PUERTO RICO HEALTH & INSURANCE CONFERENCE



Hector Mujica, JD Director - Public Affairs February 2, 2011



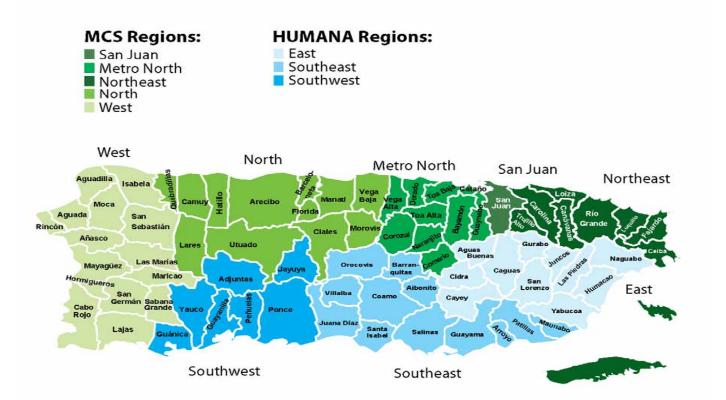
MI SALUD RFP PROCESS

- Initiated in mid-2009, cancelled Oct. 2009 (did not achieve expected savings)
- Closely followed Federal Health Care Reform debate in order to include as many requirements as possible to access Federal funding
- ASES made a complete revision to the previous RFP / new model & requirements
- Effective date : Oct. 2010



MI SALUD – GEOGRAPHIC REGIONS

 Mi Salud beneficiaries distributed between two carriers: Humana and MCS





ASES EXPECTATIONS FOR MI SALUD

- PMPM based on available budget / actuarially certified rates
- Availability of more Medicaid Federal funding between 2011 and 2019, up to \$1.2B a year / former amount close to \$275M
- 1.3 million insured beneficiaries / 37% of PR population
- Increased Department of Health & ASES involvement & oversight



ASES EXPECTATIONS FOR MI SALUD

- Three year contract with yearly premium negotiations
- Establishment of Preferred Provider Networks
- Preventive Care Coverage Expansion
- Out of State Emergency Coverage for Medicaid population
- Risk realignment (limit Primary Medical Groups risk)
- One PBM island wide (currently 2: Caremark & MC-21). RFP expected soon



MI SALUD BENEFITS (2011 expected expansions)

- Non-emergency transportation
- Auto-enrollment of eligibles
- Expansion of eligibility to at least 100% FPL
- Mi Salud Pymes
- Individuals
- Expansion to Public Corporations and Municipalities
- HCR Health Insurance Exchange



KEY SUCCESS FACTORS

- Implementation of provider incentives / risk management
- Quality monitoring / extended hours of operation / provider satisfaction surveys support / fraud abuse monitoring / internal & external reporting mechanisms
- Timely and proper payment of clean claims
- Quality Initiative Program management / 5% retention for health carriers



THE AFFORDABLE CARE ACT AND PUERTO RICO

- 2010 midterm election changed the makeup of Congress. House Republicans voted to repeal the Health Care Reform law.
- Outright repeal is highly unlikely. Repeal measure is expected to fail in the Senate or face a presidential veto.
- Wondering how the shift in political power will impact the health care reform law. This is especially critical for Puerto Rico as a territory. Will Mi Salud be affected? Will we ever achieve Medicare parity for hospitals and beneficiaries?



THE AFFORDABLE CARE ACT AND PUERTO RICO

- A repeal of the entire health care reform law remains highly unlikely. It's far more likely that specific proportions of the law will be targeted for change.
- There is room for improvement in the HCR law, but many elements of the law are interconnected.
- Changing certain foundational pieces, without addressing related aspects, could create unintended negative consequences.



WORK TOWARD BIPARTISAN SOLUTIONS

- It will take bipartisan concepts and cooperation to solve our health care crisis.
- Despite a divided Congress, as well as divided views at the local level, we still need to find ways to move health care solutions forward in a constructive manner.
- Connect the system, see the whole picture and recognize that providers, patients and purchasers of health care all have to work together to overcome our health care cost crisis.



WORK TOWARD BIPARTISAN SOLUTIONS

- Continue working to implement the reform law, while at the same time advancing productive ideas and doing its part to minimize disruption.
- Reduce administrative costs, operate efficiently, empower consumers and standardize and simplify the administration of health insurance.



ENSURE A SMOOTH AND STABLE TRANSITION TO 2014

- Key reform provisions are already in place, such as dependent coverage, preventive care, appeals and external review, pre-existing condition plans and small business tax credits (pending PR).
- Significant reforms are scheduled for 2014, including guaranteed coverage, health insurance exchanges, rating restrictions and personal responsibility requirements for everyone to obtain coverage.
- Our goal must be a seamless transition that does nothing to interrupt the coverage that we all count on today.



HEALTH INSURANCE EXCHANGE – KEY PRINCIPLES

- Is a set of state-regulated and standardized health care plans, from which individuals may purchase health insurance that is eligible for Federal subsidies.
- House of Representatives had sought a single national exchange, but when the Patient Protection and Affordable Care Act was passed, it split the exchanges by state.
- Puerto Rico was awarded \$925M between 2014-2019 to establish its Exchange. This funding is destined to subsidize insurance to more than 400,000 uninsured by means of the private market. However, ELA can choose to destine this funding for the Mi Salud program.



HEALTH INSURANCE EXCHANGE – KEY PRINCIPLES

- The Exchange should supplement, but not replace, existing individual and small group markets. An outside competitive market is crucial.
- Must accept all health plans who meet the participation criteria. Selective contracting should not be permitted.
- Must maintain the existing regulatory structure and ensure that all health plan participants operate under the same rules. This will ensure consumers are adequately protected and there is a level playing field.



HEALTH INSURANCE EXCHANGE – KEY PRINCIPLES

- Should be designed to ensure stability in the employer-based system.
- Should operate island wide, but health plans should be allowed to participate regionally.
- Should be a quasi-public entity. The board of directors should be non-partisan and comprised of members from a variety of stakeholders.



THE PUERTO RICO SITUATION – NEXT STEPS

- Island leaders and national democrats are confident that the repeal process will fail in the US Senate.
- Health Insurance Exchange and accompanying subsidies are paid for by the law and cannot be cut without a complete repeal of the law.
- The extra funding to Puerto Rico and other territories is also considered safe because it is authorized in a separate section of the legislation.



THE PUERTO RICO SITUATION – NEXT STEPS

- Medicaid population will continue to rise in Puerto Rico due to governmental efforts in having all legal residents covered, either by the Mi Salud program, as well as by private health insurance.
- Current Mi Salud carriers, as well as scores of providers in the Puerto Rico health system are actively engaged in the Mi Salud program and have reassured their commitment to make the program work.
- We are in... and we are for it.



HUMANA.