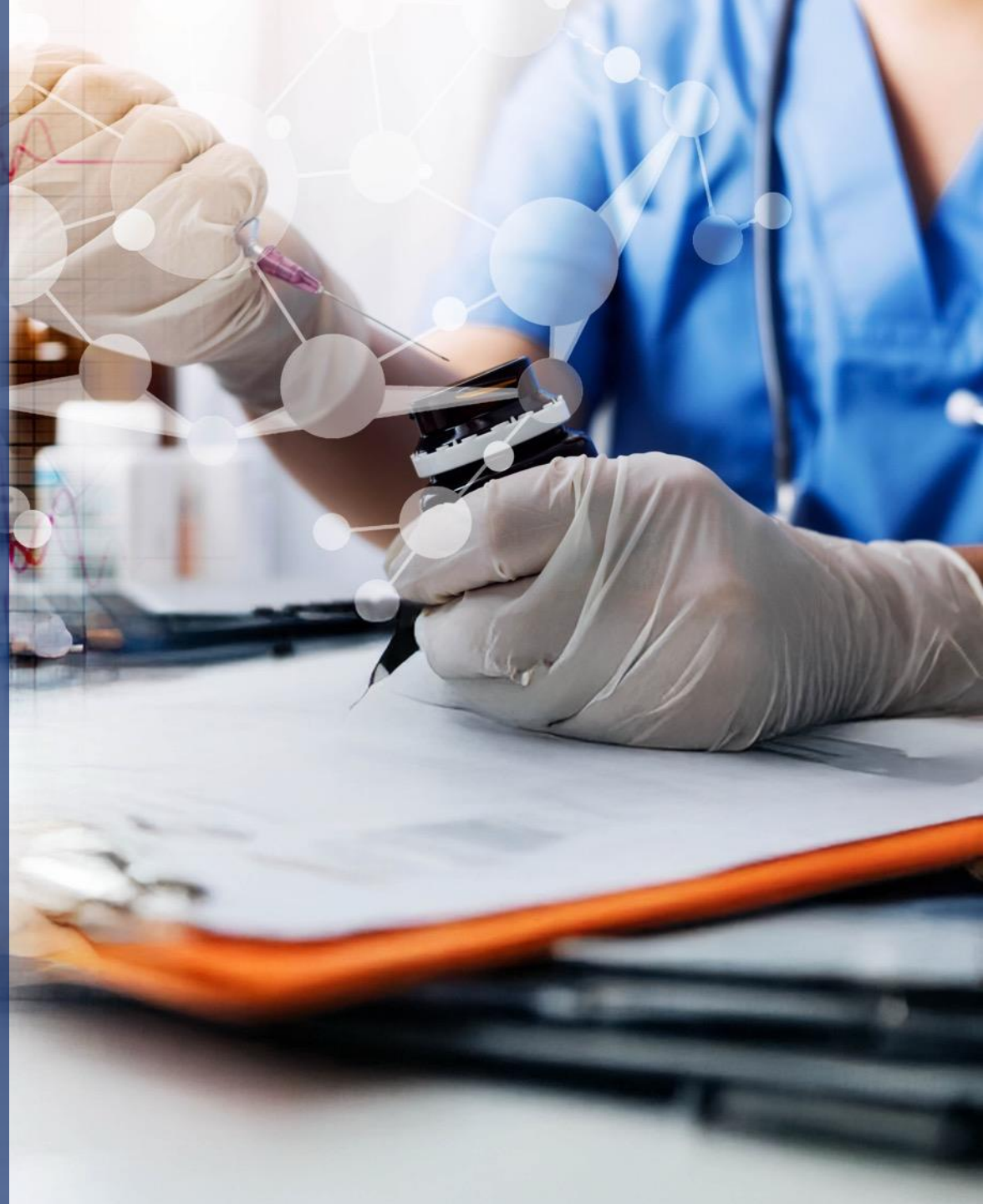


PUERTO RICO  
**Health Insurance**  
**CONFERENCE 2026**



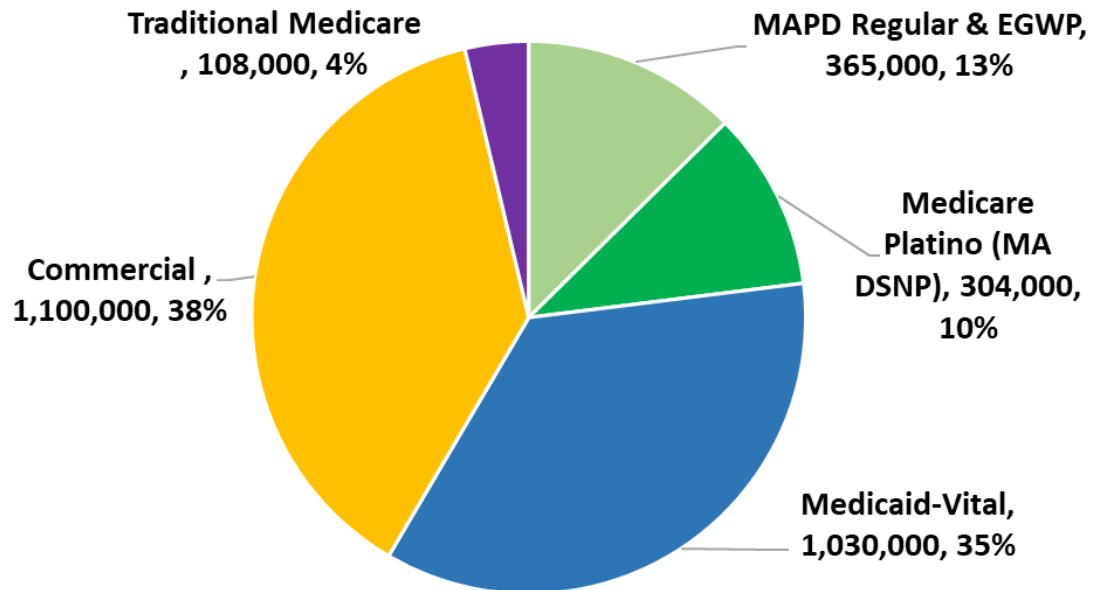
**Medicare Advantage in PR**  
**ACTION NEEDED NOW!!!**

***Roberto Pando, MS, JD***  
*President of MCS Advantage & MCS Life*



## People #

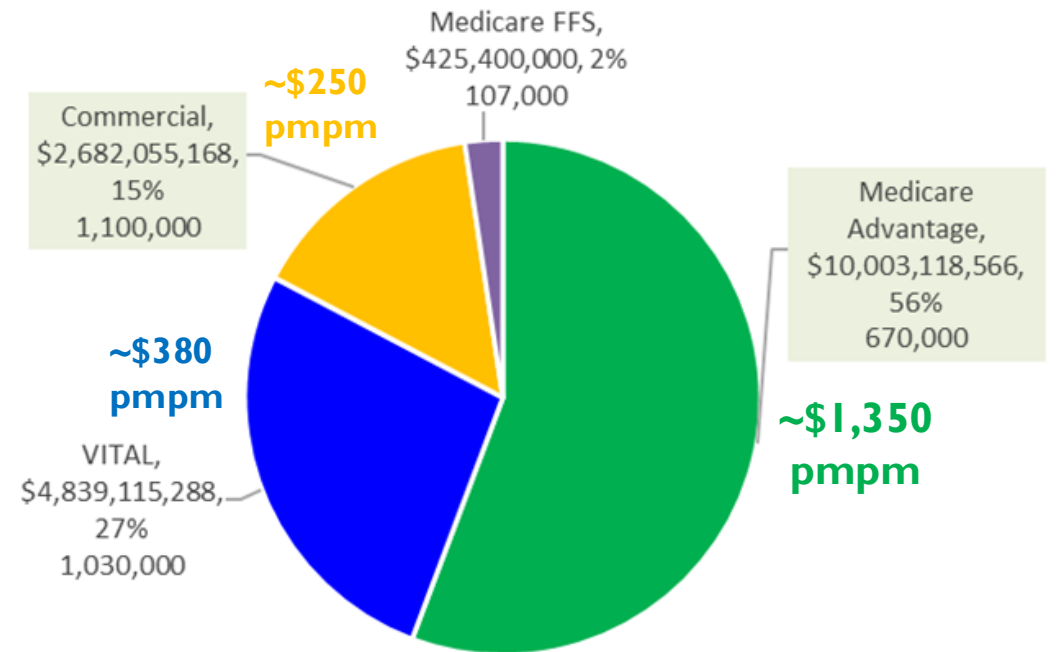
**Distribution of Beneficiaries by Healthcare Program  
2025 Estimates**



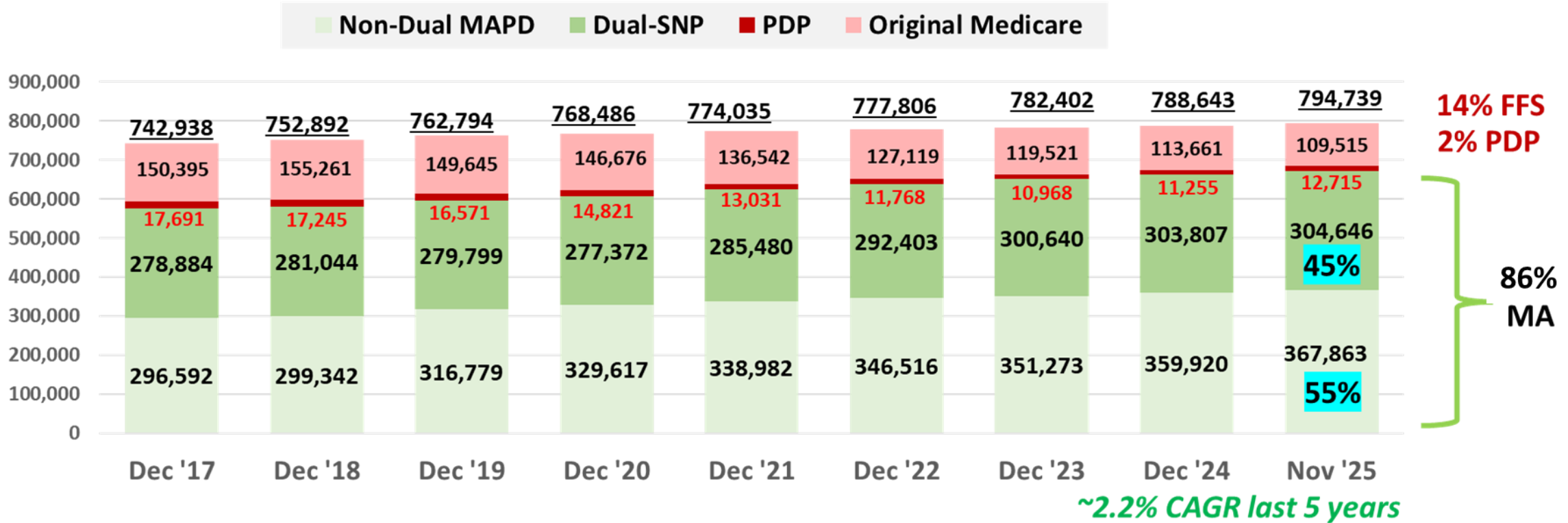
Medicare beneficiaries and dual eligible are the citizens with most needs.

## Funding \$

**PR Managed Care Market Based on Q2 2025  
NAIC Financial Statements**  
*Commercial Includes \$500k Estimate of ASO Expense*



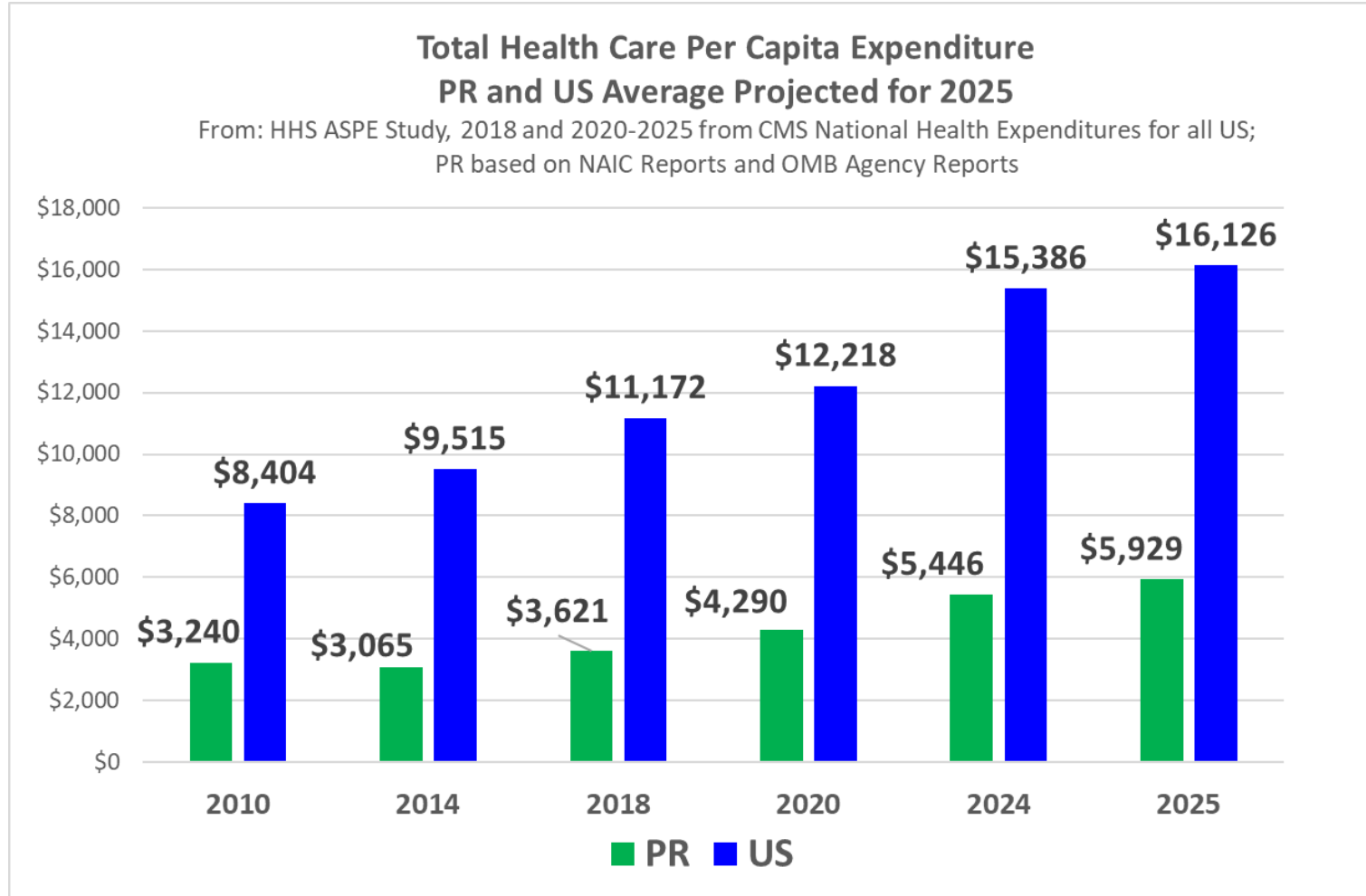
# Almost 800,000 in Medicare, 86% MA



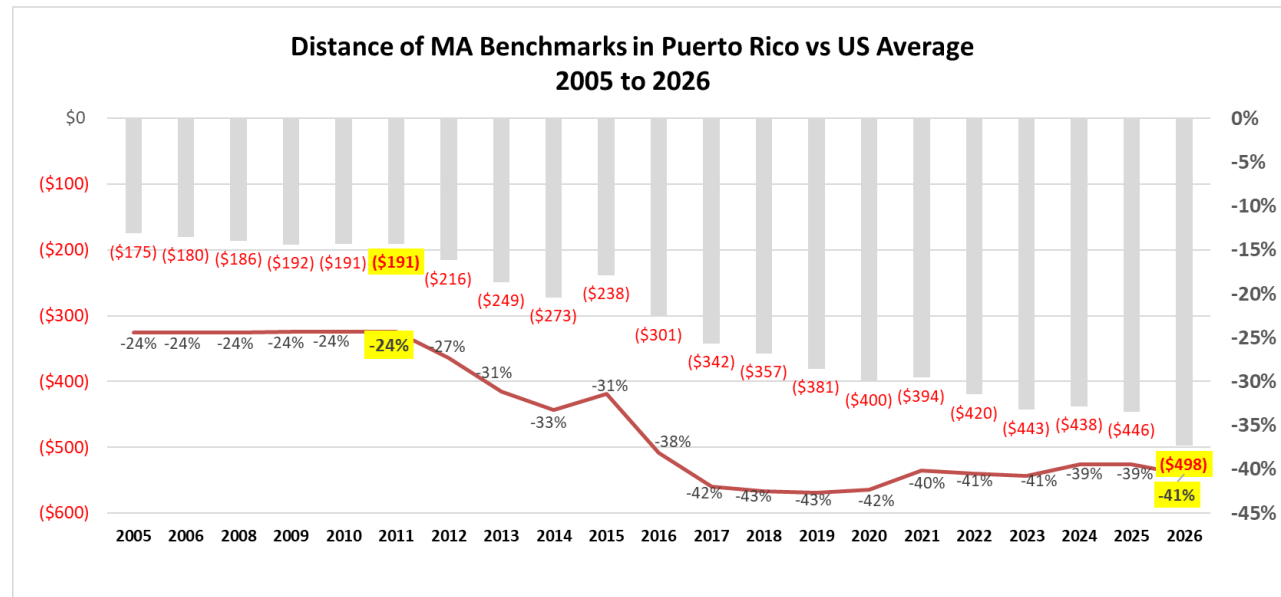
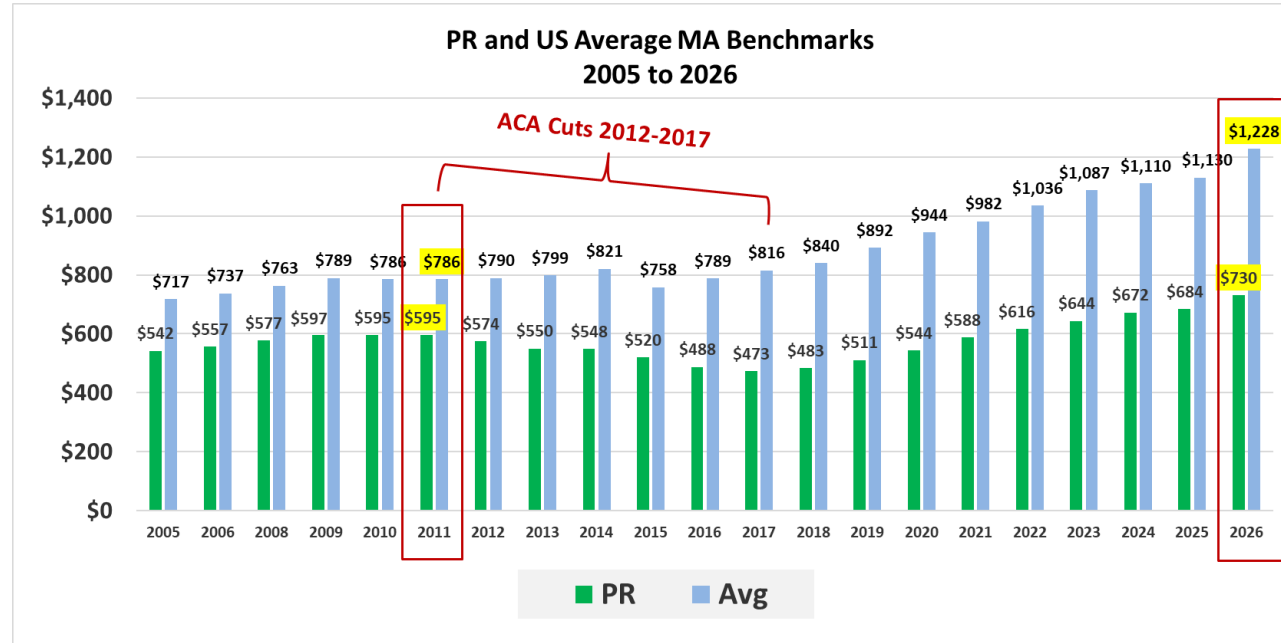
- Part A has only gone down from 111,000 to 79,000 since 2017 (29%)
- **Only 29,000 in Original Medicare FFS**

Source: <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-advantagepart-d-contract-and-enrollment-data/monthly-enrollment-state>

# The Core Problem



# The ACA Cuts Continue Hurting PR the Most

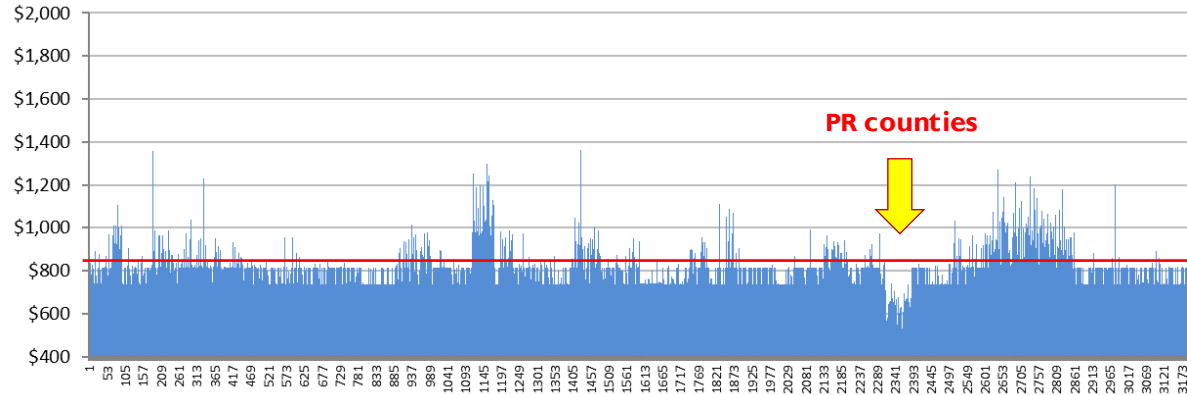


**The dollar distance continues to increase, annually. A minimum payment is crucial to break the cycle.**

# Puerto Rico Medicare Advantage Funding Deficit has Doubled - 2011 to 2026

## MA County Benchmarks 2011

Based on MA Ratebook at 3.0 STARs

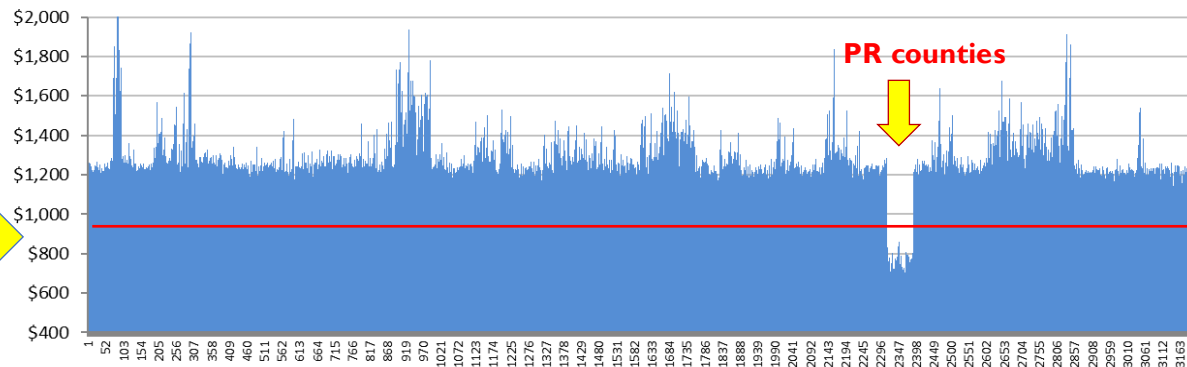


MA Benchmarks for Every County based on the Final 2011 MA Ratebook

**2011**  
US Avg = \$787  
PR Avg = \$595  
  
US 32% (\$192)  
higher than  
PR \$

## MA County Benchmarks 2026

Based on MA Ratebook at 0% Quality Bonus



MA Benchmarks for Every County based on the Final 2026 MA Ratebook

Monthly PR \$  
Funding **Shortfall**  
Versus US Average  
Increases 161% (\$192  
v. \$498) Since 2011

**2026**  
US Avg = \$1,228  
PR Avg = \$730  
  
US 68% (\$498)  
higher than  
PR \$

**\$939**  
USVI Level  
Floor  
Proposal  
PR is 22% below.

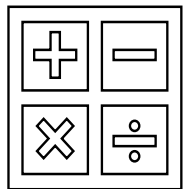


# Why?

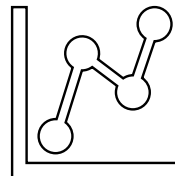
## ...Does Puerto Rico Receive Lower Payments for MA?

The anomalous and significantly lower PR MA payments are derived from a Medicare Fee For Service (FFS) program that has not operated in Puerto Rico like it has in the rest of the nation, with:

**A**



Different payment formulas by statute for Part A



**B**

Extremely low FFS participation rate, given MA's popularity in PR

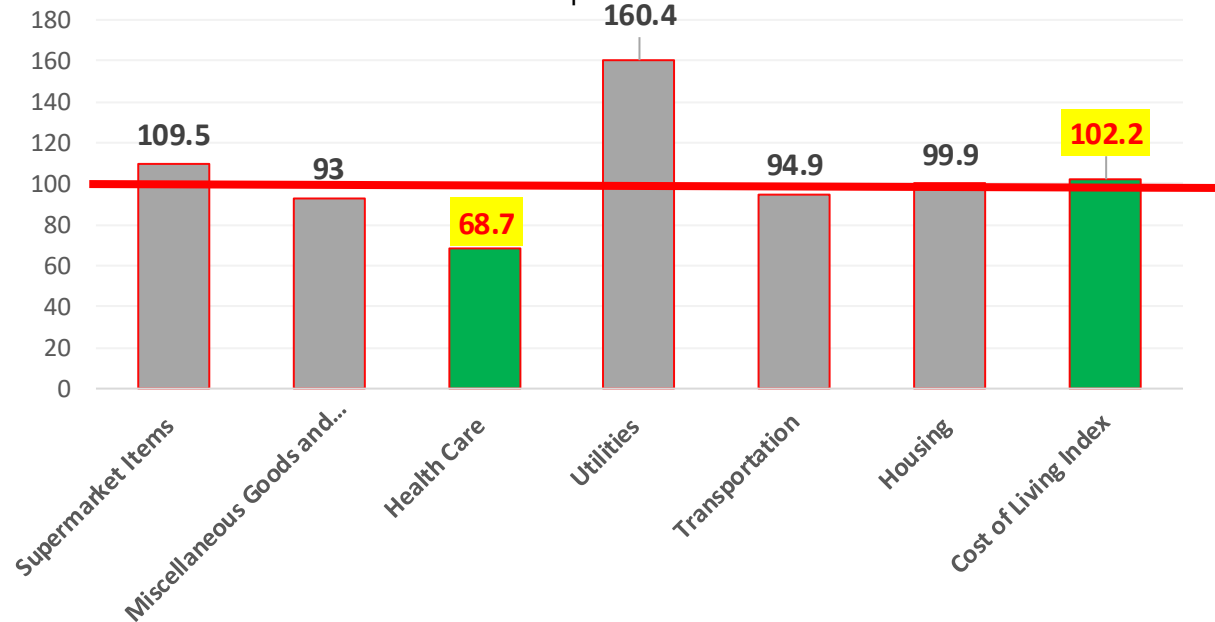
**C**

Decades of data anomalies that have required regulatory adjustments for public hospital and individual provider omissions.

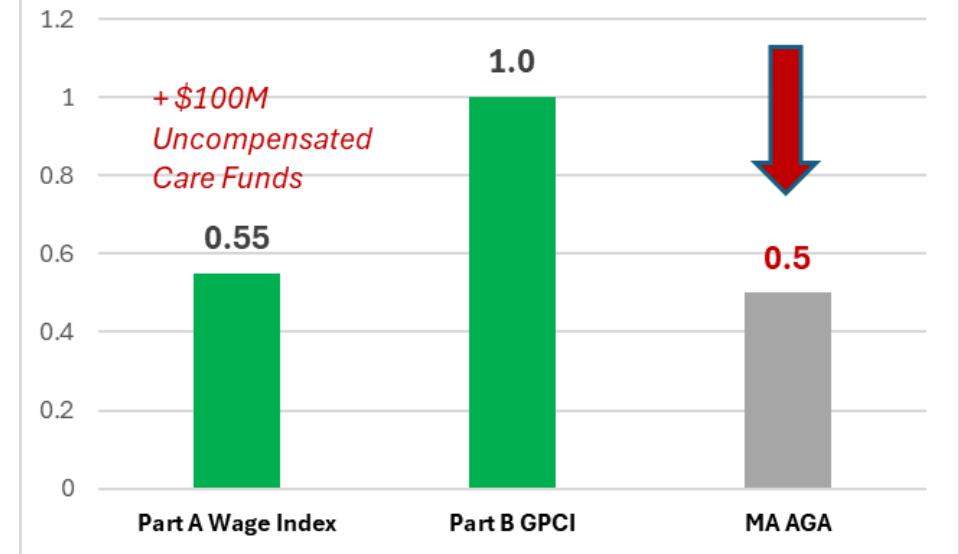
# Incongruent and Anomalous Cost Factors Continue

## Cost of Living Index for Puerto Rico Q3 2025

San Juan Metro Area (MSA) compared with 290 MSAs in all US  
PR is the #76 most expensive MSA to live in from 290



## Geographic Factors for Medicare in PR



### Anomalies in Geographic Factors:

- Part A Wage Index
- Part B Geographic Practice Cost Index
- MA Average Geographic Adjustment

# Receptive Administration Officials, Time is now!

**02.12.26** - Health Secretary Robert F. Kennedy Jr. is remaking his leadership team, putting **Director of Medicare Chris Klomp** in charge of overseeing all HHS operations...

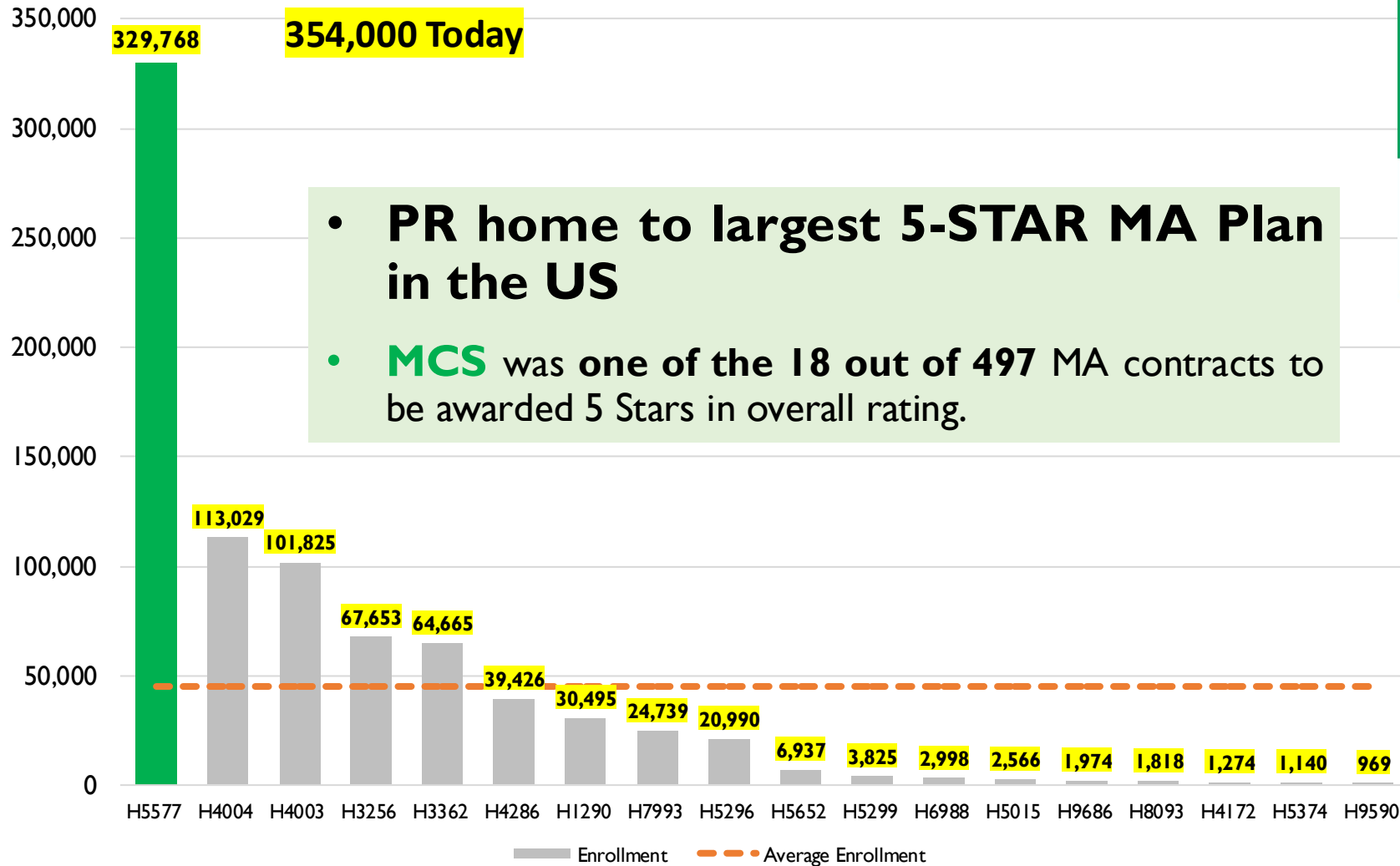
- “I am dedicating a disproportionate amount of time to PR. I want to do something.”
- What can we get done in MA? We are responding, Duals...
- MA has lower rates in PR, but .....
- Questions: Licensing (increasing scope of RNs, PAs), Technology?, Structured benefits?



## KEY Proposals as Discussed:

1. **MA 2027** – keep sense of urgency, protect fixes and increases
2. **Specific proposals for 2028 NOW**, increased MA Rates with structured benefits (CMMI?)
3. **Medicaid** – move **A Onlys** to integrated DSNP/Platino

## Enrollment of Star Ratings 2026 High Performing Contrats



- **PR home to largest 5-STAR MA Plan in the US**
- **MCS** was one of the 18 out of 497 MA contracts to be awarded 5 Stars in overall rating.

**MCS Classicare** (HMO)

revalida como el único plan 5 estrellas en Puerto Rico en obtener la más alta calificación,  
**5 de 5 estrellas por 3 años consecutivos.**

Cada año, Medicare evalúa los planes basados en un sistema de calificación de 5 estrellas.

- **82%** of Medicare beneficiaries are in 5-Star MA plans vs 2% National average
- **99%** of beneficiaries are in 4.5 Star plans and above

# REMEMBER, A Different Medicare Program

**Elena, 72 years old, gets \$2,000 more monthly living in the mainland**

Federal Programs	Elena 72yrs, Low Income In Puerto Rico	Rosa 72yrs, Low Income Bronx, New York	Impact in Federal Programs
Medicare Tax	2.9%	2.9%	Pays the same payroll tax
Part B Prem.	(\$202.90)	(\$202.90)	Pays exactly the same Part B premium cost

## Person-Centered Comparison, Differences

Social Security	\$1,000	\$1,000	Same estimate for low-income person
+ SSI	\$0	\$734 Avg (\$994 max)	Less money for Part B, for Food, etc.
MSP	\$0	\$202.90+	\$ MA pays ~\$80 avg to help
Part D LIS	\$0	~\$350	MA pays Part D gaps for LIS
Medicaid /LTSS	\$88	\$658	No access, MA helps home assistance
NAP / SNAP	\$165	\$281	\$ MA helps food security (card)

# Yielding Higher Supplemental Benefits in PR to Cover Exclusions

**Table 1. Comparison of Mainland Plans to PR Plan Rebate Allocation (via MedPAC)**

Average Allocation of Rebates	US Average	Puerto Rico	US Average	Puerto Rico
	Medpac	Moran	Medpac	Moran
	Conventional Plan 2023	Non-Platino PR Plan 2024	SNP 2023	Platino PR Plan 2024
Reduced A/B Cost Sharing	39%	31%	8%	0%
Supplemental Benefits	26%		82%	
Enhanced Drug Coverage	19%	28%	3%	64%
Reduction in Part D Premium	14%	27%	4%	11%
Reduction in Part B Premium	3%	14%	2%	25%

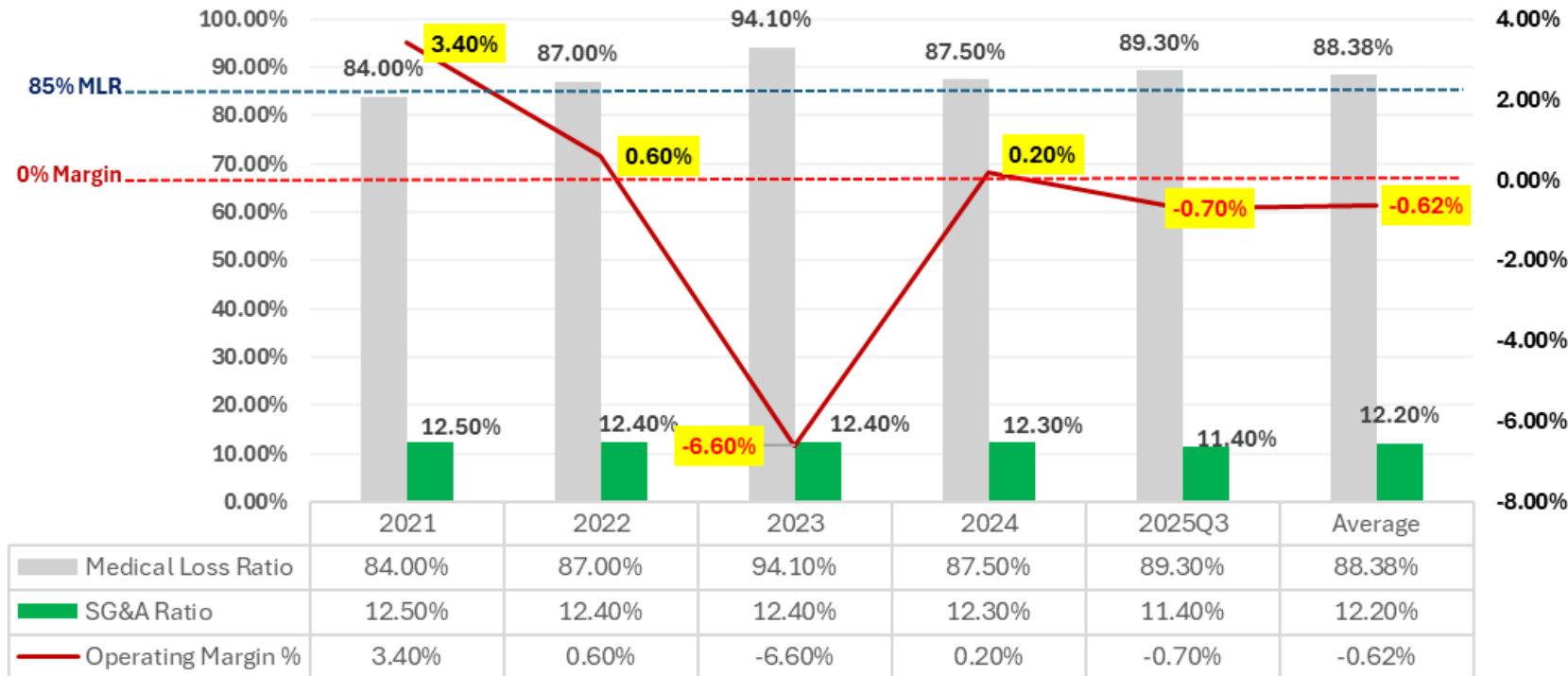
17% ↔ 41%
6% ↔ 36%

- **“Compared to mainland plans, PR plans tended to spend more rebate dollars on buying down Part B and D premiums and less rebate dollars on supplemental benefits.”** -- The Moran Company, *Analysis of Puerto Rico Supplemental Benefits*.
- Medicaid in PR covers up to 100% FPL only. Part D LIS covers up to 150% FPL, and most states are up to 138% in Medicaid and cover Part B premiums.

# Managed Care Plans in PR

## Operating Results\* - 2021 to Q3 2025

MAOs MLR, SG&A and Operating Margin in PR  
2021 to 2025 (YTD Q3)



- PR MA Plans: - \$579M in aggregate losses 2023 to Q3 2025**
- PR Plans have reported \$574M in capital contributions since 2023, mostly needed to comply with RBC (Risk-Based Capital) solvency requirements**

# Managed Care Plans in PR Operating Results\* - Q3 2025/24 YTD

\*Excludes Investment Income.  
Source: NAIC Statements

**Q3 25YTD  
- As  
Reported**

Nine months ended September 30, 2025 Total Premium = \$12.8B

LINE OF BUSINESS	MCS	MMM	SSS	HUMANA	FM	MENONITA	MAPFRE	TOTAL	OPERATING
									MARGIN %
MA	\$70.8	(\$21.1)	(\$65.6)	(\$34.7)	N/A	DNP	DNP	(\$50.6)	-0.7%
COMMERCIAL	20.3	DNP	17.0	(0.6)	(15.1)	0.0	2.1	25.7	1.4%
VITAL	DNP	24.8	(34.2)	DNP	22.3	(9.9)	DNP	3.1	0.1%
OPERATING MARGIN - \$	\$91.1	\$3.7	(\$82.7)	(\$35.3)	\$7.2	(\$9.8)	\$2.1	(\$23.9)	-0.2%
OPERATING MARGIN %	2.3%	0.1%	-2.5%	-10.5%	0.6%	-1.7%	4.4%	-0.2%	
CAPITAL CONTRIBUTION -	\$0.0	\$0.0	\$50.0	\$0.0	\$0.3	\$0.0	\$0.0	\$50.3	

**Q3 24YTD  
- As  
Reported**

Nine months ended September 30, 2024 Total Premium = \$11.5M

LINE OF BUSINESS	MCS	MMM	SSS	HUMANA	FM	MENONITA	MAPFRE	TOTAL	OPERATING
									MARGIN %
MA	\$8.3	(\$9.7)	(\$31.3)	(\$18.2)	DNP	DNP	DNP	(\$50.9)	-0.8%
COMMERCIAL	13.8	DNP	28.8	(9.1)	(14.0)	6.2	0.1	26.0	1.6%
VITAL	DNP	6.1	(18.8)	DNP	17.2	18.2	DNP	22.8	0.7%
OPERATING MARGIN - \$	\$22.1	(\$3.6)	(\$21.3)	(\$27.2)	\$3.2	\$24.4	\$0.1	(\$2.2)	-0.0%
OPERATING MARGIN %	0.7%	-0.1%	-0.7%	-7.0%	0.3%	4.6%	0.3%	0.0%	
CAPITAL CONTRIBUTION -	\$0.0	\$0.0	\$100.0	\$30.0	\$0.0	\$0.0	\$0.0	\$130.0	

- **PR MA Plans: - \$579M** in aggregate losses 2023 to Q3 2025
- **PR Plans have reported \$574M in capital contributions** since 2023, mostly needed to comply with RBC (Risk-Based Capital) solvency requirements



# Managed Care Plans in PR

## Operating Results\* – FY 2024 and 2023

\*Excludes Investment Income.  
 Source: NAIC Statements

2024 Total Premiums = \$15.4B									
LINE OF BUSINESS	MCS	MMM	SSS	HUMANA	FM	MENONITA	MAPFRE	TOTAL	MARGIN %
MA	\$74.3	\$2.3	(\$52.4)	(\$6.8)	DNP	DNP	DNP	\$17.4	0.2%
COMMERCIAL	18.3	DNP	40.4	(4.5)	(21.3)	4.0	2.3	39.2	1.8%
VITAL	DNP	35.4	(56.4)	DNP	(22.8)	23.4	DNP	(20.4)	-0.4%
OPERATING MARGIN -	\$92.6	\$37.6	(\$68.4)	(\$11.3)	(\$44.1)	\$27.4	\$2.3	\$36.2	0.2%
OPERATING MARGIN %	2.3%	0.9%	-1.7%	-2.3%	-2.6%	3.8%	4.3%	0.2%	
CAPITAL CONTRIBUTION -	\$16.0	\$0.0	\$150.0	\$30.0	\$0.0	\$0.0	\$0.0	\$196.0	

2023 Total Premiums = \$14.4B									
LINE OF BUSINESS	MCS	MMM	SSS	HUMANA	FM	MENONITA	MAPFRE	TOTAL	MARGIN %
MA	(\$20.7)	(\$258.2)	(\$194.3)	(\$72.6)	DNP	DNP	DNP	(\$545.8)	-6.6%
COMMERCIAL	23.7	DNP	20.3	2.6	(24.9)	0.3	0.6	22.6	1.1%
VITAL	DNP	\$0.2	(\$80.5)	DNP	\$7.5	(\$32.0)	DNP	(\$104.8)	-2.6%
OPERATING MARGIN -	\$3.0	(\$258.0)	(\$254.5)	(\$70.0)	(\$17.4)	(\$31.7)	\$0.6	(\$628.0)	-4.3%
CAPITAL CONTRIBUTION -	\$0.0	\$277.9	\$170.0	\$7.7	\$12.5	\$78.0	\$0.0	\$546.1	

**PR MA Plans:**  
 reported an  
 unprecedented  
 loss of **\$545.8M**  
 in 2023 in MA.

# PR's ONE VOICE

## Committed to PR Health Care

- Governor's Health Care Task Force
- America's Health Insurance Plans
- **PR Chamber of Commerce**
- ACODESE
- MMAPA
- PRMA
- Etc, etc.

### Community in One Voice, 36 Organizations (November 2025)

***"We Need a Minimum Level of MA Funds"***

November 17<sup>th</sup>, 2025

The Honorable Donald J. Trump  
 President of the United States  
 The White House  
 1600 Pennsylvania Avenue NW  
 Washington, DC 20500

RE: Medicare Advantage for Puerto Rico: Fiscal Discipline, Accountability, Patient Choice, and Results (CY2027)

Dear Mr. President:

On behalf of The Puerto Rico Healthcare Community, we extend our sincere gratitude for the leadership and support your Administration has demonstrated toward Puerto Rico's health system, especially during your first term amid extraordinary challenges, and for your continuing commitment to fiscal responsibility, accountability, competition, and patient choice. These principles align directly with Puerto Rico's Medicare Advantage (MA) program, which has become the cornerstone of healthcare delivery for American Citizens living in Puerto Rico.

We respectfully urge your Administration to ensure a strong, stable, and innovate Medicare Advantage (MA) framework for Puerto Rico in the upcoming Calendar Year (CY) 2027 Advance Notice. **On the island, Medicare Advantage is not just an alternative to Medicare. Medicare Advantage is Medicare.** The wellbeing of all Medicare eligible citizens in Puerto Rico depends on the stability and sustainability of the Medicare Advantage program.

**Introduction: Who We Are and Why This Matters**

The Puerto Rico Healthcare Community unites, under one voice, the island's physicians, hospitals, community health centers, physician's associates, clinical laboratories, community pharmacies, health plans, payers, patients, and business organizations.

Collectively, we represent the full continuum of care and the beneficiaries we serve. Despite Puerto Rico's proven record of high quality and cost efficiency, the island continues to face structural challenges within the Medicare Advantage program. These roadblocks undermine the stability of provider networks, restrict access to specialists, and place growing financial strain on hospitals, jeopardizing the long-term sustainability of services and the integrity of the healthcare system itself. Without timely administrative action to correct these roadblocks, Puerto Rico risks a further erosion of access, workforce capacity, and patient outcomes in a market that has otherwise demonstrated exceptional value, efficiency, and accountability.

Our objective is to work with your Administration to correct these red tapes through targeted, fiscally disciplined actions that protect seniors, ensure patient choice, and preserve accountability.

**The Puerto Rico Healthcare Community**

 Asociación de Hospitales de Puerto Rico Puerto Rico Hospitals Association	 Puerto Rico Chamber of Commerce	 coopLab Cooperative of Private Clinical Laboratories of Puerto Rico	 Puerto Rico College of Healthcare Administrators	 Chamber of Marketing, Industry, and Food Distribution	 Puerto Rico Products Association "Hecho en Puerto Rico", Inc.
 Asociación Puertorriqueña de Diabetes Puerto Rican Diabetes Association	 AA+PR Puerto Rico Physicians Associates Academy	 Asociación de Compañías de Seguros de Puerto Rico Puerto Rico Association of Insurance Companies (ACODESE)	 Retired Professionals Association, Inc.	 Education and Rehabilitation Society	 College of CPAs
 EMPRESARIOS POR PUERTO RICO Entrepreneurs for Puerto Rico	 Puerto Rico IPA Association	 MMAPA Medicaid and Medicare Advantage Products Association of Puerto Rico	 RPS Medical	 Sociedad Americana Contra el Cáncer Puerto Rico American Society Against Cancer	 Universidad Central del Caribe School of Medicine
 Puerto Rico Medical Association	 United Retailers Association	 SIM Salud Integral en la Montaña, Inc.	 Alliance of Community Health Centers	 Puerto Rico Clinical Laboratories Association	 sociants social assistance
 Puerto Rico Alliance for Energy Development	 Puerto Rico Retail Trade Association	 Chamber of Commerce of Western Puerto Rico, Inc.	 NeoMed Center	 Puerto Rico Board of Pharmacists	 Atlantis Health Care Group
 Puerto Rico Hotel & Tourism Association	 SAN LUCAS San Lucas Home Care & Hospice	 BestOption Best Option Healthcare	 Puerto Rico Manufacturers Association	 Puerto Rico Community Pharmacies Association	 Puerto Rico College of Physicians and Surgeons



# The TIME is NOW for MA Beneficiaries

## ACTION 1 – MA RedGap 2027:

(A) CMS can take any step possible to reduce the dollar gap in MA benchmarks, including steps towards the USVI proxy, in the MA Rate Announcement 2027 (by April 6, 2026).

**ACTION 2 – CY2028 PROMABIEC** – Promote Medicare Advantage Benchmark Balance for Inherently Efficient Counties: HHS/CMS can implement a National minimum MA benchmark at 0.70 AGA by proposing it in the Advance Notice CY2028.

**ACTION 3** – In 2027, HHS/CMS can implement a targeted Medicaid enhancement in PR by giving 45,000 Part A Only beneficiaries access to the fully integrated D-SNP selected by 99% of the duals with Parts A & B.



Action	2026			2027		2028
	Q2	Q3	Q4	S1	S2	S1
1. MA RedGap 2027 – reduce dollar gap in MA	April 6					
2. <b>PROMABIEC: Promote MA Benchmark Balance for Inherently Efficient Counties</b>	Project Definition and Approval by CMS by Sept 30			CY2028 Bids		Start Jan 1
3. <b>PRDAS: Puerto Rico Dual-Advantage Synergy</b>	Definition and approval by June	Transition project. Part A Only to DSNPs Oct 1 to Effective Jan 1		Start Jan 1		

**My Future  
Doctor in  
Puerto Rico =**



**SE PUEDE!!!**



✓ Contact

 **Roberto G Pando**  
President MCS Advantage &  
MCS Life

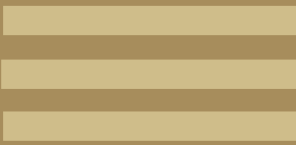
 **787-506-5196**

 **robertop@medicalcardsystem.com**



# Thank you!

**PUERTO RICO CHAMBER**  
OF COMMERCE



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