



Medicaid Financing and Spending in Puerto Rico



Medicaid and CHIP Payment and Access Commission

Overview

- Federal Medicaid spending for Puerto Rico is subject to an annual funding ceiling
 - the ceiling is specified in statute
 - it grows with medical component of the Consumer Price Index for Urban Consumers (CPI-U) (§1108(g) of the Social Security Act (the Act))
- In general, once the ceiling is exhausted, Puerto Rico must fund its program with territorial funds
- Federal spending for Medicaid and CHIP in Puerto Rico historically has exceeded the annual funding ceiling

Sources of Federal Funds for Puerto Rico Medicaid

Funding source	Amount	Period available
Annual ceiling on FFP under Section 1108(g) of the Social Security Act	\$347.4 million	Annually
Section 2005 of the ACA	\$5.4 billion	July 2011 through September 2019
Section 1323 of the ACA	\$925.0 million	Upon exhaustion of Section 2005 funds through December 2019
Section 202 of the Consolidated Appropriations Act of 2017 (P.L. 115-31)	\$295.9 million	July 2017 through September 2019

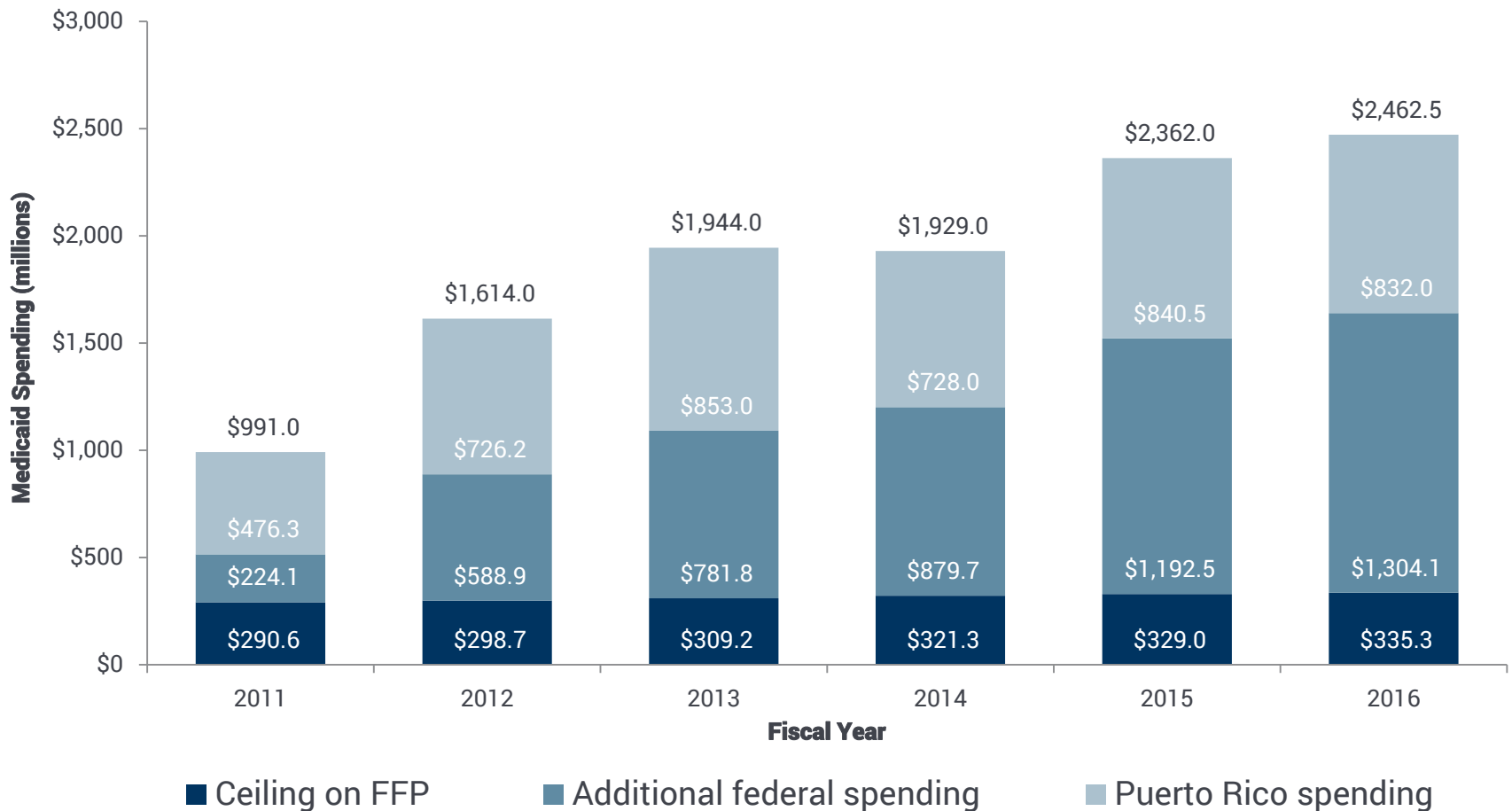
Notes: ACA is Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended). FFP is federal financial participation.

Source: MACPAC 2017 analysis of the Social Security Act, ACA, and P.L. 115-31.

Matching Rates for Puerto Rico

- Puerto Rico's federal medical assistance percentage (FMAP) is statutorily set at 55 percent (§1905(b) of the Act)
- A 2.2 percentage point temporary increase in the regular FMAP was in place for calendar years (CYs) 2014-2015 (§1905(z) of the Act)
- FMAP for non-disabled adults:
 - Puerto Rico cannot claim the newly eligible FMAP of 100 percent (95 percent in 2017) available to states expanding to the new adult group.
 - Puerto Rico can claim enhanced FMAP for adults without dependent children that states were eligible to receive for expansions prior to the ACA
 - the 2017 FMAP for this group is 87 percent (§1905(z)(2))
- Puerto Rico's FMAP for almost all program administration is set at 50 percent (§1903(a)(7) of the Act)

Medicaid Spending in Puerto Rico by Year and Source of Funds, Fiscal Years 2011–2016 (millions)



Note: FFP is federal financial participation. Additional federal spending reflects use of Puerto Rico’s additional allotments under the Patient Protection and Affordable Care Act (ACA) and the Consolidated Appropriations Act of 2017, as well as some spending not subject to the ceiling on FFP (i.e., federal funding for the Enhanced Allotment Plan).

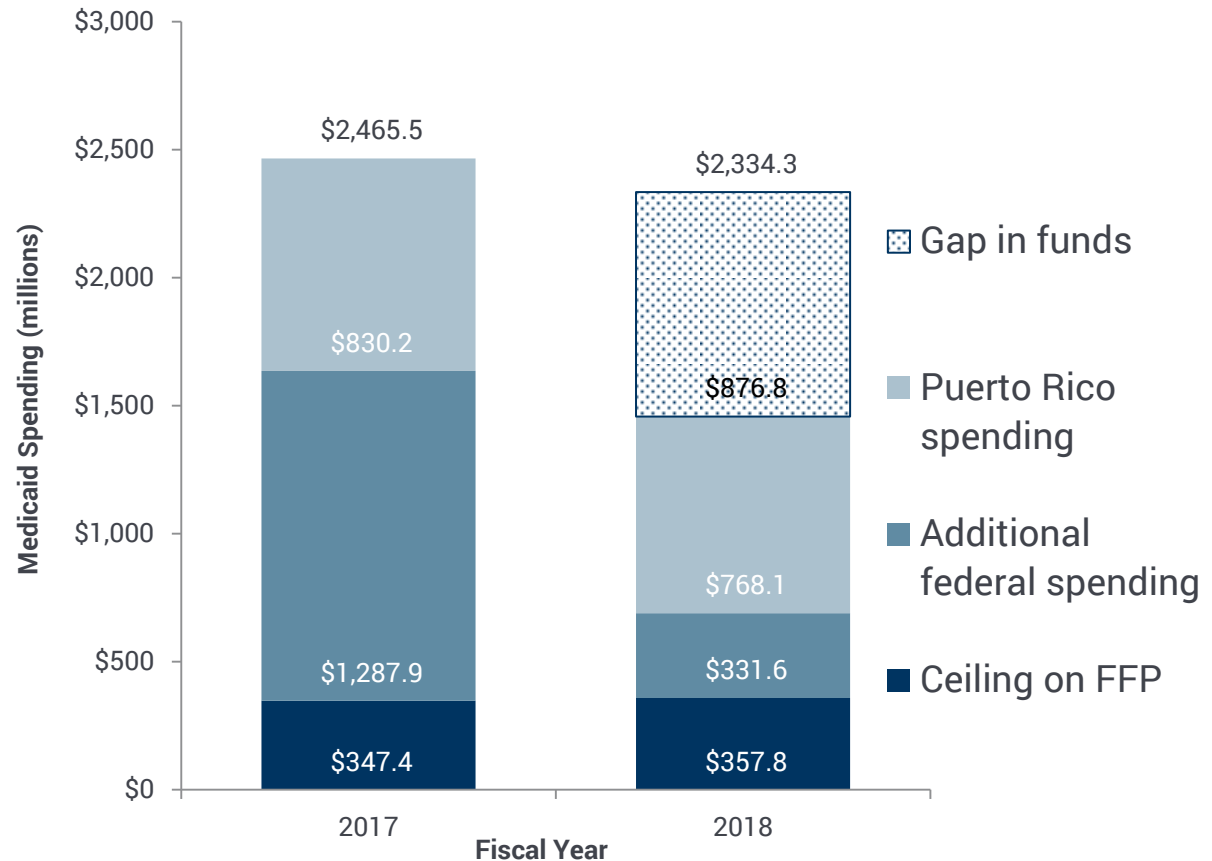
Sources: ASPE 2017. Congressional Task Force on Economic Growth in Puerto Rico 2016. MACPAC 2017 analysis of CMS-64 financial management report net expenditure data.

Use of Additional Federal Funds

- In FYs 2011-2016, federal spending in excess of the 1108 cap reflects use of Puerto Rico's additional funding (\$5.4 billion) under Section 2005 of the ACA
- In FY 2017, Puerto Rico is projected to exhaust its Section 2005 funding:
 - it used approximately \$525 million of the \$925 million available under Section 1323
 - it began using funds provided under the Consolidated Appropriations Act (\$295.9 million) in July 2017, projected to exhaust in September 2017
 - it is projected to use approximately \$68 million of remaining Section 1323 funds
- In FY 2018, Puerto Rico is projected to exhaust remaining Section 1323 funds (\$331.6 million) by April 2018

Projected Spending in Puerto Rico by Year and Source of Funds, FY 2017-2018 (millions)

- Puerto Rico will exhaust its remaining federal funds under the ACA in FY 2018
- Based on projected FY 2018 spending, Puerto Rico will face up to a \$877 million shortfall in funding



Note: FFP is federal financial participation. Additional federal spending reflects use of Puerto Rico's additional allotments under the Patient Protection and Affordable Care Act (ACA) and the Consolidated Appropriations Act of 2017 as well as some spending not subject to the ceiling on FFP (i.e., federal funding for the Enhanced Allotment Plan).

Sources: ASES 2017. ASPE 2017. Congressional Task Force on Economic Growth in Puerto Rico 2016. MACPAC 2017 analysis of CMS-37 program budget report as of May 2017.

References

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