

## **Federal Health Care Parity for Puerto Rico**

### **Health Care:**

The Administration of Gov. Luis Fortuño strongly supports parity for Puerto Rico in national health care programs, including addressing inequities in the application of current federal health care programs to the island.

### **Medicaid**

The minimum Federal contribution to Medicaid for any state is authorized to be at least 50% of the program's cost: a 50-50 match. This contribution level is not reached, however, in Puerto Rico due to an annual cap on funding that only applies in the territories but not in the states.

Puerto Rico currently spends \$1.8 billion in a comprehensive government health care program created in 1993 that presently covers over 1.5 million of citizens that did not have private insurance coverage. Due to the statutory hard dollar Medicaid cap of \$354 million (as modified last year by the American Recovery and Reinvestment Act), Puerto Rico only receives 22% of FMAP Medicaid funding while States with similar demographics receive 83% funding. This represents an annual fiscal burden to Puerto Rico of \$1.1 billion.

Because of this cap, the annual Federal contribution to Medicaid in Puerto Rico is now only about 22%. If Puerto Rico were treated equally with the states, this contribution would be closer to 83%. As a result, Puerto Rico is shouldering far higher Medicaid expenses than any state.

### **Medicare**

Although residents of Puerto Rico pay the same Medicare taxes as their fellow citizens in the states, the island confronts several inequalities under Medicare:

**DSH Reimbursement.** Puerto Rico hospitals serving large numbers of low-income patients do not receive fair DSH reimbursement because SSI, a major factor in calculating such payments, has not been extended to the Island.

**Prospective Payment System (PPS).** Puerto Rico is the only U.S. jurisdiction under the Prospective Payment System where hospitals do not receive 100% of the national payment rates. Instead, payments to Island hospitals are derived from a unique formula based on 75% national rates and 25% local costs. This yields per patient payments to Puerto Rico hospitals that are considerably lower than the payments made to stateside hospitals.

**Part B.** Puerto Rico is the only U.S. jurisdiction where individuals enrolled in Part A are not automatically enrolled in Part B. The result is that Puerto Rico has the lowest Part B participation in the country and

Puerto Rico seniors pay millions of dollars in recurring late enrollment fees each year.

Part D. Whereas the states receive Federal subsidies — based on need — to help their low-income residents purchase prescription drugs under Part D, Puerto Rico receives only a limited block grant for this purpose.

### Veterans

The administration of Governor Luis Fortuño is fighting for full equal benefits for all U.S. military veterans residing on the island. TRICARE Prime (HMO) option, the gold standard for military health care plans, is not available to the roughly 22,000 military retirees and their dependents in Puerto Rico because the island is considered an “overseas” location. By contrast, retirees in all states are eligible for this benefit.