

Improving Health and the Economy
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Good afternoon. First, my thanks to the organizers of the conference for the invitation to participate in this key annual event. I welcome the opportunity to join you today and, given my candidacy to represent Puerto Rico in Washington, to share my views on health and the economy.

Let me begin by saying that I firmly believe there cannot be economic development without an efficient and effective health system. A healthy economy simply cannot exist without a healthy society. The organizers of this event obviously know this, which explains why the subject matter of my session this afternoon is the "*PR Community Vision to Improve Health and the Economy*".

For too long, however, we have looked at health expenditures as exactly that, *expenditures*. It is, in fact, an *investment* in a much more productive and just society. Advanced countries have known this for some time and over the years took radical steps that today make healthcare a basic right in those societies. The links between health and economic development have been well established now for quite a while. In fact, a recent World Bank report on growth and development makes that point very clearly. Likewise, Nobel Prize winner A.K. Sen, in a wonderful book on development, makes exactly the same argument.

The linkages between health and development are complex and incorporate subjects such as the role of the health sector in the economy, the export of health services, the manufacturing of clinical products and the provision of health services. Even medical tourism, as you know, has been part of the economic development equation around the world for some time. Sadly, here in Puerto Rico, as with many other activities, we arrived late. What could have been an incredible opportunity was lost. Now we have to catch up, and this is always difficult.

More importantly, by making it possible to improve the wellbeing of its citizens, the health services of a country also provide the wherewithal to make them more productive. No country can develop without a strong and efficient social infrastructure. Its two main components, education and health, are essential

elements of development. Sadly, I must say that both have not received the attention and resources needed to maximize their contribution to our socio-economic development.

But let me spend a few minutes on the economy before delving into health issues. It is no secret that Puerto Rico has recently gone through the most difficult years in economic and social terms. Our economy today is roughly 14.0% smaller than it was in 2007 and, in fact, smaller than it was in 2000. According to a recent presentation made before one of our professional associations, we will not return to the 2006 level of real GNP before 2019. That means, of course, thirteen years of absolutely no growth.

The outmigration of 300,000 persons between 2000 and 2010 is perhaps the best evidence of a society that no longer provides the means for a satisfying life. Since the 2010 Census, another 35,000 have left. Of course we have had in-migration from the Dominican Republic and from returning Puerto Ricans. What is of concern—and I am certain, Dr. Marazzi made the point this morning—is that those who left tend to have higher incomes, are younger and have better professional qualifications than those who entered the Island and the population as a whole.

What the above tells us is that we are caught in a potentially dangerous situation. On the one hand, an economy that does not grow and that, in fact, appears to have lost its capacity to generate growth, and a demographic transition towards an older, poorer and less educated society. We may be caught in a vicious negative spiral from which it may be very difficult to escape unless we take immediate steps to brake and reverse this process.

Doing so will not be a task that can be accomplished in one year or, even during a whole four-year Administration. It will require many years and, to some extent, will be the responsibility of a new generation of Puerto Ricans. It will take a long time, will require careful husbanding of our assets —of which we are richly endowed— and will demand strong commitment from all stakeholders in our future. The initial commitment that we need is to form a strong consensus on where we as a society want to be in terms of our economic and social condition, not next year or even four years from now, but in ten, fifteen and twenty years.

There are no quick fixes for the economy and the sooner we realize that, the better. It will be a long and difficult process, because it will entail major transformations in our institutional, social and economic structures. But we must begin by outlining a clear vision of where we want to be and put in place the major strategies to get

there. It cannot be accomplished solely by the Government, but rather through the commitment and action of all of us together: the government, the private sector, and community based organizations.

Let me now turn to health matters. Over the years there have been a number of studies related to our health system, particularly the public health component. The work of Dr. Guillermo Arbona in the fifties and sixties, subsequent work done in the School of Medicine, evaluations of the Health Reform in 1999 and 2000, the report of a special committee appointed by Governor Acevedo Vilá and, more recently, a report prepared by the University of Puerto Rico and Vanderbilt University.

My doctorate is in History so I do not pretend to come before you as an expert on health. Still, I am very well aware that health matters will take up a great deal of my time in Washington, DC and that there are major problems that need to be dealt with in terms of federal programs and how they apply to Puerto Rico.

Let me share, then, some thoughts about the island's health system. As I said before, I am convinced that we cannot call ourselves a developed economy unless our health infrastructure is much improved. This is not only an issue of human development and wellbeing, but in the present global context having an effective and efficient health system has become a key competitive factor.

There are many specific observations that one can make concerning our health system. But a crucial one is that we have no clearly established health policy that sets out priorities, assigns responsibilities, delineates the private and public spaces and, in general, lays out a blueprint for future growth and development.

To begin with, I am convinced that Government alone cannot be responsible. We need to develop a new consensus, call it a New Social Contract as the University of Puerto Rico-Vanderbilt University report describes it, or simply a shared viewpoint among the key stakeholders concerning the future of our health system. But it must also take account of the citizens of the Island who are those for whom the system is designed. I have no doubt that seeking this consensus and incorporating the viewpoints of our citizens will move us in the right direction.

We must also address the social determinants that affect the health of a population. Poor social and economic circumstances affect health. Support for mothers for a good early start for infants in their first years is another crucial factor. Public health policies that remove social barriers for health care are also essential. Having a job

and job security is good for health and wellbeing, as well. And a good environment in schools is a positive factor in mental health for children and young adults that has lifelong effects.

Another major area of concern has to do with the organization of the health system. There are many options going from a market-driven approach such as has prevailed in the United States, a capitation method such as was instituted in Puerto Rico in 1994, government-run facilities as prevailed here prior to the reform, and, finally, what is known as the integrated health system model, which is the preferred option in the UPR-Vanderbilt report. Recent federal legislation creates what are known as Consumer Operated and Oriented Plans (CO-OP). These will be established with loans from the federal government with the objective of increasing the number of entities that can offer qualified health plans in the Affordable Insurance Exchanges created in the Obama Health Plan. The implied message is that consumers have to be part of the provision mechanisms. Puerto Rico was left out of the legislation, but nevertheless it points to an alternative model that merits some consideration.

In the case of Puerto Rico there are some specifics that will have to be taken care of. One is the continued discrimination against Puerto Rico in Medicaid and Medicare. The Obama Health Plan did call for increased funding for Puerto Rico, but conflicts in Congress have generated some uncertainty with respect to the sustainability of this increase. Let me assure you, however, that obtaining equal treatment for Puerto Rico will be a priority of mine in Congress and it will be achieved under our present status.

Some specific issues that need to be dealt with include the fact there is no effective health information system, without which it is impossible to plan adequately or to evaluate the effectiveness of health programs.

A major recommendation in the UPR-Vanderbilt report that merits careful consideration is the creation of a Governing Board for the public health system, made up of key stakeholders and which operates independently of politics. The model used in the report is the Federal Reserve System. Regardless of whether or not this recommendation is ever implemented, what is very evident is that Government is unable to handle effectively by itself very complex systems and procedures such as those that characterize the health system.

Let me make it absolutely clear, however, that handling the health system effectively *will* require government participation, intervention and support, but it must be a shared responsibility for our entire people. We are all involved, whether

we like or not. Health issues, our health care system and our policies to promote a healthy society are, and must always, remain a concern for *all* of us without regard to politics, ideologies, social standing and economic capacity. Ultimately, we are all responsible. I am sure that, like we have done on so many occasions in the past, we will once again be able to rise up to the task.

Thank you.