



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

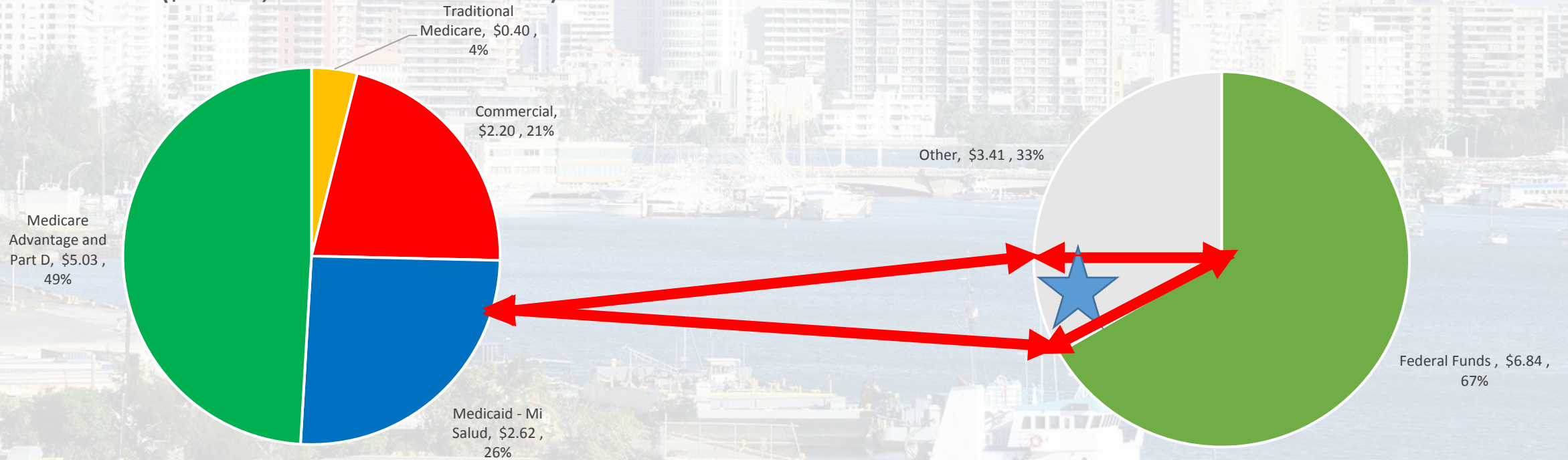
# 3<sup>rd</sup> PROMESA Conference

**“Systematic Risk in Health Care..”**  
**Jim O’Drobinak, CEO MCS**

## \$10B PR Healthcare Market

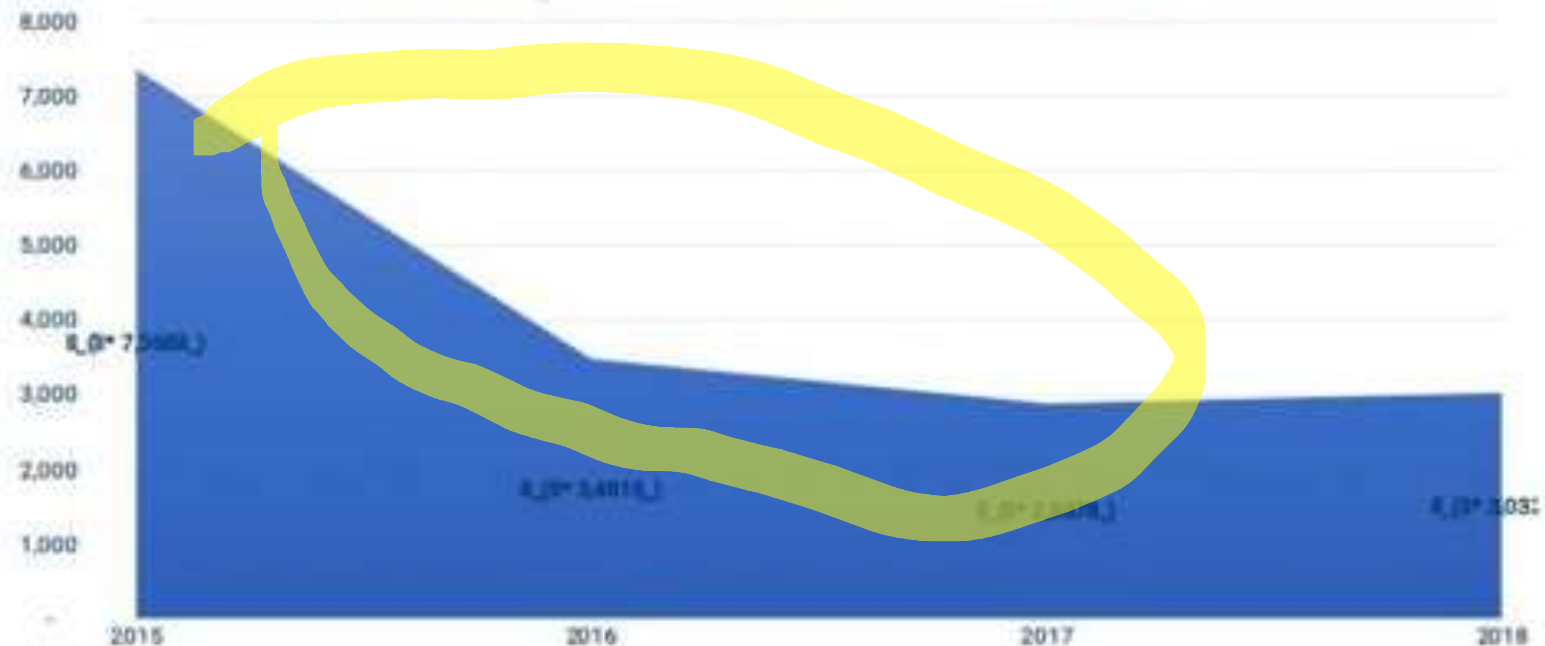
## \$ **Financed** by the “Federal Government”

Estimated Distribution of Healthcare Resources  
PR 2017 (\$ Billions, Based on NAIC Statements)

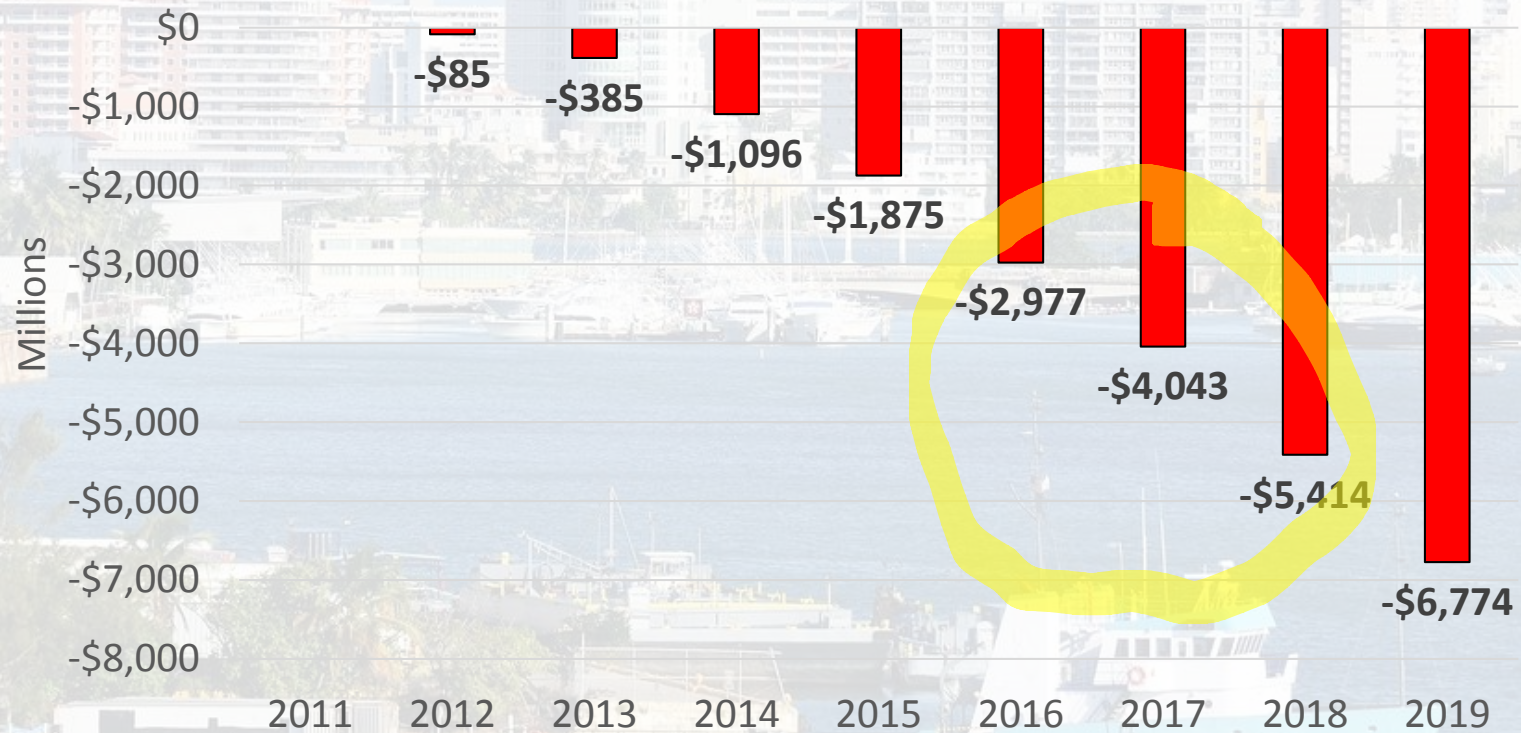


## Challenges SPECIALISTS PROVIDERS EXODUS TO THE MAINLAND

Number of specialists in Puerto Rico since 2015

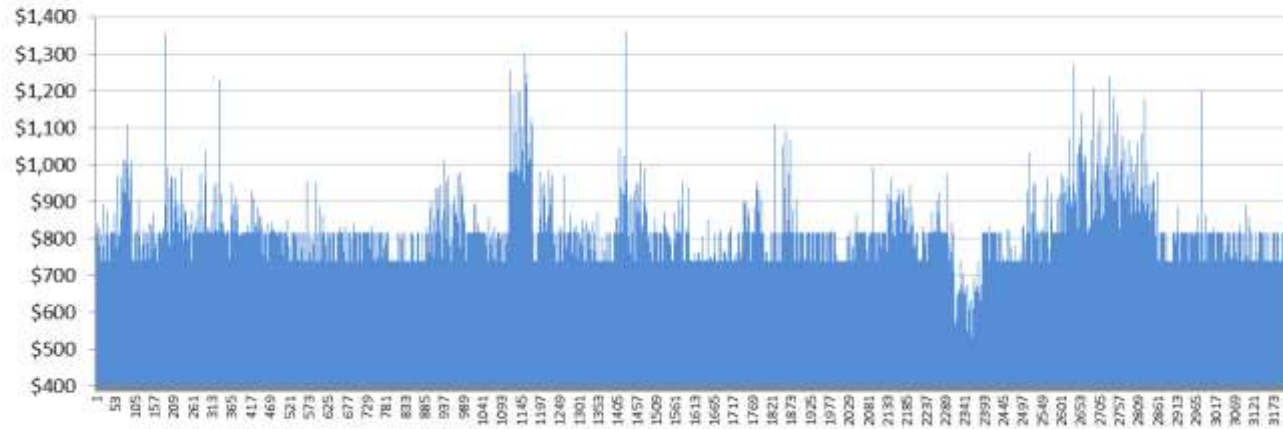


## Cumulative Loss of Medicare Advantage Funds



## MA County Benchmarks 2011

Based on MA Ratebook at 3.0 STARS

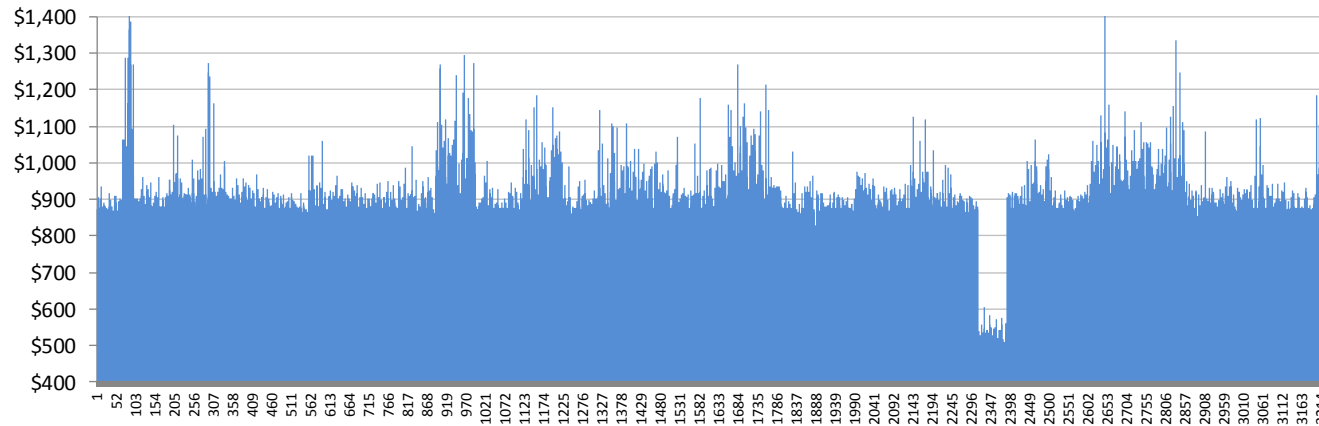


MA Benchmarks for Every County based on the Final 2011 MA Ratebook

**2011**  
US Avg = \$787  
PR Avg = \$595  
PR 24% lower

## MA County Benchmarks 2019

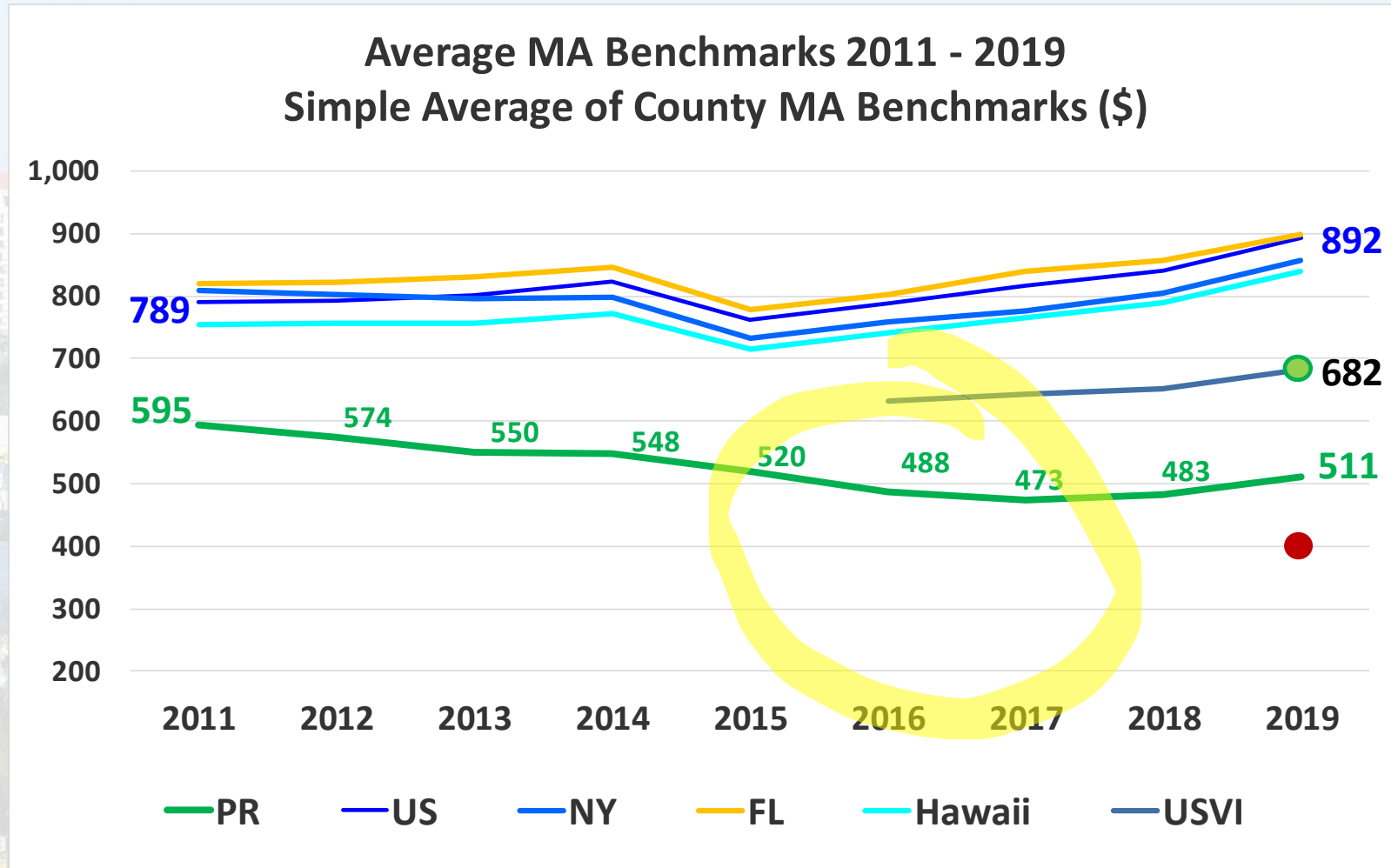
Based on MA Ratebook at 0% Quality Bonus



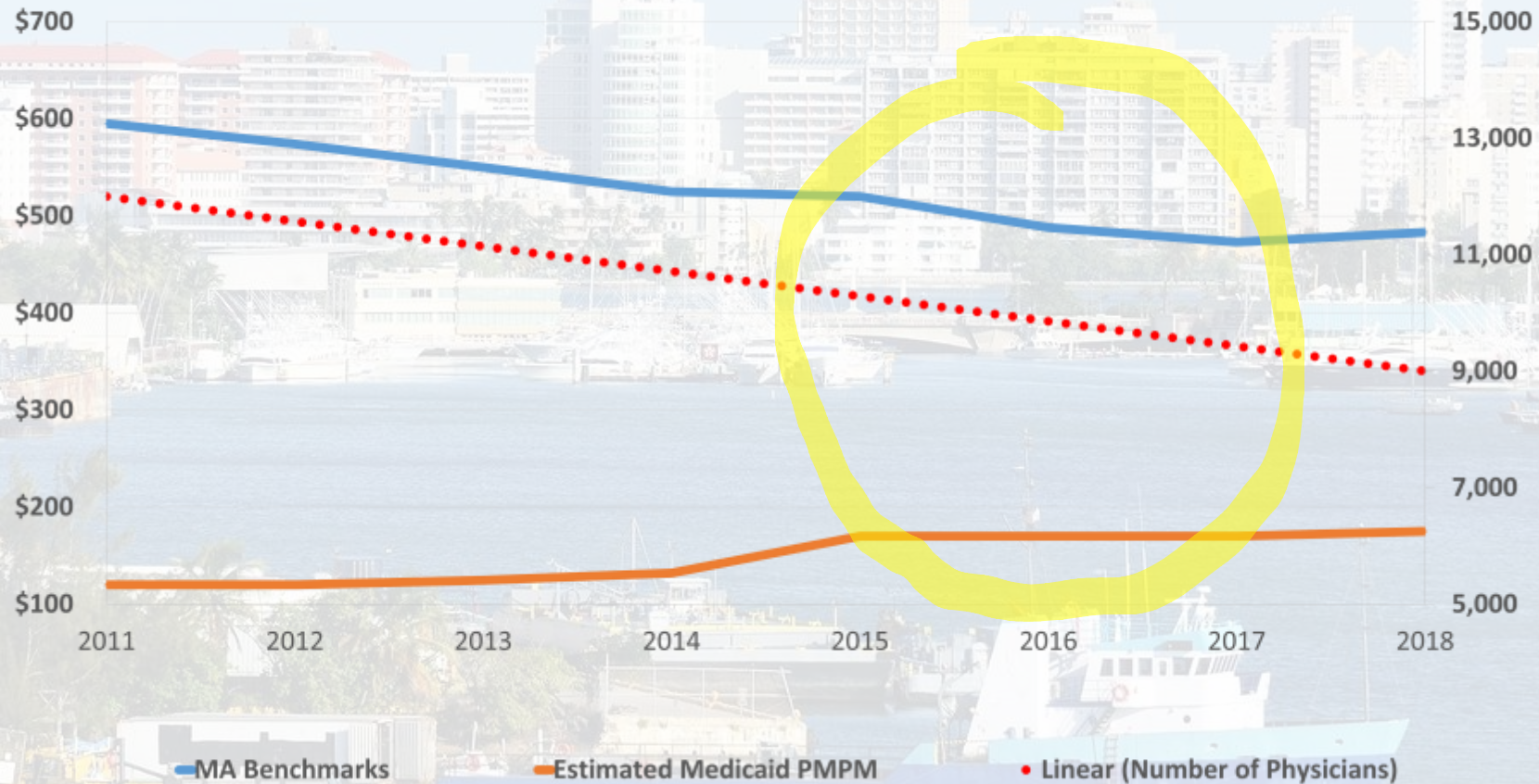
MA Benchmarks for Every County based on the Final 2019 MA Ratebook

**2019**  
US Avg = \$892  
PR Avg = \$511  
PR 43% lower

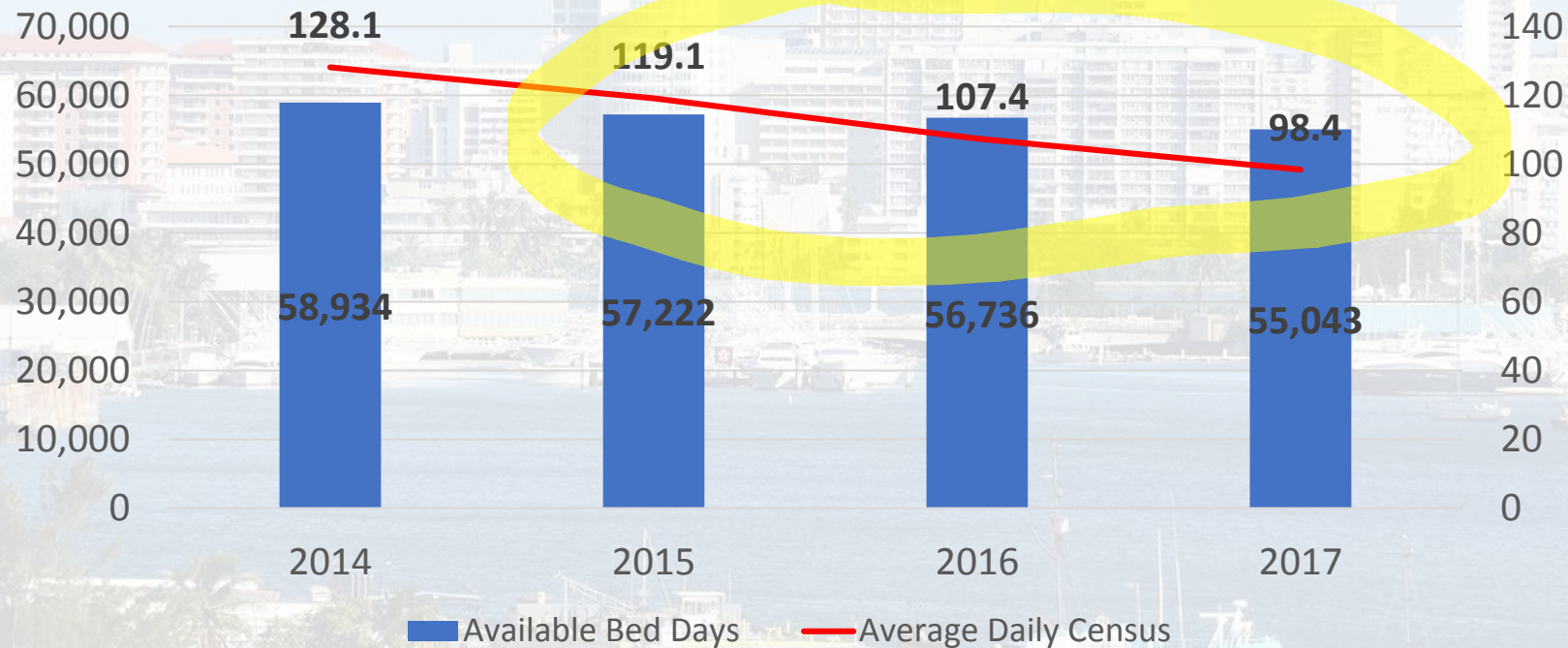
**Increasing PR Funding Disparity in MA with the ACA**  
**“Obamacare”**



PMPM in Medicaid and Medicare Advantage, & Loss of Physicians, Puerto Rico: 2011-2018

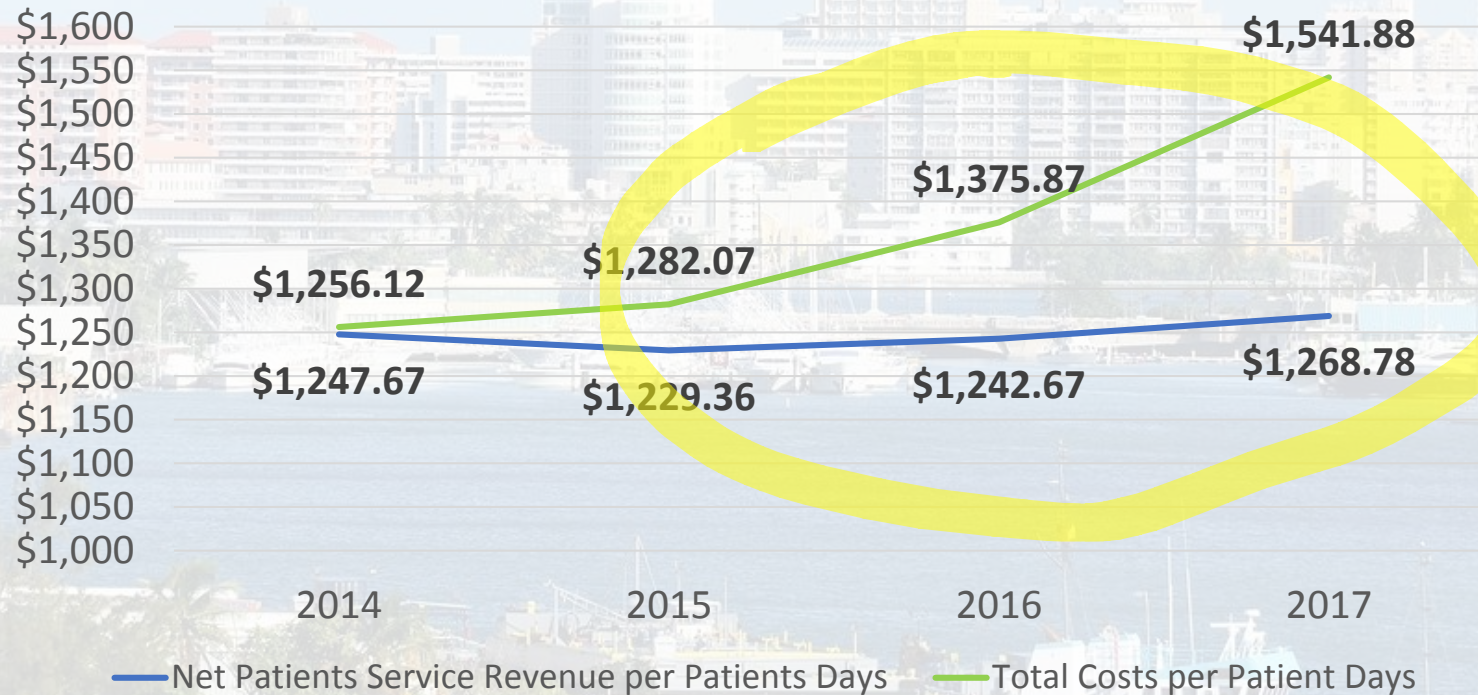


### Available Bed Days and Average Daily Census, 2014-2017

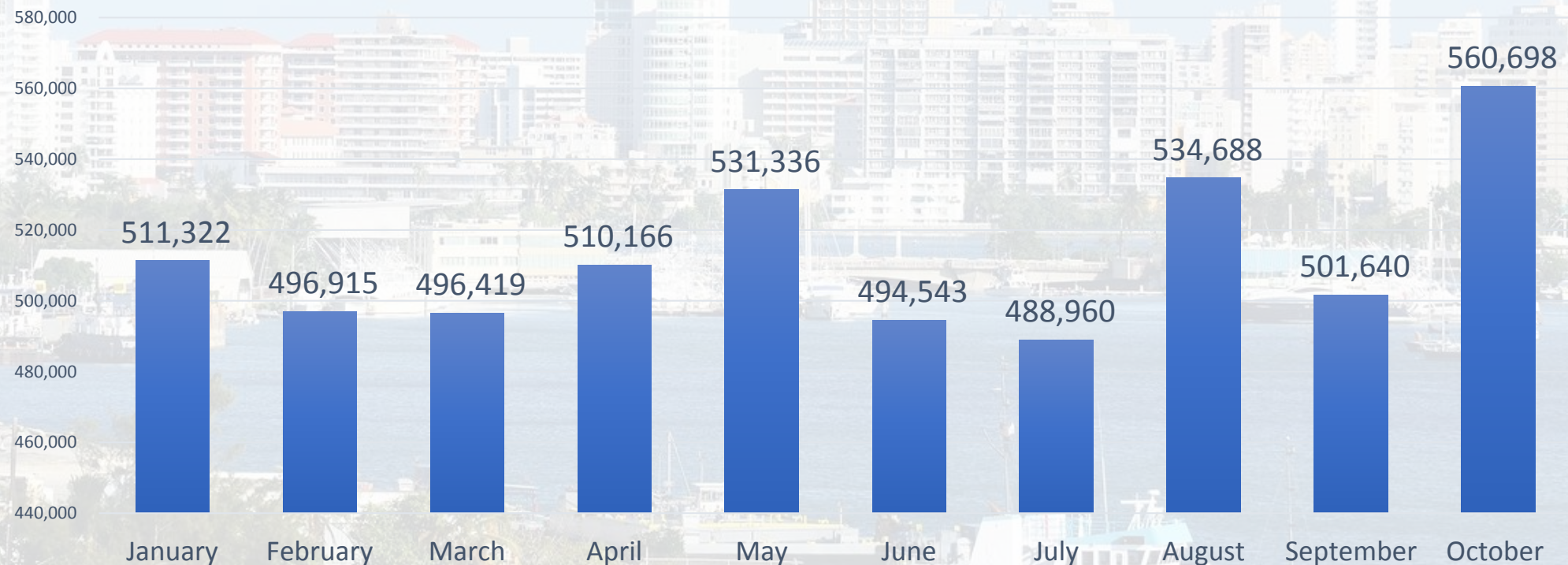




### Average Hospital Revenue and Costs Per Patients Days, 2014-2017



## Unique Number of Mi Salud Beneficiaries Served Per Month (2018)



# 2019 MA Revenue Estimates

Payment Element	2019 Final Ratebook	2020 Advance Notice	2020 Puerto Rico Estimate
Effective Growth Rate	5.28%	4.59%	4.59%
Rebasing / Repricing	0.49%	TBD	TBD
STARs Ratings*	X	X	X
Risk Model Revision	0.28%	0.28%	0.28%
MA Coding Adjustment	0.01%	0.00%	0.00%
FFS Normalization	-2.26%	-3.08%	-3.08%
Encounter Data Transition	-0.04%	-0.06%	-0.06%
EGWP Payment Policy	-0.10%	0.00%	0.00%
<b>Expected Average Change in Revenue from Policies</b>	<b>3.66%</b>	<b>1.73%</b>	<b>1.73%</b>
<i>*Excluded for purposes of this analysis.</i>			
<b>HIT Under Current Law</b>	0%	-2.20%	-2.20%
<b>Sub-total After HIT</b>	3.66%	-0.47%	-0.47%
<b>Other Potential Puerto Rico Impacts</b>			
(1) Uncertainty about rebasing / repricing	Positive	TBD	-1.00%
<i>*Part A UC increase \$82M to \$102M in 2019</i>			2.00%
<i>*Part B Pricing changes (GPCI already in)</i>	0.00%		0.00%
(2) Including 2017 Maria FFS claims adjustment	N/A	2018 not used in AN	1.00%
(3) Potential Increase in Zero-claims adjustment	0.10%		X
<i>*Zero-claims 4.4% in 2017-2018, 4.5% in 2019</i>			
<b>Total Estimated Change</b>	<b>6.00%</b>	<b>-0.47%</b>	<b>1.53%</b>

Expected 2019 Cost Trend +6%

2019 Range

## Medical cost trend over the years

Large fluctuations in medical cost trend have, for now, disappeared, but healthcare continues to represent a large share of the US economy and a large share of total employee compensation. A consistent growth rate between 5.5 percent and 7 percent is still unsustainably high.

*Medical cost trend fell for seven years before stabilizing around 6 percent*



# Healthcare Solution

## LEGISLATIVE SOLUTION

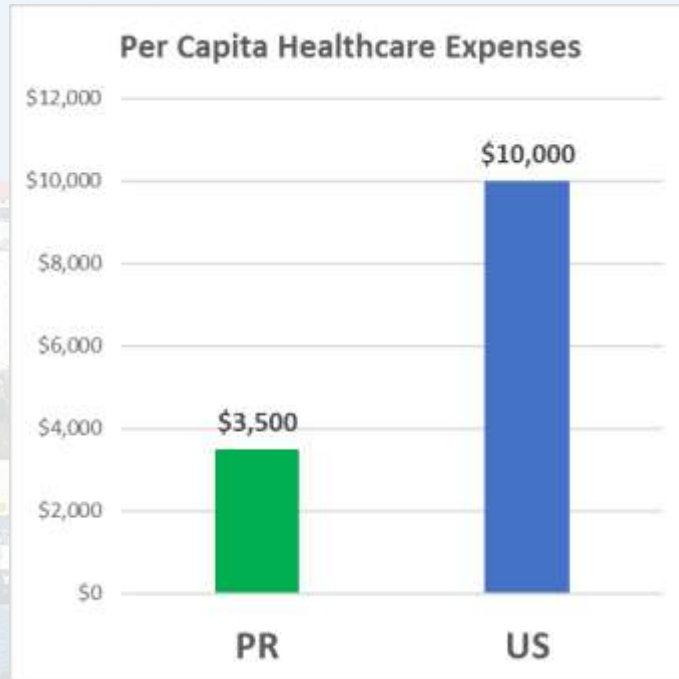
### H.R. 813 (formerly 6809) PRIMA:

- Establish a 0.70 average geographic adjustment (AGA) floor to MA rate formula floor to any county in the nation that produces a lower AGA through the regular methodology.
  - This results in an average of \$691 vs the \$511 MA rate for PR in 2019 (assuming a 0% bonus)
  - \$691 would be a 35% increase from \$511, and 14% below the lowest state
  - **Estimated financial impact would be ~\$1.0B for one year, and close to \$3.2B for 3 years; Estimated CBO Score = \$0**
  - **50% of increment dedicated to physicians**
- Structure as 3-year demo tied to hurricane recovery.
  - 3-year timeframe provides for a lower budget score and appears rhetorically tied to short-term hurricane recovery

## ADMINISTRATION SOLUTION

- MA Advance Notice Comments due to CMS by March 1, 2019
- 2020 MA rates announced ~4.1.19

## So What Can “Promesa” do to Help??



1. Talk about Managed Care in PR - not lines of business
2. Understand the facts of PR
  - A. Medicaid gap does not fix healthcare
  - B. Medicare Advantage subsidizes all LOBS
  - C. The most developed care in PR is Medicare Advantage
  - D. OUR PROBLEM IS WE NEED MORE MONEY – WE CAN DO NO MORE WITH LESS OR THE SYSTEM WILL BREAK AND ECONOMIC RECOVERY WILL BE IMPOSSIBLE
3. Collaborate in public, disagree in private.

**TREAT US CITIZENS OF PUERTO RICO FAIRLY!**



# Thank you

Follow us:



---

[www.camarapr.org](http://www.camarapr.org)

[#tucamaraenaccion](https://twitter.com/tucamaraenaccion)