



Congressman Pedro R. Pierluisi  
Recorded Statement As Prepared For Delivery  
Puerto Rico Hospital Association Annual Convention  
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Saludos!

As you may be aware, this is the fourth year in a row in which I have delivered or recorded a speech for the Puerto Rico Hospital Association's annual convention. I hope this underscores the respect that I have for you and for the work that you do.

I wish that I could be there with you in person, but my responsibilities in Washington have prevented me from doing so. You are meeting at an important, uncertain and troubling time for our country and for Puerto Rico. Our nation is in the midst of a full-blown political crisis, while the island is experiencing significant economic and financial challenges.

As I am sure you are aware, the fiscal difficulties in Puerto Rico are generating a great deal of attention from the many investors in island bonds and from national and international media outlets, and it would be entirely understandable if this situation were causing you considerable anxiety. I have made extensive remarks about this subject in other forums, but for now I will simply say this. It is clear that the policies implemented to date by the current administration have adversely affected the island's economy. The administration needs to exercise greater

discipline when it comes to government spending. Based on the evidence, the new taxes that it has imposed have hurt, not helped, the situation—and they ought to be reconsidered. We urgently need a new approach that promotes economic activity and economic growth. This approach must be explained in clear terms to the Puerto Rico public and to current and potential investors in island bonds. In my conversations with senior federal officials, I have made clear my conviction that this issue, given its importance, transcends local partisan politics. I have also emphasized that the federal response to this matter must evolve from simply monitoring the situation to providing specific guidance and clear counsel to the current administration about the most prudent and effective ways to proceed. If this guidance is given, I am convinced that Puerto Rico's economy can be stabilized and that the government's access to the capital markets can be maintained.

The local problems are compounded by problems at the federal level. We are now in the second week of a government shutdown, an event that has not occurred for 17 years. This shutdown is having an adverse impact on all American citizens throughout the country, including in Puerto Rico. Over 10,000 individuals who reside on the island work for the federal government, and roughly half of them have been furloughed, meaning they cannot perform their important functions and they are not receiving their salaries. Although I am confident that Congress will enact legislation to provide these workers with back pay for the days they were furloughed, the reality is that the shutdown is causing a terrible hardship for them and their families.

Moreover, if furloughed federal employees are not authorized to return to their jobs soon, the negative impact that the shutdown is having on the operation of certain federal programs and

functions could evolve from noticeable but manageable, to substantial, and ultimately to severe. It is my fervent hope that we can resolve this situation before we reach that point.

Now, let me turn to the specific issue which you have gathered to discuss. When addressing the Association, I always like to pause for a moment to reflect on the importance of hospitals and to thank you—the doctors, nurses, administrators and other health professionals—for having devoted your lives to helping patients. The work of a hospital is noble, and it is never done. Your doors are open 24 hours a day, seven days a week. You treat the sick and the injured, the rich and the poor, the young and the old. You are there when a life begins, and often when it ends. A baby takes his first breath in a hospital. And as the sun sets on a patient's life, a hospital does everything possible to ensure that his or her final days are peaceful and dignified.

The best hospitals provide high-quality medical care, but they do so much more than that. A good hospital, through the dedication and compassion of its staff, can inspire as well as heal. Hospitals offer stability and comfort to patients and their family members when they are most vulnerable, anxious and afraid. The best hospitals become an integral part of the communities they serve. At the same time, when a hospital does not adopt and implement best practices—as we recently saw at the UPR-Carolina—the impact on patients can be severe, and the public's trust and confidence in that particular hospital, and indeed in hospitals more generally, can be damaged. Once that happens, a hospital must work hard to earn that trust and confidence back.

Puerto Rico's nearly 70 hospitals also serve as a major economic engine for the island, directly employing over 40,000 professionals whose labor, in turn, generates thousands of jobs in many

other industries. As centers of graduate medical education, hospitals play a critical role in training today's doctors to confront tomorrow's health care challenges and to treat the next generation of island residents.

There is no higher calling than devoting your life to serving others. So, you have my gratitude and respect. You should be immensely proud of what you do.

Despite the partisan wrangling and resulting lack of meaningful legislative action in Congress, this year has been an important one for Puerto Rico hospitals. As I announced in August, Medicare Disproportionate Share payments to most Puerto Rico hospitals increased starting on October 1<sup>st</sup>, from \$8 million dollars in Fiscal Year 2013 to \$82 million dollars in Fiscal Year 2014, a \$74 million dollar increase. According to estimates, this means that a eligible Puerto Rico hospital will receive an average Medicare payment per discharged patient of nearly \$8,000 dollars, up from about \$5,500 dollars, which is a major accomplishment. As my friend Jaime Plá has noted: "The Puerto Rico Hospital Association constantly works to achieve fair and appropriate compensation for the quality services our Members provide the people of Puerto Rico. This increase in DSH payments is a positive step in the right direction and good news."

In addition, I continue to push for the passage of my legislation to include Puerto Rico hospitals in the Medicare component of the HITECH Act, which provides bonus payments to hospitals that become meaningful users of electronic health records. My bill has 13 cosponsors—eight Democrats and five Republicans—and Senator Bob Menendez of New Jersey has introduced an identical bill that is cosponsored by Senator Marco Rubio of Florida. I understand that Senator

Menendez has also recorded remarks for this convention, and I am certain that he, like me, will assure you that we are doing everything possible to enact our bill into law.

Finally, in the coming weeks, once the federal government is reopened, I will reintroduce the *Puerto Rico Hospital Medicare Equity Act*, which seeks to eliminate an unprincipled disparity in the way island hospitals are reimbursed under fee-for-service Medicare. As you know, under the current system, Medicare pays every hospital in the states the same base amount per patient to cover the hospital's operating and capital costs. The base amount is then adjusted based on a variety of factors, like the severity of the patient's illness and market conditions in the area where the hospital is located. Puerto Rico is the only jurisdiction under the Prospective Payment System where hospitals do not receive 100 percent of the national payment rates. Instead, payments to island hospitals are derived from a unique formula based on 75 percent national rates and 25 percent local costs. This formula results in per patient payments to Puerto Rico hospitals that are about 13 percent lower than the payments made to stateside hospitals. Thus, an island hospital will receive substantially less than any urban, suburban, or rural hospital in the states for providing the same inpatient services, making it harder for them to deliver high-quality care and to remain financially sound. I look forward to working closely with the Association, as well as with the newly-formed Puerto Rico Medicare Coalition for Fairness, in the effort to enact this bill into law.

In closing, I want to thank you again for your love for Puerto Rico, for the work you do for island patients, and for your fierce desire to ensure that Puerto Rico hospitals and patients are treated fairly under all federal health programs.

Gracias.