



GOBIERNO DE PUERTO RICO

ADMINISTRACIÓN DE SEGUROS DE SALUD

Director Ejecutivo | Jorge E. Galva, JD, MHA | jgalva@asespr.org

February 24, 2022

CIRCULAR LETTER 22-0224

To: All Managed Care Organizations contracted by the Puerto Rico Health Insurance Administration (PRHIA)

Re: CY 2021-2022 Updated PMPM Rates

Since the last meetings held individually on January 18 and 19, 2022 with the MCOs, PRHIA worked to address in written the methodological questions related to the CY2021-2022 rates v2 (12/27/21) and the concerns in regards of the emerging experience and pharmacy trend analysis among, other inquiries, with its actuaries. These reviews were applied in compliance with 42 CFR 438.5, section 21.4; 21.4.1; 21.6; 22.1.1.1 of the contract and the Actuarial Standard Practice 49 (ASOP).

As part of the efforts, PRHIA consulted CMS on the matter of functions other than clinical services that are included in the payment to providers (sub-capitated) by the MCOs and that are reasonably related or incident to the clinical services, to be considered administrative expenses. PRHIA consult was based in the interpretation of the [42 CFR 438.5](#) and [42 CFR 438.8](#).

PRHIA was instructed by CMS that States or territories have discretion to include the non-benefit costs for these entities if they meet the definition of a clinical risk bearing entity, or they can require that plans always exclude the non-benefit costs when reporting these capitated payments as incurred claims.

This issue was addressed by CMS and discussed in the preamble to the 2016 managed care final rule (81 FR 27527) in response to a stakeholder comments about imposing the four-part test included in [CCIIO technical guidance](#) when considering subcontractor's payments as incurred claims. It is important to mentioned that the Medicaid MLR regulations in 42 CFR § 438.8(e)(2)(v)(A)(3) exclude amounts paid to subcontractors for administrative activities from the incurred claims (i.e., MLR numerator). However, and as guided by CMS, the preamble notes for the final rule indicate that states have discretion in applying the four-part test when the subcontractor is delivering medical or LTSS services so that the state can decide whether to use the four-part test in the guidance for risk-bearing entities.

Considering this guidance PRHIA determined to consider administrative expenses as claims for the contract year 2021-2022.

Another consideration brought by the MCOs was the impact of the recently approved "*Ley 78 del 30 de diciembre de 2021 (Para enmendar la Ley Núm. 77 de 2013, Ley del Procurador del Paciente; Ley Núm. 194*

de 2000; Ley Núm. 77 de 2013 y Ley Núm. 230 de 1974, Ley de Contabilidad del Gobierno.). This law, as specified in section num. 7 will not come into effect until fiscal year 2022-2023.

Attached to this letter we are providing the updated version of the CY 2021-2022 rates as reviewed with our actuaries after additional analysis and in consideration of the observations discussed. To allow time to all MCOs to review this information PRHIA has requested to Financial Oversight and Management Board (FOMB) an additional extension of thirty (30) days through March 31, 2022. Please note that PRHIA will be extending current contract terms under now, amendment R, to account for this extension, and the CY2021-2022 extension will now be, amendment S.

To comply with the agenda and to allow MCOs the review and evaluation of the proposed rates, ASES will follow the updated schedule below:

- February 24, 2022-Updated PMPM rate distribution to MCOs.
- February 25-March 11, 2022-MCOs individual meeting sessions for review, at request.
- March 14-31, 2022-Final agreement with MCOs and sign based on expected FOMB approval of amendment S.

PRHIA expects collaboration of all MCOs to promptly review the rates and to submit any additional questions if the case. MCOs may request a meeting to discuss additional concerns or confirm their agreement with the rates, if the case, so that the deadline can be met without further extensions.

Any questions regarding this communication should be addressed to the following email: Exec@asespr.org. PRHIA will not be responsible for communications regarding this matter not submitted through the provided means.

PRHIA remains committed to continue working along with the MCOs to provide access to care to all enrollees under the Vital Plan.

Regards,



Roxanna K. Rosario-Serrano, BHE, MS
Deputy Executive Director, PRHIA

Cc: Jorge E. Galva-Rodriguez, JD, MHA
Executive Director

Dr. Carlos Mellado, Secretary of Health

Board of Directors, PRHIA

Carlos J. Negrón
Finance Director

Edanit Torres Cotto, Esq., CPIP
Legal Director

Attachment: CY 2021 2022 Capitation Rates-Cover Letter
Actuarial Certification CY 2021-2022
Appendix A 20220204
Appendix B 20200204