

# THE ECONOMY OF PUERTO RICO AND THE HEALTH INDUSTRY

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# TWO GREAT CHALLENGES FOR THE HEALTH SECTOR



Financial pressures



Demographic pressures

# ECONOMY DRIVES THE HEALTH SECTOR



ASES financing comes from the federal government and the PR government.

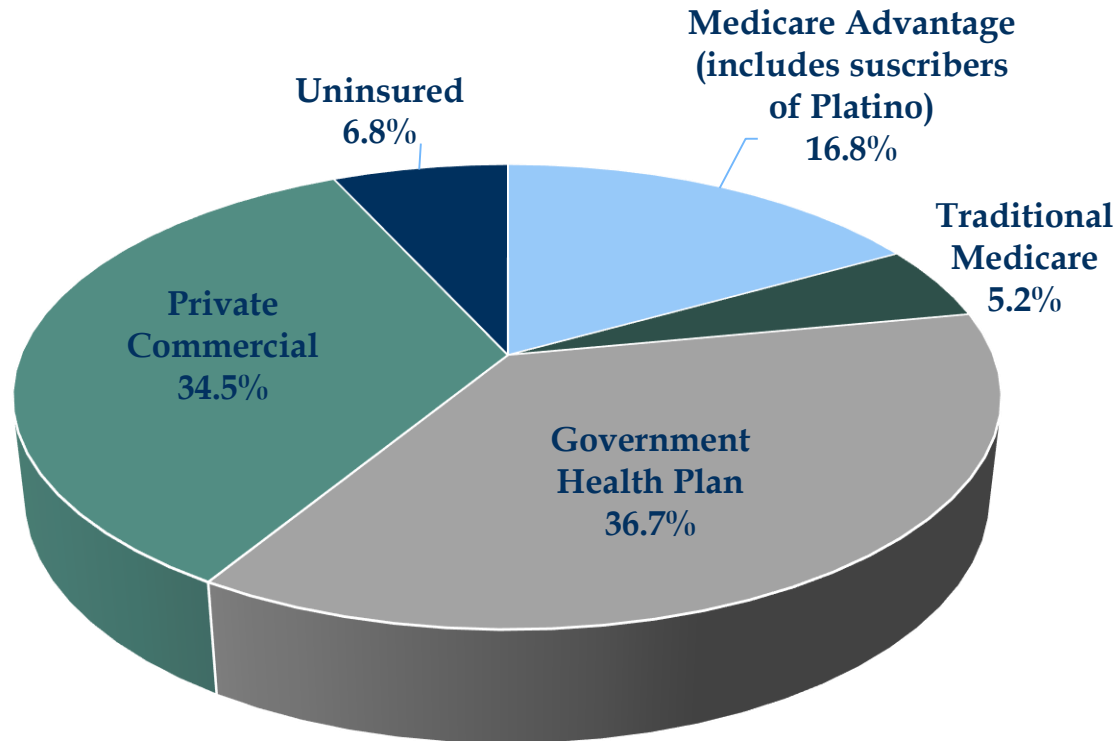


As the number of employees declines, so do the number of individuals insured on employer sponsored health plans.



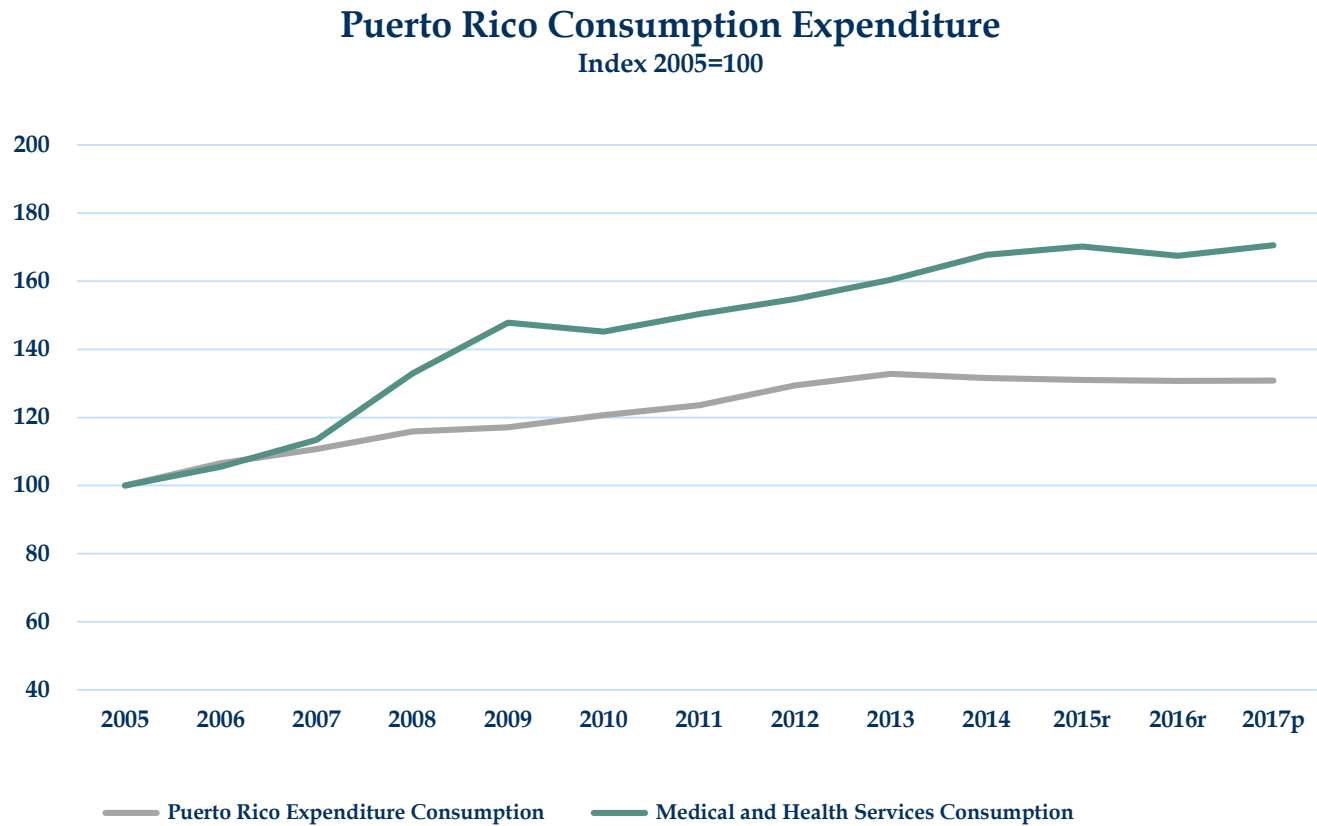
Medicare Advantage tied to U.S. transfer payments and rules.

# PUERTO RICO HEALTH CARE SUBSCRIBERS



Source: US Census Bureau, American Community Survey and Center for Medicare and Medicare Services (CMS) - 2017

# HEALTH CARE PERFORMING BETTER THAN THE ECONOMY AS A WHOLE



Source: Puerto Rico Planning Board r - revised p - preliminary

# HEALTH CARE EMPLOYMENT MULTIPLIERS ARE GOOD BUT NOT SPECTACULAR

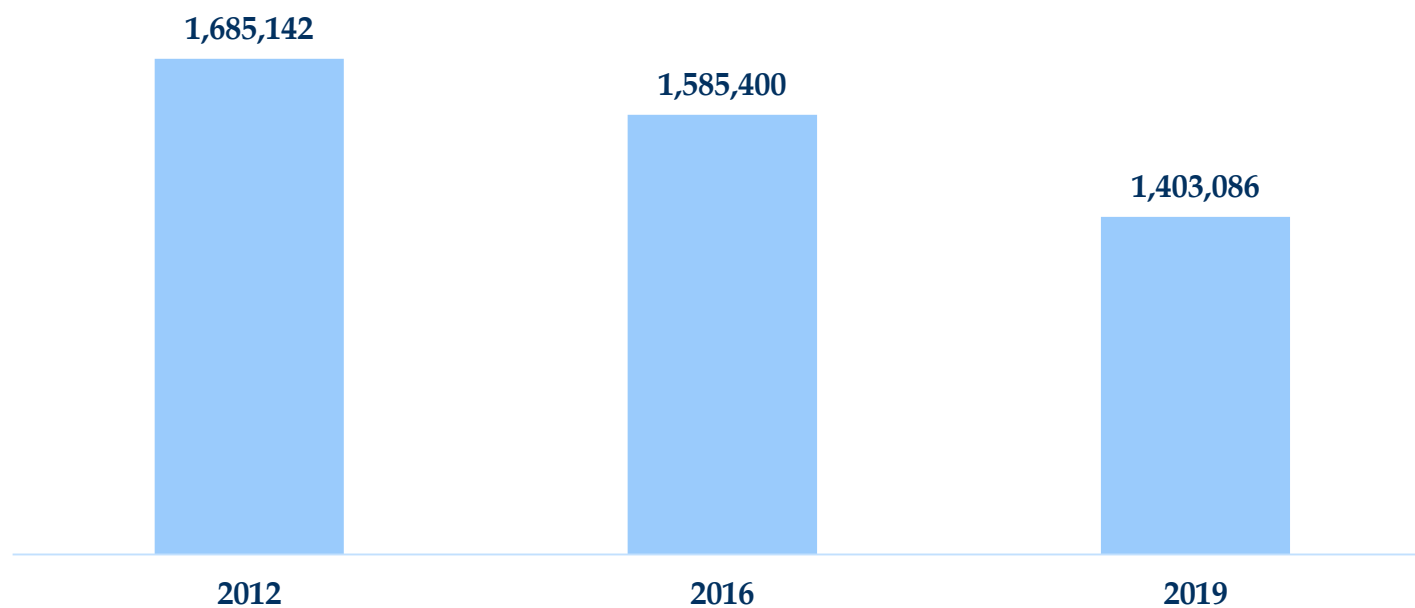
## Health Care Employment Multipliers

	Direct	Indirect	Induced	Total
Dental and medical laboratories	1	0.49	0.45	1.94
Health miscellaneous services	1	0.59	0.41	2.00

Source: Puerto Rico Interindustrial Multipliers 2002 / Puerto Rico Planning Board

# POVERTY LEVELS APPLIED TO MEDICAID ELIGIBILITY NEED TO BE REVIEWED

## ASES Participants



Source: <https://www.medicaid.pr.gov/Statistics.aspx>  
Data as of October.

# WRAP-AROUND FEE IS A GOOD INVESTMENT FOR PUERTO RICO

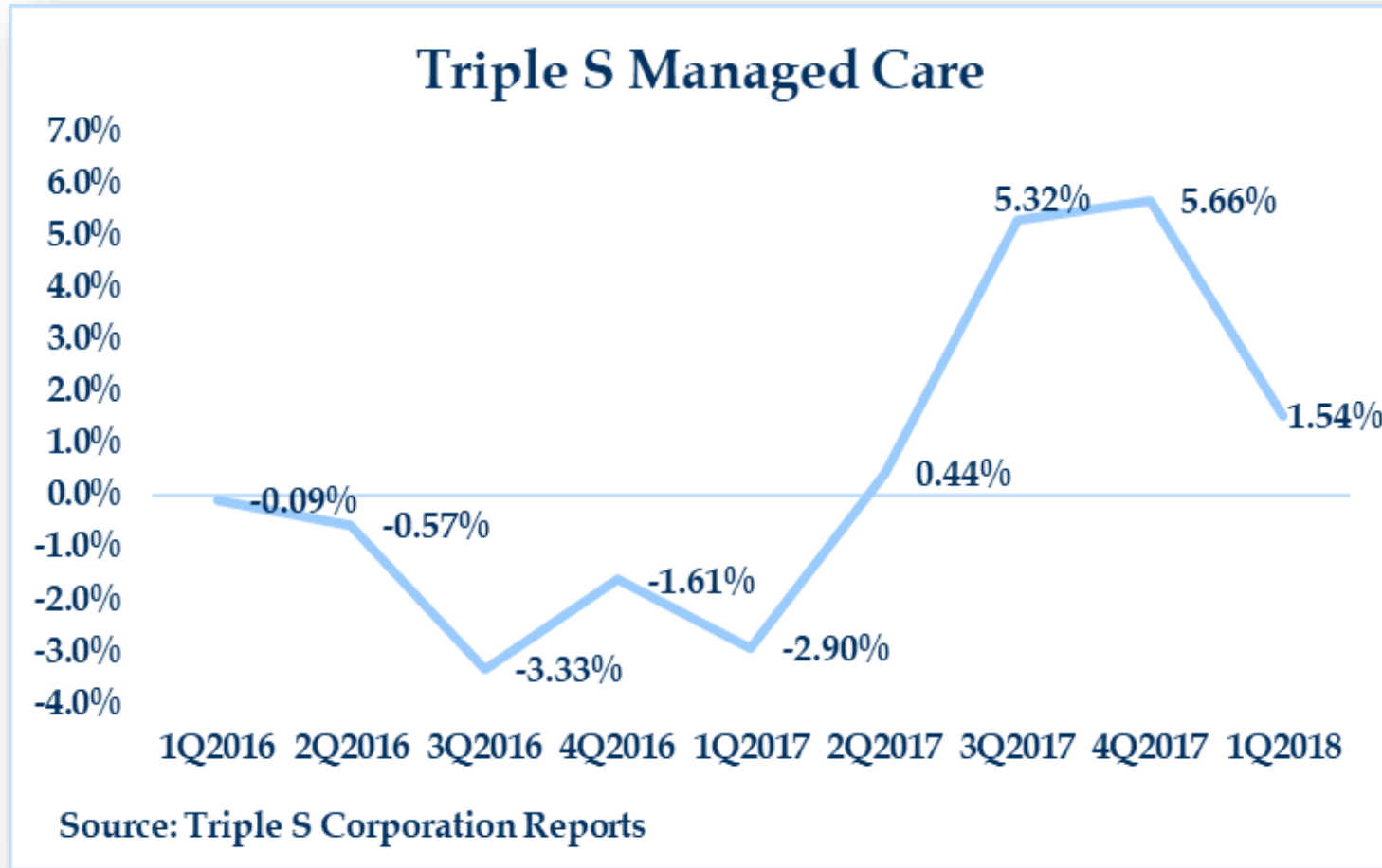
The Primary Health Centers (PHC 330) cost more to the PR government than the IPAs.

For each \$1.00 of extra cost, the economy receives some \$2.30 in additional federal transfers.

PHC 330 serves segments of the population that are underserved such as the uninsured and substance abuse patients.



# HURRICANE MARIA, INSURANCE COMPANIES AND IPAs



# IN ORDER TO RELIEVE FINANCIAL PRESSURES

Puerto Rico's economy  
has to improve

U.S. transfers have to  
increase

# ECONOMY DRIVES THE POPULATION PROFILE



	2000	2010	2000-2010 Change %	2018	2010-2018 Change %
0-19	1,219,804	1,017,590	-16.6%	679,849	-33.2%
20-34	835,523	753,182	-9.9%	613,097	-18.6%
35-44	515,663	483,528	-6.2%	392,503	-18.8%
45-59	651,919	711,414	9.1%	640,351	-10.0%
60-74	401,515	529,739	31.9%	569,951	7.6%
75.0	184,186	230,336	25.1%	299,402	30.0%
Total	3,808,610	3,725,789	-2.2%	3,195,153	-14.2%

# HOW ABOUT OPPORTUNITIES OUTSIDE OF PUERTO RICO?



# BACKGROUND



Medical tourism is an industry with huge potential for Puerto Rico.

Puerto Rico is already a significant destination for medical tourism from other Caribbean residents, such as those from the U.S. Virgin Islands.

Meanwhile, there has been no breakthrough in the United States market.

# P.R. MEDICAL LIABILITY LAW

Part of the gap in costs between P.R. and the U.S. is explained by the difference in the cost of malpractice insurance.

Patients who have elective surgery outside the U. S. are not afforded the same legal protections against medical negligence as they are in the U.S.

Puerto Rico hospitals are looking for opt-out mechanisms with respect to the Federal Court.



# WHAT SERVICES?

**HEALTHSOUTH.**



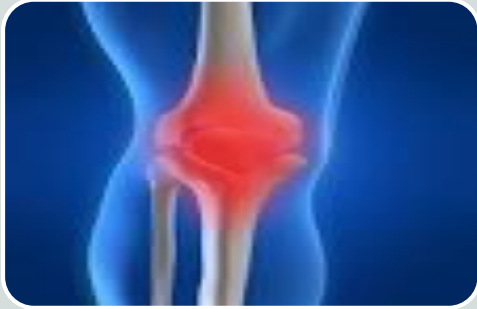
Rehabilitation  
services and  
therapy

Cardiovascular  
Procedures  
Angioplasty  
Bypasses  
Valve  
Replacements

Rehabilitation rates in Puerto Rico are 70% of U.S. rates. Health South operates two facilities in Puerto Rico (San Juan and Manatí) and close to 100 in the U.S.

Many patients from the USVI and the BVI come to P.R. to perform some cardiovascular procedures. Regarding the U.S., many procedures are not elective and there is a trend toward angioplasty, an ambulatory low-cost procedure.

# OTHER SERVICES?



## Orthopedics

Hip

Knee

Back and Spine

## Cosmetic Surgery

Face Lifts

Breast Implants

Corrective  
Surgery

The orthopedics segment is hard pressed to service the resident population of Puerto Rico. In fact, there are only 40 active orthopedic surgeons in Puerto Rico.

The plastic surgery rates in Puerto Rico are about 80% of U.S. rates even with the insurance malpractice advantage. Many Puerto Ricans travel abroad for plastic surgery.



