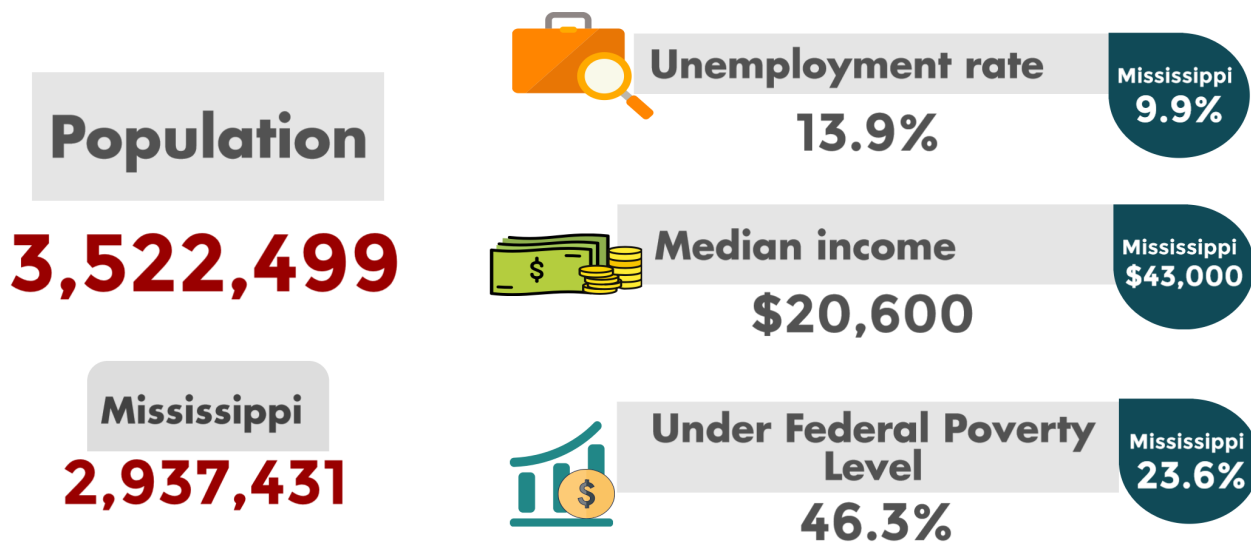


Puerto Rico Healthcare System



Puerto Rico is the poorest jurisdiction



Source: Puerto Rico Community Survey (IPUMS) – US Census Bureau, 2014.
American Community Survey (IPUMS) – US Census Bureau, 2014. Analyses exclude institutionalized participants.



Hypertension*

Puerto Rico	45.5%
Florida	34.8%
New York	31.7%
Texas	31.4%
California	28.9%

Diabetes

Puerto Rico	15.7%
Florida	11.2%
Texas	11.0%
California	10.3%
New York	10.0%

Puerto Rico has the highest prevalence of several chronic conditions

Depression

Puerto Rico	18.5%
Florida	16.2%
New York	15.9%
Texas	14.6%
California	13.3%

Asthma

Puerto Rico	17.1%
New York	15.0%
California	12.7%
Florida	12.2%
Texas	11.1%



Puerto Rico has the highest level of Government Funded Healthcare



Puerto Rico

Florida

New York

Public
Insurance

61.9%

35.5%

36.4%

Private
Insurance

32.0%

47.9%

55.0%

The government sector represents over 75% of the healthcare expenditures.

Source: Puerto Rico Community Survey (IPUMS) – US Census Bureau, 2014. Analyses exclude institutionalized participants.

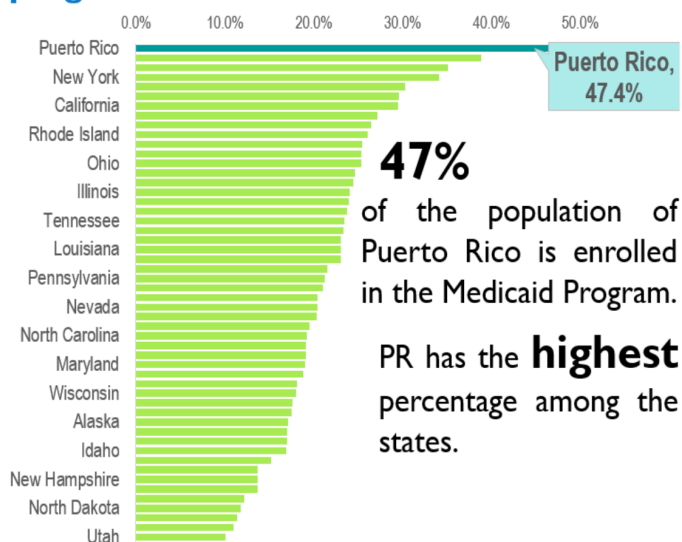


Puerto Rico has one of the biggest Medicaid Programs among all the states of the US.

Puerto Rico Medicaid Program



PR Medicaid program vs. other Medicaid programs in the US



Total Medicaid and CHIP Enrollment

Puerto Rico's Medicaid program ranks **14th** in enrollment among all jurisdictions.

California	11,553,713
New York	6,758,681
Texas	4,687,531
Florida	3,580,569
Illinois	3,102,058
Ohio	2,943,443
Pennsylvania	2,721,509
Michigan	2,288,248
North Carolina	1,928,216
Washington	1,752,591
New Jersey	1,714,434
Georgia	1,741,241
Arizona	1,683,439
Puerto Rico	1,647,582
Massachusetts	1,631,904

Medicaid Funds Scenarios



PR is severely underfunded by the Federal government



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Puerto Rico vs. Mississippi

Medicaid
Population:
1.6 million

Puerto Rico



Medicaid
Population:
691,818

Mississippi

Medicaid funds



\$4.9 billion

Federal funds:



\$1.6 billion

PR funds:



\$1.2 billion

Total program cost:



\$2.8 billion

In FY 2014 Mississippi received:

\$3.6 billion in Federal funds

\$1.3 billion in State funds

even though their Medicaid population
is less than half of Puerto Rico's.

Population source: <https://www.medicaid.gov/medicaid-chip-program-information/program-information/medicaid-and-chip-enrollment-data/previous-monthly-medicaid-and-chip-application-eligibility-determination-and-enrollment-reports-and-updated-data.html>

Source:
<http://kff.org/medicaid/state-indicator/total-medicaid-spending/>
<http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

ACA provided some temporary funding but it is running out!



**FMAP for Puerto Rico:
55.0%**

Distribution of Federal Funds \$ 1.6 billion

ACA \$ 1.1 billion

CAP \$ 300 million

Other Federal funds \$ 200 million

ACA balance
FFY 2015: **\$2.9 billion**

Average use per month

**\$125
million**

**It is estimated that ACA funds will
be depleted by December 2017.**

Estimate includes the cap of FFY2017 and FFY2018

All the estimates depend on rate negotiation and other factors.

Without ACA funds PR would have to provide 82.1% of the funds and it doesn't have the money.



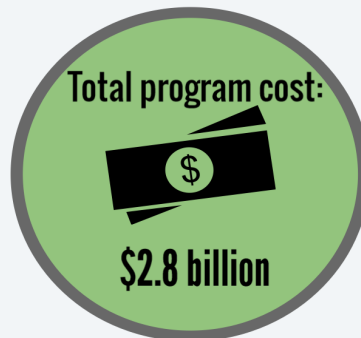
Puerto Rico vs. Mississippi



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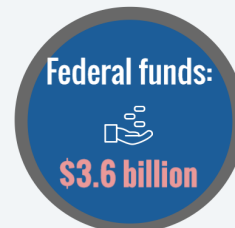
Medicaid
Population:
1.6 million

Puerto Rico



Medicaid
Population:
691,818

Mississippi



FMAP: 73.1%

Effective FMAP: 17.9%

Without the ACA funds PR effective matching rate would be 17.9%.

Population source: <https://www.medicaid.gov/medicaid-chip-program-information/program-information/medicaid-and-chip-enrollment-data/previous-monthly-medicaid-and-chip-application-eligibility-determination-and-enrollment-reports-and-updated-data.html>

Source: <http://kff.org/medicaid/state-indicator/total-medicaid-spending/>
<http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

If no alternative to the ACA funding is presented, we project a shortfall of...



\$1.1 billion
in Federal Medicaid funds



Further affecting the fragile economy by reducing...



An additional
\$746 million
in other sectors

2 Jobs



Total loss

43,317

3

**905,000
individuals**



will be dropped
from Medicaid.

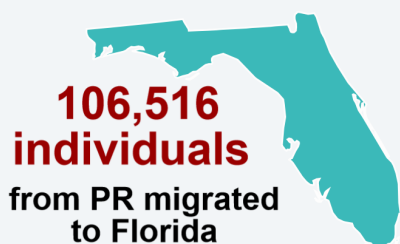


All these factors could increase migration of the population to the mainland.

Puerto Rico depends on the healthcare system, if this sector suffers another blow, the economy of the island will be on the brink of collapse.

Even if PR is given parity, health is less expensive in PR

During the period of 2010-2014



From the 30,822 people that migrated to Florida in 2014, **10,463 individuals** are part of the Medicaid program.

Spending in Medicaid: Florida vs. Puerto Rico



PMPY
Federal: \$3,619
State: \$ 2,441
Total: \$ 6,060



PMPY
Federal: \$1,643
State: \$ 337
Total: \$ 1,980

Even applying an 83% FMAP to the current PR premium, the Medicaid Program in Florida is **3 times** more expensive in comparison to Puerto Rico's.

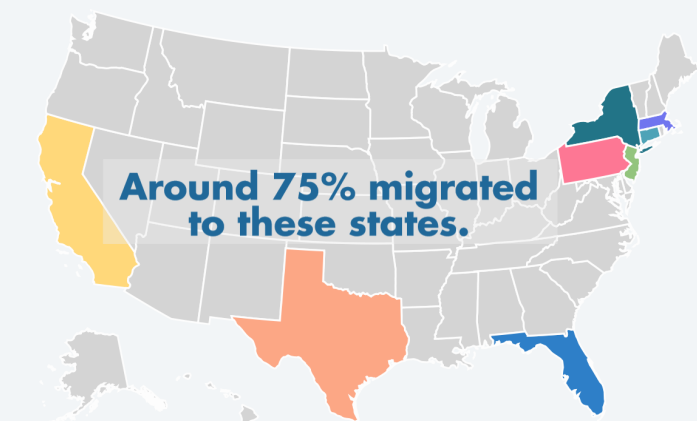
Source: American Community Survey (IPUMS) – US Census Bureau, 2010-2014. Analyses exclude institutionalized participants.
<http://kff.org/medicaid/state-indicator/total-medicaid-spending/> & <http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

Therefore, Puerto Rico migrants will be more expensive in Florida than in the island.



Migration from PR to the states

During the last five years 354,657 individuals migrated from PR to the US.



States	Migrants from PR to the states
Florida	106,516
Texas	22,285
Massachusetts	19,990
New York	35,205
New Jersey	18,839
Pennsylvania	27,634
Connecticut	12,172
California	11,089
Georgia	8,684
Other states	92,243
Total	354,657

Source: American Community Survey (IPUMS) – US Census Bureau, 2010-2014. Analyses exclude institutionalized participants.



Of all the individuals that migrated to these states around **39%** were enrolled in Medicaid.



Medicaid population in the states

The Medicaid expenditures for these individuals in the states have been...

States	Migrants who have been part of Medicaid	Medicaid expenditures (million)
Florida	33,611	\$488
Texas	2,505	\$62
Massachusetts	14,269	\$391
New York	17,730	\$523
New Jersey	6,866	\$150
Pennsylvania	17,971	\$492
Connecticut	7,464	\$164
California	2,152	\$40
Georgia	2,362	\$37
Other states	23,654	\$414

Total Medicaid Expenditures:

\$2.8 billion

These costs were **4 times** more than what they would be in PR.

Source: American Community Survey (IPUMS) – US Census Bureau, 2010-2014. Analyses exclude institutionalized participants.
<http://kff.org/medicaid/state-indicator/total-medicaid-spending/> & <http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>



The healthcare sector is extremely important to the economy of Puerto Rico

The healthcare sector is a significant employer in PR



Gross National Product (GNP)

\$69 billion



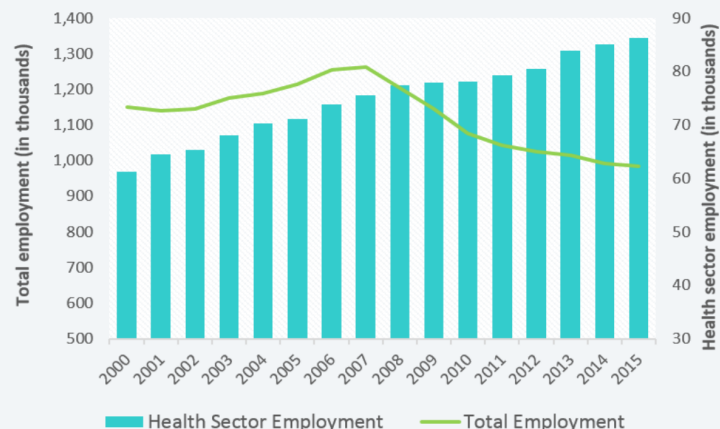
984,000 people employed



Healthcare represents

18% of GNP








86,275 people employed



Health sector employment increased 1.2% vs. Total employment decreased 2.0% in FY 2014.



**When \$1 billion is injected in the health sector,
an additional **\$680 million** are generated in
the economy.**

Sector	Impact (in millions)
 Agricultural	\$4
 Construction	\$18
 Manufacturing	\$352
 Service	\$242
 Government	\$3
 Health	\$61
 Total	\$680

If the health sector receives \$1 billion extra it will produce 29,100 new jobs in this industry, and 10,300 in other related sectors. This injection of money represents \$410 million in additional income. This changes in households income affects sources of government revenue, such as tax collection.



Employment Impact
39,400 direct, indirect
and induced jobs



Income Effect
Additional \$410 million
in salary.
This is translated in a source of
government revenue (taxes)

Additional Employment

Direct	29,100
Indirect	5,200
Induced	5,100

Income (in millions)

Direct	\$245
Indirect	\$81
Induced	\$84