

1st PROMESA Conference

August 31, 2016

From PROMESA to Results:

**Fixing the Healthcare Economy of PR
Is Vital for Economic Growth**

**Jim O'Drobinak
Chief Executive Officer, MCS**



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Message or Messenger?





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Background - Me

1. **CEO of MCS – 12.13.11**
2. **President of MMAPA – Healthcare trade association**
3. **Committed my career to healthcare in 2007**
4. **Moved my family to PR in 2015**
5. **I am not a politician, never will be, nor for that matter an economist....**



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Background - You

1. Care about Puerto Rico
2. Have \$ucce\$\$ in what you do
3. Looking for an\$wers today
4. “How can I help?”





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Quiz #1

“How many of you have gone to a doctor or a hospital, or know someone who has gone to a doctor or a hospital in the last year?”

If the answer is “yes”, please sit down.





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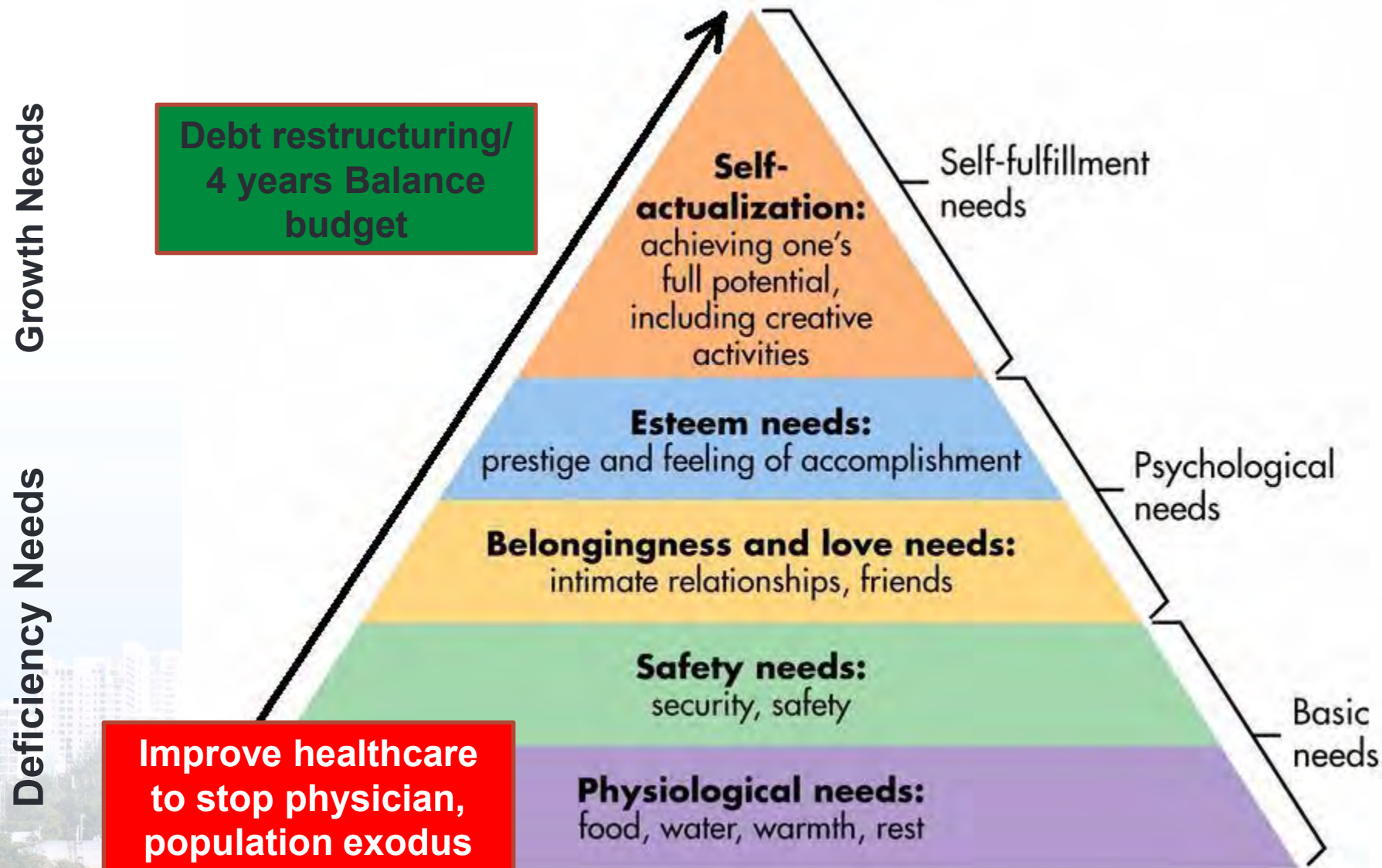
My Hypothesis

- The single most important things we can do, as individuals, TODAY, is to support the stabilization of the healthcare system of Puerto Rico in order to reinforce an eroding INTEGRAL infrastructure component of the Puerto Rico economy.
- Without this IMMEDIATE assistance, citizens will continue to migrate to the mainland, physicians will continue to leave for the mainland and the aging of Puerto Rico's population will be exacerbated.
- NEW citizens – investors, physicians, young professionals - will not move to Puerto Rico without the sanctity of strong and stable health care system.
- With a decreasing/aging population and a shortage of physicians, economic recovery will be impossible.





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The MVP of Promesa

- **Congressional Task Force on Economic Growth in PR (Section 409):** This section creates a “Congressional Task Force on Economic Growth in Puerto Rico,” consisting of eight members appointed within 30 days of enactment....
- **By December 31, 2016**, the Task Force shall issue a report to Congress describing impediments in federal law to economic growth in Puerto Rico, including the lack of “**equitable access to Federal health care programs**,” and recommending changes to federal law to promote economic growth and job creation and to reduce child poverty.

We must all work together to ensure Washington uses whatever means possible (administrative, legislative, regulatory) to IMMEDIATELY address the healthcare crisis in Puerto Rico

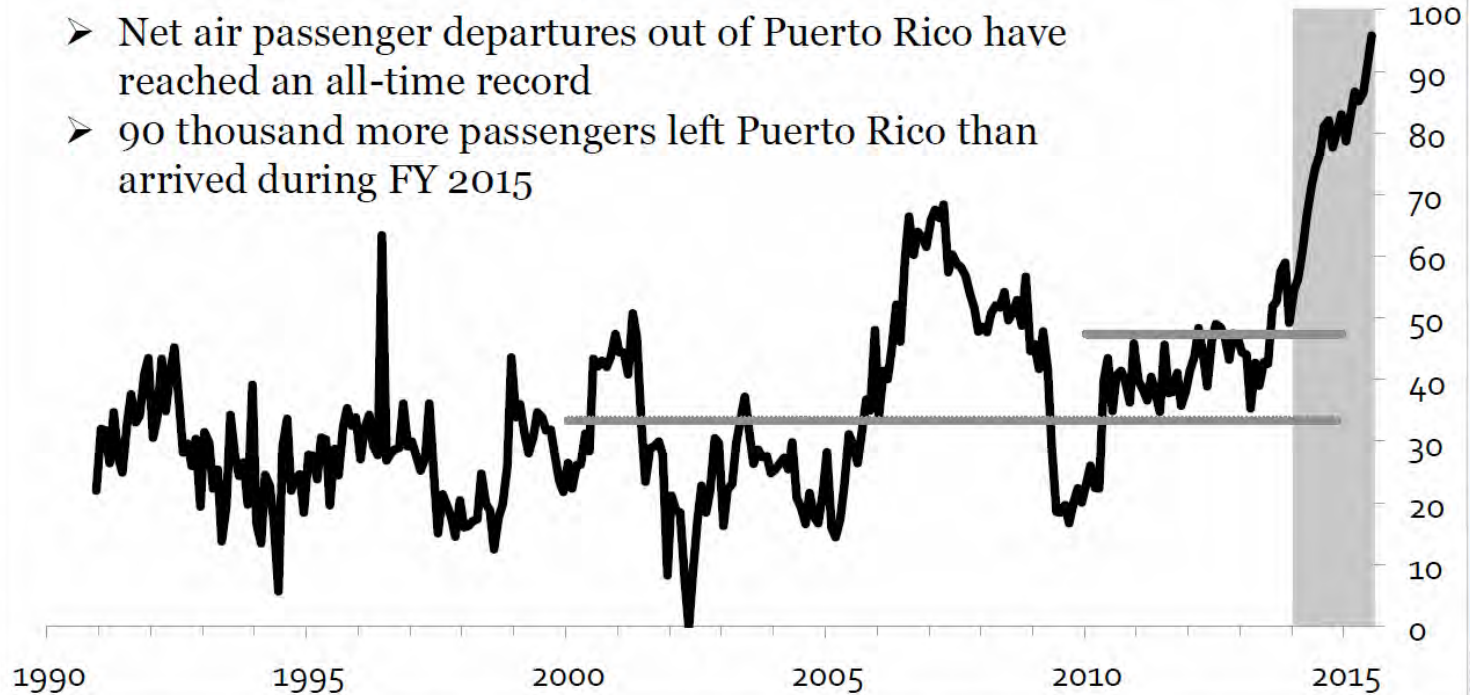


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Problem #1 – Decreasing Population

Second Great Migration appears to have begun

- Net air passenger departures out of Puerto Rico have reached an all-time record
- 90 thousand more passengers left Puerto Rico than arrived during FY 2015



Source: U.S. Bureau of Transportation Statistics, Air Carrier Statistics, Form 41 Traffic, T-100 Segment, All Carriers.

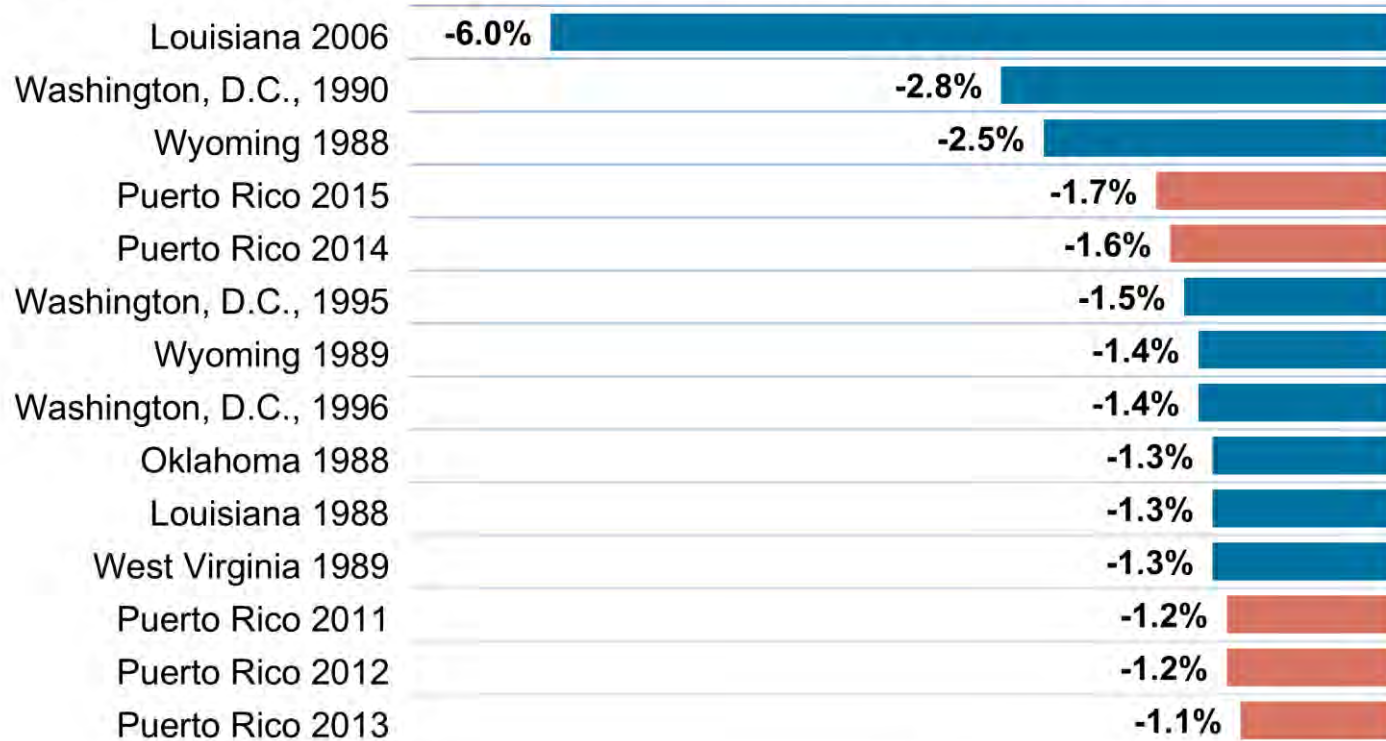


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Problem #1 – Decreasing Population

Biggest Losses

Largest losses in population over prior 12 months ended June, since 1987



Source: Census Bureau | WSJ.com



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Problem #1 – Decreasing Population

Puerto Rico's population



Source: Government Development Bank for Puerto Rico.



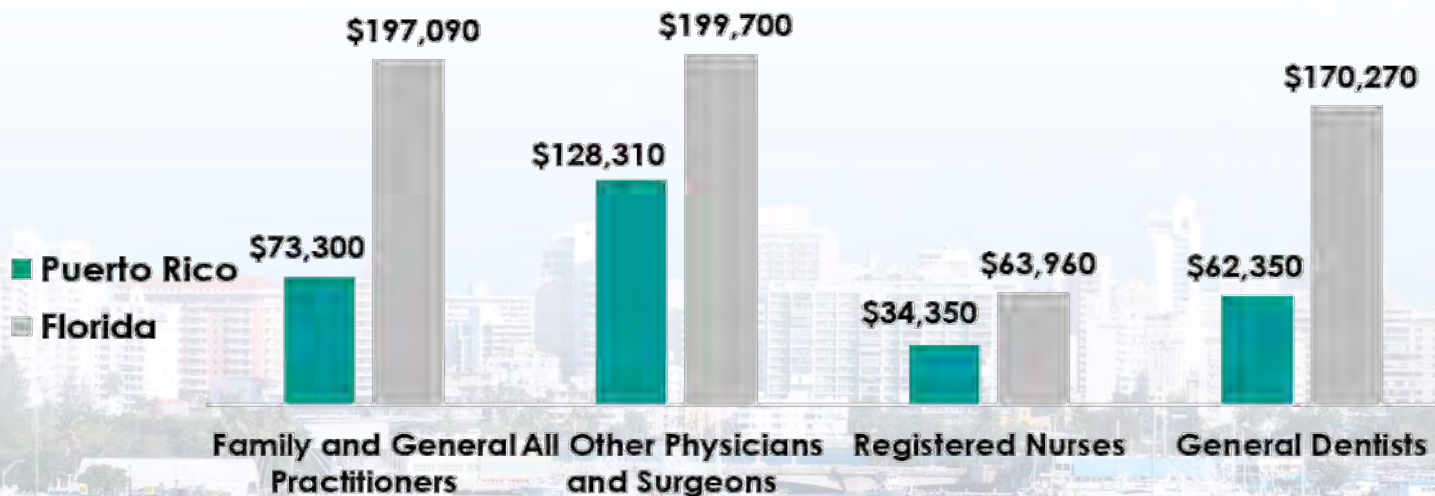
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Problem #2 – Physicians are Leaving

1 doctor leaving per day in 2014....

- ~ 310 doctors moved from Puerto Rico to US mainland during calendar year 2014. (Source: 2014 American Community Survey)
- Less doctors available for providing health care in Puerto Rico.

**Median Annual Wage by Selected Healthcare Professionals
Puerto Rico vs. Florida**





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Problem #2 – Physicians are Leaving

.....and 2 doctor leaving per day in 2016!

- According to the PR College of Physicians
 - 9,000 MD's currently practicing in PR
 - 365 MD's left the island in 2014
 - 500 left in 2015
 - It is estimated that from 500 to 700 will leave in 2016



"Si esto no cambia, el año que viene se van a ir más médicos. Va a ser peor"

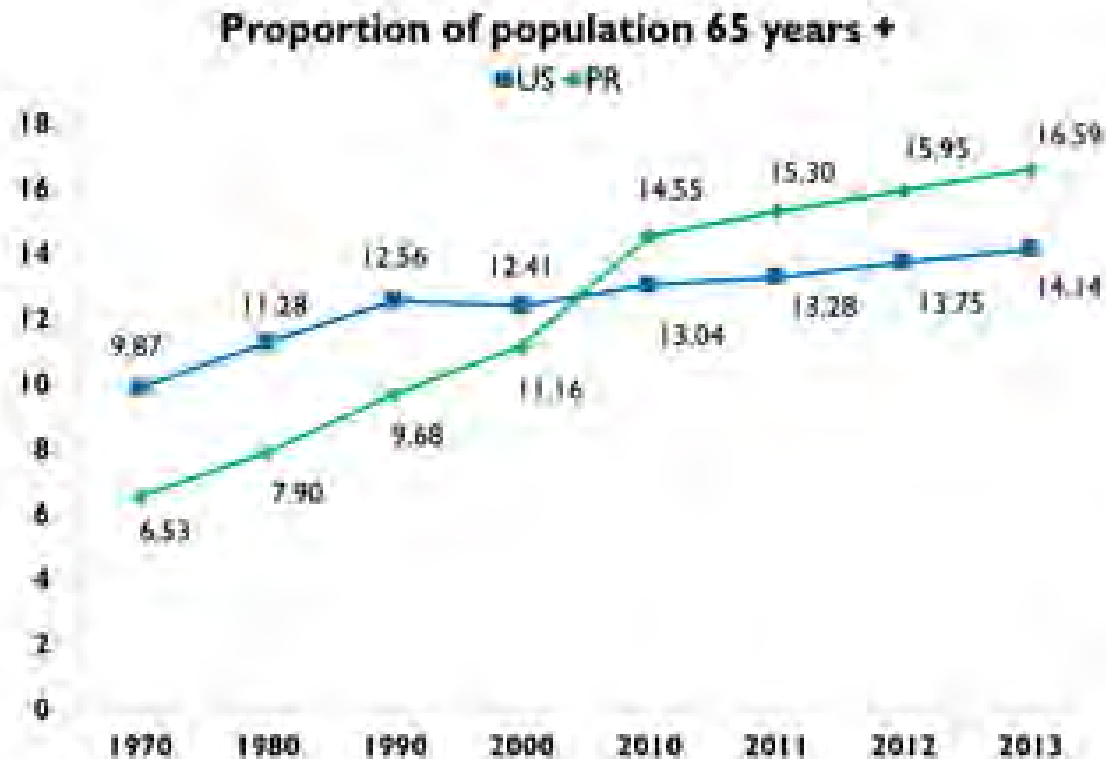
VÍCTOR RAMOS
Presidente, Colegio Médico

Source: Parés Arroyo, M. (2016, July 28). Éxodo de médicos. El Nuevo Día, retrieved from files.ctcdn.com



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Problem #3 – Aging Population



Sources:

Historic data 1970-2010

US: <http://www.census.gov/concent/dan/Census/library/publications/2014/dem/p23-212.pdf>

PR: <http://soph.md.nyu.edu/demo/index.php/series-historicas-datos-censales-2/edad-y-sexo>

Data 2010-2013 US & PR:

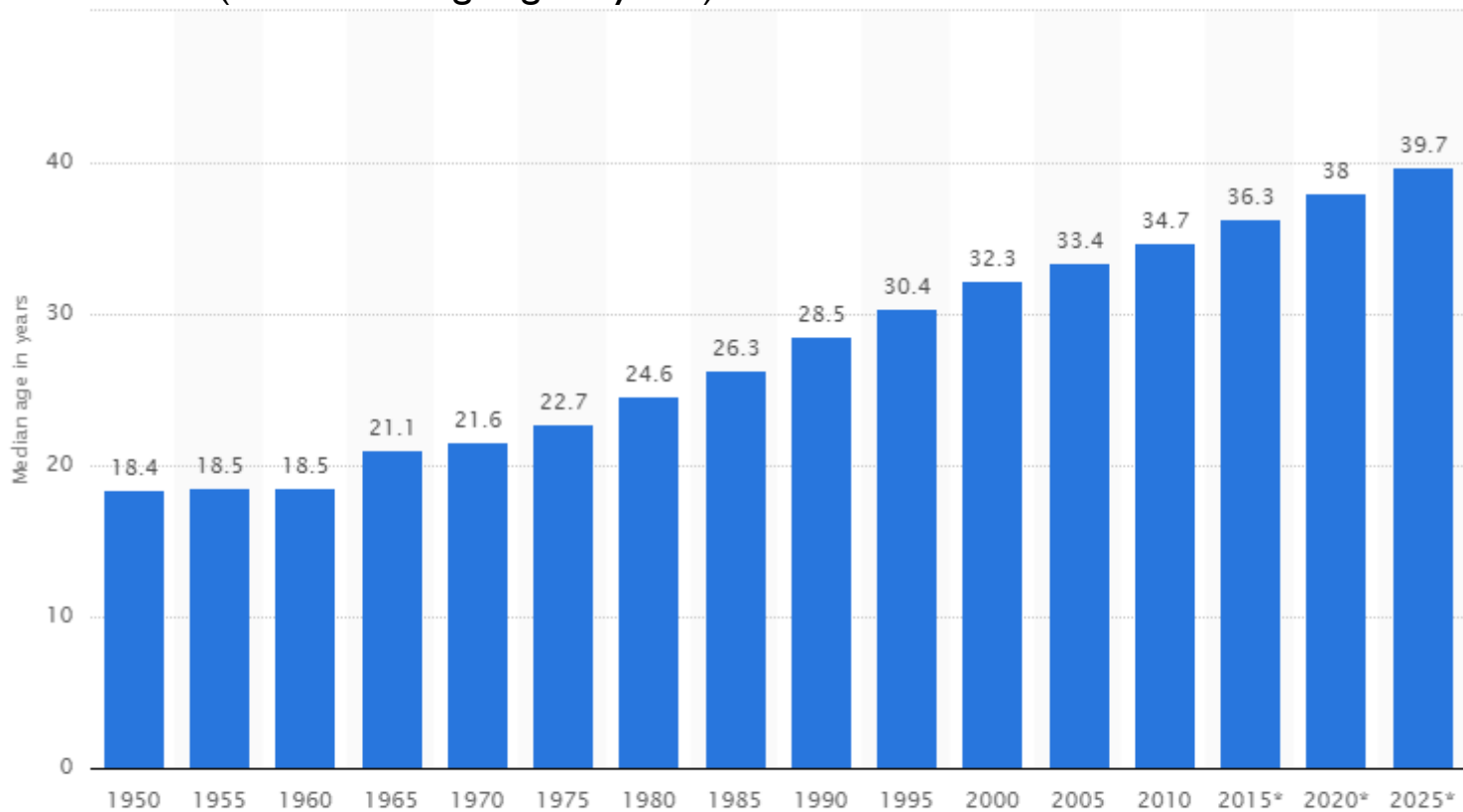
http://factfinder.census.gov/servlet/table?_lang=en&_ss=US&_ds=PERAGESEX&_tid=PCP_2013_PERAGESEX&prodType=table



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Problem #3 – Aging Population

Puerto Rico Average Age of the Population 1950 – 2015
(median average age in years)



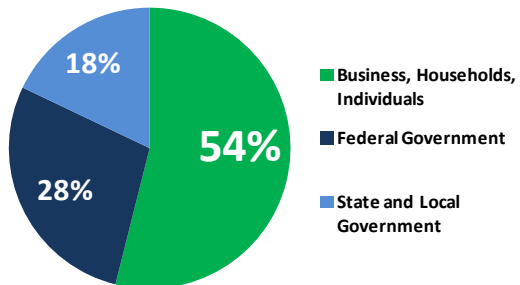


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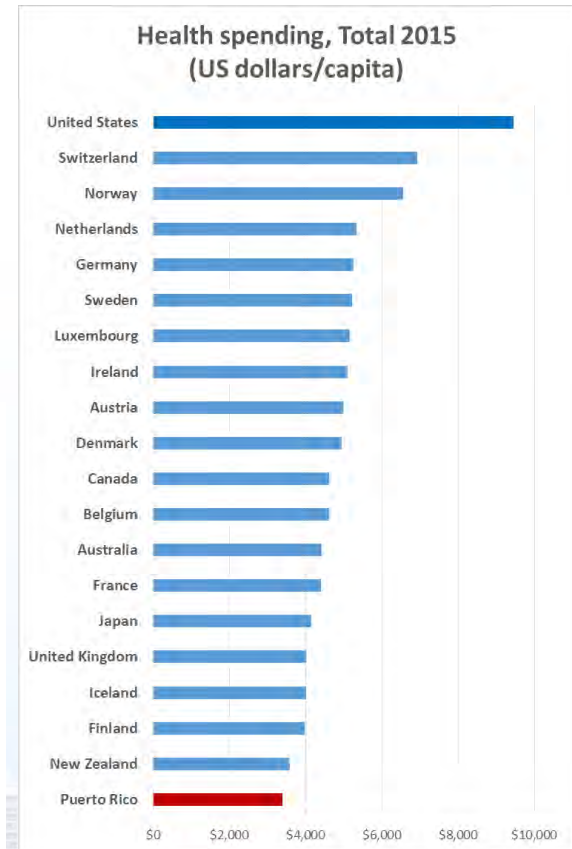
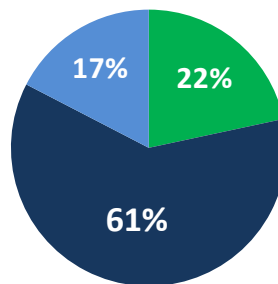
Puerto Rico Healthcare is woefully underfunded

Category	US	Puerto Rico	Notes - PR
Total Health Expenditures	\$3,207,300	\$11,937,673	
Business, Households, Individuals	\$1,729,100	\$2,582,132	FI, ASO, Govt Empl
Federal Government	\$903,900	\$7,280,541	MA, FFS, Mcaid, FQCHCs
State and Local Government	\$574,300	\$2,075,000	Mi Salud, DOH, CFSE, Correctional, ASSMCA

**United States Total
Resources by Type of Sponsor**



**Puerto Rico
Resources by Type of Sponsor**

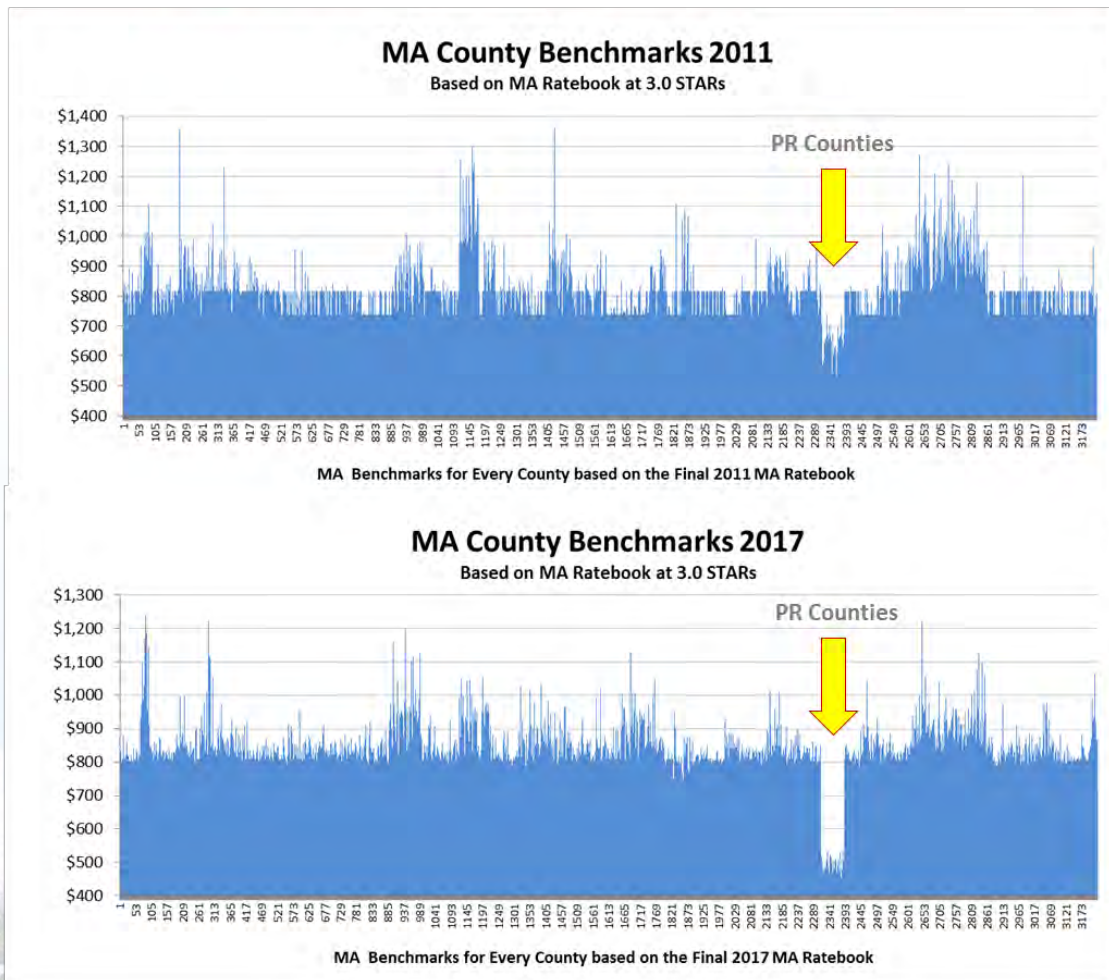




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Increasing Disparity in Medicare

Increasing Disparity in the MA Benchmark – The Poor are Now Poorer



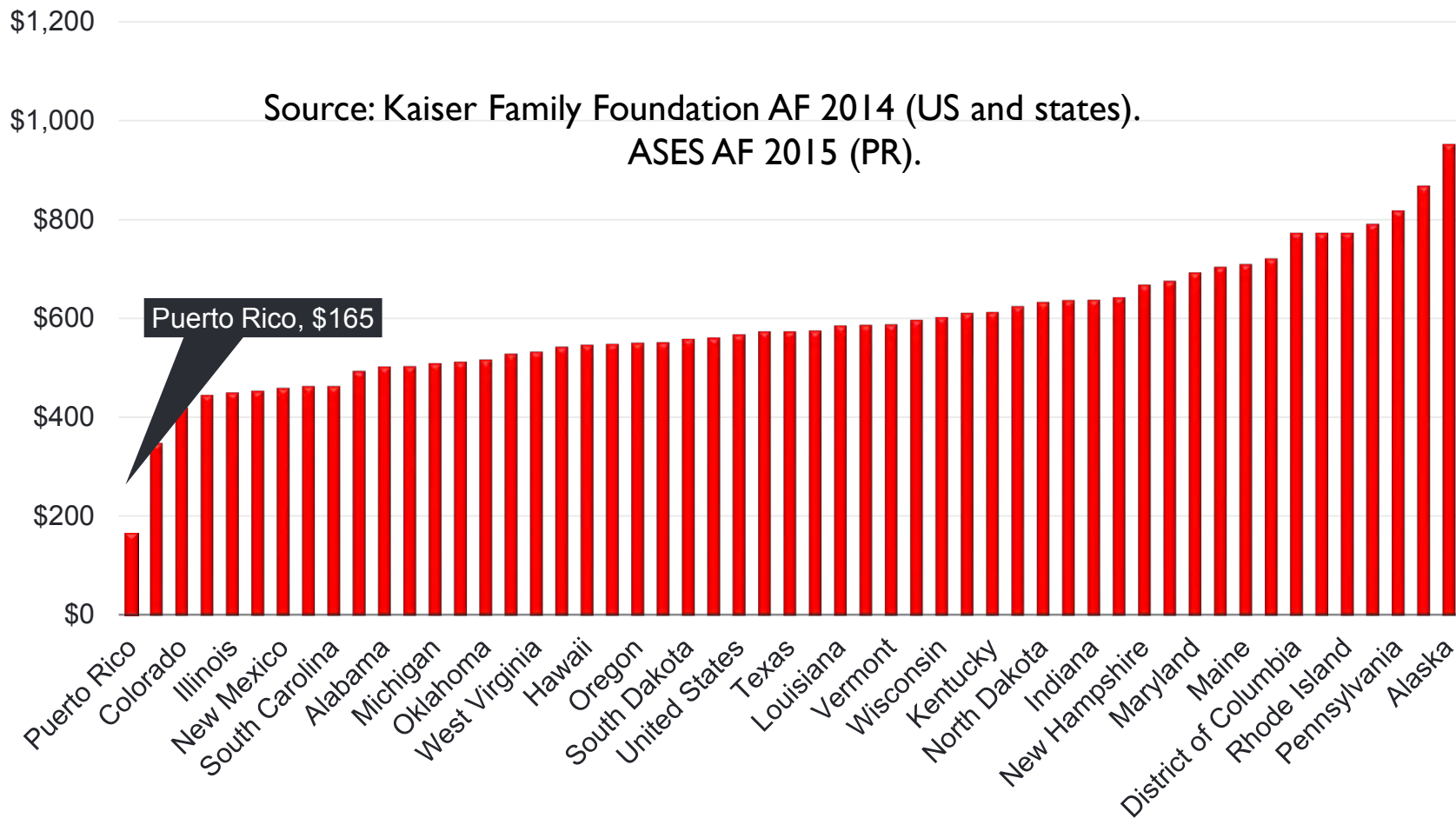
2011
US Avg = \$787
PR Avg = \$595
PR 24% lower

2017
US Avg = \$826
PR Avg = \$473
PR 43% lower



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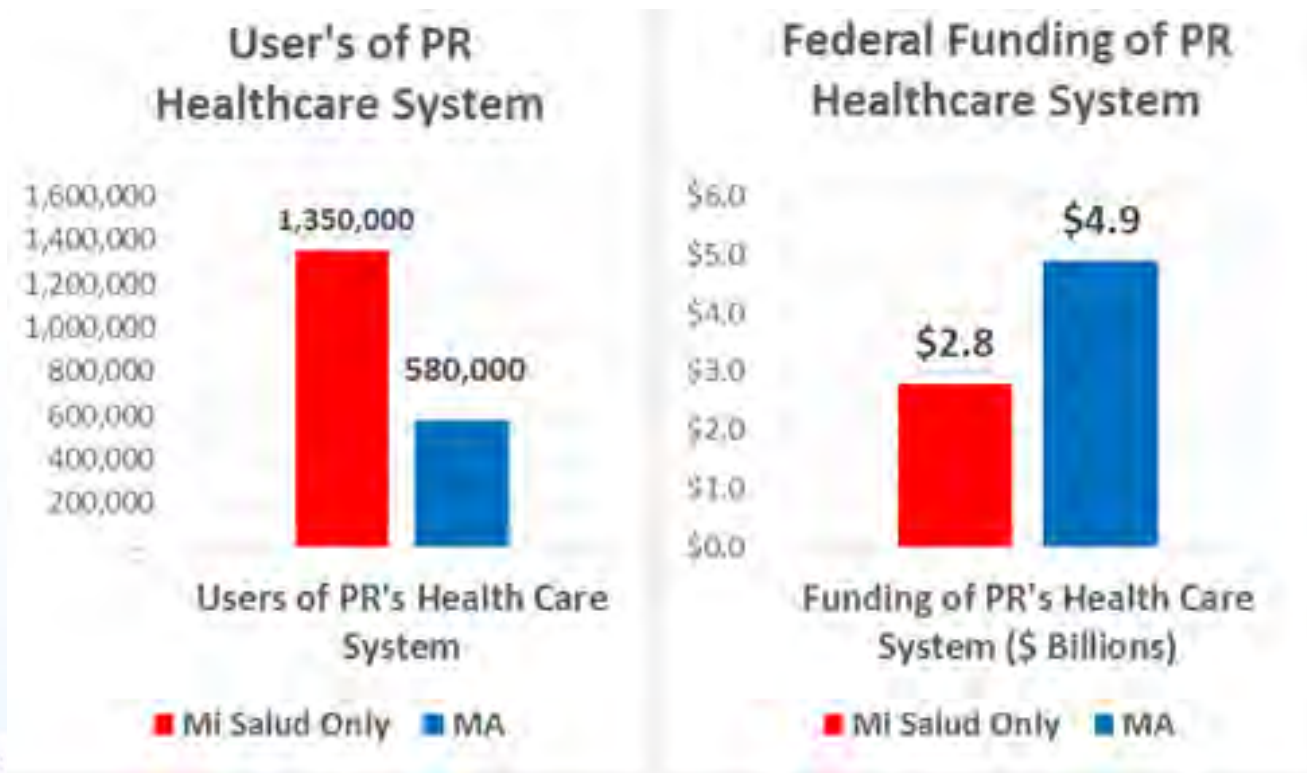
Medicaid Disparity





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PR Healthcare System Overview





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PR Healthcare System Overview

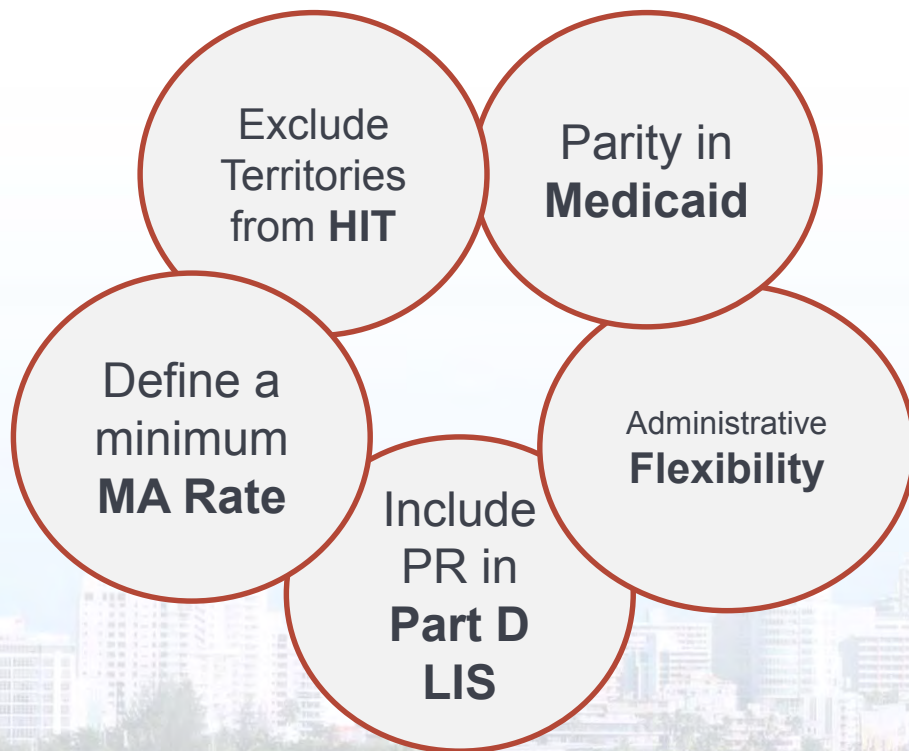




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A Letter From The Puerto Rico Healthcare Community To The PROMESA Economic Development Task Force Members

PR Community Proposals



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President
Medicaid & Medicare Advantage Products
Association of Puerto Rico (MMAPA)

Dennis Rivera

Dennis Rivera
Chairman
Puerto Rico Healthcare Crisis Coalition

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Lcdo. Ramón Pérez Blanco
President
Puerto Rico Products Association



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Conclusion



- Coalitions keep evolving
- No longer “Government to Government” conversation
- Private Sector a new relevant player in Congress due to economic crisis
- **The importance of healthcare to the economy must be emphasized!**
- **TIME Matters**



PUERTO RICO **HEALTHCARE**
CRISIS COALITION





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Quiz #2

“What Can I do?”

We must all work together to ensure Washington uses whatever means possible (administrative, legislative, regulatory) to IMMEDIATELY address the healthcare crisis in Puerto Rico





Thank You

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Appendix - Economic Impact of Proposals

Active Proposals – Time Matters

1. Exclude Territories from HIT applicability

- Impacts Medicare, Medicaid, and Commercial health – **\$200M (2016), \$250M (2018FWD)**
- Less to pay for benefits, provider compensation, commercial commissions
- With HIT PR pays for a product (ACA) that does not apply to us

2. Set minimum MA rates for PR

- PR is **already losing \$1 billion** a year in Medicare Advantage
- Reductions in benefits, disposable income for consumption, tax collections

3. Address the Medicaid Cliff

- PR will be short by **\$1.1 billion** starting 2018

4. Administrative flexibility language allow HHS/CMS to adjust formulas

5. Eliminate exclusion of Part D LIS for Territories

- PR loses **\$300M+** per year already; impacts the viability of Platino, government