



Mandated Report: Medicaid in Puerto Rico



Medicaid and CHIP Payment and Access Commission

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Overview

- Congressional request
- Background
- Overview of Puerto Rico's Medicaid program
- Medicaid financing and spending
- Access to and quality of care
- Next steps

Congressional Request

- House Committee on Appropriations requested that MACPAC “evaluate and assess viable options for ensuring long-term sustainable access to care for Medicaid beneficiaries in the territory”
- Request has no due date

Background

- 3.34 million residents in 2017
- Individuals residing in Puerto Rico are U.S. citizens
 - may travel to or establish residency in any state
 - are eligible for many (but not all) federal programs
 - generally do not pay federal income tax
 - have no voting representation in Congress
 - have no vote in U.S. presidential elections

Economic Challenges

- Damage to economy and infrastructure from Hurricane Maria (September 2017)
- Economic challenges in decades prior
 - 8 percent decrease in real gross domestic product 2005–2015
 - declines in labor force and population
- Debt burden
 - \$74 billion in bond debt; \$49 billion unfunded pensions
 - Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA, P.L. 114-187), June 2016

Economic and Health Indicators

- Unemployment and poverty rates are higher in Puerto Rico than the U.S. overall; median income is lower
- Health indicators are mixed
 - e.g., life expectancy similar; self-reported health significantly worse
- Uninsured rate is lower in Puerto Rico; Medicaid coverage rate is higher
 - 6.9 percent uninsured vs. 8.7 percent in 2017
 - 46.9 percent covered by Medicaid vs. 20.6 percent in U.S. overall

Program Overview

- Covered over 1.5 million people in 2017
 - 1.3 million covered by Medicaid
 - Includes 250,000 individuals dually eligible for Medicare
 - 90,000 children covered by Medicaid-expansion CHIP
 - 150,000 enrollees covered through Puerto Rico-only funds
- Puerto Rico is considered a state unless otherwise indicated (§1101(a)(1) of the Social Security Act)
- Program differs particularly with respect to eligibility, covered benefits, and the financing structure

Eligibility

- Exempt from requirements to extend poverty-related eligibility to children and pregnant women and qualified Medicare beneficiaries
- Covers individuals with income up to 133 percent of Puerto Rico poverty level (PRPL)
 - \$10,200 annually for a family of four (equivalent to 40 percent of the federal poverty level)
 - children up to 266 percent PRPL through Medicaid-expansion CHIP
- Coverage for aged, blind, disabled individuals provided through the medically needy option

Covered Benefits

- Mandatory benefits apply, but Puerto Rico provides only 10 of 17
 - e.g., excludes nursing facility services, non-emergency medical transportation
 - cites infrastructure and funding challenges
- Provides some optional benefits
 - e.g., dental, prescription drugs
- Provides cost sharing assistance for dually eligible individuals enrolled in Medicare Platino plans

Delivery System

- Medicaid managed care
- Beneficiaries assigned to managed care organization (MCO) for their geographic region
- Concerns about adequacy of oversight, capitation rates
- New managed care system scheduled to take effect November 1
 - MCOs will provide island-wide coverage
 - enrollees will be able to choose their MCO
 - CMS has not yet approved this plan

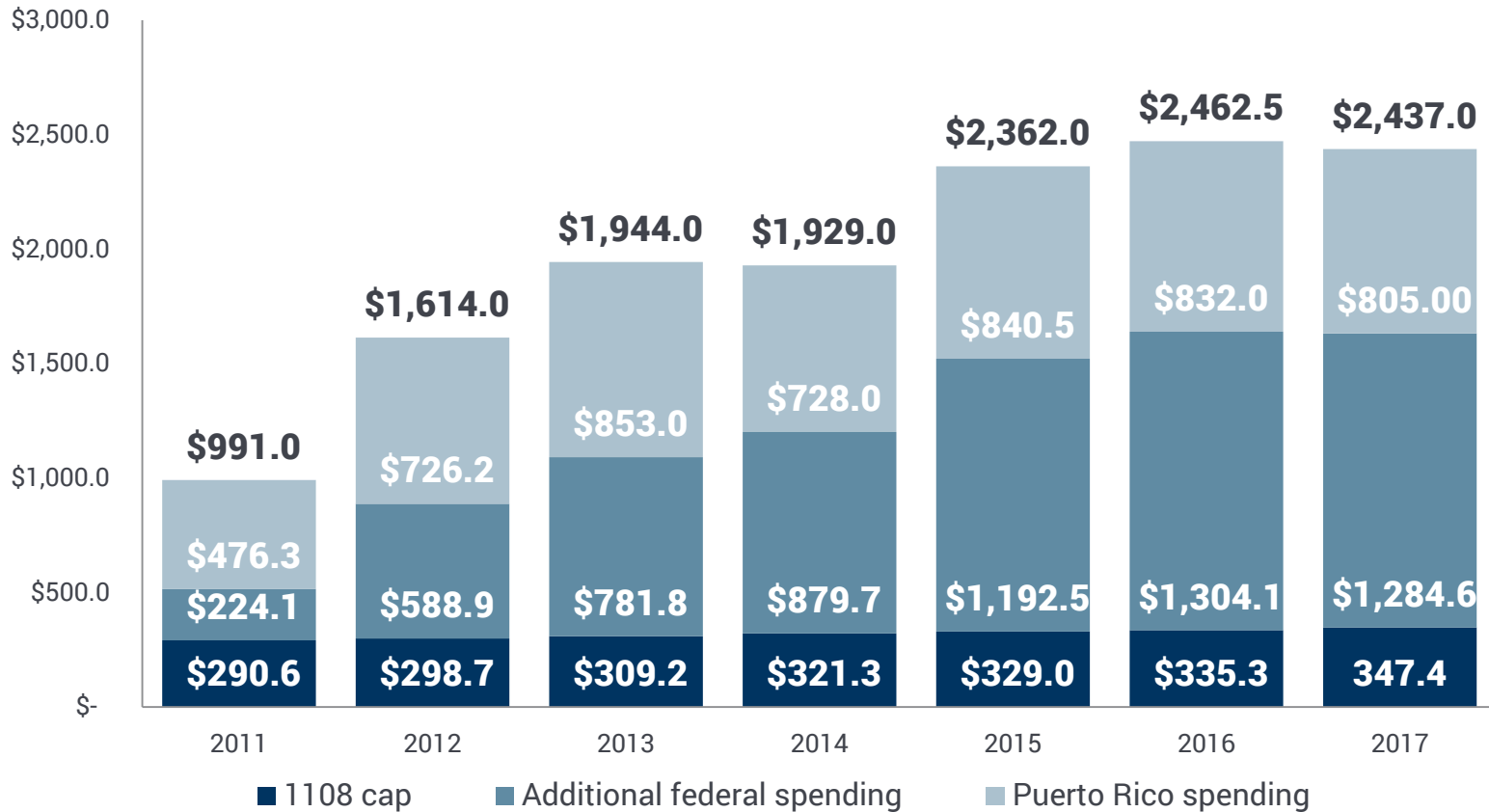
Financing and Spending

- Statutorily defined federal medical assistance percentage (FMAP) of 55 percent
- Can access federal dollars only up to an annual cap (1108 cap)
 - set in 1968; grows with medical component of CPI-U
 - FY 2018 cap is \$357.8 million; total expenditures projected at \$2.62 billion
 - limited exceptions to the cap
- Federal contribution at times below 20 percent

Additional Temporary Federal Funds

- Additional, time-limited federal Medicaid funds provided by Congress in recent years
 - e.g., ACA provided \$6.3 billion available July 2011 – September 2019; nearly depleted by February 2018
- Most recent block was \$4.8 billion provided via the Bipartisan Budget Act of 2018 (BBA)
 - Available at 100 percent federal matching rate
 - Expires September 30, 2019

Actual Medicaid Spending in Puerto Rico by Year and Source of Funds, Fiscal Years 2011–2017 (Millions)



Notes: FY is fiscal year. 1108 cap refers to the annual cap on federal funds that territories receive under Section 1108(g) of the Social Security Act, while additional federal spending reflects utilization of the allotments provided by the ACA, as well as spending not subject to the cap.

Source: MACPAC 2018 analysis of CMS-64 financial management report net expenditure data

Future Financing and Spending Issues

- In FYs 2018–2019 at least \$5.6 billion in federal Medicaid funds available; projected total spending \$4.8 billion
- For FY 2020, no source of federal funds beyond annual allotment of approximately \$375 million
 - “Medicaid fiscal cliff”
- Likely to have difficulty raising non-federal share with or without supplemental funds

Possible Consequences of Funding Shortfall

- Estimated coverage losses of 900,000 (Assistant Secretary for Planning and Evaluation)
- Unclear what kind of safety net services available to uninsured
- Negative effects on providers and beneficiaries who remain in the program
- Federal spending increases for eligible individuals who move to mainland
 - e.g., 2017 Center for Economic and Policy Research estimates: additional Medicaid costs (\$9.7 billion federal and \$6.1 billion state) over 10 years due to migration from Puerto Rico

Access to Care

- Available data is limited, from prior to Hurricane Maria, and does not separate information by source of coverage
- Health care provided through physician offices, hospitals, health centers
- Access to many types of health care equal or better in Puerto Rico than in U.S. as a whole in 2014
- Health care facility capacity and provider availability vary widely across geographic regions
- Limited access to certain types of specialty care

Access Concerns

- Need for behavioral health services in aftermath of hurricane
- Declining provider workforce due to outmigration
 - trend prior to the hurricane
 - contributors are low salaries compared to those available on the mainland, lack of training opportunities, infrastructure
 - increased Medicaid payment rates to 100 percent of the 2018 Medicare rates (effects unclear)

Quality of Care

- Limited, fragmented data sources on quality of care in Puerto Rico
- Available data show mixed picture when compared with U.S. overall
 - more likely to have a usual source of care
 - less likely to receive certain screenings
 - lower vaccination rates among children
- Challenges to improving quality
 - hospital infrastructure (e.g., lack of key equipment)
 - slow and limited adoption of health information technology

Next Steps

- Descriptive chapter in March 2019 report serving as response to committee request
 - staff can look further into areas of Commissioner interest
 - staff can convene a panel for an upcoming meeting



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