

Congress of the United States
House of Representatives
Washington, DC 20515-5400

October 13, 2021

The Honorable Joseph R. Biden
President
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear President Biden:

Unlike the mainland, the vast majority (90%) of Medicare beneficiaries with Medicare Part A and Part B in Puerto Rico and almost all (97%) dual eligible beneficiaries receive their care through local Medicare Advantage (MA) plans. As a result, MA accounts for nearly half of all health care expenses in Puerto Rico.

Due to local particularities, the Congressional MA rate-setting formula has caused MA rates to be severely underestimated for Puerto Rico, paying 23% below the rates in the neighboring U.S. Virgin Islands, 37% below the average in the next lowest State, and 41% below the national average MA rate. We appreciate the corrective actions that the CENTERS FOR MEDICARE & MEDICAID (CMS) have taken over the years to temporarily stabilize MA rates for Puerto Rico. However, despite these efforts, the gap in MA rates between Puerto Rico and the rest of the country have continued to widen. Shockingly, today, MA plans in Puerto Rico are reimbursed approximately \$1 billion less than it did in 2011 – contrary to the trend across every State in the nation.

We write to highlight specific actions you have the authority to immediately implement to reduce disparities in the operation of the MA program in Puerto Rico and improve health care services for 600,000 U.S. senior citizens living in Puerto Rico, including more than 280,000 dually eligible beneficiaries.

First, a permanent solution to MA funding inequities is available if CMS uses its existing administrative authority to set an Average Geographic Adjustment floor of 0.70 for Puerto Rico as a proxy due to outstanding data anomalies. Such action would satisfy the commitment in the Biden-Harris Plan for Recovery, Renewal, and Respect for Puerto Rico to “address historically low Medicare Advantage payment rates and their consequences to Puerto Rico’s health system by directing the HHS Secretary to develop and recommend payment reforms and enhancements to the program.”

Second, CMS should address the disparity in the wage index used for multiple Medicare payment systems in a more consistent manner. Specifically, we support the following actions by CMS to maintain consistency within its Medicare wage index policy: (1) make the Inpatient Prospective

Payment System (IPPS) Low Wage Index Adjustment permanent for Puerto Rico; and (2) in managing the End Stage Renal Disease (ESRD) payment system, either increase the ESRD wage index floor or incorporate adjusted data to reflect the Low Wage Index Adjustment. Narrowing the 40% gap between the MA ESRD benchmark in Puerto Rico and the national average would have a material positive impact on the provision of quality dialysis services to beneficiaries in need in Puerto Rico, which suffer a much higher rate of kidney failure than any other part of the United States. Another perpetual disparity arises from the way the Medicare Disproportionate Share Hospital payments are calculated for Puerto Rico, and critical fixes for this should be maintained.

Finally, we encourage the Secretary of HEALTH AND HUMAN SERVICES (HHS) to reconvene the technical working group consisting of the Puerto Rico government, both payer and provider stakeholders, technical experts from CMS, and senior HHS staff. In the past, this working group has served as a successful venue for the mutual exchange of information and technical assistance on (1) the operational realities at the point of care, (2) available reliable data sources that feed into Medicare payment formulas, (3) methods to address social determinants of health, and (4) relevant statutory parameters and administrative flexibilities. This working group could seize near-term, high-yield opportunities to improve care in Puerto Rico through administrative action.

We look forward to working with you and your Administration to ensure that the Americans living in Puerto Rico have equitable access to high quality health care. Decades of unequal treatment, coupled with the Island's ongoing economic and fiscal crisis, the catastrophic devastation of Hurricanes Irma and María, the 2020 earthquakes and the current COVID-19 pandemic, have resulted in a fragile health care system with poor quality infrastructure and a massive, untenable exodus of healthcare professionals to the U.S. mainland. We must ensure Puerto Rico does not fall further behind.

Sincerely,

Jennifer González-Colón
Member of Congress (PR-AL)

Darren Soto
Member of Congress (FL-09)

Don Young
Member of Congress (AK-AL)

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