



Asociación de Compañías de Seguros de Puerto Rico

On behalf of the Puerto Rico Insurance Companies Association, we appreciate the opportunity and time to hear our statement on some important issues that are having and adverse impact to the health care of the Puerto Rican citizens.

Our association, known by its Spanish acronym, ACODESE, is a not for profit association made up by the principal insurers in Puerto Rico. We urge CMS to consider urgent and critical policy adjustments to assure appropriate Medicare Advantage funding for 2019:

- HHS and CMS should use administrative flexibility to meaningfully adjust MA rates in Puerto Rico for CY2019 in the Final Announcement and Call Letter for CY2019, after recognizing new evidence of data anomalies and the harmful effects of the recent natural disaster.
- HHS and CMS should establish a proxy methodology for the 2019 MA benchmark or a national floor for the Average Geographic Adjustment (AGA floor) of 0.70 for all counties in MA rate-setting. The latter would move PR counties to an AGA closer to other Caribbean Territories and protect all the counties in the Nation from cases of extremely low AGAs resulting from clear data deficiencies and fluctuations. Implementing an AGA floor now will prevent further erosion and irreparable harm to the healthcare system. A similar approach should be used to calculate the ESRD benchmark to ensure resources are available to properly care for this vulnerable population.
- CMS can phase-in the impact of the proposed policy for MA benchmarks in a period of 2-3 years, starting in 2019, and monitor closely the effects on the system. MA plans in Puerto Rico are committed to work with CMS in defining additional bid requirements, bid to benchmark ratio parameters or monitoring tools to measure the impact of the adjustment in relation to provider compensation and development of value-based payment models.
- County rates in Puerto Rico are such outliers in 2018 that the level of payment proposed would still leave them at least 15% or more below the average MA rates in the state with the lowest average. The additional funding will provide the necessary inflow to support recovery efforts for our health system while remaining as the lowest cost option in the Nation and will also help address migration of providers and patients, ultimately avoiding unnecessary costs to the Federal government.
- Puerto Rico has higher costs of living than the US average. The unsustainably low pricing of health care is partly the result of historic anomalies in Medicare that continue to push compensation down, while accommodating increases in the price of other inputs like prescription drugs. There is precedent in CMS regulation of the use of proxy factors

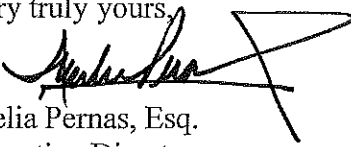
and alternative methods when data elements of a statutory formula are simply not present or deficient. Puerto Rico MA rates after the ACA are a clear case, and a step to break the spiral to the bottom is needed now more than ever. Given the socio-economic scenario, and the recent natural disaster, Puerto Rico MA plans are also increasingly spending additional resources to tackle social determinants of health. Transportation, care coordination, community outreach are efforts that have become harder and costlier, but also more important for MA beneficiaries in PR.

- The Puerto Rico Community is appreciative of policy adjustments already taken by the Administration. We support CMS proposal to continue to provide Puerto Rico plans special consideration due to the program inequities in the Star rating measure, in particular the proposed hold harmless methodology due to the impact of the natural disaster. We also support that the zero claim adjustment implemented in 2017 and 2018 remain until a temporary solution to the data anomalies can be implemented. Finally, we also support the 2018 decision to assign double bonus status to most counties in the Island and would request CMS to evaluate expanding the policy to cover all 78 municipalities. **However**, new evidence studied this past year suggests that these current adjustments are far from enough. The continued deterioration requires a higher-impact policy action to stop the harmful and increasing funding gap.

ACODESE is committed to the continued improvement in the quality of the Medicare Advantage program in Puerto Rico. With the fair and needed adjustments we have proposed, Puerto Rico can continue to make progress towards operating the most cost-effective *high quality* MA and Part D programs in the Nation. The April 2nd Final MA Announcement and Call Letter for CY2019 is the most immediate opportunity for HHS and CMS to take meaningful administrative action to mitigate ACA cuts and enhance access and benefits for over 570,000 Medicare Advantage beneficiaries in Puerto Rico.

We thank you for the opportunity to offer the aforementioned recommendations.

Very truly yours,



Israelia Pernas, Esq.
Executive Director