



GOVERNOR OF PUERTO RICO
Ricardo Rosselló Nevares

May 1, 2019

The Honorable Chuck Grassley
Chairman
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Grassley and Ranking Member Wyden:

I write today regarding the urgent need to stabilize Puerto Rico's Medicaid system in light of the impending Medicaid funding cliff facing the 1.5 million U.S. citizens enrolled in Puerto Rico's Medicaid Plan ("Medicaid").

On September 30, 2019, only six months from now, the federal funding provided to Puerto Rico's Medicaid program in the aftermath of Hurricane Maria under P.L. 115-123, the Bipartisan Budget Act of 2018 (BBA) will expire. Along with the expiration of these critical funds, the 100% Federal Medical Assistance Percentage (FMAP) provided by the BBA will revert to the pre-existing 55% FMAP. This means that Puerto Rico must once again contribute a vastly disproportionate share of its own funds for its Medicaid program when compared to any other State. Current projections show if Puerto Rico only receives its statutory cap of \$374 million at the fixed FMAP of 55% for FY20, federal funding of Puerto Rico's Medicaid will only last three months.¹ Simply put, Puerto Rico will not have enough federal funds to provide Medicaid benefits for 1.5 million enrollees for all FY20.

¹ Through the end of calendar year 2019, Puerto Rico will have \$586,389,000 of federal funding provided under the Affordable Care Act. CMS has not yet authorized the use of these funds before their expiration on December 31, 2019.

To address this shortfall, I am requesting that Congress provide Puerto Rico's Medicaid program a total of \$15.1 billion at an 83% FMAP to cover the five-year period of FY20-FY25. This level of funding will: (1) prevent the effective collapse of Puerto Rico's Medicaid program and the destabilization that such a funding cliff would cause on the healthcare system island wide so we can continue to provide essential health services; (2) allow Puerto Rico to implement critical sustainability measures needed to stabilize the island's Medicaid system and help prevent the mass exodus of both patients and providers to the mainland; (3) provide the funding certainty needed for Puerto Rico to comply with the budgetary and fiscal plan requirements of the Financial Oversight and Management Board (FOMB), created by Congress under the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), P.L. 114-187; and (4) provide time for Congressional leaders to work with Puerto Rico to develop a sustainable longer-term funding structure for Medicaid that is comparable to what states receive.

Beyond the baseline federal funding needed to continue providing essential health services through Medicaid, the Government of Puerto Rico has identified five critical sustainability measures which will stabilize, strengthen and improve its Medicaid program and the healthcare system. These sustainability measures include: (1) retaining physicians and other healthcare providers within Puerto Rico to ensure continued patient access and care; (2) providing costly but life-saving Hepatitis C medication therapies to Puerto Rico's Medicaid beneficiaries; (3) preventing the collapse of Puerto Rico's hospital system by reducing losses incurred when providing services to Medicaid patients; (4) ensuring Medicare Part B premium coverage for dual eligible beneficiaries, as is provided in other States; and, (5) adjusting the Medicaid eligibility requirements to provide healthcare benefits to citizens well below the Federal Poverty Line that the Government of Puerto Rico covers with no federal assistance because of insufficient and inconsistent federal funding levels. Enclosed with this letter are the most recent economic projections for funding Puerto Rico's Medicaid program, which incorporate the above sustainability measures.

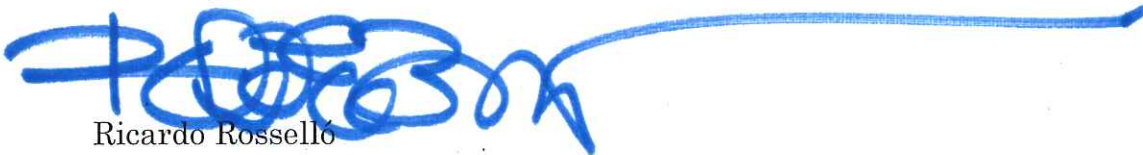
Puerto Rico's impending Medicaid funding cliff already threatens the stability of the program and the continuation of our new healthcare model, creating great uncertainty for all stakeholders, including the hard-working healthcare professionals who are leaving Puerto Rico in search of higher reimbursements and better healthcare systems in other U.S. jurisdictions. Should Congress fail to act immediately and decisively, over 425,000 children in Puerto Rico will lose guaranteed access to their pediatricians. An additional 305,000 of our elderly and disabled citizens will lose the necessary care and services they deserve. Congress must bear in mind that the 1.5 million Medicaid beneficiaries participating in Puerto Rico are economically and/or medically indigent. Given the dire reality created by Puerto Rico's fiscal and economic crisis, and exacerbated by Hurricane Maria, there is no

basis to conclude that this segment of the island's population can effectively access healthcare services through any other venue.

It is important to note that in compliance with Congressional mandates the Government of Puerto Rico has made extraordinary advances in improving transparency, efficiency and outcomes in its Medicaid program and the healthcare system as a whole. A notable example is that, in just the past year, we established and implemented both the Medicaid Fraud Control Unit and the Medicaid Management Information System (MMIS) to reinforce and enhance program integrity and visibility within the Medicaid program. The execution of this accomplishment was hailed by the U.S. Department of Health and Human Services as the fastest implementation of the MMIS program by any state or territory. I am committed to continue improving program integrity, transparency and efficiency, but without federal funding stability we cannot keep the system running.

For the forgoing reasons, I strongly urge Congress to promptly act on this matter of critical and life saving importance to my constituents. Given the very limited time remaining for the approval of the revised Fiscal Plan and FOMB certified budget under PROMESA, which all needs to happen between now and June, I ask that Congress address this issue in the next available legislative vehicle. I look forward to our continued collaboration on this immediate matter, and to achieving a longer-term solution that can finally eliminate Puerto Rico's unequal Medicaid funding structure and provides parity to the nearly 1.5 million U.S. citizens enrolled in our Medicaid program.

Sincerely,



Ricardo Rosselló

cc: The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Charles Schumer, Senate Minority Leader
Dr. Rafael Rodriguez, Puerto Rico Secretary of Health
Angela Avila, Executive Director, ASES
Puerto Rico Federal Affairs Administration