

Legislative Proposal:

Eliminate the exclusion of the Part D Low Income Subsidy (LIS) for beneficiaries residing in Territories. Would provide part D funding to cover extra benefits for all dual eligible and citizens with incomes below 150% FPL.

Context and Problem

- Without the Part D LIS, the increasing reductions in MA could mean that the Government of Puerto Rico would have to spend about **\$500+ million more in the Medicaid program** to maintain the current healthcare access and benefits for dual eligible beneficiaries.
- The MMA of 2003 created the Part D program and the LIS program to assure adequate access to prescription drugs for beneficiaries below 150% Federal Poverty Level. The legislation excluded eligible citizens that reside in the US Territories from this benefit, effectively creating a different Part D benefit design in Territories compared to other jurisdictions (more limited, with much higher out of pocket costs for the beneficiary).
- In lieu of the LIS, legislation approved an enhanced allotment of \$37million (with yearly adjustments) to support pharmacy benefits for duals participating in the Medicaid program.
- It is estimated that beneficiaries in Puerto Rico **lose about \$300M+ in benefits every year** because of the lack of the regular LIS program.
- The access to healthcare for about 280,000 duals have been saved by the integrated Medicare+Medicaid program (Platino) developed since 2006, which has depended on the MA program platform and funds to cover the gaps in part D LIS and in Medicaid funding.
- With the reductions in the MA program already over 20% since 2011, the gaps on the pharmacy benefits can no longer be covered.
- In addition, since the Medicare Platino (Duals) program only covers up to 87% FPL, it is estimated that from 100,000 to 150,000 low income beneficiaries in Puerto Rico have much higher copays than similarly situated individuals in any of the states. These beneficiaries report the highest levels of non-compliance with some of the quality measures related to pharmacy benefits, in particular with medication adherence.
- With a visible issue with medication adherence scores impacted by the lack of LIS, MA plans in PR have also not been able to reach bonus level MA payments, even when quality improvement has been significant. The use of the same thresholds for medication adherence performance that derives from the jurisdictions with LIS, is not “apples to apples” and not fair. The lack of bonus level STARs reduces funding even more and plans have to continue cutting benefits. It becomes a spiral towards the bottom.

Why should this proposal be enacted?

- **Because President Obama promised the Part D LIS to citizens in the Territories since 2008.** It was an explicit commitment and promise that has not been presented by the Administration to Congress, and has not been evaluated by Congress.
- **Because it directly helps to save the Medicaid program financials in Puerto Rico, by supporting the program that serves 280,000 dual eligible beneficiaries.**
- Because it would save the program for 270,000 dual eligible beneficiaries (Medicare Platino) and save the stability of the complete Medicaid program in Puerto Rico.
- It could mitigate the reduction in MA funds to the island maybe by 40%-50%.
- Because beneficiaries from PR moving to any other state will automatically increase Federal costs for the same Medicare benefits by 50% or more.
- The incremental funds to Puerto Rico for Part D benefits to the poor could be \$300M+.