



Congressman Pedro R. Pierluisi  
Statement as Prepared For Delivery (Via Taped Video Message)  
Medicaid and Medicare Advantage Products Association of Puerto Rico (MMAPA)  
Puerto Rico Medicare Coalition for Fairness Event  
La Concha  
San Juan, Puerto Rico  
*September 30, 2013*

Saludos!

Greetings from our nation's capital. I wish that I could be there with you in person, but my responsibilities in Washington made that impossible. As you know, this week, Congress is debating a Continuing Resolution to temporarily fund the federal government beyond October 1<sup>st</sup> and to prevent a government shutdown. A shutdown, especially a prolonged one, would adversely affect all Americans, including the 3.6 million U.S. citizens who reside in Puerto Rico. It is imperative that Members of Congress put the national interest above narrow partisan interests, and enact a Continuing Resolution free of any toxic provisions, including any provision to defund or delay the *Affordable Care Act*, which provides an unprecedented level of federal financial support for Puerto Rico's health system.

I want to say just a few words to you all. First, I commend you for holding this event, during which you will sign a Memorandum of Agreement establishing a Puerto Rico Medicare Coalition for Fairness, consisting of stakeholders from different sectors of the island's health

care community. It is clear that you recognize an enduring truth, which is that policymakers in Washington, whether they work in Congress or CMS, are far more likely to respond to Puerto Rico's legitimate needs if we approach them with a unified front and speak with one, clear voice.

Second, I want to endorse the three primary pillars of the Coalition's platform. The first pillar, to ensure that Medicare Advantage plans in Puerto Rico are equitably reimbursed by the federal government, is an issue I have worked a great deal on since 2010. Over 70 percent of all Medicare beneficiaries in Puerto Rico—more than 500,000 individuals—are enrolled in an MA plan, the highest penetration rate in the country by a substantial margin. These plans provide high-quality services and financial assistance to help lower-income seniors make their premium and other health-related payments. That is why it is so critical that these plans are fairly compensated by the federal government.

As the Coalition platform rightly acknowledges, more work remains to be done to achieve this goal. At the same time, it is important to pause and acknowledge the progress that we have made to date by working together as a team. In April, CMS released its final rule establishing the payment rates for MA plans in 2014, and the agency expressly concluded that it concurred with the argument, put forward by me and others, that MA plans in Puerto Rico deserved a meaningful increase in the payments they receive from the federal government, compared to what CMS had initially proposed in its initial rule in February 2013. This was the second time we convinced CMS to take steps to improve Puerto Rico's treatment under MA, because our earlier efforts led them to boost rates beginning in January 2012.

Despite these achievements, I am the first to recognize that MA plans in Puerto Rico still face significant challenges, and MA beneficiaries on the island can rest assured that I will continue to advocate on their behalf.

I also strongly support the second and third pillars of the Coalition's platform, which seek to modify two provisions in federal health law that adversely affect residents of Puerto Rico.

First, 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 yields 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. In the 112<sup>th</sup> Congress, I introduced legislation, the *Puerto Rico Hospital Medicare Equity Act*, to eliminate this disparity, and I intend to re-introduce this legislation in the coming weeks. I look forward to working closely with the Coalition in the effort to enact this bill into law.

Finally, under the current system, while 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. This is an egregious disparity that does severe damage to Puerto Rico’s most vulnerable residents, and the Coalition is right in seeking its elimination. You have in ally in me in this fight.

In closing, I want to thank you again for the unity you are demonstrating, for your love for Puerto Rico, and for your desire to secure fair and equitable treatment—under both original Medicare and Medicare Advantage—for the 3.6 million U.S. citizens residing on the island.

Thank you. Gracias.