



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

3rd PROMESA Conference

**“We are Going to Need a Bigger Boat..”
Jim O’Drobinak, CEO MCS**

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The Puerto Rico Chamber of Commerce, Birling Capital Advisors, LLC, Select Global Advisory Group, LLC and El Nuevo Día invite you to the...

1st
PROMESA
Conference

August 31, 2016

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“Promesa” – What does it mean?

114TH CONGRESS

2D SESSION

H.R. 5278

An ACT To establish an Oversight Board **to assist the Government of Puerto Rico**, including instrumentalities, in managing its public finances, and for other purposes.

This Act may be cited as the
“Puerto Rico Oversight, Management, and Economic Stability Act” or “PROMESA”.



Financial Oversight &
Management Board
for Puerto Rico

promise

noun

prom·ise | \ 'prä-məs \

Definition of *promise*

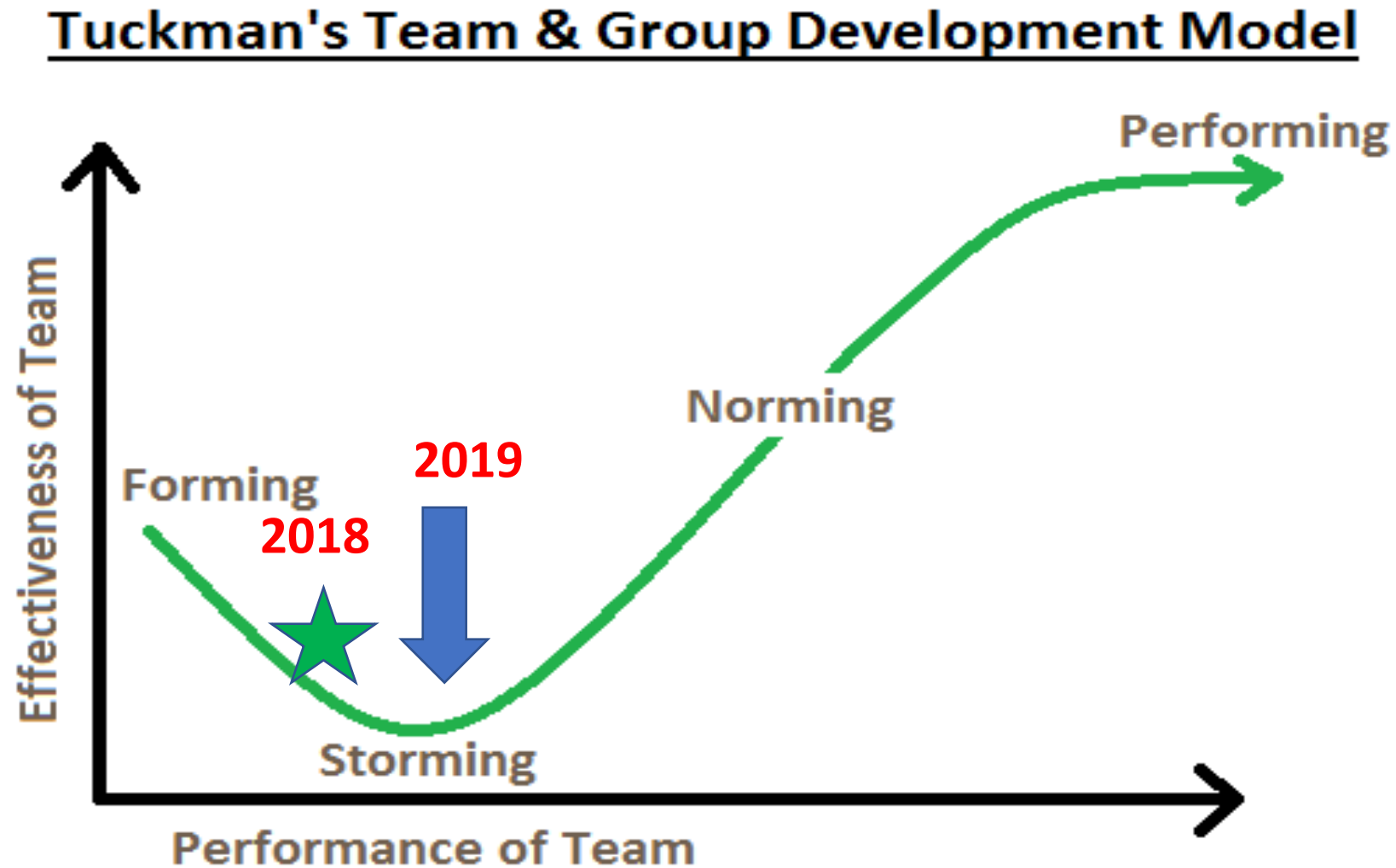
1a : a declaration that one will do or refrain from doing something specified

b : a legally binding declaration that gives the person to whom it is made a right to expect or to claim the performance or forbearance of a specified act

2 : reason to expect something *little promise of relief especially* : ground for expectation of success, improvement, or excellence shows considerable *promise*

3 : something that is promised





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Your perspective?



PPD

PARTIDO POPULAR
DEMOCRÁTICO

SEGURIDAD



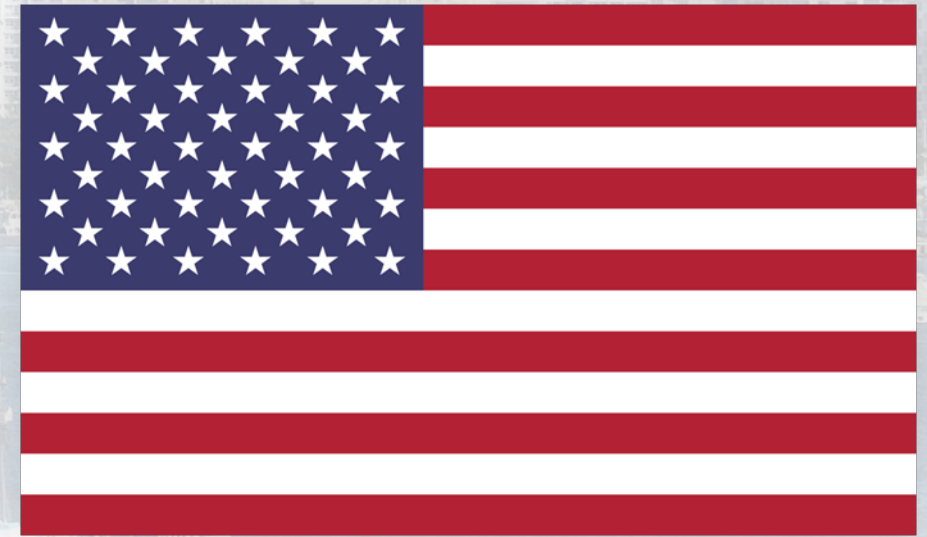
ESTADIDAD

PROGRESO



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Your perspective?



What is PROMESA's Biggest Problem/Challenge?

1. To help Puerto Rico restructure its crushing \$72 billion-dollar debt.

Pay its debt and at the same time foster economic recovery & development

2. Puerto Rico's Political status:

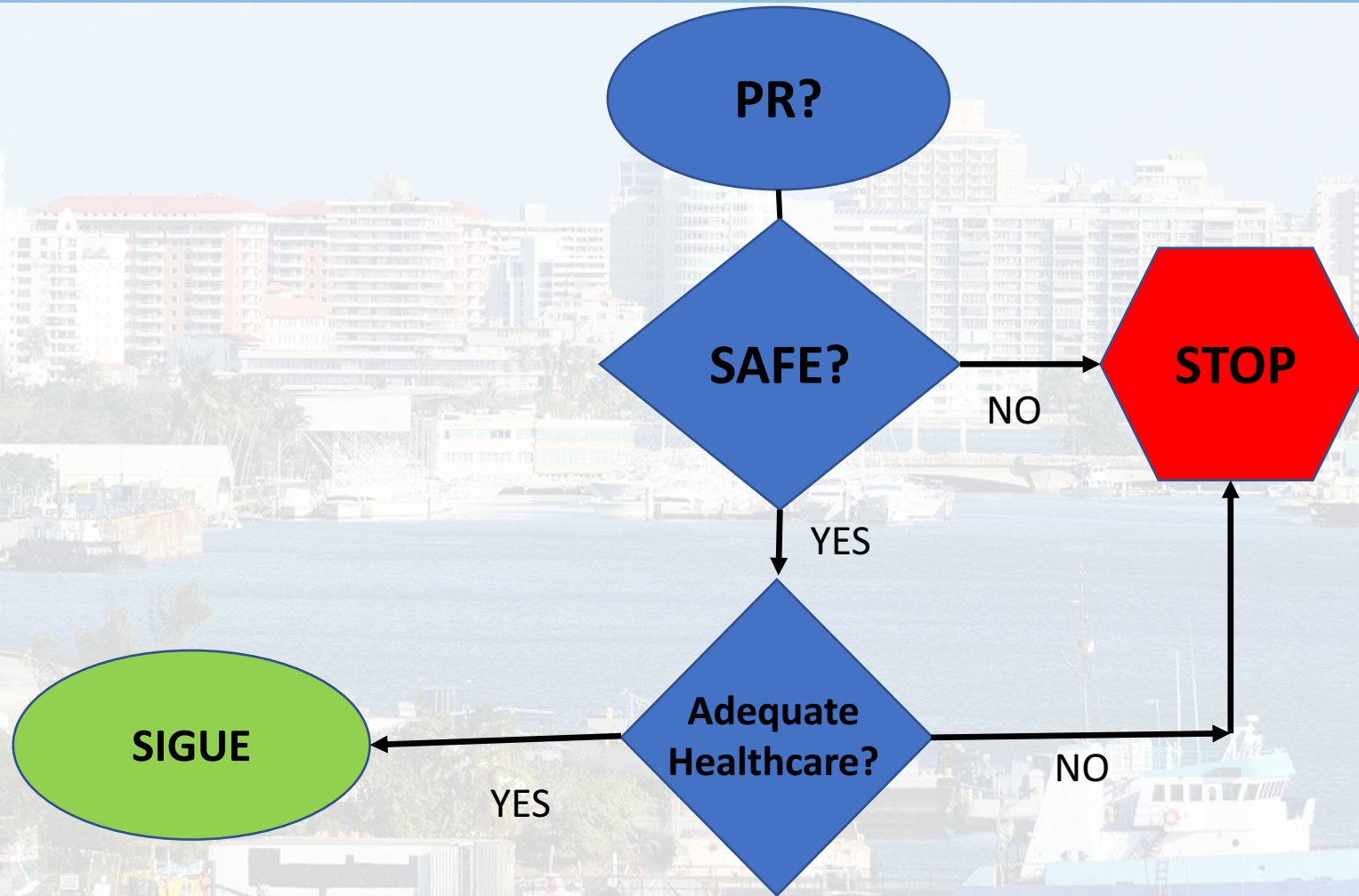
“Unincorporated US Territory under the powers of Congress”

3. Rebuild the Infrastructure

Roads, electric

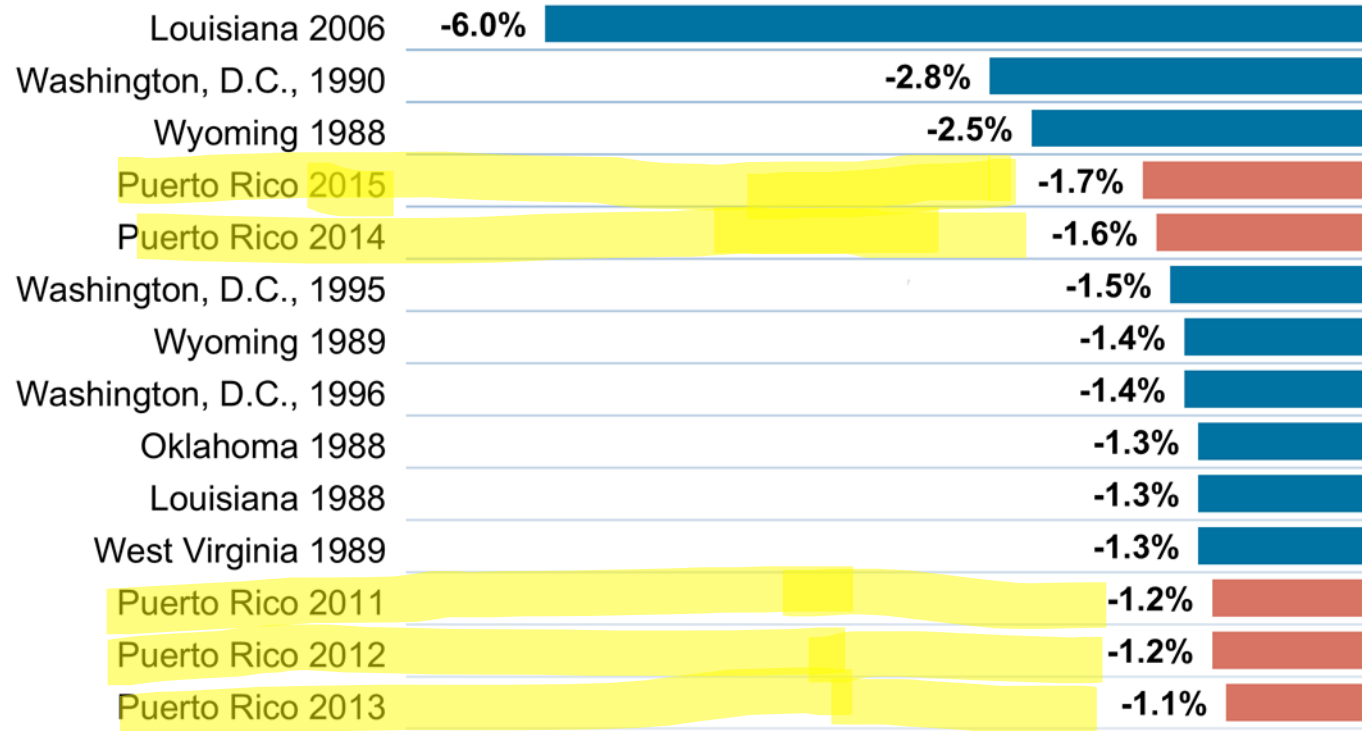
4. Decreasing (including productive talent, i.e. physicians are leaving...) and aging Population, insufficient to support economic recovery

3.2 million inhabitants; down from 3.7 million in 2010, net outmigration of 65 thousand annually to the US mainland. Low natality rate; deaths outpace births.



Biggest Losses

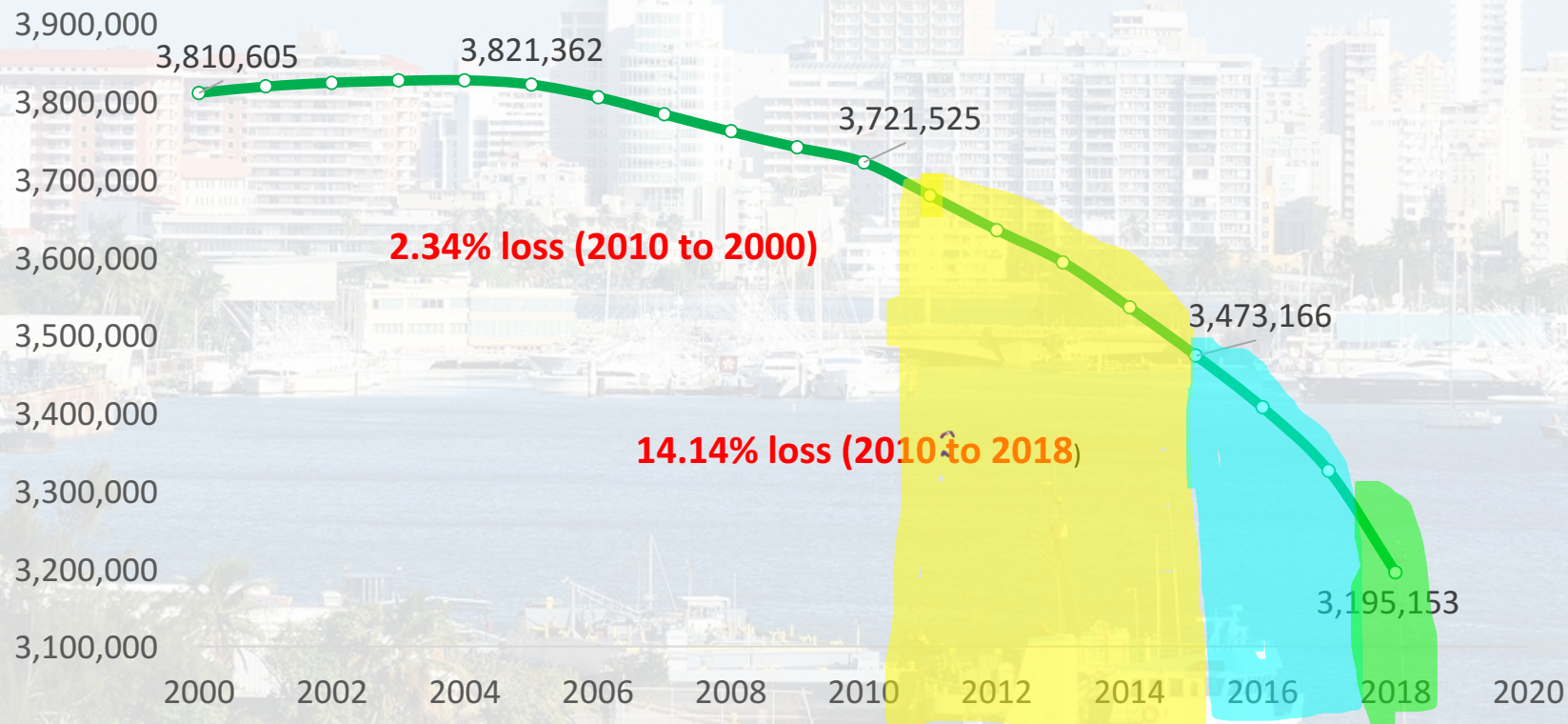
Largest losses in population over prior 12 months ended June, since 1987



Source: Census Bureau | WSJ.com

Main Cause
Hurricane
Bankruptcy
Mineral economy
Economic Distress
Economic Distress
Bankruptcy
Mineral Economy
Bankruptcy
Oil Bust
Economic Distress
Factory and Coal Mining Shutdown
Economic Distress
Economic Distress
Economic Distress

Puerto Rico Population
Census Estimates 2000-2018



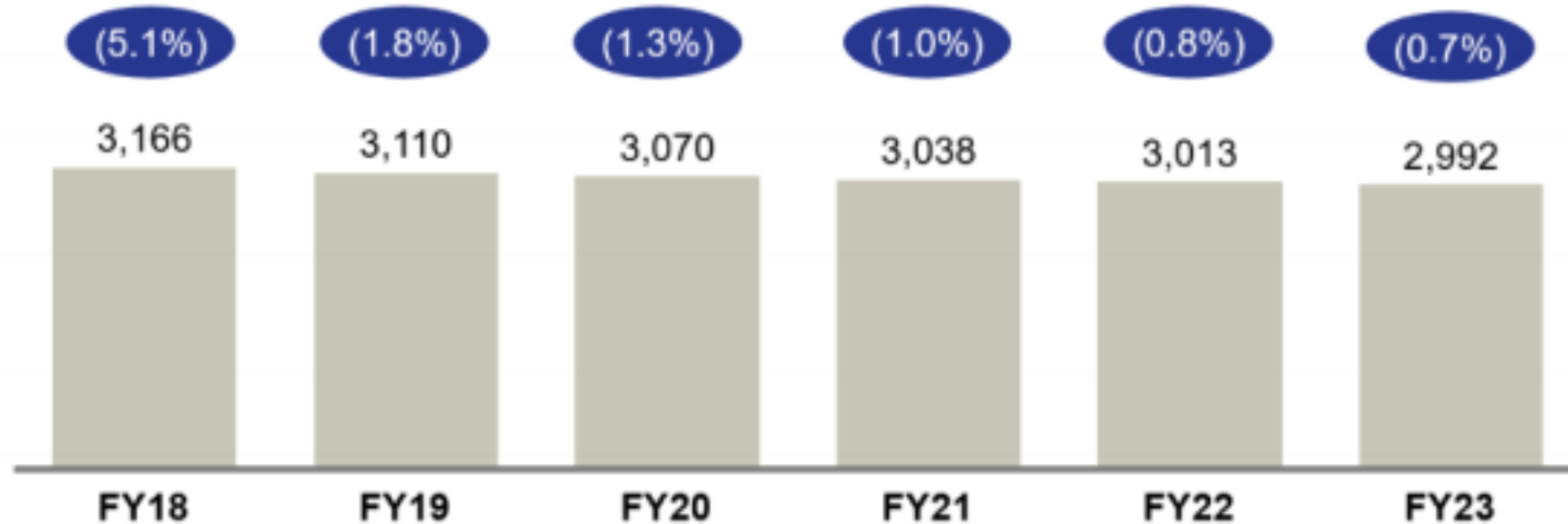
<https://www.census.gov/data/tables/time-series/demo/popest/intercensal-2000-2010-state.html>

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2018_PEPANNRES&prodType=table

EXHIBIT 11: PROJECTED POPULATION CHANGE

Annual population, 1000s

% annual decline



Projected Population Change as per FOMB Fiscal Plan (Oct. 2018)

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How is this going to do this work?

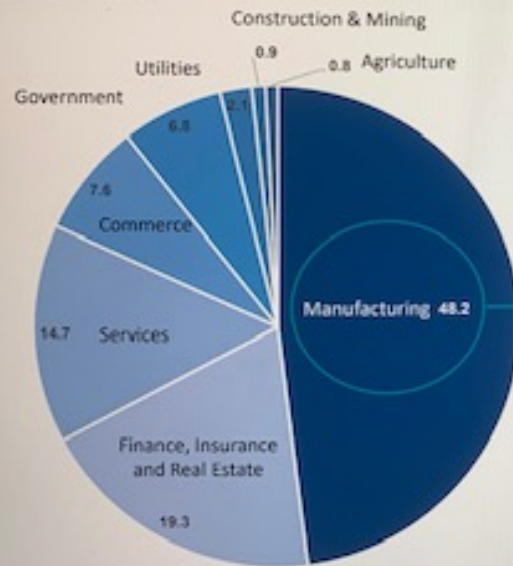


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With less/quality/healthy people.....?

Our Economy

GROSS DOMESTIC PRODUCT SHARE BY MAIN ECONOMIC SECTORS FISCAL YEAR 2017



GPN \$70.1 billion
GDP \$105.0 billion
GDP PER CAPITA \$30,516
EXPORTS VALUE \$71.9 billion
IMPORTS VALUE \$43.3 billion

TOURISM: Approximately 7% of GDP

MANUFACTURING SECTOR GDP

44.6% Bio-Pharma/Life Science
20.2% Computer and Electronics
19.8% Basic Chemicals
5.4% Medical Devices
3.1% Beverages & Tobacco
2.4% Food
1.4% Electrical Equipment & Components
3.1% Others

Stra

dropbox.com switched to full screen (Esc to exit).

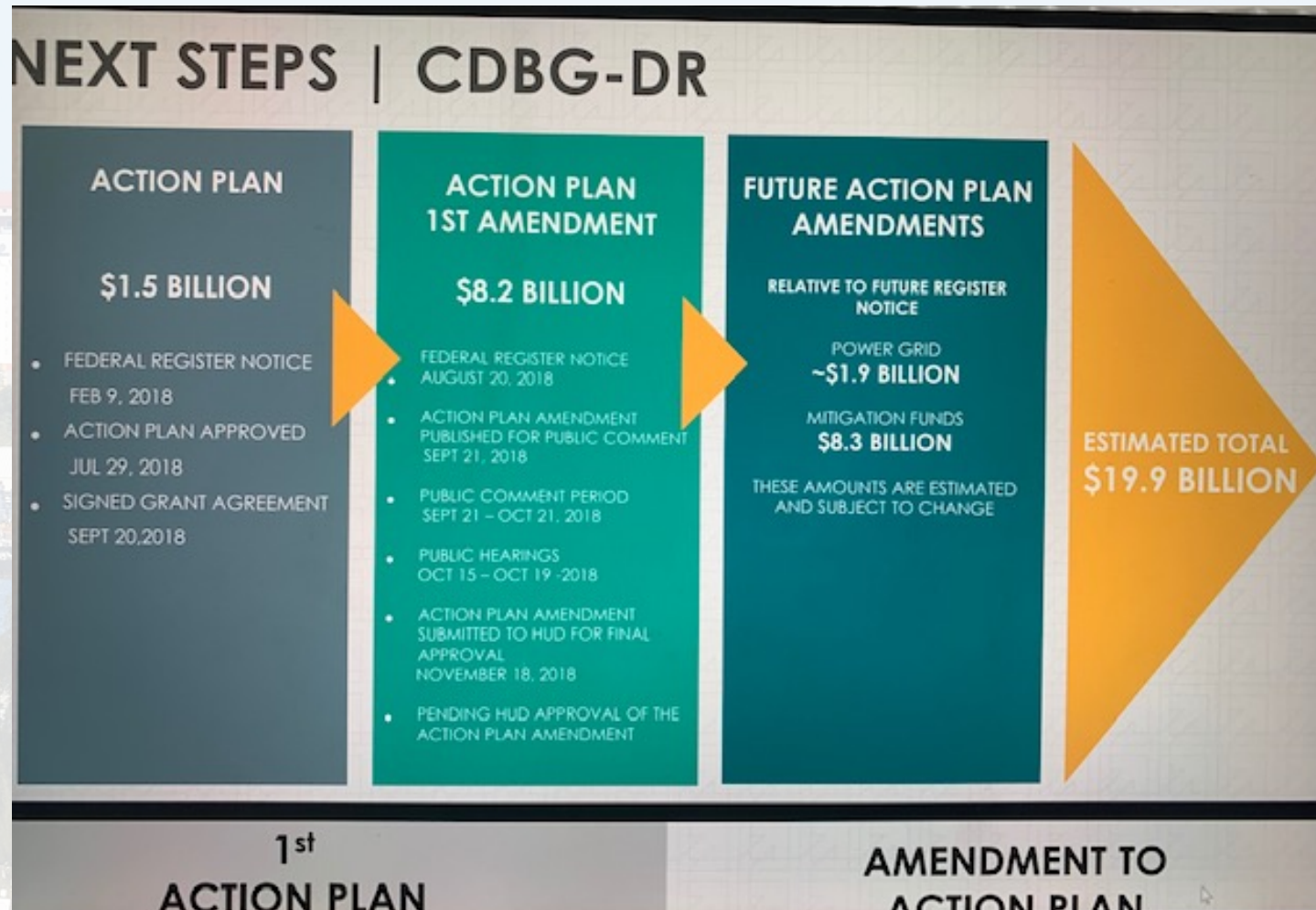
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Exit now

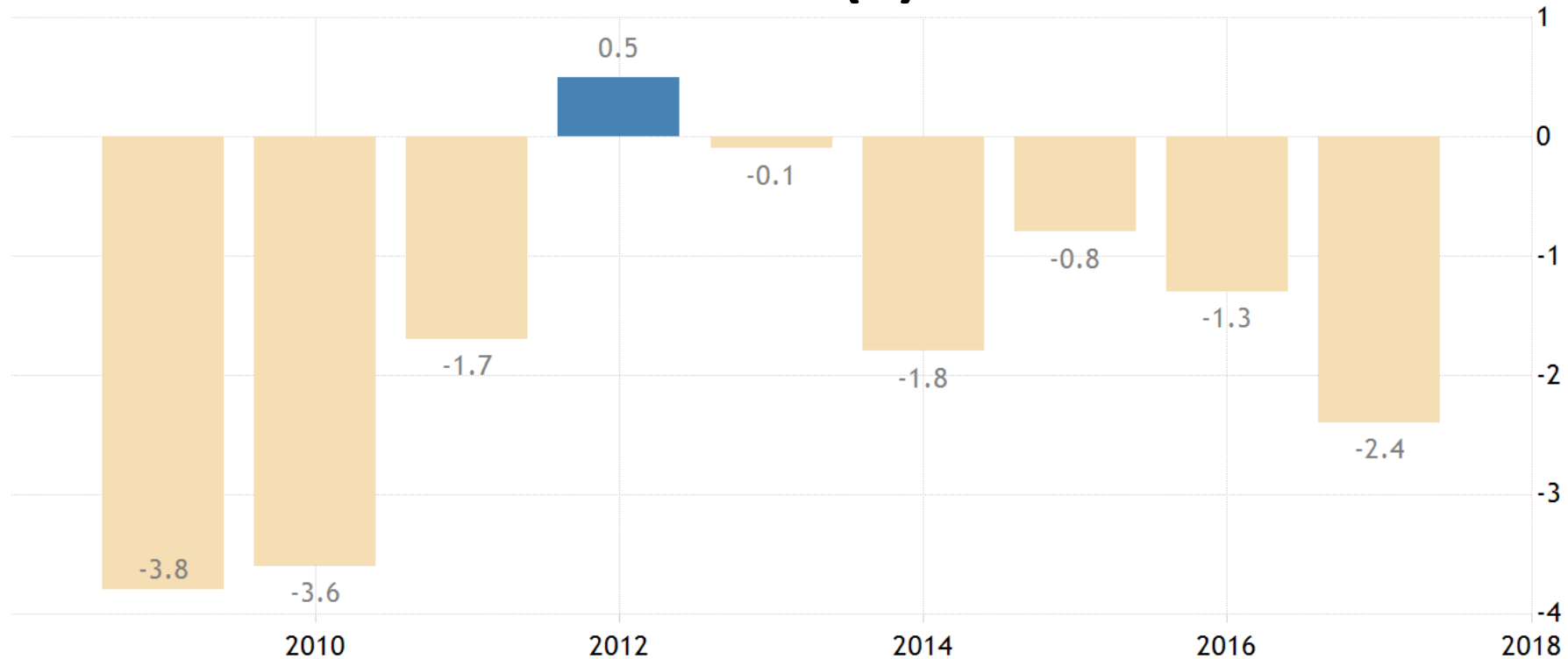
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With less/quality/healthy people....?



Economic Growth (?) in Puerto Rico



SOURCE: TRADINGECONOMICS.COM | STATISTICAL INSTITUTE OF PUERTO RICO

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Safety is #1!

Gobierno reconoce a la Policía



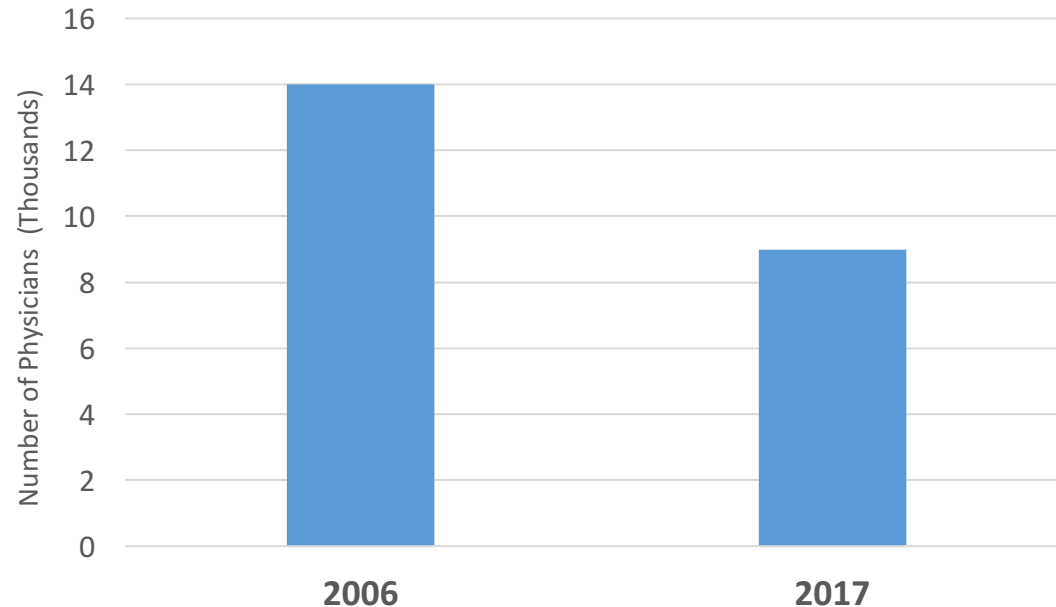
Un total de 123 miembros del Negociado de la Policía fueron ascendidos de rango ayer en evento en el Centro de Convenciones; 74 a Sargento, 40 a Teniente II, 2 a Teniente I y 7 a Capitán. Junto al secretario de Seguridad Pública, Héctor Pesquera y el comisionado Henry Escalera, el gobernador Ricardo Rosselló también exaltó a diez miembros como Valores del Año 2018 por su gesta. **SUMINISTRADA**

Physicians' Exodus

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

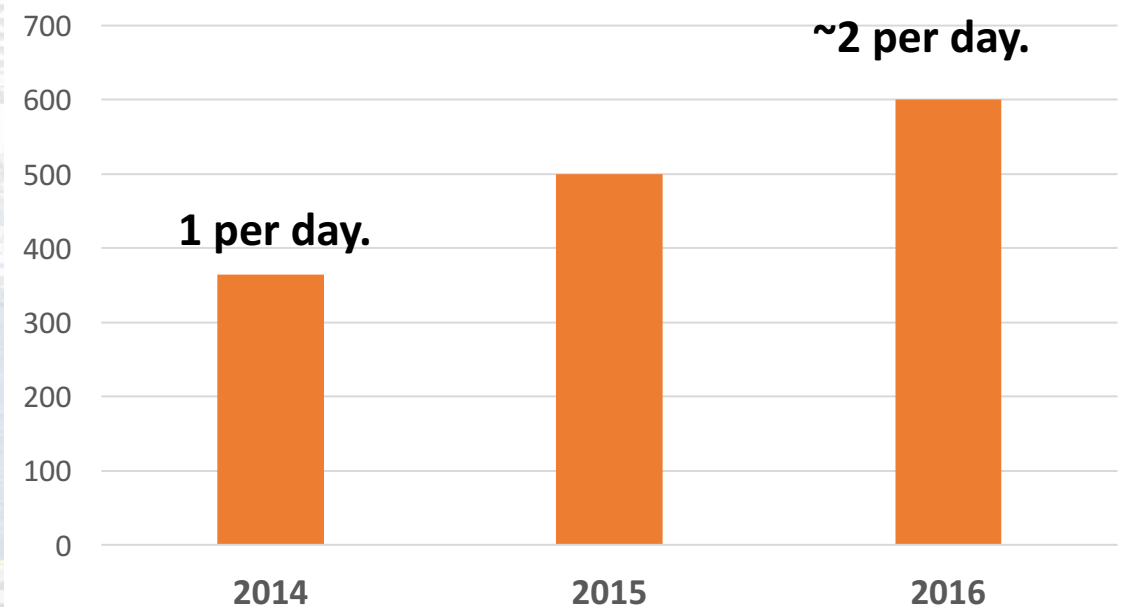
VÍCTOR RAMOS
Presidente, Colegio Médico

Physicians in Puerto Rico



Source: PR College of Physicians & Surgeons

Migration of Physicians



Less doctors available for providing health care in Puerto Rico each day.

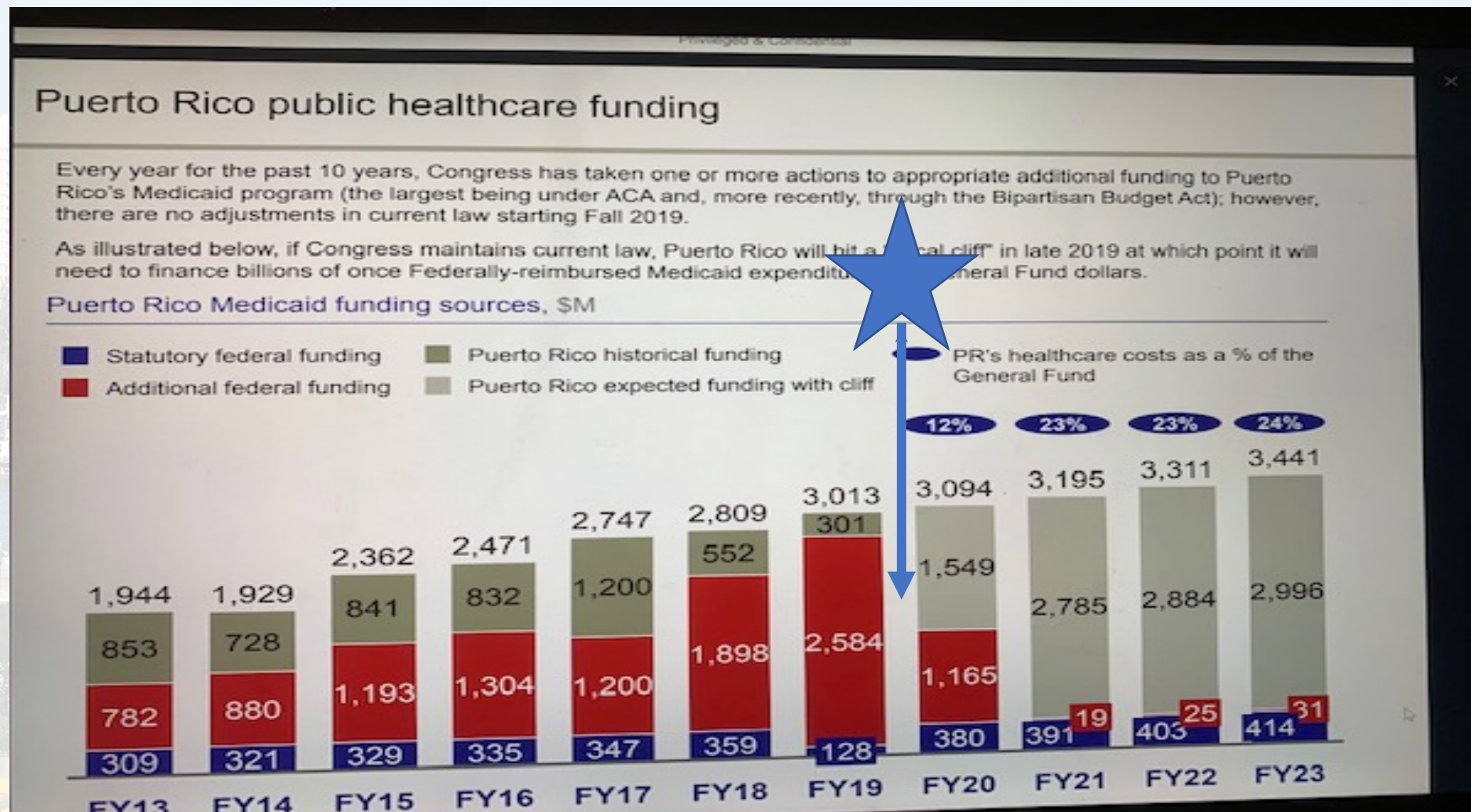
Challenges SPECIALISTS PROVIDERS EXODUS TO THE MAINLAND

Number of specialists in Puerto Rico since 2015



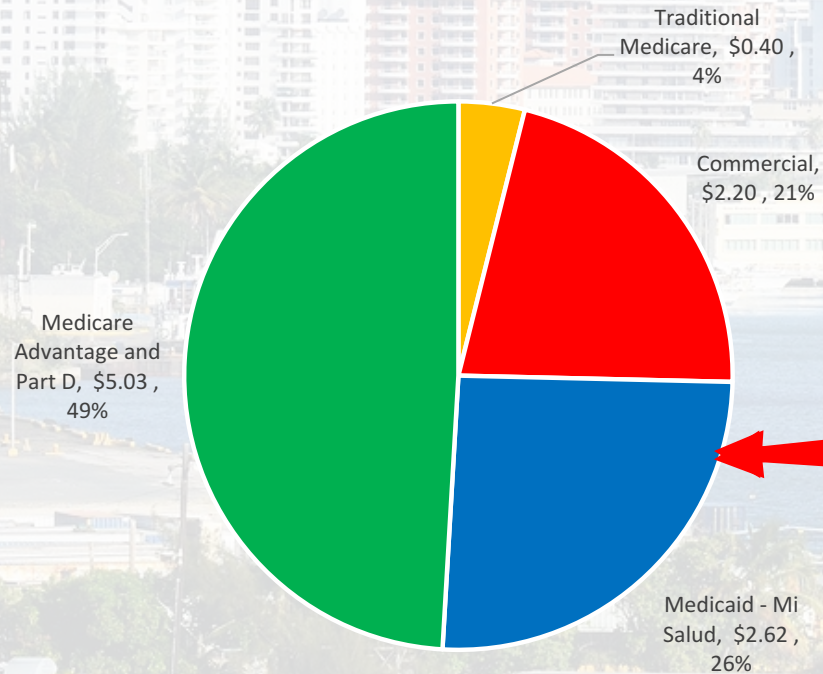
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Promesa re: “public healthcare funding”

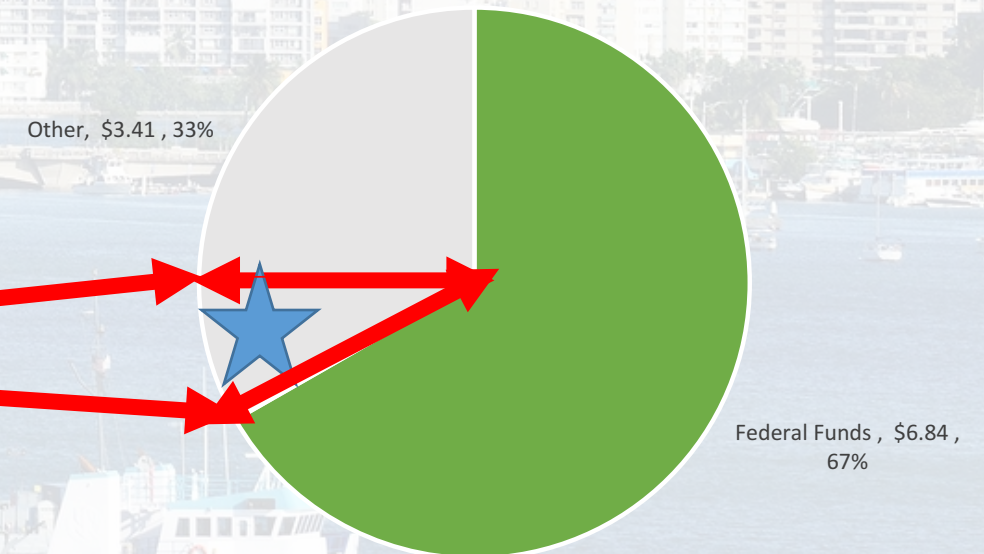


\$10B PR Healthcare Market

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



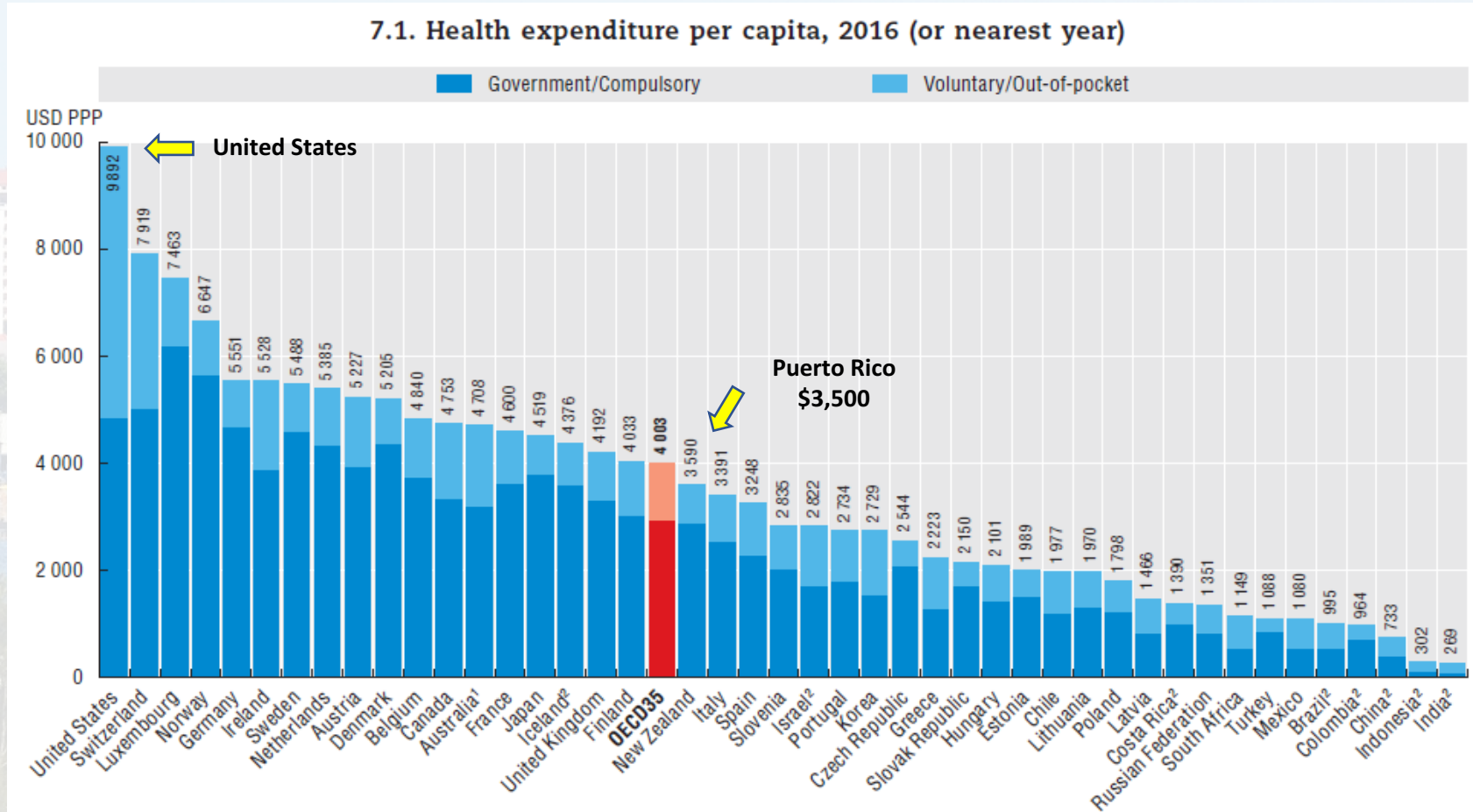
\$ **Financed** by the “Federal Government”



The Medicaid funding issue is a PR budget issue.

The Medicaid funding issue is a human rights issue.

The Medicaid funding issue will not save the healthcare system nor attract and retain healthy people sufficient to foster economic recovery.



From: Healthcare at a Glance 2017; OECD Indicators.

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You Get What You Pay For....

Lowest Income per Capita	\$28,703 (PR) vs \$55,836 (US)
Lowest Health Spend per Capita	\$3,500 (PR) vs \$10,000 (US)
Lowest Medicare Funding	43% below US average.
Lowest Medicaid Funding	60% below US average.
\$200M Health Insurance Tax	WITH ZERO BENEFITS.

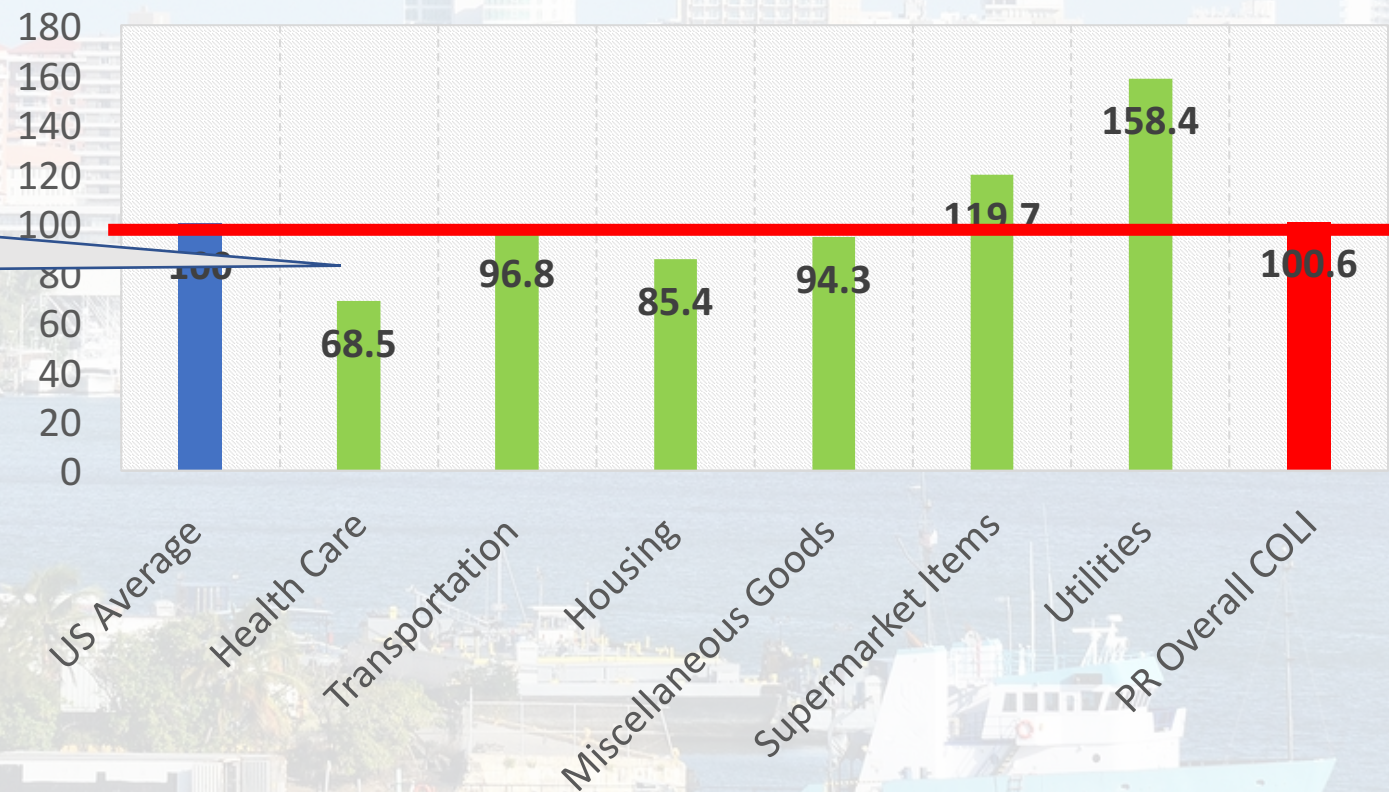
LINE OF BUSINESS	PER MEMBER PER MONTH REVENUE	FEDERAL FUNDING %
Medicare Advantage (MA)	\$780	100%
Vital (Medicaid)	\$180	55%

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You get what you pay for....

Arkansas
85.9

Puerto Rico's MSA Cost of Living (COLI) by Components
Compared with US Average, 2018 Third Trimester



1. Prioritize people, always. Nothing is possible without us.
2. How do we keep/get people in PR?
 - A. How do we keep them safe?
 - B. How do we keep people healthy (NOT Vital budget issue)?
3. How do we make the economy flourish?



Please come back at 2 PM today and hear how I think we need to fix the healthcare system in PR!



Thank you

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