

# Medicare in Puerto Rico Inequities and Challenges

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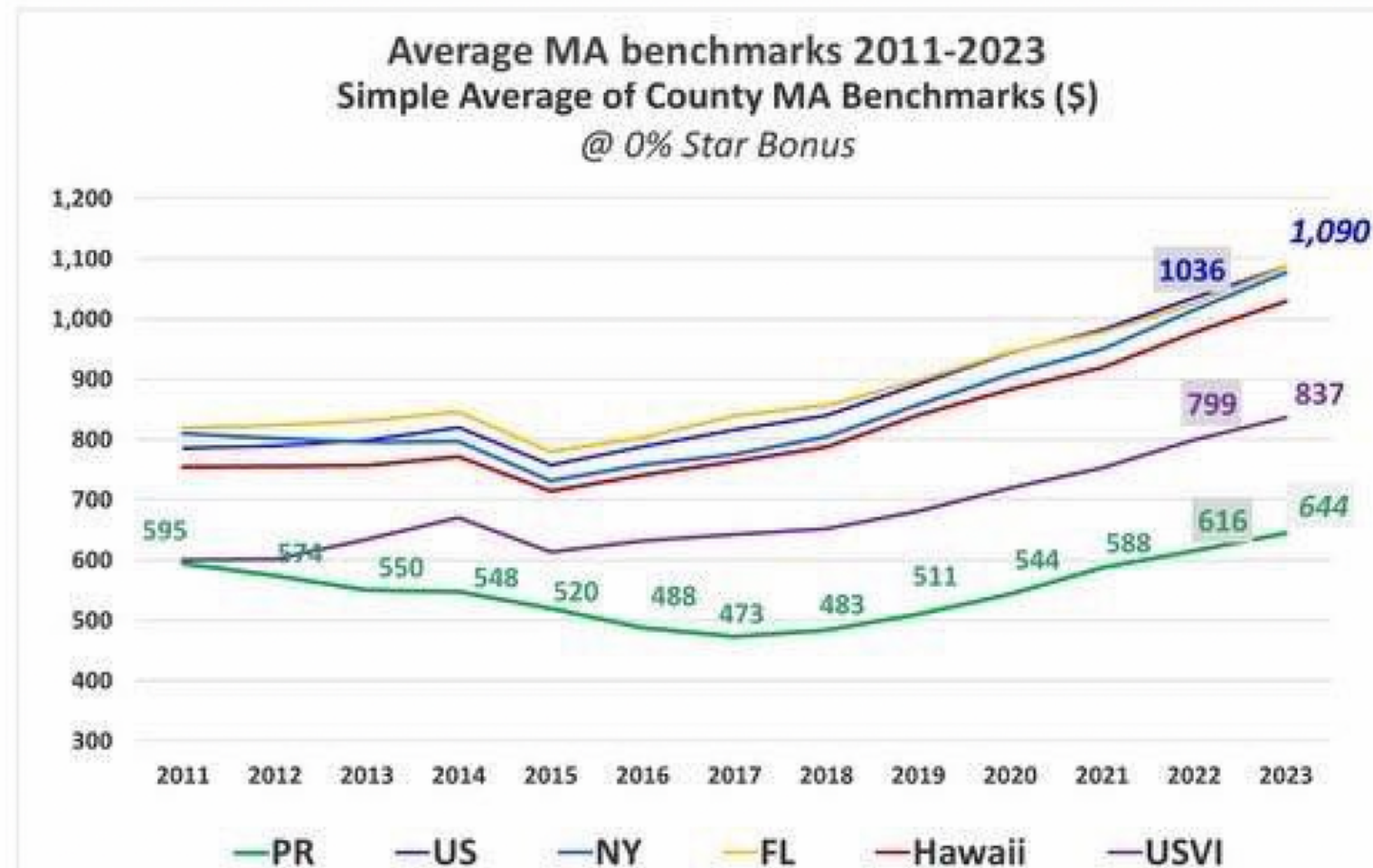
DEPARTMENT OF  
**HEALTH**



# MEDICARE ADVANTAGE (MA) RATE DISPARITIES

## Medicare Advantage Rate Disparity 2023

Healthcare in Puerto Rico  
has historically lacked  
adequate financial support.



US Average

US Virgin Islands

Puerto Rico

## MA BASE RATES FOR PUERTO RICO

↓ 21%

below USVI

↓ 35%

below the MA rates in the  
state with the lowest  
payments

↓ 39%

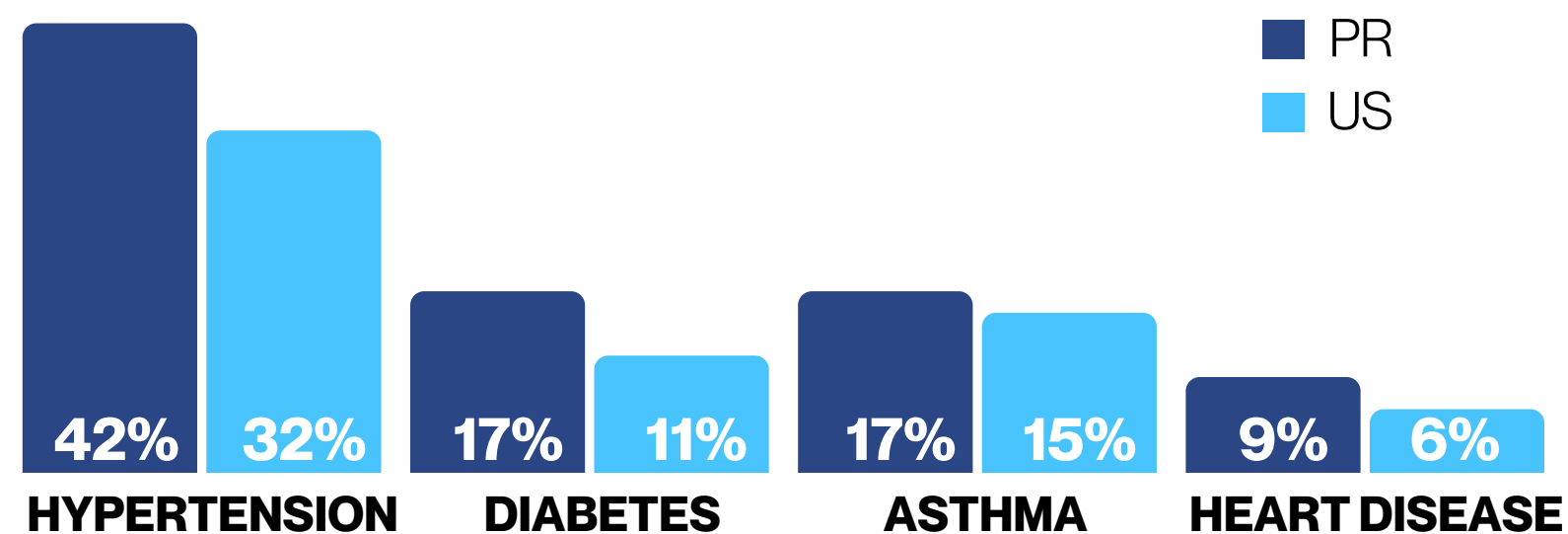
below the  
national average

**GOAL**

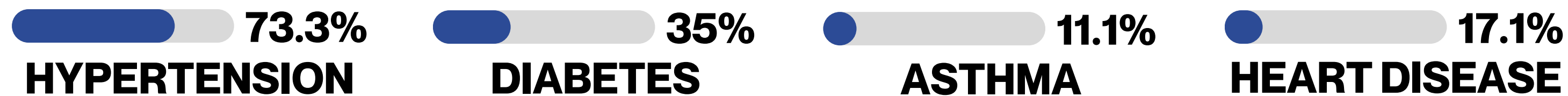
Address the MA disparities and for the dual  
eligible in Puerto Rico to achieve health equity.

# PREVALENCE OF CHRONIC CONDITIONS IN PUERTO RICO, 2021

## Prevalence of Overall Population



## Prevalence in Adults 65+



# ONGOING CHALLENGES THAT DISRUPT THE QUALITY OF CARE

## Provider/Beneficiary Flight

**49%** is the estimated reduction in the number of physicians in Puerto Rico from 2009 until now.

**~1/2** rate of ER physicians, neurosurgeons, ENT specialists, compared to mainland average.

**of 78  
municipalities**

**72 are medically underserved  
32 have primary care shortage  
53 have OB-GYN shortage**

## More Unequal Treatment

**No LIS Medicare Part D Premiums-**  
Dual-eligible residents do not receive assistance paying Part D.

# MEDICARE ADVANTAGE IN PUERTO RICO



**Steps in to address  
gaps in coverage for  
dual-eligible and  
low-income  
beneficiaries.**



**Operates on a  
significantly lower  
budget compared to  
other jurisdictions.**



**Assists in covering  
prescription drug costs  
for low-income  
beneficiaries excluded  
from Part D LIS.**



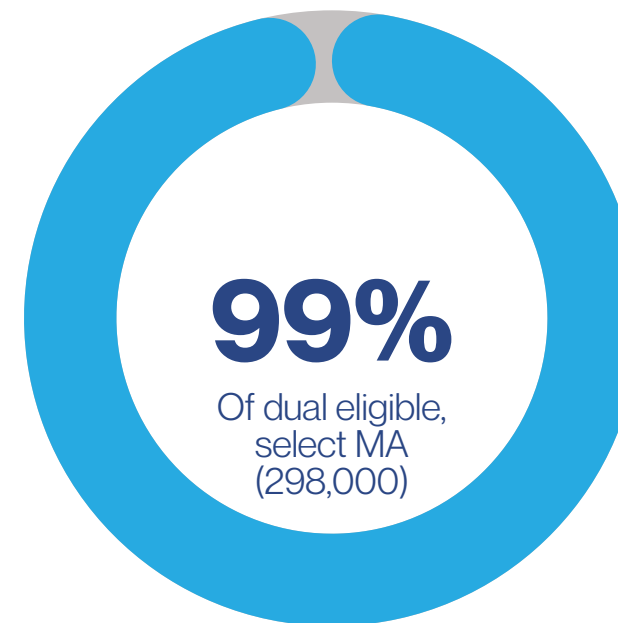
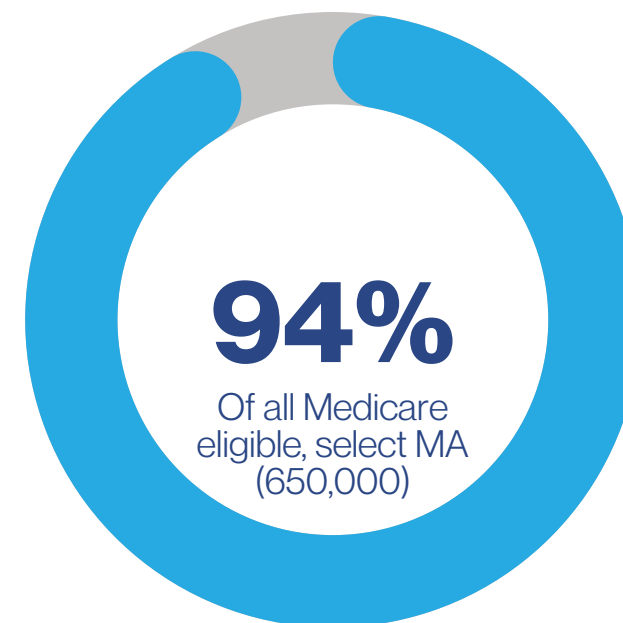
# THE IMPORTANCE OF INCREASE IN MA RATES



Due to the unique socio-economic needs of the population in Puerto Rico, MA is the preferred healthcare option. The population is three times more economically challenged than those on the mainland.



MA plans in Puerto Rico have introduced coverage for the gaps in Medicare Fee-For-Service, which have been exacerbated by an inequitable history of treatment towards the island's inhabitants.



Medicare Advantage Beneficiaries in PR by Enrollment, August 2023

41.7%

**is Puerto Rico's poverty rate, much higher than the United States' rate of 12.6%.**

38%

**is the poverty rate for adults aged 65 and above, which is notably higher than the United States' overall poverty rate of 10.9%.**

\$24,112

**The median household income in Puerto Rico is lower than that of the United States, which currently stand at \$74,755.**



# HOW CAN HHS TAKE ACTION?

## WHAT & WHERE?

- **Use Administrative Authority to propose "Equity for Medicare Beneficiaries in Puerto Rico" Policy in CY2025 Advance Notice for MA.**
- **Adjust MA payment policy for Puerto Rico, considering historical differences in FFS and MA, as well as the small FFS population (6%, 40,000 vs. 650,000 in MA).**

## HOW?

- **Increase the minimum payment level in PR.**
- **The Secretary has the authority to ask CMS to raise the minimum average geographic adjustment (AGA) to 0.70 (currently at 0.50) for PR FFS, taking into account any data and legal abnormalities.**

## WHY?

- **Focus on directing increments to core providers, rather than additional supplemental benefits.**
- **Adjust AGA to account for payment anomalies in Part A & B.**
- **Develop a methodology for MA plans to allocate the difference between 2024 AGA and adjusted AGA to Part A & B benefits exclusively.**
- **Encourage plans to use additional funds for payments to physicians, hospitals, and other core medical providers, promoting healthcare professional retention.**

# KEY PROPOSALS TO CONGRESS

1

## Extend the Medicare Savings Program (MSP) for dual eligible beneficiaries in Puerto Rico



In Puerto Rico, individuals classified as dual eligible are responsible for paying their basic medical expenses with personal funds and Social Security checks.



Basic ambulatory medical care costs nearly \$2,000 annually (\$164.90 per month) for Medicaid beneficiaries whose income is at or below 100% of the Federal Poverty Level.

2

## Eliminate the exclusion of the Part D LIS for low-income beneficiaries in PR



The Inflation Reduction Act (IRA) has made prescription medications more affordable for Medicare beneficiaries, but beneficiaries of Puerto Rico were not included in this recent law.



Approximately 400,000 Medicare beneficiaries with low-income are affected by this.



As a result, healthcare providers in Puerto Rico are struggling to offer better care due to insufficient funding from MA plans.





# Thank You

For Your Attention