



June 28, 2022

NORMATIVE LETTER 22-0628

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

RE: \$4.50 PMPM Subcapitation Rate Increase and Payments

In recent years the local Government has implemented initiatives to increase reimbursements to Vital Program providers with the purpose of achieving greater retention of health professionals in Puerto Rico. One such measure is a reasonable uniform dollar increase to subcontracted rates paid to Primary Care Physicians (PCPs) who offer services under the Vital Program. This directed payment arrangement institutes a uniform \$4.50 increase to the subcapitated payments negotiated between Vital Program Managed Care Organizations (MCOs) and Primary Medical Groups (PMGs); which eventually impacts the PCPs under subcapitated agreements.

It has been brought to the attention of the Puerto Rico Health Insurance Administration (PRHIA) that the intended recipients of the \$4.50 increase may not be attaining the amount destined to reach them.

The purpose of the present Normative Letter is to restate the correct handling process for the \$4.50 increase, and to alert MCOs to urgently remedy any failure to uphold this increase because PRHIA will promptly be taking the necessary steps to oppose non-compliance with this directive.

We advise that the capitation rates developed under the actuarial certification for CY2021-22, issued by Milliman on February 23, 2022, considered the mentioned directed payment arrangement that increases the Per-Member-Per-Month (PMPM) subcontracted payment to PCPs by \$4.50. The cost and utilization assumptions for the uniform dollar increase are built into the base PMPM payments made to MCOs, which should be passed through to PMGs and subsequently to PCPs.

PRHIA hereby reiterates the following terms regarding the application of the \$4.50 PCP subcapitation rate increase:

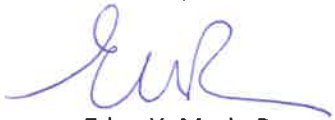
1. All MCOs must comply with this directive for services rendered during CY2021-2022 (October 1, 2021-September 30, 2022).
2. PRHIA has applied a uniform \$4.50 increase to PMPM payments made to contracted MCOs under the Vital Program for CY2021-2022.



3. The uniform \$4.50 increase to the PMPM payments made to MCOs shall be applied and passed-through immediately by MCOs to the PMGs with which they have negotiated subcapitated payments, in accordance with Section 10.5.1.5.3 of the Vital Program contract.
4. The PMGs will increase the reimbursements made to their affiliated PCP and physicians commensurate with the increase in subcapitation that is passed through by the MCO to the PMG, in accordance with Section 10.3.2.1.7 of the Vital Program contract.
5. All MCOs must be fully compliant with this directive no later than **June 30, 2022**.
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 pass-through of the \$4.50 increase to PMGs. This certification must be submitted via email to: Cumplimiento@asespr.org and to the attention of: **Mrs. Madeline Figueroa, MA, JD-Chief Compliance Office**. Subsequently, and pursuant to Section 10.3.2.1.7 of the Vital Program contract, the MCO shall attest to PRHIA the compliance of its contracted PMGs with the pass-through of the \$4.50 increase to PCPs and physicians following the terms herein indicated. This attestation shall be submitted no later than **July 31, 2022**.
7. In accordance with Article 20 of the Vital Program 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.

Sincerely,



Edna Y. Marin Ramos, MA
Executive Director

- c: Dr. Carlos Mellado – Secretary of Health & President PRHIA Board of Directors
Roxanna K. Rosario-Serrano, BHE, MS - Deputy Executive Director
Madeline Figueroa, MA, JD - Chief Compliance Officer
Edanit Torres, Esq. - Legal Director