



## GOVERNOR OF PUERTO RICO

Ricardo Rosselló Nevares

April 10, 2017

Mr. Jose L. Carrión  
Chairman  
Financial Oversight and Management Board

### RE: ACCESS TO MEDICAID FUNDING

Dear Mr. Carrión

One of the pivotal issues that has a direct impact on Puerto Rico's fiscal stability is access to healthcare funding. Nearly 46% of the people of Puerto Rico are Medicaid and/or CHIP beneficiaries, the highest proportion of beneficiaries in the United States, yet we receive less funding than any other state in the Nation. While Puerto Rico's inclusion in the Affordable Care Act (ACA) has resulted in an increase in federal Medicaid funding of up to \$1.3 billion per year till FY2018, it has also created a Medicaid fiscal cliff for the Island once the allotted funds are depleted. Prior to ACA, Medicaid funding was determined by an arbitrary cap that did not take into consideration the needs of the people of Puerto Rico. Rather than removing said cap, ACA granted a block grant to the Island of \$6.4 billion, which will only last up to the first quarter of 2018, without specifying who Medicaid funding would be sustained once the allocation expires. If no prompt action is taken, nearly 500,000 Puerto Ricans could lose access to medical coverage. This will only create a healthcare crisis in the island, but the spillover effect of such cliff may continue to strain the already dire fiscal situation of the Government.

As per the Certified Fiscal Plan, through our New Healthcare Model, we have identified measures that would reduce administrative costs and provide a better managed care for Medicaid and/or CHIP beneficiaries. Also, we are moving forward with measures to prevent Medicaid Fraud and to finally implement a Maintenance Management Information System (MMIS) to better track the use of funds. We are doing our part in order to secure a fiscally responsible use of the allocated funds, but equal treatment in Medicaid funding is key to ensure quality healthcare services to of the nearly 2 million Medicaid beneficiaries in the Island.

Through Executive Order No. 2017-022, I created a Joint Task Force, composed of members of both the public and private sector, in order to establish a unified strategy to achieve parity in both Medicaid and Medicare funding. Such efforts have already produced an increase in the Medicare Advantage reimbursement rates, which total an additional \$300 million dollars for FY2018 for the Medicare program. While this is far from achieving equal treatment, these joint efforts have already resulted in more access to funding.

The Joint Task Force has identified both short and long term measures that are available in order to guarantee interim access to additional Medicaid funding through FY2019 and secure long term parity in both programs. As one of the initiatives established by the Joint Task Force, a few weeks ago a bipartisan delegation held a series of meetings in Congress to discuss possible measures that would grant access to additional Medicaid funds. There will be a second delegation heading to Washington D.C. from April 19



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through April 20. Members of the delegation include: a bipartisan legislative committee composed of senators Zoé Laboy and Jose Luis Dalmau and representatives Jackie Rodriguez and Rafael Hernández; an executive delegation including the secretaries of State, Public Affairs, Health and Housing, the Executive Director of the Healthcare Administration, the President of the Government Development Bank, and the Executive Director of the Puerto Rico Federal Affairs Administration.

Also, members of the private sector will also join our efforts as part of our delegation. We will have representation from the following organizations: the Medicaid and Medicare Advantage Products Association; the Puerto Rico Medical Association; the Puerto Rico Realtor Association, the Homebuilders Association; the Certified Public Accountant Association; Puerto Rico Chamber of Commerce, Puerto Rico Hotel and Tourism Association; the Puerto Rico Restaurant Association; and the Puerto Rico Retail Association, among others.

The members of the Board have stated that they will like to be part of the efforts taken by the Government of Puerto Rico in order achieve equal treatment in Medicaid funding. Thus, we will like to extend an invitation to the Board to be part of this delegation. Let us know if any member will be available to join our delegation in their effort to discuss measures that would not only improve the well-being of the people of Puerto Rico, but also have a direct impact on our fiscal stability.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ricardo Rosselló Nevares", with a long horizontal flourish extending to the right.

Ricardo Rosselló Nevares  
Governor

Cc. Mr. Carlos M. García  
Mr. Arthur J. Gonzalez  
Mr. Jose Ramón Gonzalez  
Ms. Ana J. Matosantos  
Mr. David Skeel  
Mr. Andrew Biggs  
Mrs. Natalie Jaresko, Executive Director