

# The Achieving Equity In The Treatment Of Dual Eligible Beneficiaries Act

## Legislation to Mitigate Historic Medicare Disparities for Puerto Rico

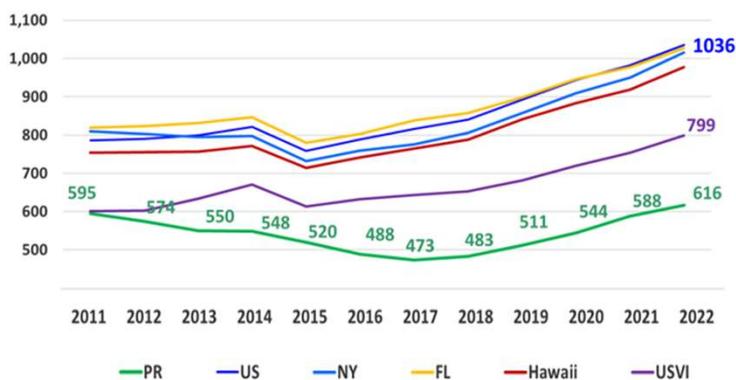
### Puerto Rico Depends Upon the Medicare Advantage (MA) Program

- 630,000+ seniors in Puerto Rico are covered by MA, more than 80% of Puerto Rico's Medicare beneficiaries (the highest MA penetration in the nation). This includes more than 280,000 senior Medicaid enrollees ("dual-eligible"), our most vulnerable population, who receive their benefits through MA.
- Because provider reimbursements from MA plans are higher than Vital or commercial plans, and because MA takes care of elderly and disabled beneficiaries that use health care the most, the MA program provides approximately half of all health care funding to Puerto Rico providers.

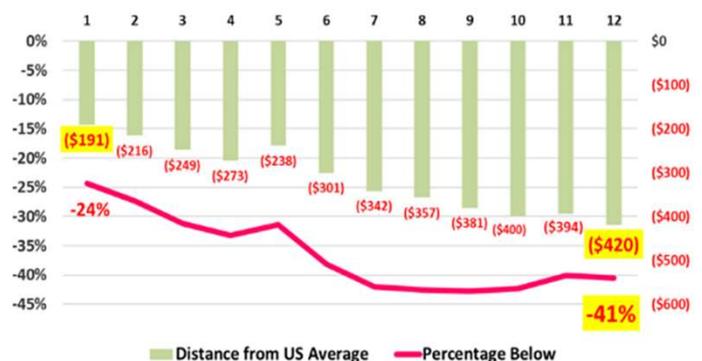
### Current Puerto Rico MA Rates are 41% Below National Average & Falling Further Behind

- Historic statutory and economic anomalies lead to federal policies that disadvantage Puerto Rico through extremely low benchmarks for Puerto Rico MA plans.
- The ACA significantly reduced rates in Puerto Rico; CMS has made adjustments to soften the impact, but national rates continue to grow at a faster pace and better reflect the actual cost of health care, while Puerto Rico falls further behind.
  - *The gap in rates widened in 2022 to 41% below national avg., vs 24% in 2011.*
  - *The national focus on health care equity must address this persisting inequity.*
- Low rates to MA plans prevent adequate provider reimbursements, leading to provider migration and overall erosion in Puerto Rico's health care infrastructure.

Average MA Benchmarks 2011 - 2022  
Simple Average of County MA Benchmarks (\$) @ 0% Star Bonus



Puerto Rico MA Benchmarks vs US Average  
2011 to 2022



## Legislative Fix Provided In This Bill

Ensures rates in Puerto Rico more accurately reflect the cost of delivering care by establishing a national minimum MA average geographic adjustment (AGA) of 0.7. Furthermore, requires that plans use no less than 50% of the increase in funds for enhanced provider compensation under Medicare A & B benefits, while the remaining proportion is used for supplemental benefit enhancements and cost-sharing reductions.

## Expands the Medicare Savings Program to the U.S. Territories

### Why the Medicare Savings Program is Unavailable in Puerto Rico Today

- Congress created the Medicare Savings Program (MSP), under which Medicaid pays some or all of the cost of Medicare Part B premiums for people eligible for both Medicaid and Medicare (aka "dual-eligibles").
- MSP is mandatory in the states but optional in the territories. Previously, it was unaffordable in Puerto Rico. The MSP is also known as the "Part B Buy-In."

### Payment of Medicare Premiums for Elderly Medicaid Beneficiaries is a Puerto Rico Critical Sustainability Measure

- The Government of Puerto Rico and health care stakeholders coordinated to ask Congress to avoid a cliff in Medicaid funds assigned by the ACA and most recently the Bipartisan Budget Act of 2018. Puerto Rico proposed to use funds to address some of the long existing deficiencies of Medicaid on the island.
- The pledge to these "5 Critical Sustainability Measures" led to the approval of **\$5.7 billion** in Medicaid funds for FY2020 and FY2021 at a favorable **76% federal match**.
- One of the 5 measures was "Provide Medicaid coverage of Medicare premiums for dually-eligible beneficiaries."

### If Similar Funding for the Medicare Savings Program is Included in the Next Congressional Medicaid Extension, at a Similar Matching Rate, and Puerto Rico is Ready to Implement the Program, the Financial Benefits to Local Patients and Providers Far Outweigh the Costs

- Platino plans currently paying for Medicare premiums on their own without Medicaid support for **280,000 Platino enrollees** could instead shift those funds to provide approximately **\$140 million** in enhanced provider reimbursement and/or new supplemental benefits.
- Social Security checks of **Platino enrollees** could increase by an average of **\$100** per month, as this deduction would no longer be necessary to cover Medicare premiums.
- **50,000 Vital enrollees** could afford to switch to the Platino program where they have richer benefits and higher provider compensation rates, thereby saving funds in Vital.

## Legislative Fix Provided In This Bill

Statutory language at SSA § 1905(p)(4) makes the Medicare Savings Program discretionary for the Territories. This legislation amends the SSA to end that discretionary option beginning in fiscal year 2024 and thereby ensures that Puerto Rico implements the Medicare Savings Program for 2024.