



Congressman Pedro R. Pierluisi  
Five-Minute Floor Statement as Prepared for Delivery  
Introduction of the *Puerto Rico Medicare Part B Equity Act*  
*February 13, 2013*

Mr. Speaker:

Today I am introducing a modified version of bipartisan legislation I introduced last Congress. The bill would amend a provision in federal law that applies only to Puerto Rico and that has harmed thousands of Medicare beneficiaries on the Island. My legislation would eliminate this problem for future beneficiaries and provide appropriate financial relief to current beneficiaries who have been adversely affected. Senator Schumer is introducing a companion bill, and I want to thank him for his support on this issue.

Most individuals become eligible to enroll in Medicare Part A, which covers inpatient hospital care, when they turn 65. In every state and territory except Puerto Rico, individuals enrolled in Part A are automatically enrolled in Part B, which covers doctors' services and outpatient hospital care, and requires the payment of a monthly premium. Individuals can opt out of Part B if they do not want it. In Puerto Rico, by contrast, individuals enrolled in Part A are not automatically enrolled in Part B, but rather must opt in to receive this coverage.

The problem with the opt-in requirement is that the law requires individuals to elect Part B coverage within a seven-month initial enrollment period or to pay a penalty to the federal government. The penalty is substantial—a 10 percent increase in the monthly Part B premium for every year of delayed enrollment. It is also permanent—lasting as long the individual has Part B, which can be decades.

Over the years, the responsible federal agencies have done a poor job informing beneficiaries in Puerto Rico about the opt-in requirement and the consequences of late enrollment. Therefore, many of my constituents fail to realize they lack Part B until they get sick and need to visit a doctor, by which point significant time may have elapsed. To illustrate the repercussions, consider the standard Medicare Part B monthly premium of \$105 dollars. An individual who enrolls two years late must pay a 20 percent surcharge—an additional \$21 dollars per month. Over one year, that is \$252 dollars. Over 20 years, it is \$5,000 dollars.

The combination of the opt-in requirement and inadequate beneficiary education in Puerto Rico has led to consequences that are both severe and predictable. Puerto Rico has the lowest Part B participation rate in the country—81 percent, compared to the national average of 92 percent. There are at least 130,000 Island residents enrolled in Part A but not Part B. Without this coverage, beneficiaries have limited access to doctors' services and outpatient hospital care. If these individuals do eventually enroll in Part B, as most will, the seven-month window will have closed and they will be required to pay a lifetime penalty.

Moreover, there are at least 53,000 seniors or disabled individuals in Puerto Rico who are already paying a lifetime penalty for enrolling late in Part B. Each year, in fact, Island residents pay a total of over \$7 million in late fees. This is profoundly unfair. Through no fault of their own, my constituents are required to forfeit money to the federal government they should be using to meet their basic needs and support their families.

On the administrative front, I have worked hard with Senator Schumer to ensure that the relevant federal agencies improve the educational materials provided to Puerto Rico beneficiaries, and I am pleased they have taken positive steps in response to our demands. But the only true solution to this problem is legislative.

My bill would do three things. First, it would amend federal law so that, going forward, beneficiaries in Puerto Rico are treated like their counterparts in every other jurisdiction, automatically enrolled in Part B with the option to opt out of coverage.

Second, to ease the burden on those who enrolled late in Part B, usually with no understanding of the consequences of that choice, the bill would reduce the monthly penalty they are required to pay by 85 percent.

Finally, to address those beneficiaries who are enrolled in Part A but not B—and who will pay a late penalty whenever they do enroll—the bill would authorize a special period during which those individuals could enroll in Part B and pay a monthly surcharge that is 85 percent less than the penalty they would be subject to under current law.

I look forward to working with my colleagues in both the House and Senate to enact this much-needed bill into law.

Thank you, and I yield back the balance of my time.