

Local healthcare industry gearing up for major changes

Federal reforms, continued Mi Salud implementation represent challenges and opportunities

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The healthcare industry in Puerto Rico, one of the most important employers on the island and with an impact of more than \$12 billion a year on the local economy, must find common ground to face the implications of the changes in local and federal health reform that will take effect in 2014.

Such was the conclusion of participants in an exclusive roundtable held at CARIBBEAN BUSINESS and led by the Puerto Rico Chamber of Commerce (PRCC), which today opens its Healthcare & Insurance Conference 2012, "Economic Transformation in Health," at the Conrad San Juan Condado Plaza Hotel & Casino.

The PRCC partnered with the University of Miami School of Business to bring local and U.S. mainland industry representatives and healthcare experts to discuss the overall picture of the healthcare industry, especially in view of the pending final implementation of federal healthcare reform in 2014.

The conference will also touch on related topics, such as demographic changes in Puerto Rico, the local health reform, wellness and prevention, and the possibility of Puerto Rico's further development as a health destination where off-island patients come to seek medical care and services.

"Federal and local modifications to healthcare will affect the way we carry out business in Puerto Rico, from insurance agencies to providers such as hospitals and pharmacies," said Salvador Calaf Legrand, PRCC president. "We have to sit down and find common points in the industry that help the private healthcare sector adjust to these changes and ensure the health and benefits of the people the industry serves."

Locally, the healthcare industry is dealing with the late 2010 relaunching and subsequent implementation of the Mi Salud healthcare system, until then known as the Health Reform, or La Reforma. This included a switch from independent-



From left: Jaime Plá Cortés, president of the Puerto Rico Hospital Association; Salvador Calaf Legrand, president of the Puerto Rico Chamber of Commerce; and Elliot Pacheco, president of the Puerto Rico Community Pharmacies Association



Roberto Pando, vice president of business development at MCS, heads the health committee of the Puerto Rico Chamber of Commerce and the Puerto Rico Healthcare & Insurance Conference 2012 "Economic Transformation in Health." Beside him, Israelia Pernas, executive director of the Puerto Rico Insurance Companies Association and member of the PRCC's health committee.

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practice associations (IPAs) to a preferred provider network (PPO), granting patients access to specialists and prescription drugs without having to seek authorization from primary care physicians.

In addition, Mi Salud transferred risks such as medicine costs, diagnostic treatments and vaccinations from doctors to insurers, and requires healthcare providers to keep longer hours to reduce the misuse of local emergency room facilities, a factor contributing to rising costs.

According to the Affordable Care Act (ACA), signed into law by President Barack Obama in 2010, Medicaid funds for Puerto Rico increase by some \$5.8 million annually. The ACA also assigns an additional \$925 million from 2014 through 2019 for an insurance exchange project. The law makes an exception for Puerto Rico, however, stating that the local government can either use this money for the exchange (as in the mainland U.S.), or has the option to add to the Medicaid rolls and expand eligibility.

Through a health benefit exchange, individuals and small businesses can compare coverage options and purchase insurance as they see fit. The other option is for the local government to administer the money directly through Medicare. The ACA also foresees a reduction in the original Medicare plan for providers and hospitals, and rate reductions to the Medicare Advantage program could represent some \$4 billion in cuts through 2019.

While those numbers sound ominous, Israelia Pernas, executive director of the Puerto Rico Insurance Companies Association, said the goal of the summit is to open communication and share possible strategies that will help the local market adjust and absorb the effects of the law.

"Leaders in more than one segment have to be prepared for the changes, in terms of funds and factors such as demographic changes in Puerto Rico, and through this event we want to build awareness of challenges and opportunities," Pernas said. ■