvement</td>
<td>3.50</td>
<td>4.11</td>
</tr>
<tr>
<td>Part D Improvement</td>
<td>3.53</td>
<td>4.00</td>
</tr>
</tbody>
</table>
2. Why is Puerto Rico Unique?

Quality Improvement at Risk

Puerto Rico beneficiaries suffer from NO LIS FUNDING which impacts future benefits. THIS IS NOT FAIR!

Impact of Part D LIS is creating a TRIPLE PENALTY for Beneficiaries:
(1) No LIS, (2) Lower Adherence / Lower STARs, (3) No Bonus for benefits
2. Why is Puerto Rico Unique?

Population of Puerto Rico is shrinking (Millions of people)

Population decline between 2004 and 2014, accumulating to a decline of 7.3% (so far) in 10 consecutive years, first ever in recorded history since perhaps the Taino genocide (1492-1518).
Possibly for the first time ever, the median age of the population of Puerto Rico in 2011 surpassed the median age of the United States.
2. Why is Puerto Rico Unique?

Population of PR – Who is Staying
(Percent of Population, Puerto Rico, 2013)
2. Why is Puerto Rico Unique?

Population Pyramid – Who is Leaving
(Percent of migrants from Puerto Rico to U.S., 2013)
2. Why is Puerto Rico Unique?

Population of PR - One Estimate of How Many Doctors are Leaving

- According to the Public Use Microdata Sample (PUMS) of the American Community Survey of 2011, 310 doctors moved from Puerto Rico to the United States during calendar year 2011.
- That is almost 1 doctor per day.
- This estimate has a relatively large confidence interval: with 90% probability the true number is as low as 135 doctors to as high as 485 doctors.
1. & 2. SUMMARY

Immediate Action is needed for Fairness for Beneficiaries Residing in Puerto Rico

BECAUSE

(A) 3.6 million citizens, 730,000+ in Medicare, highest election % in USA and Medicaid
(B) Lowest funding in the USA
(C) Lowest healthcare costs in the Nation
(D) Unintended ACA consequences have generated the highest cuts
(E) Demonstrated progress in quality BUT cuts are strangling access to care
(F) The President’s Task Force has identified key issues and opportunities
(G) Administrative / short term policy ACTION is crucial to save our system
3. Unintended Impacts of ACA Increase Disparity

- Evident disparity increasing
- Risk to health delivery system
- Risk to beneficiaries
3. Unintended Impacts of ACA Increase Disparity

ACA Unintended Resulting Scenario for Citizens in PR and their Delivery System

(A) Medicare Advantage reductions
   Over $1B in 2015, Accumulate to $7.7B in 2019

(B) Commercial - No Marketplaces, None of new Federal expenses for subsidies
   $925 million assigned, originally proposed at $4 billion, used for Medicaid

(C) Medicaid - Temporary Increase in Block Grant
   Total of $6.725 Billion increased from 2011 – 2019
   PR still CAPPED at 55% matching and with finite allocation, Costs at Bottom

(D) Health Insurance Providers Fee
   $187 million in 2015, Accumulates to $1.26 Billion in 2019

PUERTO RICO’S HEALTH CARE DELIVERY SYSTEM CAN FAIL WITHOUT ADDITIONAL FEDERAL FUNDING
3. PR Beneficiaries Choose MA

MA Growth since 2001

- 2001 = 0
- 2005 = 80,000
- Oct. 2014 = 551,000

PR: 9 of every 10 Medicare beneficiaries with Part B have selected MA

Since 2011, MA has gone from $6B to $5B
3. Unintended impacts of ACA increase disparity

MA Program: The disparity is simply not fair, AND . . .

MA County Benchmarks 2015
Based on April 2014 MA Ratebook from CMS - After April 22nd PR Revision

MA Benchmarks for Every County based on the Final 2014 MA Ratebook
3. Unintended impacts of ACA increase disparity

The Overwhelming Disparity Continues!

*2015 MA Benchmark scenario at 3.0 STARS has 0% QBP in all cases (national figures reflect more than 60% in 5% QBP)

Excludes impact of 4%-6% related to risk score normalization and roll back of new HCC model from 75% to 33%.
3. Unintended impacts of ACA increase disparity

AND Including All Factors PR Could Still Lose ~$7.7B by 2019

Estimated Reductions in Federal Programs Compared to 2011 Levels
Includes MA cuts including Sequestration and Health Insurance Providers Fee and Medicaid
MA Based on 1.25 avg risk all plans at 3.0 STAR / Medicaid Funding assumes an ACA allocation of up to

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Loss of MA Funds</th>
<th>Cumulative Loss of MA Funds</th>
<th>Annual Loss of Medicaid Funds</th>
<th>Cumulative Loss of Medicaid Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$264</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2012</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2013</td>
<td>$598</td>
<td>$598</td>
<td>$0</td>
<td>$598</td>
</tr>
<tr>
<td>2014</td>
<td>$945</td>
<td>$1,014</td>
<td>$0</td>
<td>$1,014</td>
</tr>
<tr>
<td>2015</td>
<td>$1,147</td>
<td>$2,821</td>
<td>$0</td>
<td>$2,821</td>
</tr>
<tr>
<td>2016</td>
<td>$1,252</td>
<td>$3,968</td>
<td>$0</td>
<td>$3,968</td>
</tr>
<tr>
<td>2017</td>
<td>$1,239</td>
<td>$5,220</td>
<td>$0</td>
<td>$5,220</td>
</tr>
<tr>
<td>2018</td>
<td>$1,224</td>
<td>$6,459</td>
<td>$0</td>
<td>$6,459</td>
</tr>
<tr>
<td>2019</td>
<td>$1,152</td>
<td>$7,682</td>
<td>$0</td>
<td>$7,682</td>
</tr>
</tbody>
</table>

**WE ARE HERE TODAY**

In 2015, PR will be losing $1 billion a year compared to the 2011 Pre-ACA Scenario

By 2016, PR would have lost almost $4 billion in funding compared to the 2011 Pre-ACA Scenario

In 2019

The potential Medicaid cuts would begin after

**Medicare is losing over $1.2 billion per year for a cumulative loss of almost $7.7 BILLION**

*Medicaid loss estimated based on ASES figures reported in END, and adjusted for the applicable health insurance providers fee.

This content is adapted from the original slide and reformatted for natural reading. The numbers and categories remain consistent with the original data, ensuring accuracy and coherence in the presentation.
NEW Federal TAXES are Making it Worse

<table>
<thead>
<tr>
<th>Year Impacted</th>
<th>Applicable amount in ACA for US</th>
<th>Estimated Impact % of Premium</th>
<th>Estimated Premiums in PR**</th>
<th>Estimated ACA &quot;HIT&quot; to be Paid by PR Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$8,000,000,000</td>
<td>1.50%</td>
<td>$6,800,000,000</td>
<td>$102,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>$11,300,000,000</td>
<td>2.12%</td>
<td>$8,870,000,000</td>
<td>$187,933,125</td>
</tr>
<tr>
<td>2016</td>
<td>$11,300,000,000</td>
<td>2.12%</td>
<td>$9,560,000,000</td>
<td>$202,552,500</td>
</tr>
<tr>
<td>2017</td>
<td>$13,900,000,000</td>
<td>2.61%</td>
<td>$9,560,000,000</td>
<td>$249,157,500</td>
</tr>
<tr>
<td>2018</td>
<td>$14,300,000,000</td>
<td>2.68%</td>
<td>$9,560,000,000</td>
<td>$256,327,500</td>
</tr>
<tr>
<td>2019*</td>
<td>$14,443,000,000</td>
<td>2.71%</td>
<td>$9,560,000,000</td>
<td>$258,890,775</td>
</tr>
</tbody>
</table>

Total ACA Federal Health Insurance Tax to be Paid by PR Healthcare = $1,256,861,400

* 2014 is based in reported payments. 2019 estimated to increase 1% based on national increase in premiums. For the purpose of the estimate we assume PR premiums will increase at the same pace as the national amount.
** Based on NAIC 2013 financial statement figures. 2015 includes 75% of the GHIP(Mi Salud) costs and 100% is assumed for 2016 and subsequent years. For the estimate, other increases are assumed over the period.

- Federal Sequestration will cost an additional $675 million to Medicare beneficiaries in Puerto Rico from 2013 to 2019.
- Sequestration + HIT means PR is losing $1.932 Billion in 2013-2019 in addition to the Medicare Advantage cuts.
3. Beneficiaries, Providers, Everyone Loses… Delivery System Can Crumble

Where’s the estimated impact of the MA rate cuts to PR’s Healthcare Delivery System in 2015? ACA 85% Rule Mandates System-wide Cuts

These cuts are impacting and will impact all stakeholders – THE SYSTEM CAN TAKE NO MORE!
3. Unintended impacts of ACA increase disparity

EFFECTs ARE REAL – Risk to Delivery System

• When $1 billion is reduced, at least 85% is being reduced from:
  (a) Less coverage for medicines
  (b) Increasing copays to see doctors
  (c) Increasing member premiums
  (d) Reducing help to pay for Part B
  (e) Reducing provider compensation
  (f) Reducing number of providers in networks
  (g) Reducing plan options, consolidation

• Beneficiaries and providers leaving PR
• This is a reduction in taxable income to PR Government
• Employment loss (80,000 approx in healthcare total)
• Real RISK: Costs will shift back to Mi Salud if fixes are not achieved NOW

<table>
<thead>
<tr>
<th>Índices</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Razón de Pérdida Médica</td>
<td>86.0%</td>
<td>86.5%</td>
<td>87.4%</td>
<td>84.6%</td>
</tr>
<tr>
<td>Razón Combinada</td>
<td>98.7%</td>
<td>97.2%</td>
<td>97.6%</td>
<td>94.8%</td>
</tr>
<tr>
<td>Razón Margen de Beneficios</td>
<td>1.2%</td>
<td>2.5%</td>
<td>1.9%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

Minimum Margins, Many have left FROM PR Office of the Insurance Commissioner Report 2013

Unintended impacts of ACA increase disparity
3. So What will Happen to the PR Delivery System...

**MA**
- Improving Quality of Care
- 49% of PR’s health premium
- 550,000 members
- 220,000 Duals ($10 wrap by ASES)
- $520 pmpm

**FFS**
- No quality program
- 5% of PR’s health premium
- Higher (unaffordable) copays
- No Prescription Drugs (Part D)
- $420 pmpm

**Mi Salud**
- 4/1/15 change to full risk model
- 26% PR’s health premium
- Current economic challenges
- 2018/2019 Cap Issue
- $160 pmpm

If PR cannot absorb 2016 10% MA / HIT cuts...
330,000 MA beneficiaries can transfer to Medicare, 220,000 Duals will transfer to Mi Salud...

If MA Beneficiaries cannot afford FFS .... all will go to Mi Salud

*Cost to PR Mi Salud ranges from $200M to $500M in 2016.*

**Conclusion**

**Mi Salud will become the predominant economic driver of health care delivery in PR and the health care delivery system can fail**
3. Unintended impacts of ACA increase disparity

### Unfair Economic Regulations Applied to PR

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Medicaid CAP</td>
</tr>
<tr>
<td>2.</td>
<td>Statutory Part A Reduction</td>
</tr>
<tr>
<td>3.</td>
<td>No Supplemental Security Income</td>
</tr>
<tr>
<td>4.</td>
<td>No Part D Low Income Subsidy</td>
</tr>
<tr>
<td>5.</td>
<td>Lowest FFS Rates</td>
</tr>
<tr>
<td>6.</td>
<td>Lowest MA Rates</td>
</tr>
<tr>
<td>7.</td>
<td>Highest ACA Cuts</td>
</tr>
</tbody>
</table>

PUERTO RICO’S HEALTH CARE DELIVERY SYSTEM CAN FAIL WITHOUT ADDITIONAL FEDERAL FUNDING
4. Saving Healthcare in PR, Saves Federal Funds

*With Minimum Fixes*

*PR Can be the Most Cost-Effective Quality System in the Nation*
## 4. Saving Health Care in PR

### Analysis for Puerto Rico Medicare Advantage Rates at 3.0 STARs

<table>
<thead>
<tr>
<th>2015 Rates</th>
<th>Q1/15</th>
<th>Q2/15</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun'13-Feb'14</td>
<td>Initial 2015 Scenario</td>
<td>2015 Advanced Notice Scenario</td>
<td>2015 Final Announcement</td>
</tr>
<tr>
<td>(a) ACA MA Rate Phase In</td>
<td>-6.40%</td>
<td>-6.40%</td>
<td>-6.40%</td>
</tr>
<tr>
<td>(b) MA Ratebook Change</td>
<td>0.00%</td>
<td>-2.50%</td>
<td>-3.40%</td>
</tr>
<tr>
<td>(c) Hospice Phase In</td>
<td>-1.60%</td>
<td>-1.60%</td>
<td>-1.60%</td>
</tr>
<tr>
<td>(d) Change in STAR Ratings - ACA Incentives</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>(e) Coding Intensity Adjustment (by Law)</td>
<td>-0.30%</td>
<td>-0.30%</td>
<td>-0.25%</td>
</tr>
<tr>
<td>(f) Increase in ACA Health Ins Provider Fee</td>
<td>-0.60%</td>
<td>-0.60%</td>
<td>-0.60%</td>
</tr>
<tr>
<td>(g) End of Demonstration Project QBP</td>
<td>-3.00%</td>
<td>-3.00%</td>
<td>-3.00%</td>
</tr>
<tr>
<td><strong>(h) Sub-total</strong></td>
<td>-11.90%</td>
<td>-14.40%</td>
<td>-15.25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q2/15</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun'13-Feb'14</td>
<td>Current Proj</td>
<td>2016 Projected Aug'14</td>
</tr>
<tr>
<td>(a) ACA MA Rate Phase In</td>
<td>-6.40%</td>
<td>-4.80%</td>
</tr>
<tr>
<td>(b) MA Ratebook Change</td>
<td>0.00%</td>
<td>-1.00%</td>
</tr>
<tr>
<td>(c) Hospice Phase In</td>
<td>-1.60%</td>
<td>-1.60%</td>
</tr>
<tr>
<td>(d) Change in STAR Ratings - ACA Incentives</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>(e) Coding Intensity Adjustment (by Law)</td>
<td>-0.30%</td>
<td>-0.25%</td>
</tr>
<tr>
<td>(f) Increase in ACA Health Ins Provider Fee</td>
<td>-0.60%</td>
<td>0.00%</td>
</tr>
<tr>
<td>(g) End of Demonstration Project QBP</td>
<td>-3.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>(h) Sub-total</strong></td>
<td>-11.90%</td>
<td>-14.40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q2/15</th>
<th>Q3/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) DSH/Uncompensated Care Adj</td>
<td>0.00%</td>
<td>7.50%</td>
</tr>
<tr>
<td>(j) Risk Score Normalization</td>
<td>0.00%</td>
<td>3.30%</td>
</tr>
<tr>
<td>(k) HCC Model Blend Rollback (75% to 33%)</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>(l) In-Home HRA documentation for RAF</td>
<td>0.00%</td>
<td>-5.00%</td>
</tr>
<tr>
<td>(m) MA ESRD Benchmarks</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>-11.90%</td>
<td>-8.60%</td>
</tr>
</tbody>
</table>

*Worst case scenario could be -15%.*
4. Saving Health Care in PR

- The Cost-of-Living Index (COLI) is the principle source of data to compare the relative cost of living amongst 300 cities and urban areas of the United States, and now Puerto Rico.
- Published since 1968 by the Council for Community and Economic Research (C2ER), based in Arlington, Virginia.
4. Third Quarter 2014 Index Values

<table>
<thead>
<tr>
<th>San Juan-Carolina-Caguas, PR MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Average of the composite indexes in the United States = 100.0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Composite Index</th>
<th>112.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket items</td>
<td>122.7</td>
</tr>
<tr>
<td>Housing</td>
<td>98.7</td>
</tr>
<tr>
<td>Utilities</td>
<td>185.1</td>
</tr>
<tr>
<td>Transportation</td>
<td>94.5</td>
</tr>
<tr>
<td>Health</td>
<td>55.6</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>113.8</td>
</tr>
</tbody>
</table>
4. “I am thinking of moving from Puerto Rico to..”

<table>
<thead>
<tr>
<th></th>
<th>Orlando, FL</th>
<th>Philadelphia, PA</th>
<th>Queens, NY</th>
<th>Houston, TX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Composite Index</strong></td>
<td>12.1% ↓</td>
<td>5.6% ↑</td>
<td>33.8% ↑</td>
<td>12.6% ↓</td>
</tr>
<tr>
<td><strong>Supermarket Items</strong></td>
<td>17.4% ↓</td>
<td>6.1% ↓</td>
<td>0.8% ↑</td>
<td>31.4% ↓</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>41.8% ↓</td>
<td>33.3% ↓</td>
<td>24.3% ↓</td>
<td>45.4% ↓</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td>9.3% ↓</td>
<td>38.8% ↑</td>
<td>132.3% ↑</td>
<td>9.0% ↑</td>
</tr>
<tr>
<td><strong>Transportation</strong></td>
<td>4.8% ↑</td>
<td>12.4% ↑</td>
<td>21.6% ↑</td>
<td>0.8% ↓</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>71.0% ↑</td>
<td>78.1% ↑</td>
<td>101.3% ↑</td>
<td>64.9% ↑</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td>8.6% ↓</td>
<td>0.8% ↑</td>
<td>9.2% ↑</td>
<td>12.2% ↓</td>
</tr>
</tbody>
</table>
4. Saving Healthcare in PR, Saves Federal Funds

**2015 Medicare FFS Rate PR vs Other Jurisdictions**
(*ALL Beneficairies - incl those residing in PR - pay Medicare TAX "FICA" and the same 104.90 Part B Premium)*

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2015 Medicare FFS Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR</td>
<td>$419</td>
</tr>
<tr>
<td>VI</td>
<td>$572</td>
</tr>
<tr>
<td>Lowest (HI)</td>
<td>$606</td>
</tr>
<tr>
<td>New York</td>
<td>$653</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$704</td>
</tr>
<tr>
<td>US Avgs</td>
<td>$725</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$794</td>
</tr>
<tr>
<td>Florida</td>
<td>$786</td>
</tr>
<tr>
<td>Texas</td>
<td>$826</td>
</tr>
</tbody>
</table>

**2015 MA Benchmarks PR vs Other Jurisdictions**
(*ALL Beneficairies - incl those residing in PR - pay Medicare TAX "FICA" and the same 104.90 Part B Premium)*

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2015 MA Benchmarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR</td>
<td>$520</td>
</tr>
<tr>
<td>VI</td>
<td>$613</td>
</tr>
<tr>
<td>Lowest (HI)</td>
<td>$714</td>
</tr>
<tr>
<td>New York</td>
<td>$732</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$745</td>
</tr>
<tr>
<td>US Avgs</td>
<td>$757</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$784</td>
</tr>
<tr>
<td>Florida</td>
<td>$779</td>
</tr>
<tr>
<td>Texas</td>
<td>$825</td>
</tr>
</tbody>
</table>

Is this a fair situation for Medicare-Tax paying and Part B Paying residents of Puerto Rico?

- The poorer beneficiaries pay the same and get much less.
- It is in the Unites States best financial interest to provide additional federal support to Puerto Rico.

Source: CMS MA Ratebook 2015 data.
4. Summary

Increasing MA Funding in Puerto Rico would save the United States Government money

The Beneficiary moving:

- will be automatically eligible to Part D LIS benefits up to 150% FPL
- will spend more in FFS anywhere in mainland
- will have higher MA benchmarks anywhere in the mainland
- will have more chance to use Medicaid with higher FPL eligibility
- will be part of system that spends $8,915 per capita vs. $3,200 in PR

The most economical solution for the US government is to increase funding for PR’s MA beneficiaries.
5. Action is Needed – NOW!
5. Action is Needed – Now

(A) For HIT Tax – As soon as possible.

ACA health Insurer Fee - Incongruence in ACA provisions in Puerto Rico calls for suspension of health insurance fee. Territories exempted from ACA exchange mandates and subsidies, but still being assessed the ACA fee intended to fund them. Puerto Rico and the territory plans are unfairly subsidizing the rest of the country.

- PR Resident Commissioner Letter & Territory Delegates (Oct 8, 2014)
- PR Coalition Letter signed by 9 Associations (Dec 18, 2014)
- Legal Memo About Administrations Authority to Act (Jan 13, 2015)

1. Needed: CMS-Treasury discuss and reach a joint resolution.
5. Action is Needed – Now

Issues Identified for Years by Administration

What can we do now?

(A) Exclusion of Part D Benefit (LIS)

Prescription Drug Subsidy or Low-Income Seniors: Puerto Rico was excluded from the low-income Part D subsidy of the Medicare prescription drug program. Instead, Puerto Rico receives an additional block grant in Medicaid to serve the poorest Medicare enrollees, leaving tens of thousands of low-income seniors without any assistance. Obama will work to phase-in an extension of the low-income subsidy to enrollees on the Island on the same basis as in the states.

Obama Plan for PR, 2008

(B) MA Rates

“The Administration is taking steps to address healthcare access issues for Puerto Rico’s Medicare beneficiaries by proposing to set Medicare Advantage payment rates in Puerto Rico in a more generous manner.”

- March 2011, Report by President’s Task Force
5. Action is Needed – Now

(B) MA/PD - Include revisions in CMS Call Letter and MA Ratebook for 2016.

**Needed:**
2. Adjust STARS Methodology to Account for Benefit Disparity and avoid unintended harm
3. Implement STARS adjustments with 2015 data for 2016 Payment Year
4. Use the 115% quartile percent for the MA ESRD Benchmarks
5. Allow MA Plans to Integrate Hospice benefit
6. Roll back risk score model to avoid impact to poorest

(C) Legislative Efforts – In quest of a permanent solution for fairness to PR beneficiaries
1. Amendment to eliminate the Part D LIS Exclusion for Territories.
   • Pierluisi (Resident Commissioner-PR) presented bill in House
   • Scoring of bill pending
2. Proposing protection of lowest cost counties in the Nation hardest hit by MA benchmark cuts.
3. Eliminate Part A fee discount for PR
4. Fix HITECH funding eligibility for Medicare hospitals in PR
5. Puerto Rico Needs Fairness!

We are here because there is a socio-economic crisis in healthcare due to the ACA cuts that are accumulating to almost $3 billion in 2015, and will continue at over $1 billion annually...

UNLESS – We are successful in generating administrative ACTION from the Federal government to implement legitimate and executable fixes....

The entire Puerto Rico health care delivery system, impacting all its beneficiaries, could fail.

We cannot let this happen. Please help us.

THERE IS NO SOLUTION FOR PR HEALTHCARE THAT DOES NOT INCLUDE MEDICARE ADVANTAGE

This is why we are united.