

PRESS STATEMENT FROM THE MEDICAID AND MEDICARE ADVANTAGE PRODUCTS ASSOCIATION OF PUERTO RICO (MMAPA)

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San Juan, Puerto Rico - Despite the unprecedented efforts of the Puerto Rico Medicare Coalition for Fairness (Coalition) to avoid additional rate cuts in Medicare Advantage (MA) funding for 2016, the Centers for Medicare and Medicaid Services (CMS) announced that there will be continued, significant, damaging funding cuts for Medicare Advantage beneficiaries in Puerto Rico for 2016. Rather than experiencing a 3% increase in its 2016 average MA benchmarks like the U.S. national average, Puerto Rico's MA rates will decrease approximately 11% compared to 2015 funding levels. Puerto Rico's funding now stands as the lowest of any US jurisdiction, 38% below the US national average.

"Under the 2016 rate structure, baseline monthly rates for MA will drop to \$488 per beneficiary, from \$520 in the prior year. In addition, changes to the risk score model will impact Puerto Rico more due to the high prevalence of chronic conditions. The combined effect is a reduction of 11% on average. Despite all our unified education efforts, CMS did nothing for Puerto Rico. " explained Jim O'Drobinak, Coalition leader and President of MMAPA. "These rates are patently unfair and damaging to our beneficiaries, and their health, in exact opposition to CMS' stated goals. I do not believe the Puerto Rico health care delivery system can survive under this financial stress. We will continue to see doctors, beneficiaries and companies move back to the mainland. Every citizen of Puerto Rico who goes to a doctor will be negatively impacted by CMS' actions. This is an immediate, significant problem for everyone in Puerto Rico", O'Drobinak stated.

According to leaders of the Coalition, the movement that unified the community and PR government effort, despite the numerous meetings and discussions with CMS leading up to the Call Letter, MA funding for Puerto Rico's beneficiaries did not receive the administrative solution that was needed. "We are outraged. The 2016 Call Letter perpetuates a cycle of injustice to the American citizens of Puerto Rico. Notwithstanding the National scenario, MA funds will be cut once again for Puerto Rico in 2016. This rate cut will hurt everyone, from the beneficiaries to the caretakers and caregivers that struggle to maintain the system supported by MA funding. It is imperative for all of Puerto Rico to immediately escalate our non-stop quest for a permanent solution to the Puerto Rico Medicare program," Dr. Richard Shinto, CEO for MMM, explained.

Prior to the 2016 funding reduction announced in the Call Letter, the MA program in Puerto Rico was already an outlier at the bottom of healthcare expenditures in Medicare and healthcare funding in general, Earl Harper, Market President of Humana explained. "In spite of Puerto Rico's status as the lowest funded MA jurisdiction in the US, the actions of CMS continued the inequity for beneficiaries of Puerto Rico's MA system when compared with their fellow US citizens in all other US jurisdictions. Issues such as the unsustainably low MA base payment and the exclusion of the Medicare Part D Low Income Subsidy benefits must be fixed permanently", he explained.

The MA program has been providing a legitimate access to care for the low income population in the island, in addition to implementing quality standards and protocols of care, which had not been available through Traditional FFS Medicare. The 2016 Call Letter means Puerto Rico will lose over \$1.2 billion for MA in 2016 compared to 2011 funding levels. In the aggregate from 2012 to 2016, Puerto Rico would be losing approximately \$4 billion compared to 2011 levels, which will continue generating additional benefits reductions and increased pressures to reduce provider compensation. Roberto Garcia, COO of Triple S Management, Inc. explained, "As a result of these cuts, beneficiaries will have to pay more premiums and co-pays for benefits that used to get covered through MA. In addition, there could be less options of health plans, providers and facilities as the cuts continue to reach unsustainable levels. These funding reductions may also hurt the Medicare Platino program from ASES, which currently serves 270,000 of the poorest island

beneficiaries on with Medicaid and Medicare coverage given the high cost associated with the services provided to this population."

Coalition estimates that as a result of the MA funding issues for Platino, ASES could have to pay between \$500-\$800 million more from local funds to cover the changes in as early as 2015/2016. Based on the existing financial challenges at ASES, not fixing MA will increase the funding crisis in the Mi Salud program and the general fund of the entire Commonwealth.

O'Drobinak expressed gratitude for the efforts of the members and supporters of the Puerto Rico Medicare Coalition for Fairness and stressed that the Coalition needs to strengthen and accelerate its lobbying for permanent federal legislative reform or administrative action during 2015. "We appreciate Governor Garcia-Padilla, Congressman Pierluisi, Insurance Commissioner Weyne, ASES Executive Director Ricardo Rivera and all the individual companies, associations and friends of Puerto Rico who helped to write over 18,000 letters to CMS, and tell the story of the poor beneficiaries of Puerto Rico. However, CMS did not reward us for our actions - to the contrary, we received the largest cut of any US jurisdiction, again. These cuts are discriminatory towards the US citizens of Puerto Rico."

O'Drobinak continued, "This chapter is a huge loss for Puerto Rico, but the story has not been fully written yet. Everyone should be clear that all of Puerto Rico will suffer from these cuts. We have to refuse to accept that the only option for the healthcare beneficiaries and professionals in Puerto Rico is to move to Florida, New York, or Texas. We cannot give up. Puerto Rico is legitimately providing the most cost-effective Medicare program in the Nation, it does not make sense to cut funding to illogical levels that destroy our capacity to maintain it and continue its improvement. Puerto Rico needs to get mad, stand tall and let Washington hear from us in a voice louder and clearer than ever before."

Coalition leaders are calling on local and federal government leaders to unite on behalf of the Puerto Rico healthcare system and demand justice from CMS in its funding of the Medicare Advantage program.

The Puerto Rico Medicare Coalition for Fairness (www.prmedicarecoalitionforfairness.org) is a community movement organized since 2013. The Coalition is composed of key leaders from the healthcare segment in the Commonwealth of Puerto Rico who have committed to make a call for action regarding Medicare fairness. As part of the Coalition, members will call upon the US Congress and Obama Administration and pledge to fight for equal rights for Puerto Rico's more than 750,000 Medicare beneficiaries. The Coalition believes that access to quality healthcare is a fundamental and natural right to all United States citizens, and will strive to protect US citizens residing in Puerto Rico from the negative effects due to unfair federal funding that has compromised our health care delivery system. We will fight arduously to ensure fairness for all US citizens residing in Puerto Rico, in the efforts of ending the unjust treatment Puerto Rico has long experienced.

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CONTACT:

www.nprcinc.org

ABOUT NPRC The National Puerto Rican Coalition, Inc. (NPRC) is the premier non-profit non-partisan

Hispanic organization representing the voice of the Puerto Rican community. NPRC is committed to enhancing the social and economic well-being of Puerto Ricans through policy development, research, advocacy, civic engagement, and education.