

# La Cámara de Comercio de Puerto Rico y su Comité de Salud presentan su Foro:

Puerto Rico: Alerta de Tendencias de Política Pública de Salud para el Sector Privado

## MEDICAID UPDATE

ACTIONS TAKEN TOWARDS INCREASING FUNDING

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Secretary of Health

*November 15, 2019-1:30 pm*



#CamaraEnAccion

## KEY COMMITTEE POLICY MAKERS

- U.S. Senate Finance Committee with Health Policy Advisor Stuart Portman, Majority Staff.
- U.S. Senate with Thomas Power, Health Legislative Assistant for Senator Rick Scott.
- U.S. Senate Finance Committee with Health Counsel Anne Dwyer, Minority Staff.

## **H.R. 3631**

# **Temporary Treatment of Cap under Section 1108 of the Social Security Act**

- **Replaces the statutory cap of each territory respectively:**

- ❖ **Puerto Rico:** 12 billion (4 years, approximately 3 billion each year).
- ❖ **U.S. Virgin Islands:** 756 Million (6 years; 126,000,000 each year of fiscal years 2020-2025).
- ❖ **Guam:** 762 Million (6 years; 127,000,000 each year of fiscal years 2020-2025).
- ❖ **Northern Mariana Islands:** 360 Million (6 years; 60,000,000 each year of fiscal years 2020-2025).
- ❖ **American Samoa:** 504 Million (6 years; 84,000,000 each year of fiscal years 2020-2025).



## **H.R. 3631**

# **Temporary Treatment of Cap under Section 1108 of the Social Security Act**

### **☐ Totaling Around \$14 billion**

- Current Section 1108 caps are as follows (If H.R 3631 does not become law):
  - ❖ **Puerto Rico** - \$375,100,000 (1 year).
  - ❖ **US Virgin Islands** - \$18,750,000 (1 year).
  - ❖ **Guam** - \$18,380,000 (1 year).
  - ❖ **Northern Mariana Islands** - \$6,850,000 (1 year).
  - ❖ **American Samoa** - \$12,430,000 (1 year).

## **Provide the Territories with Several Years of Increased Federal Funds**

- Puerto Rico's Medicaid allotment would be increased to approximately \$3 billion per year for four years.
- Allotments for the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (CNMI) would be increased substantially to amounts that are expected to prevent future federal funding shortfalls.



## **Increase the Federal Medicaid Assistance Percentage (FMAP) for the Territories**

- Puerto Rico's FMAP would be 83% for the first two years of additional funds, and 76% for the final two years.
- Guam, American Samoa, and CNMI's FMAP would be 100% for two years, 83% for three years, and 76% for one year.
- U.S. Virgin Island's FMAP would be 100% for one year, 83% for four years, and 76% for one year.
- With the FMAP increases provided to the territories in the Bipartisan Budget Act of 2018 and the Additional Supplemental Appropriations for Disaster Relief Act of 2019, the U.S. Virgin Islands, Guam, American Samoa, and CNMI will each have a total of three years at 100 percent FMAP.

### Implement Important Program Integrity Provisions in the Territories

- Puerto Rico will need to have in place an asset verification system after three years and a payment error rate measurement system in place after the fourth year. Both are required of all state Medicaid programs.
- Guam, American Samoa, and CNMI will need to have in place a transformed Medicaid statistical information system (T-MSIS) and a Medicaid Fraud Control Unit (MFCU) by the end of year four.
- The U.S. Virgin Islands will need to have in place an asset verification system by the end of year four.
- All territories will need to report to Congress annually on how they have spent the increased Medicaid funds.



## Amendment to H.R. 2328 & H.R. 3631

- Beginning one-year after date of enactment, HHS OIG shall audit areas of the Puerto Rico Medicaid program that it considers to be high-risk for waste, fraud, or abuse.
- Not later than one-year after date of enactment, HHS OIG shall develop a work plan to audit and/or investigate contracting practices related to the Puerto Rico Medicaid program.
- Not later than two years after date of enactment, GAO shall issue a report on contracting oversight and approval for the Puerto Rico Medicaid program. Such report shall examine PR's process for evaluating bids and awarding contracts, including which contracts are not subject to competitive bidding or RFPs; CMS oversight of contracts; and any recommendations to HHS, Congress, or PR for changes necessary to improve program integrity.
- No later than one year after the date of enactment, HHS shall reevaluate any waiver approved for Guam, NMI, or American Samoa to establish a Medicaid fraud unit; and determine whether the waiver should continue to be approved after October 1, 2023.

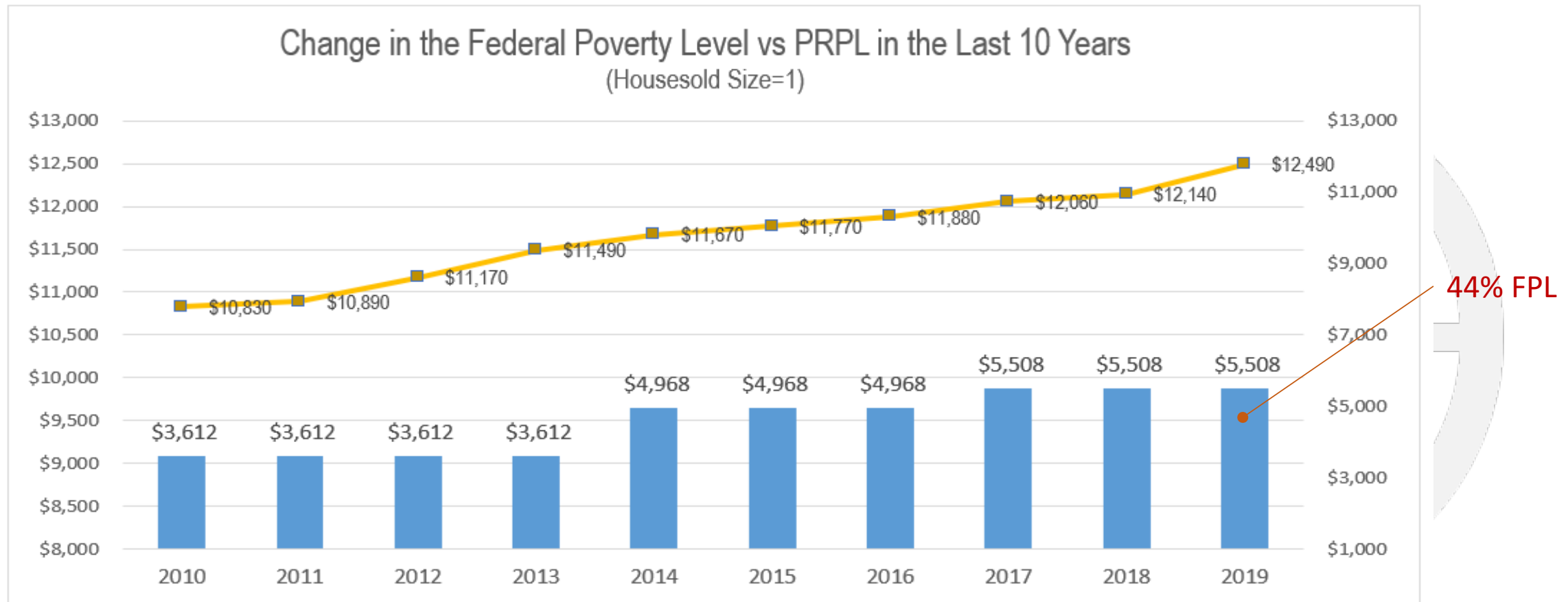


## Amendment to H.R. 2328 & H.R. 3631

- Puerto Rico shall establish a system for tracking amounts paid by the Federal Government, and information available with respect to each quarter.
  - ❖ Each quarter Puerto Rico shall submit reports to CMS about total amount expended, description of how amount was expended, and total amount expected to expend.
- Upon Request Puerto Rico shall submit to CMS all contracts awarded under the State plan.

## CURRENT SITUATION

Yearly Poverty Level for the 48 contiguous states and the District of Columbia is annually increased based on federal guidelines. However, the PRPL is updated through SPAs after an intense effort and is not carried out annually.



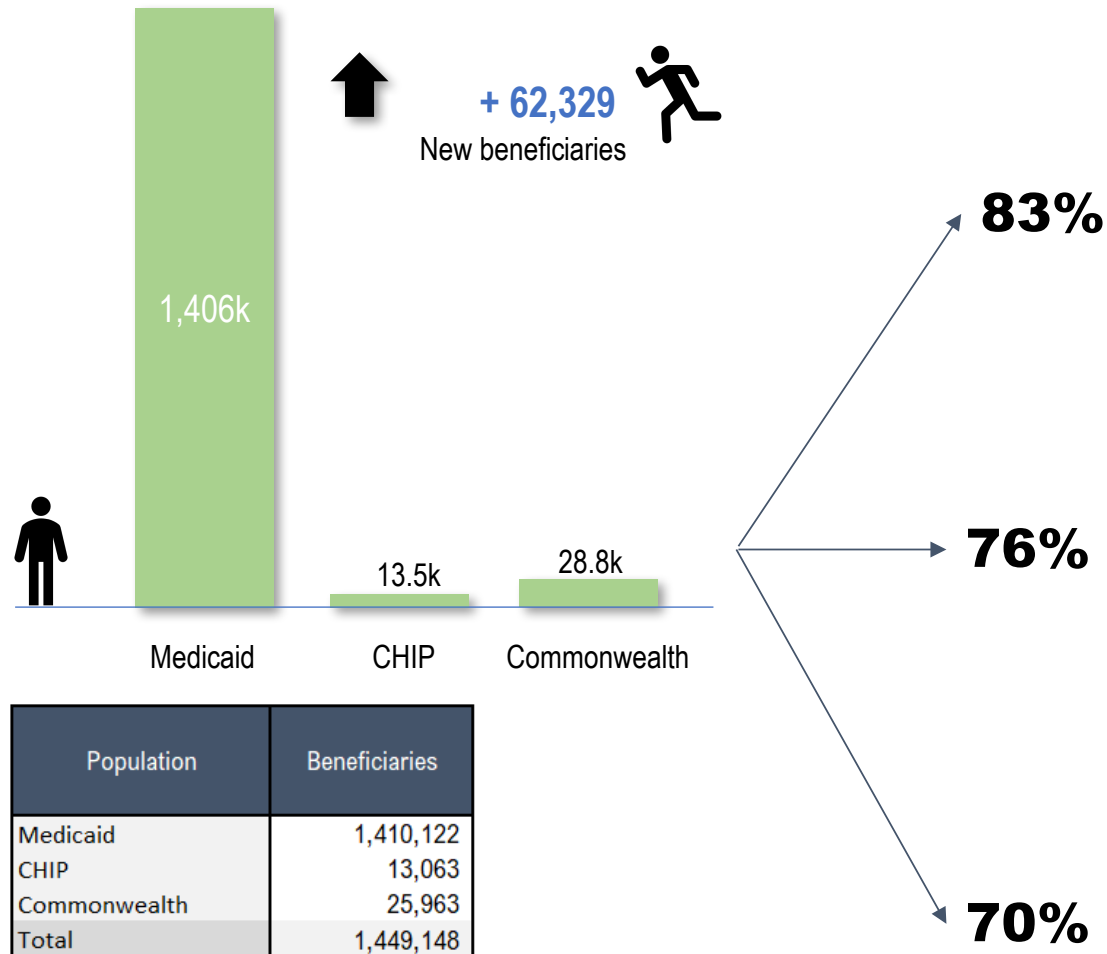
Source: US Department of Health and Human Services (from official website) and Puerto Rico Department of Health, Program Medicaid

■ Yearly PRPL
 ■ Yearly FPL

**Eligibility Income Limits:** Medicaid up to **133% Poverty Level**  
 CHIP up to **266% Poverty Level**



## ADDITIONAL ANALYSIS



Note: The current average premium was used to calculate total costs. Adjustments in the population may change the corresponding premium due to changes in the co-payment. Actuarial analysis is required.

PR Cost Reduction  
versus current FMAP

Population	Projection of Costs based on FMAP of <b>83%</b> (for Medicaid) and Current Premium	
	Total Cost	PR Cost
Medicaid	\$ 2,726,989,633	\$ 397,165,114
CHIP	\$ 14,090,797	\$ 2,818,159
Commonwealth	\$ 37,411,644	\$ 37,411,644
<b>Total</b>	<b>\$ 2,778,492,074</b>	<b>\$ 437,394,918</b>

**\$ 504 million**

Population	Projection of Costs based on FMAP of <b>76%</b> (for Medicaid) and Current Premium	
	Total Cost	PR Cost
Medicaid	\$ 2,726,989,633	\$ 523,940,576
CHIP	\$ 14,090,797	\$ 2,818,159
Commonwealth	\$ 37,411,644	\$ 37,411,644
<b>Total</b>	<b>\$ 2,778,492,074</b>	<b>\$ 564,170,380</b>

**\$ 377 million**

Population	Projection of Costs based on FMAP of <b>70%</b> (for Medicaid) and Current Premium	
	Total Cost	PR Cost
Medicaid	\$ 2,726,989,633	\$ 632,605,258
CHIP	\$ 14,090,797	\$ 2,818,159
Commonwealth	\$ 37,411,644	\$ 37,411,644
<b>Total</b>	<b>\$ 2,778,492,074</b>	<b>\$ 672,835,062</b>

**\$ 268 million**

**THANKS**