

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



José B. Carrión III
Chair

Members

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Natalie A. Jaresko
Executive Director

BY ELECTRONIC MAIL

November 14, 2018

Mitchell McConnell, Jr.
The Majority Leader of the Senate
United States Capitol
Washington, DC 20515

Paul Ryan, Jr.
The Speaker of the House of Representatives
United States Capitol
Washington, DC 20515

Charles Schumer
The Minority Leader of the Senate
United States Capitol
Washington, DC 20515

Nancy Pelosi
The Minority Leader of the House of Representatives
United States Capitol
Washington, DC 20515

Dear Mr. Majority Leader, Mr. Speaker, Mr. Minority Leader, and Ms. Minority Leader:

The Financial Oversight and Management Board for Puerto Rico greatly appreciates your steadfast commitment to supporting Puerto Rico in the aftermath of Hurricanes Irma and Maria. Notwithstanding this support, Puerto Rico faces many challenges on its road to recovery. While the Oversight Board is working tirelessly to do all that it can to fulfill the mandate of PROMESA, there is one area that is singularly influenced by federal policy. That is healthcare.

The private sector plays such an incredibly important role in the future vitality and promise of Puerto Rico. Private sector healthcare services are critical to the wellbeing of the people of Puerto Rico. We write now about Medicare Advantage (“MA”), which reimburses just 57% of the average federal reimbursement rate in other states to pay for doctors and medical providers. We are concerned that the disparities in the MA program for residents of Puerto Rico, compounded with the hurricanes’ destruction, has contributed to the population exodus to the mainland, impaired the ongoing efforts to get the Island back on track, and delayed the goal of achieving sustainable economic growth. Moreover, this situation affects the viability of doctors and service providers of Medicare beneficiaries to continue working in Puerto Rico, further exacerbating the exodus of physicians.

The Oversight Board believes that H.R. 6809, the “Puerto Rico Integrity in Medicare Advantage Act” (“PRIMA”), is an important remedy to this problem. PRIMA was recently introduced by Resident Commissioner Jenniffer González-Colón and has received early bi-partisan support. PRIMA seeks to establish a 0.70 Average Geographic Adjustment (AGA) floor for each county in the United States. This increase would have a significant impact on Puerto Rico’s private health sector. The bill establishes a three-year sunset of this increase, sufficient to counterbalance the long-term effects of the devastation caused by the hurricanes.

We note two points in particular that relate to its economic and fiscal efficiency and restraint. First, as we are informed, the bill has been scored and it would not affect direct spending of federal funds. Second, the activities it seeks to facilitate will be conducted entirely by the private sector: private insurers and private providers would together improve the healthcare of the Island’s residents, the efficiency of the healthcare system and, as a result, the Puerto Rico economy.

We believe that PRIMA would help stabilize and rebuild the health infrastructure and physician workforce in Puerto Rico. Under current law, MA plans must spend a minimum of 85% of payments received on provider payments or additional benefits. Beyond the current federal requirements, the bill requires MA plans to spend at least half of any incremental funding received on provider payments.

Lastly, PRIMA is also consistent with the PROMESA-established Congressional Task Force on Economic Growth in Puerto Rico Report to the House and Senate of December 20, 2016, which specifically recommended that Congress consider legislative steps “to ensure that MA plans, including those in Puerto Rico, are being fairly and properly compensated for the services they provide to beneficiaries.”

In our view, PRIMA is a significant step in the right direction to get Puerto Rico back on the road to stability and economic growth.

Sincerely,



Natalie A. Jaresko

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CC: Hon. Ricardo Rosselló Nevares

Hon. Jenniffer González Colón