



FACT SHEET

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Supporting Medicare in Puerto Rico

Secretary Burwell and the U.S. Department of Health and Human Services (HHS) are a core part of the Administration's team working closely with Puerto Rico and other key stakeholders to address the fiscal crisis in the Commonwealth. HHS has taken a number of steps to help ensure that residents of Puerto Rico continue to have access to quality and affordable health care and a more sustainable future.

The Administration continues to call on Congress to act on a legislative package that provides Puerto Rico with the tools it needs to address its worsening crisis and create a path to recovery. Indeed, statute has created many unique aspects of the Medicare and Medicaid programs in Puerto Rico, and the Centers for Medicare & Medicaid Services (CMS) is therefore limited in how it can address many of the concerns raised by stakeholders.

That said, CMS has proposed a number of important changes to the Medicare Advantage and Part D programs in the 2017 Advance Notice and Draft Call Letter that, collectively, if finalized, provide much needed stability to the Medicare Advantage program in Puerto Rico.

Engagement

Over the past year, the Department has made engagement with stakeholders and the government of Puerto Rico a priority. Staff from the Department have met regularly with the government of Puerto Rico. Coupled with numerous meetings with key stakeholders, the Department is making every effort to solicit input on opportunities to support health care delivery in Puerto Rico.

Background on Medicare Advantage in Puerto Rico

Currently, the Medicare Advantage program covers 562,000 beneficiaries (roughly 76 percent of Part A beneficiaries; 90 percent of Part B beneficiaries) in Puerto Rico. Approximately 276,000 dually eligible beneficiaries (individuals eligible for both Medicare and Medicaid) are enrolled in Medicare Advantage, approximately 49 percent of all enrollees.

Changes to Payments

CMS has proposed a number of changes in the 2017 Advance Notice that aim to provide much needed stability to Medicare Advantage plans in Puerto Rico.

Risk Adjustment Model

CMS is proposing a revised Risk Adjustment Model that will increase the payments made to plans that enroll full benefit dually eligible enrollees. CMS uses the Risk Adjustment Model to adjust payments to plans to reflect the relative health of its enrollees using diagnostic, demographic, and other factors. Stakeholders have suggested that the current Risk Adjustment Model fails to capture the full costs of providing care to dually eligible beneficiaries. The proposed revised model has separate coefficients for full benefit dually eligible beneficiaries; partial benefit dually eligible beneficiaries; and non-dually eligible beneficiaries.

Based on our modeling, Puerto Rico would benefit more from these changes than any state. All of the dually eligible beneficiaries determined eligible by Puerto Rico are full benefit, due to the lack of a Medicare Savings Program. As such, plans enrolling dually eligible beneficiaries – including Dual Special Needs Plans – will likely see a significant increase in risk scores.

Incorporating Increased Hospital Payments

At the end of 2015, Congress passed a law increasing the payments made to Puerto Rico hospitals for inpatient services under Medicare fee-for-service. As fee-for-service payments are part of the basis for Medicare Advantage payments, CMS is proposing to adjust the fee-for-service basis for 2017 Medicare Advantage payments to reflect the higher payments that will be made to Puerto Rico hospitals in 2016; ordinarily, this change would not be reflected until 2018.

Changes to Star Ratings

Medicare Advantage plans that achieve high star ratings are eligible for Quality Bonus Payments. Stakeholders in Puerto Rico have raised concerns that it is more difficult for plans serving in Puerto Rico to achieve high star ratings, making these payments more difficult to attain. CMS is proposing a number of changes to address these concerns, and to create a more level playing field for these plans.

Adjusting for Socioeconomic Status

Plans and other stakeholders have raised concerns that the current Part C and D Star Rating system creates a disincentive for plans to serve dually eligible or low income beneficiaries. In

response, CMS conducted extensive research on this issue last year, released findings in the fall, and requested comment on proposed methodological changes.

Following this public process, CMS is proposing to implement a new analytical adjustment for a subset of Star Rating measures that is meant to adjust for plans serving dual eligible enrollees and/or enrollees receiving a low income subsidy, as well as enrollees with disabilities. This adjustment would help Puerto Rico plans with high numbers of vulnerable enrollees. The Draft Call Letter specifically requests public suggestions on data that CMS could use as an alternative for the Low Income Subsidy (which does not exist in Puerto Rico) to ensure this policy treats plans in the Commonwealth comparably to plans in the 50 states.

Changes for Low Income Subsidy Status

By statute, residents of Puerto Rico are ineligible for the Low Income Subsidy, which provides cost sharing and premium assistance to low income Part D enrollees. CMS is proposing to estimate a low income subsidy indicator for Puerto Rico that simulates which enrollees would qualify for the low income subsidy if residing in the 50 states to include in the interim adjustment. Stakeholders have argued that the lack of the low income subsidy makes compliance with some measures – like medication adherence – more difficult. To address this difference in benefits, CMS is proposing a differentiated weighting for the adherence measures in the calculation of the Overall and Summary Star Ratings.

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