



June 17, 2022

**NORMATIVE LETTER 22-0617**

**To: Managed Care Organization (MCO) contracted by the Puerto Rico Health Insurance Administration (PRHIA) under the Vital Program**

**RE: Follow Up to Circular Letter 2022-0406-Hospital Increase of 5%**

As per Circular Letter 2022-0406, PRHIA requested that all MCOs honor a 5% increase to contracted hospitals under the Vital Program, to account for cost pressures associated with the healthcare labor market. This was based on the methodological adjustments applied in the actuarial certification for CY2021-22.

PRHIA is clarifying the following terms to all MCOs in regard to the application of this increase to contracted hospitals:

1. All MCOs must comply with a 5% rate increase to hospitals for services rendered during CY2021-2022 (October 1, 2021-September 30, 2022). To address retroactive balances related to the 5% increase, MCOs must accord a lump sum agreement based on hospital claims reconciled between the hospital and the MCO. The MCOs shall enter into such lump sum agreements no later than July 31, 2022. If methodologies other than a lump sum agreement have already been and/or are currently being put into place with the hospital, the MCO must guarantee compensation of the stated 5% increase to the hospital in a way that takes into account 100% of the applicable claims to be reconciled for the contracting period.
2. The intended beneficiaries of the 5% increase are all Vital Program participating hospitals. Therefore, the 5% increase by the MCO is applicable to both General and Psychiatric hospitals, and its downstream hospital entities, that provide services in the Vital Program. If MCOs contract with a party who in turn subcontracts with a hospital for the provision of services, the MCO must ensure and certify that the 5% increase has been passed through by the subcontractor to the intended beneficiaries (i.e. the hospitals providing services).
3. The 5% increase must be applied to all inpatient and outpatient services, including emergency room services (ER) whether any of those services are capitated, paid via fee for services, or any other arrangement. We hereby clarify that the 5% increase is applicable to mental health related inpatient, outpatient services, and ER services, including partial hospitalizations and services provided by crisis stabilization units.

4. In lieu of the 5% increase, and as per section 10.5.1.5.1 of the Plan Vital contract, the MCO cannot reduce the hospital rates or other contracted services. The MCO can neither use pending claims inventories or contracts from prior/prospective years, to apply adjustments to mitigate the increase here provided.
5. All MCOs must comply with the application of the 5% to hospitals no later than July 31, 2022. This includes contracting arrangements and payments to the hospital to compensate for retroactive months within the contracting year.
6. The MCO must submit to PRHIA a written certification signed by the Chief Financial Officer (CFO) and the Chief Compliance Officer (CCO) of the MCO within 5 calendar days from the date previously stated to attest compliance with the terms herein indicated. This certification must be submitted via email to: [Cumplimiento@asespr.org](mailto:Cumplimiento@asespr.org) and to the attention of: **Mrs. Madeline Figueroa, MA, JD-Chief Compliance Office.**
7. In accordance with Article 20 of the Plan Vital contract, PRHIA will issue a penalty of not less than \$5,000 per day to MCOs who fail to comply with any of PRHIA's directives described in this normative letter.

PRHIA is committed to the oversight of these requirements as part of the Governmental Public Policy and to the service of the Government Health Plan enrollees.

Regards,



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Executive Director

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

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