

# PL 116-94: Further Consolidated Appropriations Act, 2020

## 2021 Annual Report to Congress Puerto Rico Department of Health

October 2021

DEPARTAMENTO DE  
**SALUD**



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## Key Acronyms Glossary

BBA	Bipartisan Budget Act of 2018
BOD	Board of Directors
CR	Continuing Resolution
DGC	Data Governance Committee
FFCRA	Families First Coronavirus Response Act
FWA	Fraud, Waste, and Abuse
MDRP	National Medicaid Drug Rebate Program
MEQC	Medicaid Eligibility Quality Control
OST	Operations Support Team
P.L. 116-94	Public Law 116–94; Further Consolidated Appropriations Act, 2020
PERM	Payment Error Rate Measurement
PMG	Primary Medical Group
PRDOH	Puerto Rico Department of Health
PRHIA	Puerto Rico Health Insurance Administration
PRMP	Puerto Rico Medicaid Program
PRPIU	Puerto Rico Program Integrity Unit

# 1. Introduction

On December 20, 2019, Congress passed Public Law 116-94. This report provides the Government of Puerto Rico's response to comply with the requirement listed below.

“In general not later than the date that is 30 days after the end of each fiscal year (beginning with fiscal year 2020 and ending with fiscal year 2021), in the case that a specified territory receives a Medicaid cap increase, or an increase in the Federal Medical Assistance Percentage for such territory under section 1905 (ff), for such fiscal year, such territory shall submit to the Chair and Ranking Member of the Committee on Energy and Commerce of the House of Representatives and the Chair and Ranking Member of the Committee of Finance of the Senate a report, employing the most up-to-date information available, that describes how such territory has used such Medicaid cap increase, or such applicable, to increase access to health care under the State Medicaid plan of such territory under title XIX (or a waiver of such plan). Such report may include – (i) the extent to which such territory has, with respect to such plan (or waiver) – (I) increased payments to health care providers; (II) increased covered benefits; (III) expanded health care provider networks; or (IV) improved in any other manner the carrying out of such plan (or waiver); and (ii) any other information as determined necessary by such territory”

The following annual report for Federal Fiscal Year 2021 describes the current landscape of the Puerto Rico Medicaid Enterprise, the improvements that we have made during this year, and our plans to continue program improvements into the future.

As described throughout the report, Puerto Rico is a U.S. commonwealth with a large population that has significant health needs. Our Medicaid program's funding and governance is structured differently than U.S. states. Despite a disparity in resources between Puerto Rico and state Medicaid programs, Puerto Rico Medicaid has complied with all Congressional Requirements in 2021 and has invested in program enhancements above and beyond these Congressional Requirements in our program's people, processes, and technology. Accordingly, as Puerto Rico Medicaid meets the requirements established by Congress and demonstrates a capability to implement a Medicaid enterprise with structures for robust contract oversight, program integrity, and data transparency, we continue to advocate for state-like treatment of our program, which will improve the experience of Medicaid beneficiaries.

Puerto Rico Medicaid is appreciative of the September 30, 2021 Continuing Resolution and the October 2021 interpretation of the Social Security Act which increases the capped amount of federal dollars to \$2.9 billion annually moving forward, which have avoided a fiscal cliff that would have halted or delayed the progress that we have made over the past year. This increased annual cap provides much needed stability and predictability to our funding. However, unless the federal medical assistance percentage is maintained at its current, temporarily enhanced level, we will be challenged to draw down the full amount of those federal dollars to effectively administer a robust and developing Medicaid program.

This report captures the progress of 2021 and demonstrates our capacity and commitment to a strong Medicaid program and the beneficiaries we serve. We continue to collaborate with our federal partners at CMS, GAO, and Congress to further our program's positive momentum and advocate for a commensurate funding structure.

## 2. Executive Summary

On behalf of the Puerto Rico Government and the agencies that oversee the delivery of Medicaid and Children’s Health Insurance Program (CHIP) services, including the Puerto Rico Department of Health (PRDOH), Puerto Rico’s Medicaid Program (PRMP) and the Puerto Rico Health Insurance Administration (PRHIA, commonly referred to as Administración de Seguros de Salud [ASES] in Spanish), which collectively are referred to as the Medicaid Enterprise, thank you for this opportunity to report on Puerto Rico’s expenditure of the current Federal Medicaid funding and continued progress towards compliance with the conditions and requirements set forth in Section 1108(g)(6)-(8) of the Social Security Act (SSA) , which was added by Section 202 of the “Further Consolidated Appropriations Act 2020,” (P.L. 116-94).

This report describes the current landscape of the Puerto Rico Medicaid Enterprise, the improvements that we have made during Federal Fiscal Year 2021, and our plans to continue program improvements into the future.

In compliance with the Congressional requirements of P.L. 116-94, Puerto Rico’s Medicaid Enterprise has submitted multiple reports to the Centers for Medicare & Medicaid Services (CMS) and Congress highlighting our program investments and enhancements. Our Medicaid Enterprise is funded on an annual basis with a capped dollar amount. Over the years, that capped funding amount has been increased via temporary funding adjustments; some of which were awarded in response to natural disasters and the coronavirus (COVID-19) public health crisis. Puerto Rico Medicaid’s history of funding adjustments in the past decade is summarized below:

### Puerto Rico Medicaid: History of Temporary Funding Legislation

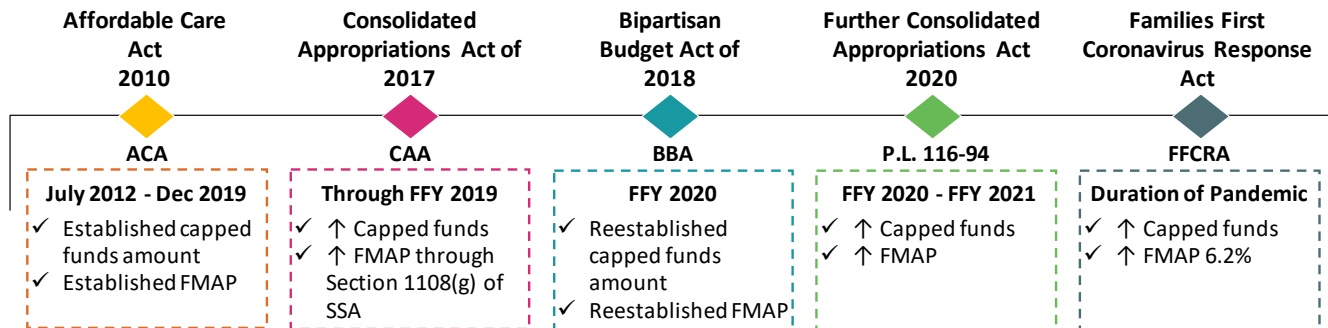


Figure 1. Puerto Rico Medicaid’s History of Temporary Funding Legislation<sup>1</sup>

On September 30, 2021, Congress passed Continuing Appropriations Act, 2021 and Other Extensions Act (CR) that maintained our current capped funding levels with an 82% Federal Matching Assistance Percentage (FMAP) until December 3, 2021 (our enhanced 76% FMAP plus the 6.2% FFCRA enhancement). Separately, in October 2021, a determination was made to permanently increase Section 1108(g) of the SSA federal funding allotment to \$2.943 billion annually. These dollars will mitigate the impact of our historical cycle of receiving temporary federal funding enhancements and regularly preparing for a fiscal cliff. However, unless Congress acts to pass additional legislation, our FMAP will decrease to the ACA-statutory 55 percent from the current 82 percent after the CR expires on December 3, 2021. This means that despite the increased annual cap amount, the return to the lower federal match

<sup>1</sup> U.S. House. Committee on Energy and Commerce (2021, Mar. 15). *Memorandum Re: Hearing on “Averting a Crisis: Protecting Access to Health Care in the U.S. Territories”*. (H. Doc HHRG-117-IF14-20210317-SD002), Text from: *Congressional Documents*. Accessed: 09/01/2021 from: <https://docs.house.gov/meetings/IF/IF14/20210317/111335/HHRG-117-IF14-20210317-SD002.pdf>



rate of 55% would present challenges for us to identify the non-federal share and be able to draw down the increased funding. In effect, the increased annual cap would still be insufficient for us to provide a Medicaid program that is comparable to state Medicaid programs, and would make ongoing program oversight and effective administration challenging. While we appreciate the efforts made by Congress and the Administration to date to avoid the recurring fiscal cliff that creates many challenges for our Medicaid beneficiaries, there is still work to be done.

Despite these historically unpredictable funding dynamics, we have made several program oversight enhancements with temporary funds by building program integrity processes to capture and address fraud, waste, and abuse, increasing program transparency, and improving contracting and procurement processes. Program leadership collaborated through weekly work sessions to develop a robust strategic direction for the program and align priorities for program enhancement. These enhancements are directed towards bolstering program oversight, improving program quality, and strengthening program integrity.

Under the leadership of Secretary of Health Hon. Dr. Carlos Mellado Lopez, Medicaid Director Edna Marín Ramos, and PRHIA Executive Director Jorge Galva, Puerto Rico has made major progress in the 2021 program year toward achieving reforms and adjustments in compliance with P.L. 116-94. Improvements toward each requirement are outlined below in [Section 5](#). [Section 6](#) includes information on program enhancements beyond those required by legislation. In addition to the required tactical improvements, beneficiaries reported satisfaction with elements of Medicaid managed care during this program year. In a satisfaction survey of managed care beneficiaries, they reported a good general perception of both the services offered by Managed Care Organizations (MCOs) and the medical care offered by Medicaid managed care providers.<sup>2</sup> These enhancements were managed through careful budget stewardship and the highly motivated staff of our Medicaid Enterprise.

The following table provides a high-level summary of improvements made to our Medicaid Enterprise, made possible by the enhanced funding from P.L. 116-94:

Category	Status in 2019	Status in 2021
Program Integrity	<ul style="list-style-type: none"> <li>• Collaboration challenges encountered by Program Integrity entities across the Medicaid Enterprise in their efforts to improve Program Integrity</li> <li>• Ad hoc and informal existing communication channels between relevant entities, such as Eligibility, Provider and Member leads</li> <li>• A case tracking system that relied upon external analytics and lead identification functionalities was being utilized by Puerto Rico Program Integrity Unit (PRPIU)</li> </ul>	<ul style="list-style-type: none"> <li>• A future state organizational structure has been developed by coordinating with the Program Integrity offices of other states and comparing staffing structures and leading practices</li> <li>• Procedures for collaboration across various Medicaid entities have been developed by PRPIU</li> <li>• A continuous improvement approach has been developed to enhance Fraud, Waste, and Abuse (FWA) efforts and evaluate opportunities to improve the program integrity framework by working to adopt leading practices from other state Medicaid programs</li> <li>• Policies and procedures are currently being set by PRPIU for the MCOs that</li> </ul>

<sup>2</sup> See Appendix P: Plan Vital Assessment of Customer Satisfaction. 2021 Annual Report  
Government of Puerto Rico, Department of Health, Medicaid Program

## Contracting Reform

- Informal process for determining when contracts were competitively or non-competitively procured
  - Nonstandard scoring methodology or process to evaluate professional services contracts
  - No public-facing transparency portal
  - Variable processes were used to respond to CMS' document requests
- will allow for control of duplicate billing, monitor for appropriate use of billing codes, and recommended new rules or policies involving prior authorization for optional services
- Planning for implementation of provider enrollment functions that support provider profiling has begun, which will allow PRPIU to identify providers that should not be enrolled or enrolled with restrictions based on their history
  - In order to improve our compliance with federal rules, enhanced recoupment policies and procedures are being established and audit functions to improve member eligibility oversight are continually being strengthened
  - A monetary threshold has been established for professional services contracts to determine when contracts will go out for competitive procurement
  - In accordance with Law No. 73-of 2019 ("Centralization of the Government of Puerto Rico Purchases by the General Services Administration"), Non-professional services and goods (examples include cleaning services for Medicaid offices, unarmed security guards, office equipment such as photocopiers, printing and mail, and water fountains) are now competitively procured by the Puerto Rico General Services Administration (PR GSA, or Administración de Servicios Generales in Spanish)
  - A standardized scoring methodology for proposal evaluation is being created and implemented
  - A transparency portal and publishing process has been developed to host Request for Proposal (RFPs), Request for Information (RFIs), and related documentation
  - An enhanced, standardized process to make procurement and contracting documentation readily available upon request has been established and documented



## Data Governance

- Diffused decision making around data improvement prioritization
- No standardized MCO Report Card
- Processes were established and individuals were identified to align agencies on data-strengthening priorities with clear leadership and decision-making processes
- A standardized method to respond to CMS' document requests is being created and implemented
- Began conducting a data quality analysis to inventory and catalogue data sources and potential issues related to data quality and availability
- Continued development of an MCO Report Card

The current Medicaid funding results in an inequitable Medicaid program for the US citizens residing in Puerto Rico. The island's health system is strained by high rates of chronic disease (see: [Section 4.2](#)), and limited federal Medicaid funding has prevented the provision of multiple mandatory Medicaid benefits that could mitigate the impact of these conditions among the US citizens in Puerto Rico. A state-like funding structure for Puerto Rico Medicaid can drive health equity, which is a stated strategic priority of CMS over the next ten years.

The Governor of Puerto Rico, Hon. Pedro Pierluisi, has established a plan for Puerto Rico's Medicaid Enterprise if state-like funding is achieved. The details of the plan can be found in [Section 7](#) of this report. The plan is evidence that the Puerto Rico Medicaid Enterprise will maintain and build upon our pattern of good budget stewardship and program improvement should Congress maintain our enhanced FMAP and not revert back to 55% currently in statute.

### 3. Differences in Medicaid Program Funding Between States and Puerto Rico/Other Territories

Medicaid is the primary Federal program that provides access to healthcare for Americans with limited resources, including many of the nation's most vulnerable populations. Medicaid is jointly funded by the state and federal government; with the federal government matching a percentage of the state's program expenses pursuant to a formula based on a state's per capita income relative to the national average; called the FMAP. States receive an unlimited match of federal funding between 50 percent and 78 percent of their Medicaid costs. This percentage was temporarily increased for all states during FY2021 to continue to respond to the public health emergency COVID-19 pandemic. Certain Medicaid expenses, populations, or medical services have a different match rate. The ACA provided an option for states to expand their Medicaid eligibility criteria, and those expansion populations were initially covered 100 percent by the federal government. For states that opt into this Medicaid expansion, that match percentage incrementally decreases to 90 percent over time. Many general administrative costs are covered at 50 percent, while some types of state Medicaid administrative costs, such as eligibility and enrollment systems, are covered at a match rate as high as 90 percent federal match. Certain medical benefits, such as family planning, also have a higher federal match rate.

However, territories do not receive federal funding based on the same calculations as states. The FMAP for territories is set in statute at 55% and has been temporarily raised to 82% for Puerto Rico.<sup>3</sup> This FMAP would revert to 55% if no additional Congressional action is taken to put in place a new temporary or permanent funding solution. The Puerto Rico FMAP would likely be near the top of the matching range percent if based on a formula consistent with state standards that considers Puerto Rico's average per capita income.<sup>4</sup> Furthermore, unlike states, Puerto Rico receives an annual allotment of federal funds. Any expenditures beyond the federal allotment are paid entirely with local dollars, making our effective FMAP rate much lower than the 55% in statute.

We have comparably more restricted Medicaid enrollment eligibility criteria than states, do not cover certain critical benefits, and contend with ongoing challenges including provider and beneficiary migration off-Island. Compared to states, the social safety net of Puerto Rico experiences considerable strain. In 2019, the percentage of our population living below 100% of the Federal Poverty Level (FPL) (approximately 44%) is 24 percentage points higher than the next closest state (Mississippi at approximately 20%).<sup>5</sup> Mississippi's FMAP in FY 2019 was 76%.<sup>6</sup> Puerto Rico's FMAP in FY 2019 was 55%.<sup>7</sup> In 2019, 47% of the Island's total population was enrolled in Medicaid<sup>8</sup>; 13 percentage points higher than the next closest state (34% of New Mexico's population was enrolled in their Medicaid program that year<sup>9</sup>). The following infographic illustrates the disparity between Puerto Rico and state Medicaid programs.

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<sup>3</sup> Centers for Medicare & Medicaid Services. *Puerto Rico*. Accessed 10/13/21 from <https://www.medicaid.gov/state-overviews/puerto-rico.html>.

<sup>4</sup> In 2014, CMS calculated a predicted FMAP of 91 percent based on Puerto Rico's per capita income; however, the federal FMAP limit is 83 percent (§ 1905(b) of the Act, GAO 2014) <https://www.gao.gov/assets/gao-14-31.pdf>

<sup>5</sup> Kaiser Family Foundation. (2019) *Distribution of Total Population by Federal Poverty Level*. Accessed 10/13/21 from <https://www.kff.org/other/state-indicator/distribution-by-fpl/?currentTimeframe=0&sortModel=%7B%22collId%22:%22Under%20100%25%22,%22sort%22:%22desc%22%7D>

<sup>6</sup> Mississippi Division of Medicaid. *2019 Annual Report*. Medicaid.gov. Accessed 10/13/21 from <http://medicaid.ms.gov/wp-content/uploads/2019/09/Fiscal-Year-2019-Annual-Report.pdf>

<sup>7</sup> Congressional Research Service. (2020, May) *Medicaid Financing for the Territories*. Accessed 10/13/21 from <https://crsreports.congress.gov/product/pdf/IF/IF11012>

<sup>8</sup> This figure was calculated by dividing the 2019 total population of Puerto Rico from [US Census Quick Facts](#) by the 2019 Puerto Rico Medicaid population from <https://medicaid.salud.gov.pr/Info/Statistics/>.

<sup>9</sup> 2019, Oct. *Medicaid State Fact Sheets*. Kaiser Family Foundation. Accessed 10/13/21 from <https://www.kff.org/interactive/medicaid-state-fact-sheets/>  
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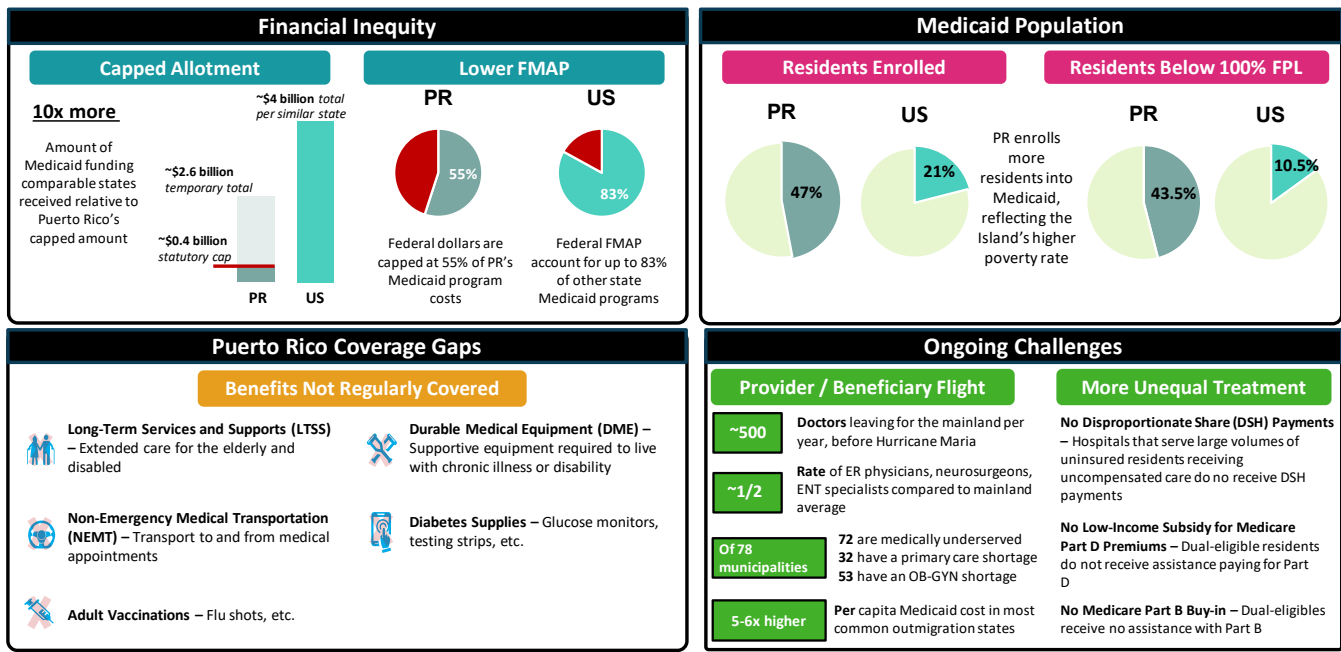


Figure 2. Differences in Medicaid Program Between States and Puerto Rico/Other Territories<sup>10, 11, 12, 13</sup>

## 4. Medicaid Environment

To better understand the program improvements made this year and the funding needs of the Medicaid program, our overall Medicaid landscape is described in the following section, including our agency governance structure, our current and anticipated needs based on population and healthcare changes, our program's funding and current use of funds, the Federal Fiscal Year (FFY) 2021 program expenditures, and projected future expenditures.

### 4.1 Agency Organization

PRDOH is the Single State Agency for administering our State Medicaid Program. There is a long-standing sister agency relationship between PRDOH and PRHIA, defined by an interagency memorandum of understanding (MOU). PRMP, a department under the PRDOH, oversees the Medicaid State Plan, determines Medicaid eligibility of residents, and is responsible for the operation of the Medicaid Management Information System (MMIS) for the program. PRHIA was created in 1993 to oversee, monitor, and evaluate services offered by MCOs under contract with PRHIA. PRHIA is a public corporation overseen and monitored by a Board of Directors (BOD).

There is also an oversight agency, the Financial Oversight and Management Board for Puerto Rico (FOMB), that ensures fiscal responsibility in the contracting procedures of the Island's government agencies. The

<sup>10</sup>2019. *Federal and State Share of Medicaid Spending*. Kaiser Family Foundation. Accessed 10/13/21 from <https://www.kff.org/medicaid/state-indicator/federalstate-share-of-spending/?dataView=1&currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D> (Comparison includes MI, NM, AL, KY for FY19 funding year)

<sup>11</sup> U. S. Census. Accessed 10/13/21 from <https://www.census.gov/quickfacts/fact/table/PR/PST045219#>

<sup>12</sup> 2019, Jun. Report to Congress on Medicaid and CHIP. Medicaid and CHIP Payment and Access Commission. Accessed 10/13/21 from <https://www.macpac.gov/wp-content/uploads/2019/06/June-2019-Report-to-Congress-on-Medicaid-and-CHIP.pdf>

<sup>13</sup> *Medicaid Per Capita Expenditures*. Centers for Medicare & Medicaid Services. Accessed 10/13/21 from <https://www.medicaid.gov/state-overviews/scorecard/how-much-states-spend-per-medicaid-enrollee/index.html> (Comparison includes NY, PA, NJ, TX, CT for FY18 funding year.)

FOMB must approve government contracts, including Medicaid contracts, in the amount of \$10 million or more and can audit other contracting processes at their discretion.

The organizational chart below summarizes the staffing and governance breakdown of the Medicaid Enterprise.

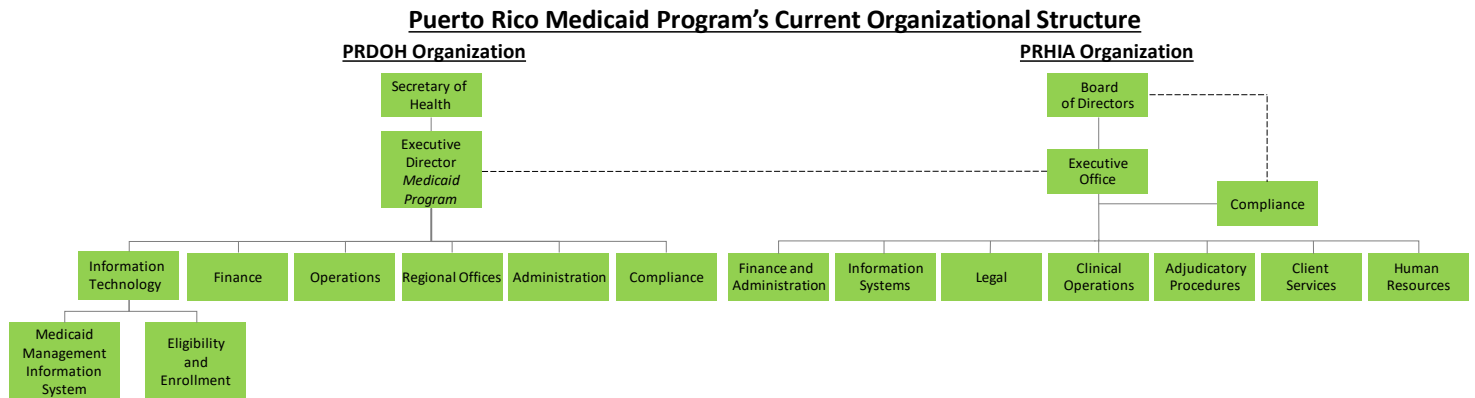


Figure 3. Puerto Rico Medicaid Program's Current Organizational Structure

### Puerto Rico Department of Health (PRDOH)

The PRDOH Medicaid program is chartered with ensuring appropriate delivery of health care services under Medicaid, CHIP, and the Medicaid Preferred Drug Program; the latter two structured as extended Medicaid programs. PRDOH provides access to Medicaid services to the categorically needy on the Island by operating local offices throughout all the Island municipalities. In these offices, residents apply for Medicaid coverage by providing demographic and socio-economic information for their family unit. Health care services to Medicaid-eligible individuals and families are delivered through the Puerto Rico government’s public health service facilities, which are located throughout our geographic regions. All individuals who are eligible for Medicaid receive services through a managed care arrangement.

PRMP retains responsibility for eligibility determination, policy, Medicaid State Plan maintenance, and financial administration. While PRHIA implements and delivers services through our managed care delivery system, PRDOH leads coordination between the agencies to deliver the Medicaid program. In FFY 2021, PRHIA and PRDOH have improved governance and communication to enact program reforms in compliance with the 13 Congressional Requirements of P.L. 116-94; especially Requirements 3, 7, and 11. These two agencies have proactively bridged gaps in communication by forming leadership committees with members from both agencies, including a Contracting Reform Leadership Committee.

### Puerto Rico Health Insurance Administration (PRHIA)

PRHIA directs the managed care aspects of the Puerto Rico Medicaid program. The Puerto Rico Health Reform Program (“Plan Vital”) created a government health insurance program under a managed care delivery system. In 1993, an interagency Memorandum of Understanding (which has been updated multiple times), was established to delegate the implementation of the Medicaid State Plan’s managed care delivery model to PRHIA, a public corporation established by Law No. 72 on September 7, 1993, as amended. PRHIA is responsible for the program design and implementation of Plan Vital contracts with MCOs. In addition, PRHIA also oversees the Enrollment Counselor contracts and other program compliance work to ensure compliance with new and emerging federal requirements. The process of

selecting the insurance carriers, negotiating, and managing those contracts was assigned to PRHIA pursuant to Law No. 72.

In 2006, PRHIA implemented the Medicare Platino program to provide additional coverage benefits to beneficiaries of Medicaid and Vital (formerly called Reforma) who are also eligible for Medicare (i.e., “dually eligible”) and enrolled in a Medicare Advantage Organization (MAO). PRHIA holds contracts with the MAOs.

In FFY 2021, PRHIA has proposed organizational changes to its agency structure to develop a Clinical Operations Office, a Clinical Affairs Unit, a more robust Pharmacy Unit, a Budget and Reports Unit to enhance financial operations, an Adjudicatory Procedure Unit, a Unit for Auctions and Requests for Proposals to improve compliance, and to improve computing capabilities by creating a Communications and Operations Unit, a Data Quality Unit, and a Programming and Development Unit.

### The Puerto Rico Health Insurance Administration Board of Directors

PRHIA is governed by a BOD made up of eleven (11) members, six (6) that are Ex-Officio Members and five (5) that are appointed by the Governor of Puerto Rico with the advice and consent of Puerto Rico’s Senate.

The Ex-Officio Members include the Secretary of Health, the Treasury Department Secretary, the Administrator of the Administration of Mental Health and Addiction Services (ASSMCA), the Director of the Office of Management and Budget (OMB), the Executive Director of The Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF) and the Insurance Commissioner, or their delegates. The Governor of Puerto Rico appoints the President of the BOD from among its members.

### Financial Oversight and Management Board for Puerto Rico

The FOMB was created under the federal Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016. FOMB consists of seven members appointed by the President of the United States and one Ex-Officio Member designated by the Governor of Puerto Rico. FOMB is tasked with working with the people and Government of Puerto Rico to create the necessary foundation for economic growth and to restore opportunity to the people of Puerto Rico.

In its oversight of the Medicaid Enterprise, the FOMB must approve all government contracts and amendments with an aggregate value of \$10 million or more. FOMB may review any contract below such threshold at its sole discretion. All proposed contracts or amendments stemming from the rate negotiations between PRHIA and the Plan Vital MCOs must be submitted to the FOMB for review and approval prior to execution. Also, certain proposed rules, regulations, administrative orders, and executive orders must be submitted for FOMB review prior to enactment.

## **4.2 Healthcare Needs**

Roughly 1.4 million individuals out of a population of 3.2 million people in Puerto Rico are currently enrolled in Medicaid<sup>14</sup>; making it one of the largest programs by percentage of population compared to

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<sup>14</sup> Gobierno de Puerto Rico Departamento de Salud Programa Medicaid. *Estadísticas*. Accessed 10/13/21 from <https://medicaid.salud.gov.pr/Info/Statistics/>

any state. Recent data for Puerto Rico show a poverty rate 31 percentage points higher (42%) than that of the states (11%).<sup>15</sup> Territory residents often face heightened health challenges.

Self-reported health is significantly more likely to be fair or poor in Puerto Rico (37%) than in the 50 states and Washington, D.C. (18%).<sup>16</sup> Beyond self-reported health, the prevalence of disease on the Island is proportionally more than the rest of the US. Relative to the general US population, US citizens residing in Puerto Rico experience a higher prevalence of high-cost chronic conditions such as diabetes, hypertension, heart disease,<sup>17</sup> asthma<sup>18</sup>, and HIV.<sup>19</sup> See prevalence in the graphic below.

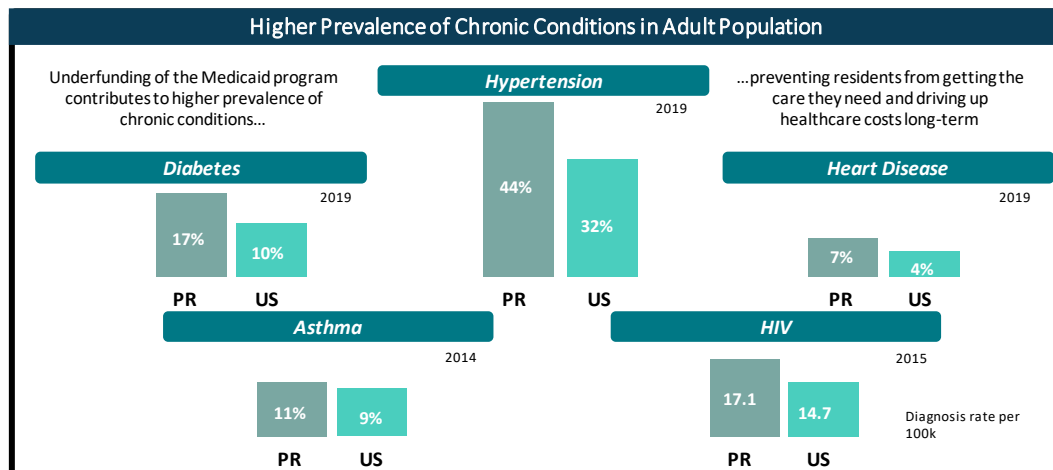


Figure 4. Prevalence of Chronic Conditions in Puerto Rico's Adult Population<sup>20, 21, 22</sup>

Furthermore, as the COVID-19 pandemic continues, and we face increasing uncertainty with new variants of the virus. These underlying conditions put the U.S. citizens in Puerto Rico at higher risk of COVID-19 complications. Despite challenges such as frequent power outages, earthquakes, and high dependence on imports of health technologies from outside the region, Puerto Rico has the highest percentage of people fully vaccinated against the virus in the United States, as of October 19, 2021. 73.3% of Puerto Rico's total population of 3.3 million are fully inoculated against the virus.<sup>23</sup> The national average vaccination rate, however, is at 57% as of October 2021.<sup>24</sup> The island has been strategic in developing an effective plan to use the assigned funds to manage the COVID-19 pandemic.

<sup>15</sup> Hall, C. Rudowitz, R. Gifford, K. (2019, Jan. 25) *Medicaid in the Territories: Program Features, Challenges, and Changes*. Kaiser Family Foundation. Accessed 10/13/21 from <https://www.kff.org/report-section/medicaid-in-the-territories-program-features-challenges-and-changes-issue-brief/>

<sup>16</sup> *Ibid.*

<sup>17</sup> 2019, Jun. *Report to Congress on Medicaid and CHIP*. Medicaid and CHIP Payment and Access Commission. Accessed 10/13/21 from <https://www.macpac.gov/wp-content/uploads/2019/06/June-2019-Report-to-Congress-on-Medicaid-and-CHIP.pdf>

<sup>18</sup> Perreira, K., Lallemand, N., Napoles, A. Zuckerman, S. (2017, Jan.) *Environmental Scan of Puerto Rico's Health Care Infrastructure*. Urban Institute. Accessed 10/13/21 from [https://www.urban.org/sites/default/files/publication/87016/2001051-environmental-scan-of-puerto-ricos-health-care-infrastructure\\_0.pdf](https://www.urban.org/sites/default/files/publication/87016/2001051-environmental-scan-of-puerto-ricos-health-care-infrastructure_0.pdf)

<sup>19</sup> 2017, Oct. *Puerto Rico: Fast Facts*. Kaiser Family Foundation. Accessed 10/13/21 from <https://files.kff.org/attachment/Fact-Sheet-Puerto-Rico-Fast-Facts>

<sup>20</sup> *Ibid*

<sup>21</sup> Perreira, K., Lallemand, N., Napoles, A. Zuckerman, S. (2017, Jan.) *Environmental Scan of Puerto Rico's Health Care Infrastructure*. Urban Institute. Accessed 10/13/21 from [https://www.urban.org/sites/default/files/publication/87016/2001051-environmental-scan-of-puerto-ricos-health-care-infrastructure\\_0.pdf](https://www.urban.org/sites/default/files/publication/87016/2001051-environmental-scan-of-puerto-ricos-health-care-infrastructure_0.pdf)

<sup>22</sup> 2019, Jun. *Report to Congress on Medicaid and CHIP*. Medicaid and CHIP Payment and Access Commission. Accessed 10/13/21 from <https://www.macpac.gov/wp-content/uploads/2019/06/June-2019-Report-to-Congress-on-Medicaid-and-CHIP.pdf>

<sup>23</sup> *COVID-19 Vaccinations in the United States*. Centers for Disease Control and Prevention. Accessed 10/26/2021 from [https://covid.cdc.gov/covid-data-tracker/#vaccinations\\_vacc-people-fully-percent-total](https://covid.cdc.gov/covid-data-tracker/#vaccinations_vacc-people-fully-percent-total)

<sup>24</sup> Cornish, A. Bior, A. Handel, S. (2021, Oct. 25) *Puerto Rico is the most vaccinated place in the U.S.* NPR Accessed 10/26/21 from [www.npr.org/2021/10/25/1049092856/puerto-rico-is-the-most-vaccinated-place-in-the-u-s](https://www.npr.org/2021/10/25/1049092856/puerto-rico-is-the-most-vaccinated-place-in-the-u-s)



## 4.3 Funding

[Section 3](#) of this report describes the differences between state and territorial Medicaid funding. This section will further describe Puerto Rico's specific funding schema and how that funding is utilized. To date, the current state of the program, including improvements and reforms, were made possible by various federal funding extensions and temporary increases.

For the period of July 1, 2011 through September 30, 2019, Section 2005 of the ACA provided an additional \$5.4 billion in Medicaid funding to Puerto Rico by amending Section 1108(g) of the SSA. This increased territorial block grant expired on December 31, 2019. Once the annual allotment through the ACA was used, we also had the opportunity to draw down from a pool of \$925 million above the \$5.4 billion; funds that would have been allotted to establishing a health marketplace for states.<sup>25</sup> The Consolidated Appropriations Act of 2017 provided Puerto Rico with nearly \$300 million in additional Medicaid funds, and the BBA of 2018 provided Puerto Rico Medicaid with \$3.6 billion in disaster response funding until September 30, 2019. P.L. 116-94 provided Puerto Rico and the other U.S. territories with an increase in Section 1108(g) of the SSA capped funds and an increase in the FMAP to 76 percent.

In FFY 2021, on September 30, 2021, Congress passed a CR that maintained our current capped funding levels and enhanced FMAP through December 3, 2021. The CR also provided enough funding for us to be able to extend our pandemic State Plan Amendment (SPA) and maintain Medicaid coverage for beneficiaries that were added during the Public Health Emergency.

Separately, Section 1108(g) of the SSA has been interpreted by HHS to provide a permanent increase for the Puerto Rico Medicaid federal cap amount effective October 1, 2021. As such, CMS provided to PR Medicaid an Annual Grant Award notification, effective October 1, 2021 where Puerto Rico received a total Grant Award of approximately \$2.9 billion consisting of approximately \$2.85 billion of Medical Assistance Payments and approximately \$91.2 million of Administration Payments. Furthermore, additional Award Notifications were provided for: Prescription Drug Payments of \$65.3 million and CHIP Payments of approximately \$750,000. These dollars will mitigate our historical cycle of receiving temporary enhanced federal funding streams, then planning in preparation for those funds to expire, resulting in a fiscal cliff for our program. However, without additional action from Congress after the CR expires on December 3, Puerto Rico's FMAP will decrease to the statutory 55 percent established by the ACA from the current 82 percent.

With this reversion back to a higher local state share, we would be challenged to identify local dollars that would allow us to draw down the full local share of this \$2.94 billion capped funds on an annual basis, limiting our ability to access the federal share. Therefore, despite the increased annual cap amount pursuant to the new interpretation of the SSA providing additional funds for our program, the lower federal match rate associated with these funds means that they are still insufficient for Puerto Rico to operate a robust Medicaid program that offers all of the mandatory benefits that state Medicaid programs offer and continue running the program with strong administrative oversight and program management.

### 4.3.1 Administrative Funding

As detailed more fully in [Section 3](#) of this report, Puerto Rico receives fewer federal dollars than states receive to fund our Medicaid program's administrative functions. We have conducted fiscal forecasting for the upcoming fiscal year, and it is clear in this analysis that the funding disparity between states and

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<sup>25</sup> *Puerto Rico*. Centers for Medicare & Medicaid Services. Accessed 10/13/21 from <https://www.medicaid.gov/state-overviews/puerto-rico.html>.

Puerto Rico will continue to present challenges for our Medicaid Enterprise. The administrative budget allotted to the program for FFY 2021 is \$91 million.

The table below shows the disparity between Puerto Rico and comparable state Medicaid programs on administrative spending per member per year (PMPY) and per member per month (PMPM). Comparing Medicaid programs of similar size (1-2 million enrollees) and with a high proportion of enrollment in managed care (over 80 percent in comprehensive managed care), it demonstrates that Puerto Rico is getting approximately one-third (1/3) of the administration expenditures of similar programs.

State <sup>26</sup>	2018 Medicaid Enrollment <sup>27</sup>	2018 Portion Comprehensive Managed Care <sup>28</sup>	2019 Administration Expenditures <sup>29</sup>	PMPY	PMPM
(A)	(B)	(C)	(D)	(E)=(D)/(B)	(F)=(D)/(B)/12
Virginia	1,063,122	82%	\$437,968,202	\$411.96	\$34.33
Kentucky	1,385,239	91%	\$266,167,884	\$192.15	\$16.01
Maryland	1,401,781	83%	\$505,358,312	\$360.51	\$30.04
Tennessee	1,510,045	92%	\$564,787,478	\$374.02	\$31.17
Louisiana	1,640,075	84%	\$337,092,213	\$205.53	\$17.13
New Jersey	1,668,451	94%	\$898,752,077	\$538.67	\$44.89
Arizona	1,849,465	84%	\$277,807,148	\$150.21	\$12.52
<b>Average<sup>30</sup></b>	<b>1,502,597</b>	<b>88%</b>	<b>\$469,704,759</b>	<b>\$312.60</b>	<b>\$26.05</b>
<b>Puerto Rico</b>	<b>1,505,610</b>	<b>100%</b>	<b>\$156,284,437</b>	<b>\$103.80</b>	<b>\$8.65</b>

<sup>26</sup> Includes states where 2018 Medicaid enrollment is between 1,000,000 to 2,000,000 and over 80 percent enrollment in comprehensive managed care. Excluded the State of Washington which had administrative costs in excess of \$1.3 billion.

<sup>27</sup> Medicaid.Gov. *March 2021 Medicaid & CHIP Enrollment*, Latest available report retrieved from: <https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/report-highlights/index.html>

Total Medicaid Enrollees represents an unduplicated count of all beneficiaries in FFS and any type of managed care, including Medicaid-only and Medicare-Medicaid ("dual") enrollees.

<sup>28</sup> Medicaid Enrollment in Comprehensive Managed Care represents an unduplicated count of Medicaid beneficiaries enrolled in a managed care plan that provides comprehensive benefits (acute, primary care, specialty, and any other), as well as PACE programs. It excludes beneficiaries who are enrolled in a Financial Alignment Initiative Medicare-Medicaid Plan as their only form of managed care.

<sup>29</sup> Medicaid.Gov. *FY 2019 Financial Management Report, Total Computable Net Administrative Expenditures*, Latest available report retrieved from: <https://www.medicaid.gov/medicaid/financial-management/state-expenditure-reporting-for-medicaid-chip/expenditure-reports-mbescbes/index.html>

Excludes administrative costs for the following service categories: Family Planning, Skilled Professional Medical Personnel - Single State Agency, Skilled Professional Medical Personnel - Other Agency, Peer Review Organizations, TPL - Recovery, TPL - Assignment Of Rights, Nurse Aide Training Costs, Preadmission Screening, Resident Review, Drug Use Review, School Based Administration, Interagency Costs (State Level), Planning for Health Home for Enrollees with Chronic Conditions, and Non-Emergency Medical Transportation

<sup>30</sup> The average administration expenditure is weighted based on Medicaid enrollment.

While administrative funding will increase to \$91 million with the new interpretation of Section 1108(g) of the SSA, it remains below benchmark states' funding, even looking at 2019 dollars.

Puerto Rico FFY 2021 – 2022 Budget	State Share	Federal Share	Total Computable
Admin Payments	\$25,308,079	\$25,308,073	\$50,616,158
MMIS Operations	\$6,367,436	\$19,102,308	\$25,469,744
MMIS DDI	\$1,681,002	\$15,129,015	\$16,810,017
E&E DDI	\$4,281,899	\$38,483,088	\$42,764,987
330 centers (FQHC)	\$19,347,573	\$61,267,316	\$80,614,890
<b>Total</b>	<b>\$56,985,989</b>	<b>\$159,289,800</b>	<b>\$216,275,790</b>

In December 2020, with additional funding provided by P.L. 116-94, we extended income eligibility levels to 85% of the FPL with the emergency group added via SPA. As of July 31, 2021, 33,785 beneficiaries became eligible due to this eligibility change. Our projections indicate that an additional 38,000 to 40,000 individuals will be eligible for Medicaid through November 30, 2021 under this eligibility criteria. If COVID-19 continues to disrupt our economy, it is possible that the actual numbers for September 2021 could be higher than projected. The CR has provided enough funding for us to be able to extend our pandemic SPA and maintain Medicaid coverage for these individuals through December 3, 2021.

#### 4.4 Population/Change in Numbers and Demographics of Program Enrollment

Currently, Puerto Rico Medicaid covers 1.4 million members, with a total population of 3.2 million residents. This is inclusive of 90.9 thousand children covered by Medicaid-expansion CHIP.<sup>31</sup> Overall, the unemployment and poverty rates are higher in Puerto Rico than U.S. states.

We are determined to provide high-quality care to our beneficiaries. This is shown as we continue to make efforts to expand eligibility of Medicaid coverage on the Island and our deep commitment to the health of the population we serve. We have increased the local share contributed year over year to maintain the millions covered under the program and to allow for additional beneficiaries. We expanded CHIP eligibility for children to 85 percent of the FPL and expanded eligibility for some adults.<sup>32</sup> This was approved under a SPA on December 11, 2020.

Even as Puerto Rico maintains the same level of eligibility, our beneficiary numbers are increasing. As noted in the fiscal cliff survey, as of July 31, 2021, 33,785 beneficiaries became eligible due to our changes in income eligibility levels via the SPA. The projection for September 30, 2021 results in around 38 to 40 thousand beneficiaries affected. It is evident Puerto Rico's Medicaid program will continue to grow, even if eligibility is not expanded. As noted above, even with the same eligibility thresholds, increasing numbers of US citizens in Puerto Rico qualify for Medicaid coverage based on economic circumstance.

<sup>31</sup> Solomon, J. (2019, Apr. 22) *Puerto Rico's Medicaid Program Needs an Ongoing Commitment of Federal Funds*. Center on Budget and Policy Priorities. Accessed 10/13/21 from <https://www.cbpp.org/research/health/puerto-ricos-medicaid-program-needs-an-ongoing-commitment-of-federal-funds>.

<sup>32</sup> State Plan Amendment 20-0011. Medicaid.gov. Accessed 10/13/21 from <https://www.medicaid.gov/Medicaid/spa/downloads/PR-20-0011.pdf>.

Percent Change in Medicaid Enrollment	
FY19 – FY20	(2.2)%
FY20 – FY21	8.94%
FY21 – FY22 (projected)	0.25%

## 4.5 Program Expenditures

Puerto Rico has been utilizing federal funds to support, operate, and enhance our program. Over the course of the past three fiscal years, Puerto Rico has allocated and spent the following across Medicaid, CHIP, and other programs.

Medicaid Expenditures			
	FY19	FY20	FY21
Medicaid MAP	\$2,417,551,130	\$2,715,979,370	\$2,620,158,676
EAP	\$35,411,184	\$36,110,302	\$(36,110,302)
CHIP	\$101,735,028	\$112,252,418	\$108,823,686
Admin	\$147,107,463	\$41,380,551	\$39,955,420
Other	\$9,176,973	\$51,233,735	\$52,548,454

Enhanced Allotment Plan (EAP) funding was paused due to our increased annual allotment as part of P.L. 116-94. In October 2021, EAP funding of \$65 million was included in our Notice of Award Letter from CMS. These dollars will be utilized to fund a dual eligible Medicare Advantage wrap-around premium paid as part of our Medicare Platino program.

We understand the importance of transparency around where federal funds are being allocated and have made concerted efforts, particularly over the past year, to improve and provide that transparency to Congress. We consistently keep CMS updated on our spending of federal funds by continuing to submit CMS-64 reports in a timely manner on a quarterly basis, in accordance with CMS and federal requirements. This gives CMS insight into Puerto Rico’s quarterly expenditures and allows for proper monitoring of appropriate use of federal funds.

## 4.6 Expenditure Projections

As with all Medicaid programs, we plan for and report projected expenditures to CMS via the CMS-37 form. As reported in the CMS-37 submitted to CMS on August 16, 2021, the following are the projected expenditures for the program broken out by funding source:

FFY2022 Medicaid Expenditures (Projected)	
Medicaid MAP	\$3,600M
CHIP	\$119.7M
EAP	\$65M
Admin	\$42.4M
HIT-IMP	\$10.8M
HIT – INCT PAY	\$3.6M
MMIS	\$20.7M
E&E	\$18.3M
<b>Total</b>	<b>\$3880.5M</b>

Additionally, the projected FFY2022 Q1 expenditures are as follows:

FFY2022 Q1 Medicaid Expenditures (Projected)	
Medicaid	\$657.7M
CHIP	\$35.2M
EAP	\$1.625M
<b>Total</b>	<b>\$709.15M</b>

As detailed by this chart and the quarterly CMS-64 and CMS-37 reports submitted to CMS, the Puerto Rico program requires a large investment. While our annual cap amount was raised moving forward in October 2021, if there is an FMAP reversion to the statutory 55% when the CR expires, Puerto Rico will remain challenged to identify billions of local dollars to support our program, and ultimately, benefits and eligibility could be reduced. If Congress does not provide the necessary resources required by our Medicaid Program to deliver high-quality care, US citizens will bear the burden.

## 5. Congressional Requirement Updates

As part of the strategic enhancements, PRDOH, the Medicaid Department, and PRHIA have been working towards successfully meeting the requirements set in the enactment of federal act P.L. 116-94 from December 16, 2019. We have further organized the requirements into a series of smaller tasks for the purpose of project management. The following tracks to the new organization of the requirements, expanding the initial 8 requirements to 13 subtasks:

Congressional Requirement		Status
1	Appoint a Program Integrity Lead Officer	Complete
2	Develop Payment Error Rate Measurement (PERM) Plan	Complete
3	Develop Contracting Reform Plan	Complete
4	Review Medicaid Eligibility Quality Control (MEQC) Policy / Procedures / Staffing	Complete
5	Evaluate Dual Eligible Special Needs Plan	Complete
6	Develop Annual Report <sup>33</sup>	Complete
7	Develop Report on Contracting Oversight and Approval	Complete
8	Evaluate Current Process of Managed Care Payments	Complete
9	Develop Scorecard Reporting Measures	Complete
10	Develop Financial Executive Summary for CMS 37/64 Reporting	Complete
11	Evaluate Current Contract Requirements and CMS Reporting	Complete
12	Implement Scorecard Reporting System	Complete
13	Develop Policies and Procedures for Penalties	Complete

This section of the report highlights information and activities completed to comply with each of the 13 requirements listed above. For each requirement we provide:

- A review of the requirement as established in P.L. 116-94
- A current status update by the Puerto Rico Medicaid Enterprise
- A review of the activities that have been performed to date by the agencies of the Puerto Rico Medicaid Enterprise, highlighting any changes since the January quarterly report, the April semi-annual report, and the July quarterly report submitted
- A summary of planned activities that will continue to be further addressed by Puerto Rico in compliance with the requirements

PRDOH, Medicaid, and PRHIA have met the primary Congressional requirements. We continue to work on enhanced activities in support of implementation of the requirements.

<sup>33</sup> First Annual Report was submitted on October 30, 2020. This document is the Second Annual report.



## Requirement 1: Appoint a Program Integrity Lead Officer

### Congressional Requirement

“Not later than 6 months after the date of the enactment of this paragraph, the agency responsible for the Administration of Puerto Rico’s Medicaid Program under Title XIX shall designate an officer (other than the Director of Such Agency) to serve as the Program Integrity Lead for such Program”

### Requirement Status: **Complete**

The primary Congressional requirement of designating a Program Integrity lead has been fulfilled. The PRMP designated Maria García Ducós as the Program Integrity Lead. To further comply with this requirement, PRMP has completed their review of policies, procedures, and scope of work for its PRPIU and documented it in a report.<sup>34</sup> The report includes the following sections:

1. A review of the PRPIU’s organizational structure, approach to developing policies and procedures, and progress made to date
2. A gap analysis of instituted PRPIU policies and procedures
3. Recommended PRPIU policy, procedural, and staffing improvements as informed by the gap analysis and leading practices

### Activities Completed

- A Congressional Report Outline was developed and approved by PRDOH leadership
- The outline of the report includes:
  - a. **PRPIU Organization, Mission, and Structure:** This section contains a review of PRPIU’s organizational structure, approach to developing policies and procedures, and progress made to date. Since it has responsibilities pertaining to both sides of the Medicaid process as well as to managed care oversight, this section discusses how PRPIU works closely with leads from both the Medicaid Eligibility Unit and the Provider Enrollment side to find irregularities, all reporting up to the PRDOH Medicaid Director. It also discusses the overall mission of the PRPIU, and the PRPIU’s current and proposed organizational positioning.
  - b. **PRPIU Workflow and Intra-Unit Collaboration:** This section outlines the workflow of a FWA case as well as the various other entities involved in the lifespan of a PRPIU case flow.
  - c. **Strengthening PRPIU Human Resource Operations:** This section includes an analysis of PRPIU staffing capabilities, a staffing comparison with peer states, and a discussion of proposed staffing enhancements as they relate to state leading practices.
  - d. **Review of Policies and Procedures:** This section details all of PRPIU’s policies and procedures to date as well as policies/procedures in progress or upcoming and compares them with federal rules and regulations.
  - e. **Planned Areas for Continued Development:** Through the review and analysis of PRPIU’s current state, and a detailed examination of the policy and procedural documentation, this section identifies the areas recommended for further development.

<sup>34</sup> See Appendix B: Report in Response to Congressional Requirement 1: Review of Puerto Rico Program Integrity Policies, Procedures, and Staffing [IF APPROVED]

- f. **Opportunities and Enhancements:** Upon review of PRPIU’s current state and development areas, we have identified additional areas for continued enhancement in addressing the aforementioned development areas, pending an increase in resources.

### Planned Next Steps

- Continue to advance the creation of policies and procedures in support of PRPIU activities.
- Obtain resource investment for talent and technology to grow the PRPIU. This includes adding additional staff in support of PI initiatives as outlined in the Requirement 1 report completed.

## Requirement 2: Develop Payment Error Rate Measurement Plan

### Congressional Requirement

“Not later than 18 months after the date of the enactment of this paragraph, Puerto Rico shall publish a plan developed by Puerto Rico in coordination with the Administrator of CMS, and approved by the Administrator, for how Puerto Rico will develop measures to satisfy the payment error rate measurement (PERM) requirements under subpart of part 431 of Title 42 CFR or any successor regulation)”

### Requirement Status: **Complete**

Puerto Rico submitted to Congress on **June 20, 2021** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020:(133 STAT 3110), Division N, Title 1, Subtitle B, §202(a)(ii) – PERM.<sup>35</sup>

In addition to the introductory sections that orient the Congressional audience to the PRMP, this report to Congress includes the following sections to detail the plan to comply with the federal PERM program:

- **PERM Requirements:** Puerto Rico has committed not only to reviewing and understanding the CMS guidance for participation in the PERM program but also to participating and addressing improvement opportunities via PERM efforts. This section outlines the primary program participation components for which Puerto Rico will comply. The outlined PERM requirements as stipulated by CMS are detailed in the report, along with a description of Puerto Rico’s positioning for full participation and an overview of planned PERM activities.
- **Puerto Rico’s Response to Congressional Requirements:** Puerto Rico currently has practices in place that align with PERM requirements. Puerto Rico has crafted a response to Congressional requirements and identified PRMP’s role as it pertains to each component. The steps to comply with PERM requirements are included in the detailed implementation plan, which is currently being executed. PRMP has tailored the plan to comply with any requirements that are new to Puerto Rico. Puerto Rico plans to undertake each measure in coordination with contractors and CMS to comply with updated CMS guidelines. Subsections of the “Response to Congressional Requirements” section include a policy and regulation review, a plan to establish Medicaid and CHIP managed care universes, a plan for data submission, a discussion

<sup>35</sup> See Appendix C: Report in Response to Congressional Requirement 2: Develop Payment Error Rate Measurement (PERM) Plan  
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of PERM partners and allocation of responsibilities among Puerto Rico and contractors, compliance with the CAP requirements, and the eligibility disallowance process.

- **Implementation Plan to Support PERM Compliance:** This plan was developed in consultation with CMS PERM teams to support the completion of all PERM requirements in alignment with formal guidance. The implementation plan includes timelines and capabilities, and delegates responsibilities among Puerto Rico entities. It was designed to verify that all parties remain compliant and aligned on PERM activities.

### Activities Completed

A Congressional Report was developed by Puerto Rico's Medicaid Enterprise, approved by CMS, and submitted to Congress on June 20, 2021 to satisfy this requirement. We are now in the process of initiating the preparatory activities as outlined in the implementation plan in the report.

To evaluate the current ability of PRMP to meet PERM reporting requirements, multiple actions have been taken:

- PRHIA and PRDOH stakeholders collaborated to discuss current program capabilities
- PRPM leadership met with CMS monthly to learn about pilot program operations
- PRPM stakeholders planned to meet with PERM contractors to discuss guidance and process
- Reviewed the published PERM guidance from CMS; aligned PERM planning activities with any activities that will be reviewed by CMS as they prepare for a Puerto Rico PERM review
- Completed a review of PRMP's eligibility procedures and compared with CMS requirements
- Examined eligibility and provider enrollment capabilities that will need to be implemented
- PRMP staff discussed necessary enhancements
- Aligned on procedural updates to be made in advance of beginning PERM activities

In addition to evaluating our current abilities to meet PERM reporting requirements, the following plan was created to address any areas where PRMP needs to enhance its reporting capabilities:

- Developed and deployed PERM training for key stakeholders; including a detailed kick-off for PERM strategy leading into the PERM Pilot program
- Developed and socialized data submission guides and data processing guides among MMIS and eligibility teams
- Conducted analysis of additional eligibility documentation
- Connected with CMS to discuss reporting capabilities and future compliance

To prepare for our upcoming PERM cycle, the following activities were completed to ensure a timely and comprehensive response to CMS requirements:

- Solidified PERM workplan and timeline, designated responsible PRMP stakeholders, and established cadence with key stakeholders to align on upcoming tasks
- Established PERM preparatory activities timeline and workplan to set up the start of the program for success
- Completed a review of PERM guidelines for eligibility procedures and collaborated with key stakeholders to compare against eligibility documentation
- Prepared for PERM eligibility review to ensure future compliance with CMS eligibility guidelines
- Developed PERM training materials and guidance
- Developed materials for first PERM meeting

- Finalized documentation and procedure review
- Developed data submission and data processing review roadmaps for MMIS stakeholders

### Planned Next Steps

In compliance with the plan as detailed in the Congressional report, we will proceed with preparatory activities to finalize the implementation phase of PERM preparatory activities and enter the execution phase of the formal PERM cycle. The immediate next steps include:

- Connect with stakeholder teams to align on roles and responsibilities
- Prepare guidance for universe deployment
- Review data transmission guidelines and our current capabilities
- Continue to develop and socialize PERM training materials and prepare for PERM Kickoff with our internal team leads

## Requirement 3: Develop Contracting Reform Plan

### Congressional Requirement

“Not later than 12 months after the date of enactment of this paragraph, Puerto Rico shall publish a contracting reform plan to combat fraudulent, wasteful, or abusive contracts under Puerto Rico’s Medicaid program under title XIX that includes:

- i. Metrics for evaluating the success of the plan
- ii. A schedule for publicly releasing status reports on the plan”

### Requirement Status: **Complete**

- Puerto Rico submitted to Congress on **Dec 20, 2020** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020 (133 STAT 3105), Division N, Title 1 §202(a)(7)(A)(iii) – Contracting Reform Plan
- PRDOH and PRHIA conducted weekly working sessions and convened monthly Contracting Reform Leadership meetings to extensively plan implementation of Contracting Reform. We have gathered and documented in our *Contracting Reform Playbook* leading practices from comparable Medicaid programs, acknowledged key considerations, and identified potential actions and decisions to activate our Contracting Reform Plan. This Playbook serves as our guide to implement the opportunities and initiatives identified in our Contracting Reform Plan.
- CMS responded to the Contracting Reform Plan with a September 2021 letter providing feedback and asking clarifying questions. We submitted a response to CMS on October 1, 2021 detailing the steps included in our procurement and contract reform process, along with our timeline for implementation. We intend to continue incorporating CMS feedback into our contracting procedures going forward.
- As per the report, we will provide status updates to CMS on a quarterly basis and provide status updates to Congress on an annual basis. This section of the Annual report functions as the fourth quarterly report to CMS.

## Activities Completed

Puerto Rico met the Congressional mandate by publishing a Contracting Reform Plan on December 20, 2020. Going beyond the Congressional requirement, we continue to implement the published plan.

## Planning Initiatives

The Puerto Rico Medicaid Enterprise conducted several planning initiatives that are instrumental in establishing organizational capacity to accomplish the work, communicate effectively how the changes will take effect, measure progress (both internally to the Medicaid Enterprise and externally to stakeholders), and prioritize future enhancements.

- **Staffing Analysis:** We conducted a high-level staffing analysis to assess our ability to properly manage and enhance the Medicaid program based on the staffing levels that support other state Medicaid programs.
- **Governance Approach:** A governance structure has been established, including a cadence of regular Contracting Reform Leadership meetings across our Medicaid Enterprise for decision-making and to guide ongoing contracting reform efforts.
- **Metrics for Evaluating the Success of the Contracting Reform Plan and Communicate Progress:** We analyzed our procurement and contract management process, using the nationally recognized Contract Management Maturity Model (CMMM) as guidance, to create a baseline to measure future progress. We also identified performance metrics and drafted a success measures reporting template that will be used to gauge and communicate progress of the Contracting Reform Plan regularly.
- **Opportunities to Enhance the Medicaid Enterprise:** As part of continuing self-evaluation efforts between the PRMP and PRHIA, priority has been given to opportunities arising within the Medicaid Enterprise regarding enhancements of data quality, organizational collaborations, and the adoption of the MMIS by PRHIA. Opportunities in these priority areas are associated with Reports in Response to Requirement 7 (Contract Oversight and Reform), Requirement 11 (Submission of Documentation on Contracts Upon Request), and Requirement 12 (Scorecard Reporting) from P.L. 116-94.

## Implementation Initiatives

A phased approach to contracting reform was developed to sequence implementation of nine priority initiatives in a manner that accounts for prioritization, feasibility, and logical order to establish or amend policies and processes. To date, work has progressed on the following initiatives:

- **Establish formal parameters to decide when non-competitive bids are allowable by setting criteria and thresholds (Initiative 1):** In compliance with state and federal governmental requirements, PRDOH and PRHIA have adopted additional guidelines regarding professional services contracts over an established monetary threshold of \$150 thousand, which would require competitive procurement. This threshold will be implemented in a phased approach to allow competitive procurements to scale up sustainably over the next year. PRDOH intends to transition all professional services contracts over the established monetary threshold funded by Medicaid to be competitively procured when current contracts expire. PRHIA intends to implement this threshold by extending certain contracts up to six months with a goal of transitioning all professional services contracts funded by Medicaid by March 31, 2022. Some of the contracts that

PRHIA procures that utilize Medicaid funding include Health Care Delivery Services (including Medicaid MCOs, MAOs, Pharmacy Benefit Managers, and Enrollment Counselors) and Non-Professional Services and Goods. PRHIA developed a schedule of competitive procurements that documents this phased transition. This schedule will be shared with CMS upon request. This decision will be written into our agencies' policies and procedures.

- **Define actions to justify the use of non-competitive procurements (Initiative 2):** A standardized template justifying non-competitive procurements has been created, in accordance with leading practices from other states. In cases of extenuating circumstances that will prevent compliance with standards such as procuring professional services contracts over the established monetary threshold competitively (including but not limited to the lack of multiple vendors to compete for a contract), a justification letter will now be required and made public by the Contracting and Procurement Oversight leads of both agencies. This decision has been established in a passed calendar. Additional requirements for non-competitive procurements are currently being reviewed and considered.
- **Define and test a rigorous scoring process to establish criteria for competitive bids (Initiative 6):** PRMP is in the process of defining a standardized scoring process that competitive procurements will follow based on leading practices from other state Medicaid programs. This is intended to ease the difficulty of executing a higher number of competitive procurements through standardization, to increase the likeliness of attaining the best result in any given procurement, and to add transparency to the process. This scoring process was shared with CMS on June 15, 2021. We are waiting for comments or suggested changes. On February 23, 2021 Puerto Rico presented to CMS our plan for the EQRO RFP. Puerto Rico then spoke with Medicaid programs in comparative states to inform our development of an improved and fully compliant EQRO RFP format. The EQRO procurement will be the first procurement to be conducted competitively by PRMP using our new scoring guidelines and new RFP format. The new RFP format defines how we will score proposal responses for the EQRO and increases transparency for potential vendors and our stakeholders. On September 27, 2021 CMS approved the EQRO RFP format. PRMP now plans to conduct the EQRO procurement competitively and publish the procurement results and the final EQRO contract on the PRDOH website.
- **Identify which portions of contracting documents can or cannot be made public (Initiative 7):** To continue improving transparency and advancing public trust, Puerto Rico took steps to make bidding and contracting information publicly available on a regular basis. As some information is already made available via the Puerto Rico Comptroller Office's website<sup>36</sup> and the PRHIA's website<sup>37</sup>, we identified several short- and long-term options that will allow us to publish existing contracting documents and establish an internal process for the timely publishing of future procurement documents. We reviewed information and leading practices from other states and territories on the bidding and contracting information that is often published and identified the type of documents we collect that can be made public. We also developed a new transparency platform in 2021 to serve as a repository for both PRMP's and PRHIA's contracting documents (see Figure 5 below). Puerto Rico Medicaid Enterprise will publish RFIs, RFPs, Requests for Qualifications (RFQs), award information, and finalized contracts that are fully or partially funded by Medicaid dollars on this platform. A publicly available link to this platform can be accessed [here](#). In addition, we are continuing to enhance functionality and plan a roadmap for how the

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<sup>36</sup> Comptroller Office's Website is available at <https://consultacontratos.ocpr.gov.pr/>

<sup>37</sup> PRHIA's Website for Contracted Insurers is available at <https://www.asespr.org/proveedores-2/contratos/>



platform will mature alongside the Medicaid Enterprise in the future.

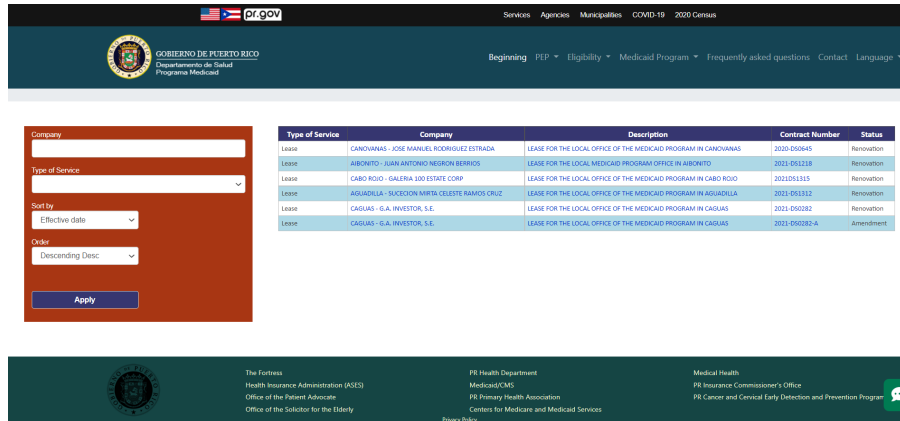


Figure 5. External screenshot of Puerto Rico Medicaid Enterprise's Transparency Platform

## Planned Next Steps

Moving forward, we will prioritize the following actions to continue implementing our Contracting Reform Plan:

### Planning Initiatives

- Continue ongoing governance of Contracting Reform Plan initiatives across the Medicaid Enterprise by holding regular Contracting Reform Leadership meetings.
- Continue restructuring our current contracting divisions at PRMP and PRHIA to support upcoming procurement and contracting activities within the Enterprise. This initiative will be led by PRMP’s Contracting and Procurement leads.
- Monitor performance metrics and report out on the Contracting Reform Plan implementation progress on a reoccurring basis.

### Implementation Initiatives

Next steps for priority initiatives will focus on engaging stakeholders, expanding strategic development, and planning processes for procuring services, and increasing transparency to make more contracting information publicly available. These efforts will include the following initiatives:

- PRHIA intends to review leading practices from other Medicaid programs and strengthen termination clauses in their contracts by including provisions to strengthen compliance measures and penalties.
- Using our Contracting Reform Playbook, the Medicaid Enterprise will continue its efforts to implement other initiatives identified in the Contracting Reform Plan that include:
  - Identify and involve business oversight owners of each contract requirement to increase accountability (Initiative 3)
  - Allow more time for upfront strategy development in major procurements (Initiative 4)
  - Reconsider the duration of base contracts (Initiative 5)
  - Publish an initial set of contracting documents deemed as appropriate for the public on the transparency platform from existing contracts to increase transparency and public trust (Initiative 8)

- Define and establish a repeatable, internal review process to ensure all appropriate documents are published (Initiative 9)

## Requirement 4: Review Medicaid Eligibility Quality Control (MEQC)

### Congressional Requirement

“Not later than 18 months after the date of the enactment of this paragraph, Puerto Rico shall publish a plan, developed by Puerto Rico in coordination with the Administrator of CMS, and approved by the Administrator, for how Puerto Rico will comply with the Medicaid Eligibility Quality Control (MEQC) requirements of Subpart P of Part 431 of Title 42 CFR or any Successor regulation”

### Requirement Status: **Complete**

Puerto Rico submitted to Congress on **June 20, 2021** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020:(133 STAT 3110), Division N, Title 1, Subtitle B, §202(a)(i) – MEQC

In addition to the introductory sections to orient the Congressional audience to the PRMP, the report to Congress included the following sections detailing the plan to comply with the federal MEQC program:

- **MEQC Requirements:** We have committed not only to reviewing and understanding CMS’ guidance for participation in the MEQC program, but also to participating and addressing improvement opportunities via PERM efforts. This section outlines the primary components of participation in the program for which we will comply.
- **Puerto Rico’s Response to Congressional Requirements:** We have outlined our response to the MEQC requirements for full participation in the MEQC program. Currently, we are well positioned to comply with the requirements outlined by CMS as many required policies and procedures are already in practice. For the aspects that will be new to Puerto Rico, the Congressional report detailed the plan to comply with such requirements. Namely, we have outlined a plan to complete the State Planning Document as well as a plan to comply with the state reporting requirements.
- **Staffing, Responsibilities, and Implementation Plan to Support MEQC Compliance:** Puerto Rico has outlined our current organizational structure and provided a description of how each member of the MEQC unit contributes to the MEQC process. Although we have an experienced MEQC unit, to adequately meet CMS’ requirements, we need to be able to hire additional staff.

### Activities Completed

A Congressional Report was developed by Puerto Rico Medicaid, approved by CMS, and submitted to Congress on June 20, 2021 to satisfy this requirement. Puerto Rico is now in the process of initiating the preparatory activities as outlined in the implementation plan in the report.

In addition, to evaluate our current ability to meet MEQC reporting requirements, multiple actions were taken such as the following:

- Solidified MEQC workplan and timeline, designated responsible stakeholders, and established cadence with key stakeholders to align on upcoming tasks
- Meetings were held to discuss progress made to enhance our MEQC capabilities and review

current state

- We established a cadence with CMS basis to enhance understanding of how we need to enhance MEQC reporting
- We reviewed the published MEQC guidance from CMS and developed MEQC training materials accordingly

We have begun to implement preparatory activities for MEQC, taking the following actions:

- Developed guidance for MEQC reporting and reviewed against current PR MEQC reporting capabilities
- Coordinated with key MEQC stakeholders to solidify workplan and timeline
- Developed MEQC training materials and guidance for stakeholders
- Developed materials for MEQC kick-off
- Worked to finalize documentation and procedural review
- Confirm with CMS that all necessary capabilities and processes are covered

### Planned Next Steps

In compliance with the plan as detailed in the Congressional report, we will continue to implement preparatory activities to prepare for implementation and execution of the formal MEQC cycle. The immediate next steps include:

- Define and communicate key stakeholder roles and responsibilities to provide to CMS for pilot review
- Obtain feedback and input from CMS on submitted plan and deploy edits and changes to our MEQC stakeholders
- Distribute verification plan to all MEQC reviewers and Eligibility intake officers and provide appropriate training on plan contents
- Develop guidance for data gathering strategy. Enable CMS to understand the universe of eligibility data, develop sampling methodology for pilot cycle, and dry run a sample of one test for MEQC
- Socialize training materials and guides to MEQC reviewers and key stakeholders to align on expectations and MEQC timeline
- Establish a collaboration strategy between MEQC team and the Program Integrity Unit to monitor program optimization and quality control across the enterprise

## Requirement 5: Evaluate Dual Eligible Special Needs Plans

### Congressional Requirement

“Develop a report where PRDOH provides information on how to proceed with the treatment of Funding Under Enhanced Allotment Program – Section 1935 (e) of the Social Security Act (42 USC1396 u -5e as amended).

From §1396u-5: Special provisions relating to Medicare prescription drug benefit (e) Treatment Of Territories. – The Secretary shall determine that a plan is described in this paragraph if the plan –

Provides medical assistance with respect to the provision of covered part D drugs (as defined in section 1395w-102(e) of this title) to low-income part D eligible individuals

Provides assurances that additional amounts received by the State that are attributable to the operation of this subsection shall be used only for such assistance and related administrative expenses and that no more than 10 percent of the amount specified in paragraph (3)(A) for the State for any fiscal period shall be used for such administrative expenses meet such other criteria as the Secretary may establish.”

### Requirement Status: **Complete**

For FFY 2020 and 2021, EAP funds were temporarily paused due to the passing of P.L. 116-94 and the FFCRA. Due to the pause on EAP funding for FFY 2020 and FFY 2021, the requirement under Section 1935(e) of the SSA (42 USC1396 u-5e as amended) is not applicable.

On October 1, 2021, Puerto Rico received a grant award notice for Federal funds for expenditures made in accordance with your CMS approved Commonwealth or Territory enhanced allotment plan (EAP) for providing medical assistance with respect to the provision of prescription drugs to part D eligible individuals under section 1935(e) of the Social Security Act (the "Act"), as established by the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), Pub. L. 108-173, 117 Stat. 2066. The amount of the award in the grant award letter, as determined in accordance with the provisions of Section 1935(e)(3)(B)(iii) of the Act, and reflects an allocation of the total available amount of \$69.3 million for the period of October 1, 2021 through September 30, 2022.

### Activities Completed

Due to the short-term status of the pause on EAP, Puerto Rico proceeded with a high-level review of its historical use of EAP funds. In this review, Puerto Rico completed the following:

- An overview of EAP and dual eligible beneficiaries
- Analysis of FFY 2019 EAP usage in accordance with the approved Plan
- Developed draft report to satisfy Congressional Requirement

### Planned Next Steps

Puerto Rico will submit the Congressional Report satisfying the requirements outlined above and continue to monitor the status of EAP funds as FFY 2021 ends and will assess next steps accordingly.

## Requirement 6: Develop Annual Reports

### Congressional Requirement

“In general not later than the date that is 30 days after the end of each fiscal year (beginning with fiscal year 2020 and ending with fiscal year 2021), in the case that a specified territory receives a Medicaid cap increase, or an increase in the Federal Medical Assistance Percentage for such territory under section 1905 (ff), for such fiscal year, such territory shall submit to the Chair and Ranking Member of the Committee on Energy and Commerce of the House of Representatives and the Chair and Ranking Member of the Committee of Finance of the Senate a report, employing the most up-to-date information available, that describes how such territory has used such Medicaid cap increase, or such applicable, to increase access to health care under the State Medicaid plan of such territory under title XIX (or a waiver of such plan). Such report may include—“(i) the extent to which such

territory has, with respect to such plan (or waiver)-“(I) increased payments to health care providers;“(II) increased covered benefits;“(III) expanded health care provider networks; or“(IV) improved in any other manner the carrying out of such plan (or waiver); and“(ii) any other information as determined necessary by such territory”

### Requirement Status: **Complete**

This report, which will be submitted to Congress as of **October 29, 2021**, is the second annual report submitted in Response to P.L. 116-94, first being submitted on **October 30, 2020**. This report provides a holistic view of the improvements Puerto Rico is making to the Medicaid program, including review of changes in covered benefits and their impact on the covered population, improvements to sustainability initiatives including increased payments to health care providers and expanded provider networks based on Consumer Assessment of Healthcare Providers and Systems (CAHPS) report results and provider retention reports, any other strategic initiatives that Puerto Rico is pursuing as a part of our Medicaid go-forward strategy, and any supplemental documents which supported the writing of this report.

### Activities Completed

- Submitted Annual Report to Congress in October 2020
- Submitted the following reports to provide CMS and Congress with updates on Puerto Rico’s progress toward the requirements under P.L. 116-94, in addition to the required 2020 and 2021 Annual Reports:
  - Quarterly Report submitted in January 2021
  - Semi-Annual Report submitted in May 2021
  - Quarterly Report submitted in July 2021
- Held visioning sessions to align goals for the development of this Annual Report in August 2021
- Collected data from multiple sources for report enhancements in September and October 2021
- Finished developing an initial draft of the report in early October 2021
- Submitted Annual Report to Congress in October 2021

### Planned Next Steps

Puerto Rico will continue to collaborate with federal partners and provide updates on improvements made to our Medicaid program.

## Requirement 7: Report on Contract Oversight and Approval

### Congressional Requirement

“Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall issue, and submit to the Chair and Ranking Member of the Committee on Energy and Commerce of the House of Representatives and the Chair and Ranking Member of the Committee on Finance of the Senate, a report on contracting oversight and approval with respect to Puerto Rico’s State plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) (or a waiver such plan). Such report shall-

- a. examine-
  - i. the process used by Puerto Rico to evaluate bids and award contracts under such plan (or waiver);
  - ii. which contracts are not subject to competitive bidding or requests for proposals under such plan (or waiver);

- iii. oversight by the Centers for Medicare & Medicaid Services of contracts awarded under such plan (or waiver);
- b. Include any recommendations for Congress, the Secretary of Health and Human Services, or Puerto Rico relating to changes that the Comptroller General determines necessary to improve the program integrity of such plan (or waiver)."

### Requirement Status: **Complete**

- Puerto Rico submitted to Congress on **December 20, 2020** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020:(133 STAT 3109), Division N, Title 1, Subtitle B, §202(f)(2) – Report on Contract Oversight and Approval
- CMS responded to the Contract Oversight and Approval report with a September 2021 letter providing feedback and asking clarifying questions. Puerto Rico is preparing a thorough response and intends to incorporate CMS feedback into their contract oversight efforts going forward.

### Activities Completed

- The Government Accountability Office (GAO), led by the Comptroller General, provided some questions related to our contracting processes which were responded to on November 13, 2020
- The U.S. Department of HHS, Office of Inspector General (OIG) conducted a risk assessment for the Puerto Rico Medicaid program controls and processes. The OIG determined audits of PRMP are warranted and the results will set their priorities for performing future audits of the Medicaid program in Puerto Rico. We reviewed the draft brief in October 2020 and the final report in December 2020. We are responding to OIG's assessment throughout this report for the following risk areas: Program Integrity, Provider Enrollment, Overpayment Reporting, Contracting, Other High-Risk Factors, and Program Management
- We conducted our own assessment of its contracting and oversight processes to respond to the Contracting Oversight and Approval requirements. From September 2020 through December 20, 2020, we reviewed over 250 documents, researched leading practices, and spoke with other Medicaid programs to identify 15 opportunities to help enhance our contract oversight processes.
- To meet the Congressional mandate, we examined the:
  - **Current State for Contracts and Bids Funded by Medicaid in Puerto Rico:** Puerto Rico provided a description of the types of contracted services procured by the Medicaid Enterprise, which are funded by Medicaid. We described our territorial laws for contracting and procurement applicable to the Medicaid Enterprise. Using a contract management framework, we then provided an overview of our processes to evaluate bids and award contracts on a competitive and non-competitive basis. After examining the contracting processes in our Medicaid Enterprise, we developed a Contracting Reform Plan that identifies contracting reform improvement opportunities (refer to *Requirement 3: Develop Contracting Reform Plan* for more information).
  - **Managed Care Contracts subject to Oversight by CMS:** Puerto Rico evaluated compliance and oversight activities required by CMS of the managed care contracts awarded under our State plan. Managed care contract oversight focuses on eight functional areas, which align to the scope of the Medicaid and CHIP Managed Care Final Rule established by CMS in 2016



and updated in 2020 to achieve a better balance between appropriate federal oversight and state flexibility. For each of the areas, we described the functional area, current processes and stakeholders involved, and opportunities we are considering that can improve our business processes and tools. We also reviewed leading practices from states, to help us identify opportunities to enhance our contract oversight processes.

### Planned Next Steps

Moving forward, we will continue our considerations and implementation progress on the identified opportunities to enhance our contract oversight processes as part of our comprehensive efforts on Contracting Reform. The opportunities identified in the Requirement 7 Report are:

- Integrate Oversight Teams
- Improve the Governance of Contract Oversight Processes
- Increase Transparency with Puerto Rican Beneficiaries
- Enhance the EQRO’s Role in Overseeing MCOs
- Integrate Quality Oversight
- Leverage Telehealth to Expand the Existing Provider Network
- Reduce Reliance on MCO-Reported Data Through MMIS Reporting
- Improve Frequency of Data Reporting by PRHIA Adoption of the MMIS
- Standardize Processes of Grievances and Appeals and Share Data across Medicaid Enterprise
- Track Trends in Grievances and Appeals to Identify and Resolve Systemic Issues
- Improve Collaboration for Medicare Advantage Marketing Materials Development for Dual Eligible
- Continue Provider Enrollment Data Reconciliation Efforts
- Improve Data Integrity and Automation by PRHIA Adoption of the MMIS
- Review and Include Modifications to actual Managed Care Model

## Requirement 8: Audits of Managed Care Payments

### Congressional Requirement

“...the Inspector General shall develop and submit ...a report identifying payments made under Puerto Rico’s Medicaid Program to managed care organizations that the Inspector General determines to be at high risk for waste, fraud, or abuse and a plan for auditing and investigating such payments. Such report shall:

- a. examine:
  - i. The process used by Puerto Rico to make payments to the Managed Care organizations, ii. Which, if any, current processes represent risks of fraud, waste, or abuse
- b. Include any recommendations or findings for Congress, relating to changes that the Office of Inspector General determines necessary to improve the program integrity of such plan.”

## Requirement Status: **Complete**

- We submitted to Congress on **Dec 20, 2020** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020:(133 STAT 3110), Division N, Title 1, Subtitle B, §202(f)(3) – Audits of Managed Care Payments
- CMS responded to the Audits of Managed Care Payments report with a September 2021 letter providing feedback and asking clarifying questions. We are preparing a thorough response and intends to incorporate CMS feedback into our program integrity efforts going forward.
- We have made developments towards expanding PRPIU oversight of managed care payments. Improvements in coordination between PRDOH and PRHIA have led to a collaborative approach and more defined roles in oversight responsibilities. The PRPIU and PRHIA Compliance teams are both working to coordinate responses and corresponding activities given the Congressional and OIG directives. This commitment to a collaborative approach will strengthen the capacity and efficiency of both groups going forward.
- HHS and OIG conducted a high-level risk assessment for the PRMP controls and processes, titled ‘A-02-20-01011 Risk Assessment Puerto Rico Medicaid Program,’ to comply with P.L. 116-94. This assessment outlines risk areas and other high-risk factors that could contribute to improper Medicaid program payments. The OIG determined audits of the PRMP are warranted and the results will set their priorities for performing future audits of our Medicaid program.

## Activities Completed

In our December 2020 report to Congress, we summarized the current state of the program, including our current FWA approach, and highlighted upcoming planned enhancements. The report also provides information on leading practices used by other state Medicaid programs and potential opportunities to enhance PRMP. The following topics were included as part of the report submitted to Congress:

- **Description of Puerto Rico’s oversight over Managed Care payments and approach to address FWA:** We highlighted the developments that we have made in data mining, leveraging analytics, and identifying high risk transactions from our MMIS. The use of these tools has already begun and have helped us establish baseline metrics to manage the oversight of Managed Care payments going forward.
- **Eight-step approach to handling FWA:** We have implemented an eight-step approach to handling FWA in managed care payments. These steps include prevention, detection, investigation, evaluation, referral to law enforcement, registration of cases, internal referral, and payment suspension process. This process is designed to directly address the components of suspicious FWA activities.
- **Enhanced MMIS:** We have also planned analytic and reporting capabilities that will advance program integrity once fully implemented. Since May 2020, we have been working to upgrade our MMIS and create the capability to generate – on a daily to annual basis – over 100 reports focused on various utilization metrics. Twelve metrics will be summarized in a dashboard and presented for executive-level monitoring. We will utilize these dashboards to initiate the detection and potential prevention of fraud cases that have historically been found by on-site visits.
- **Strengthening oversight and FWA approach via Prevention, Detection, and Response:** We have identified areas of potential enhancements leveraging a flexible framework based on a three-pillar strategy:
  - i. **Prevent:** aimed to be a proactive approach in identifying potential FWA transactions before payment

- ii. **Detect:** designed to find those behaviors that are not prevented in the first pillar. Includes implementing an evolutionary approach that builds on traditional methods of pattern detection with sophisticated strategies
- iii. **Respond:** designed to address FWA that bypasses the first two pillars – it facilitates collaboration and information sharing across organizations and establishes a risk assessment framework that enables better positioning to combat FWA
- **Responding to CMS Comments on Requirement 8 Report:** Puerto Rico is preparing a thorough response and intends to incorporate CMS feedback into their program integrity efforts going forward.

### Planned Next Steps

The planned next steps include prioritizing changes and enhancements as identified in the Requirement 8 report and working toward planning for future updates. In September 2021, CMS provided feedback and has asked clarifying questions on the Audits of Managed Care Payments report. We are preparing a thorough response and intends to incorporate CMS feedback into their program integrity efforts going forward.

## Requirement 9: Reporting on Medicaid and CHIP Scorecard Measures

### Congressional Requirement

“Beginning 12 months after the date of enactment of this subsection, Puerto Rico shall begin to report to the Administrator of the Centers for Medicare & Medicaid Services on selected measures included in the Medicaid and CHIP (MAC) Scorecard developed by the Centers for Medicare & Medicaid Services.” The language in the law was added as an amendment to Section 1902 of the Social Security Act.

### Requirement Status: **Complete**

- We submitted a report to Congress on **December 20, 2020:** (133 STAT 3111), Division N, Title 1, Subtitle B, §202(f)(4) – Reporting on Medicaid And CHIP Scorecard Measures
- Since completing this report, we have addressed “Seek More Information” requests from CMS and Mathematica during their review of our information. CMS has accepted Puerto Rico’s explanations and our MAC Scorecard measures (and Core Set data) are still scheduled to be included in the next public release.
- CMS responded to the Reporting on MAC Scorecard Measures report with a September 2021 letter providing feedback and asking clarifying questions. We are preparing a thorough response and intends to incorporate CMS feedback into their Scorecard efforts going forward.
- The previously submitted report also explored potential additional improvement opportunities considered to make additional enhancements to MAC Scorecard reporting practices. We have further evaluated these improvement opportunities and has begun implementing several of them. These opportunities were introduced in the Requirement 9 – Report on MAC Score Measures submitted to Congress on December 20, 2020 and subsequently discussed in greater detail in Requirement 12 – Report on Implementation of MAC Scorecard Measures submitted to Congress on December 20, 2020 report, which included high-level work plans. Puerto Rico has generally

followed the work plans as provided in Report 12. Our completed progress on these opportunities is therefore discussed in the Requirement 12 report.

### Activities Completed

To meet the Congressional mandate the following activities have been completed since our most recent update:

- **Prepare for “Seek More Information” Requests from CMS:** As required by Congress, MAC Scorecard measures were submitted and certified within the MACPro portal. Since doing so, we have conducted additional evaluation of our reporting processes in order to prepare to address “Seek More Information” (SMI) requests. We will respond to potential SMI requests and revise measures accordingly.
- **Further Evaluated and Initiated Implementation of Additional Improvement Opportunities.** The Requirement 9 report provided a general discussion of ways for Puerto Rico to make further improvements to processes that are related to MAC Scorecard reporting. Since submitting this report, we convened a one-time DGC to lay the foundation for implementing improvement opportunities, conducted analysis of data quality and availability, made preparations for future MAC Scorecard reporting, and developed a potential process for creating a Medicaid MCO Report Card to measure plan quality. Our progress and next steps with respect to these and other improvement opportunities are discussed at greater length within the Requirement 12 report update.
- **Responding to CMS Comments on Requirement 9 Report:** We are preparing a response to CMS’ comments and intends to incorporate CMS actionable feedback into their Scorecard efforts going forward.

### Planned Next Steps

The immediate planned next steps include implementing actionable CMS Scorecard report feedback, implementing changes aligned to the improvement opportunities identified in the Requirement 9 report and described in further detail in Requirement 12’s update, and ongoing monitoring of the measures included in the Scorecard, including the State and Federal Accountability pillars.

For the FFY 2022 Core Set reporting period and subsequent years, we will expand our Adult/Child Core Set reporting to include additional measures where the requisite data is currently available and begin to require that MCOs collect and report on measures where partial or no data is currently available (including the Child Core Set and Adult Behavioral Health Core Set measures that must be reported by FFY 2024).

## Requirement 10: Develop Financial Executive Summary CMS 37/64

### Congressional Requirement

“(A) In general- Puerto Rico shall establish and maintain a system, which may include the use of a quarterly Form CMS-64, for tracking any amounts paid by the Federal Government to Puerto Rico with respect to the State plan of Puerto Rico (or a waiver of such plan). Under such system, Puerto Rico shall ensure that information is available, with respect to each quarter in a fiscal year (beginning with the first quarter beginning on or after the date that is 1 year after the date of the enactment of this bisection), on the following: “(I) In the case of a quarter other than the first

quarter of such fiscal year-“ (I) the total amount expended by Puerto Rico during any previous quarter of such fiscal year under the State plan of Puerto Rico (or a waiver of such plan); and “(II) a description of how such amount was so expended. “(ii) The total amount that Puerto Rico expects to expend during the quarter under the Sate plan of Puerto Rico (or a waiver of such plan) and a description of how Puerto Rico expects to expend such amount. “(B) Report To CMS.- For each quarter with respect to which Puerto Rico under subparagraph (A) to ensure that information described in such subparagraph is available, Puerto Rico shall submit to the Administrator of the Centers for Medicare & Medicaid Services a report on such information for such quarter, which may include the submission of a quarterly Form CMS-37.”

### Requirement Status: **Complete**

We maintain a system for tracking any amounts paid by the federal government to Puerto Rico with respect to the State Plan of Puerto Rico, including the use of the quarterly CMS-37 and CMS-64 reporting forms. During the summer of 2020, Medicaid finalized procedures to reflect the changes required by the congressional requirement, including a narrative report that will be submitted with the CMS-37 and CMS-64 reporting forms. On July 27, 2020, CMS verbally confirmed that we were in compliance with CMS-37 and CMS-64 Congressional reporting requirements.

### Activities Completed

Despite remaining in compliance with the original requirement, we utilized this as an opportunity to review our CMS-64/37 reporting processes. This resulted in the following:

- Discussions with PRDOH and PRHIA stakeholders to understand data analytics capabilities for report enhancements
- Development of an executive summary for each CMS-64/37 report submission
- Enhancements identified for CMS-64/37 narrative
- Assessment of areas to automate narrative and reporting process

We began incorporating some of the narrative enhancements identified in the following reports:

- CMS-64 reporting form for October 2021 – December 2021 due to CMS on January 30, 2021
- CMS-37 reporting form for April 2021 – June 2021 due to CMS on February 15, 2021
- CMS-64 reporting form for January 2021 – March 2021 due to CMS on April 30, 2021
- CMS-37 reporting form for July 2021 – September 2021 due to CMS on May 15, 2021
- CMS-64 reporting form for April 2021 – June 2021 due to CMS on July 30, 2021
- CMS-37 reporting form for October 2021 – December 2021 due to CMS on August 15, 2021

### Planned Next Steps

We plan to continue to incorporate the executive summary and the enhancements for the upcoming CMS-37 and CMS-64 reports.

## Requirement 11: Submission of Documentation on Contracts Upon Request

### Congressional Requirement

“Puerto Rico shall, upon request, submit to the Administrator of the Center for Medicare & Medicaid Services all documentation requested with respect to contracts awarded under the State plan of Puerto Rico (or waiver of such plan)”

### Requirement Status: **Complete**

- We submitted a report to CMS on **April 30, 2021** in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020 (133 STAT 3111), Division N, Title 1 §202(f)(7) – Submission of Documentation on Contracts Upon Request.
- We understand that CMS and other federal oversight agencies may occasionally require information on an ad-hoc basis in addition to our routine reporting on contracts awarded under our Medicaid State Plan. We participated fully in the recent assessments conducted by the GAO and the OIG and were responsive to their questioning of our contracting processes. Building on our responsiveness to OIG’s assessment<sup>38</sup> and the GAO’s report<sup>39</sup>, we improved our established processes to respond to documentation requests. These efforts include documenting our processes to increase clarity and accountability, and implementing tools allowing our Medicaid Enterprise to be better prepared for future requests.

### Activities Completed

To meet the Congressional mandate and develop this report, our Medicaid Enterprise staff, and leadership reviewed and inventoried contract documentation, gathered insights on current techniques and reporting practices, and shared lessons learned from responding to recent data requests from CMS and other federal oversight agencies. We accomplished the following:

- **Reporting on Contracts Subject to Oversight by CMS:** Reviewed and described the types of contracts awarded under the Puerto Rico Medicaid State Plan, indicating which procurements and contracts are already reviewed routinely by CMS.
- **Process for Responding to Contract Documentation Requests from CMS:** Enhanced and documented our process steps to respond to future CMS documentation requests consistently across the Medicaid Enterprise. The process describes the steps that we will follow whenever any future request is received, identifying owners and the handoff for each step.
- **Process Enhancements and Tools:** Developed tools and enhancements to increase our level of organization and transparency to be better prepared to respond to any future requests and to collaborate more effectively with CMS. Our tools, described below, were developed after studying leading practices within our Medicaid Enterprise and from other states’ and territories’ Medicaid programs in contract management, document repositories, and general reporting practices to CMS.
  - A web-based transparency platform was developed and deployed in October 2021. This platform can be accessed [here](#).
  - As part of the efforts for documenting our processes and drafting this report, we developed the following tools:

<sup>38</sup> Office of Inspector General, Department of Health & Human Services. (December 11, 2020). *A-02-20-01011 Risk Assessment Puerto Rico Medicaid Program*. Accessed 10/13/21 from <https://oig.hhs.gov/oas/reports/region2/22001011.asp>.

<sup>39</sup> U.S. Government Accountability Office. (February 2021). *GAO-21-229 Report to Congressional Committees, Medicaid: CMS Needs to Implement Risk-Based Oversight of Puerto Rico’s Procurement Process*. Accessed 10/13/21 from: <https://www.gao.gov/assets/720/712259.pdf>.

- *Contract Document Inventory* to identify contract documentation available for each contract type
- *Requirements Crosswalk* to align our responses to CMS requests by mapping requirements to documents submitted

### Planned Next Steps

We are currently continuing to improve our processes in relation to the enhancements outlined below:

- *Unified Document Repository* to enhance storing, tracking, and management of contract documents securely
- *Proactive Communications with CMS* to collaborate on our upcoming procurements/contracts, seek guidance and document decisions made

As such, we aim to be prepared to better collaborate in the future with CMS and effectively respond to future documentation requests regarding contracts awarded under the Puerto Rico Medicaid State Plan.

## Requirement 12: Reporting on Implementation of Medicaid and CHIP Scorecard Measures

### Congressional Requirement

“Beginning 12 months after the date of enactment of this subsection, Puerto Rico shall begin to report to the Administrator of the Centers for Medicare & Medicaid Services on selected measures included in the Medicaid and CHIP Scorecard developed by the Centers for Medicare & Medicaid Services.” The language in the law was added as an amendment to Section 1902 of the Social Security Act.”

### Requirement Status: **Complete**

- We submitted to Congress on **December 20, 2020** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020:(133 STAT 3111), Division N, Title 1, Subtitle B, §202(f)(4) Reporting on Implementation of MAC Scorecard Measures.
- On **December 2020**, Puerto Rico submitted MAC Scorecard measures to CMS, using CMS’ MACPro portal. We expect that our reported measures will be published by CMS next year as part of the 2021 MAC Scorecard.
- In addition to meeting this Congressional requirement, we have begun implementing improvements to our data management and reporting operations in preparation for the 2022 MAC Scorecard and subsequent reporting federal requirements.

### Activities Completed

For each of the opportunities documented in our Report to Congress for Scorecard Measure reporting, we developed an implementation plan for the consideration of CMS and Congress. Initiatives identified as high priority and have already begun are the following:

- **Convened a Data Governance Committee (DGC)** to guide the implementation of priority initiatives and subsequent enhancements to data management and reporting operations. Activities completed include:
  - Evaluating data governance operating models that includes data from across our Medicaid enterprise
  - Developing a draft formal data governance charter



- Establishing and holding regular meetings where issues related to data governance are discussed
- **Began conducting a data quality analysis** through our Data Management Work Group to identify and address potential issues related to data quality and availability. Activities completed include:
  - Established business goals for an analysis of data quality and availability
  - Reviewed internal documentation related to quality measures
  - Developed a data catalog to serve as a detailed inventory, documenting what quality measures are collected by Puerto Rico and where those measures are stored across our internal technical landscape
- **Preparing for future MAC Scorecard and Core Set Reporting** to enable efficient and accurate reporting in upcoming years. As part of this effort, we responded to CMS' SMI requests on methodology used for Puerto Rico's FY 2021 MAC Scorecard data.
- **Continued development towards creating an "MCO Report Card"** to enhance public transparency of MCO performance. Activities completed include:
  - Reviewed leading practices for Report Cards in comparison Medicaid programs
  - Completed a visioning session with our Medicaid leadership to align on vision for developing and using MCO Report Cards
  - Developed a model for translating recent HEDIS and CAHPS data into a potential Puerto Rico Report Card
  - Reviewed potential model with subject matter experts, including Medicaid experts and clinicians, to incorporate leading insights
  - Finalized model and began formatting initial report card to share with MCOs internally
  - Developed and finalized initial methodology document to help guide future Report Card development
  - Convened planning discussions with MCOs on future uses of report card, including both oversight and potential public reporting

### Planned Next Steps

To support the priority initiatives discussed above, we plan to commit to the following activities:

- **Continue maturing the data governance function**
  - Work to implement approaches that more holistically address the governance needs of Puerto Rico's Medicaid enterprise
  - Establish additional functional and technical roles within the data governance operating model
- **Complete data quality analysis**
  - Document observed instances where data validation processes may be improved
- **Ongoing preparation for future reporting**
  - Continue to engage our Medicaid MCOs on their ability to report on additional Adult and Child Core Set measures
  - Document how Core Set measures not currently collected (but required in FY 2024) can be collected to meet future federal reporting requirements
- **Continue MCO Report Card Development**
  - Finalize the methodology/documentation for a Medicaid MCO Report Card
  - Work directly with MCOs to understand and potentially incorporate their feedback in the Report Card design

- Determine potential uses for the Report Card, potentially including future public reporting

Improvement opportunities identified that have yet to begin, but still are of priority to Puerto Rico are as follows:

#### **Optimization Initiatives – to be enacted after September 2021:**

- Develop a “Federal Reporting Playbook” for reporting on quality measures
- Continue to enhance coordination with CMS to receive technical assistance on federal reporting of quality measures
- Consider leveraging an EQRO to assist with federal reporting on quality measures

## **Requirement 13: Develop Policies and Procedures for Penalties**

### **Congressional Requirement**

“In general- for each fiscal quarter during the period beginning on January 1, 2020 and ending on September 30, 2021: (I) for every clause under sub paragraph (A) with respect on which Puerto Rico does not fully satisfy the requirements described in the clause (including requirement imposed under the terms of a plan described in the clause) in the fiscal quarter, the Federal Medical Assistance Percentage applicable to Puerto Rico under section 1905 (ff) shall be reduced by the number of percentage points determined for the clause and fiscal quarter under subclause (II).

(II) The number of percentage points determined under for this subclause with respect to a clause under subparagraph (A) and a fiscal quarter shall be the number of percentage points (not to exceed 2.5 percentage points equal to: (aa) 0.25 percentage points; multiplied by (bb) the total number of consecutive fiscal quarters for which Puerto Rico has not fully satisfied the requirements described in such clause.”

### **Requirement Status: Complete**

- As part of the Congressional Requirements, we will receive financial penalties if we do not satisfy the reporting requirements for each fiscal quarter between January 2020 and September 30, 2021. As of April 2021, all reporting requirements are currently on track to be completed by the required due dates. Currently, we meet monthly with CMS to give them an update on status to-date and discuss progress on various requirements.

### **Activities Completed**

We have established a team to support report analysis, development, review, and approval across each of the Congressional Requirements. Our team conducts weekly status meetings to discuss the progress toward each requirement. As part of the weekly status meeting cadence, a written status report is provided with updates to continuously document the status of each requirement. The written status report also includes documentation of any known risks or issues. If any slippage in the timeline should occur, it will be addressed immediately, and we will provide the support necessary to get back on track. By setting up a tracking system and maintaining communication between our team and CMS, we will be able to maintain compliance and avoid any financial penalties.

## Planned Next Steps

In addition to the submission of this report, we will continue to take the following steps to maintain proper monitoring of each Congressional requirement:

- Monthly meetings and status reports with CMS, ongoing
- Weekly meetings and status reports with PRHIA, ongoing
- Quarterly reports to CMS, ongoing

## 6. Impact of Program Investments

Puerto Rico has gone above and beyond meeting the Congressional Requirements to strengthen the efficiency of our Medicaid Program. We are continuously working towards enhancing our controls, compliance, and oversight activities, being good stewards of program funds, and enhancing public trust in the execution of our Medicaid program. This section highlights some of our key investments and our future priority enhancement efforts within the areas of governance and processes, people, and technology. Each of our investments has been a strategic effort to improve the Medicaid experience for our members.

We believe a strong governance structure, with underlying processes that support that structure, can provide the goals, vision, and strategic direction for our Medicaid Enterprise, and allows for coordination across the agencies engaged in our Medicaid Enterprise.

Our governance structure is only as strong as the staff tasked with implementation and oversight of our program, and we have undertaken a staffing review and analysis to ensure that our internal organization is aligned with our new structure and is best positioned to efficiently manage a program that meets the needs of our members.

We have improved our data collection and analysis capabilities, making it easier for our staff to identify areas of focus for their oversight and management activities and supporting our commitment to data-driven policy and decision making. Our data collection is not just for internal purposes, however. We have invested in a transparency effort, in which program updates and information are publicly shared, improving public trust in our activities.

In addition to our internal-facing enhancements, we have made considerable investments for our provider community, to increase reimbursement rates across provider settings and types. Our program relies on a provider network that is able to meet the needs of our beneficiaries, and the investments that we have made over the past year have provided higher reimbursements for providers, allowing them to continue to participate in our Medicaid program.

Finally, each of these areas of investment are focused on our shared goal of improving the experience of our Medicaid beneficiaries. We strive to improve their ability to access care when it is needed and ensure that the care they do receive is high-quality.

### 6.1 Governance

Puerto Rico continues to add rigor, structure, and standardization across our departments to bolster accountability and improve performance of our agencies as we implement new governance structures. We have enabled stronger and consistent decision-making by establishing a cadence of regular leadership meetings across the Enterprise to guide contracting reform. The leadership team has agendas, notes, and other materials capturing the discussion and attendance for these discussions. We have also created a

governance process for PRDOH and PRHIA to manage data, streamline reporting, and improve quality more effectively. This process guides the implementation of priority initiatives and subsequent enhancements to data management and reporting operations.

In addition to setting up governance committees, we have also identified performance metrics and developed reporting processes to gauge and communicate progress on program integrity and contracting reform efforts to our federal partners on a regular basis. We have started standardizing program integrity metrics and the approach to identify and investigate FWA across PRPIU and the compliance division within PRHIA. PRPIU and PRHIA have enhanced their inter-entity cooperation in order to integrate their approaches to program integrity, prevent information siloes, and enhance communication across units. PRPIU and PRHIA have implemented a regular meeting cadence in which they share information, review leads, and coordinate on referrals. PRPIU and PRHIA have standardized their review process across programs, such that they are reviewing for outliers and anomalous behaviors in tandem with each other.

### **6.1.1 Process**

Puerto Rico has made major investments over the past year to organize our program in a way that increases the efficiency, effectiveness, and stability of our service delivery while creatively leveraging our current resources.

We are committed to increasing competition in our procurement process and have recently established a dollar threshold over which professional services contracts will require competitive procurement methods. The approved threshold is planned to be implemented in a phased approach to allow competitive procurements to scale up sustainably over the next year.

In order to be more transparent and communicate effectively with our beneficiaries and federal partners, we have developed a new public transparency platform to serve as a repository for procurement and contracting documents. Our Medicaid Enterprise plans to publish RFIs, RFPs, RFQs, award information, and finalized contracts that are fully or partially funded by Medicaid dollars on our transparency platform. In addition, we are continuing to enhance functionality and plan a roadmap for how the platform could mature alongside the Medicaid Enterprise in the future.

We have also developed a standardized and consistent process for responding to contract documentation requests from CMS. The process describes the steps that the Medicaid Enterprise is working to implement for future requests, identifying owners and the handoff for each step, which is captured in Congressional Requirement 11 report submitted to CMS and Congress in April 2021.

In addition, we have been very responsive to any ad hoc requests from CMS. We recently responded to CMS' request to provide specific compliance with federal regulation and competitive process contracting by submitting a cross reference of local regulations with 17 required contracting federal regulations to display compliance with corresponding Code of Federal Regulations (CFR). We also submitted information to CMS on October 1, 2021 detailing the steps included in our procurement and contract reform process, along with our timeline for implementation. We have regular calls with CMS staff to provide updates on our compliance efforts, to discuss progress on finalizing the Contracting Reform Plan and respond to any feedback or additional questions they might raise.

In 2021, PRHIA conducted an assessment of CMS Final Rule that applies requirements of the Mental Health Parity and Addiction Equity Act of 2008 to MCO members' benefits, Medicaid Alternative Benefit Plans, and CHIP. PRHIA will publish the results of this assessment in the last quarter of 2021.

We remain committed to strengthening our program integrity efforts and safeguarding taxpayer dollars through our activities associated with the review of improper payment data. In order to address CMS PERM requirements, we have developed a detailed compliance plan and initiated plan execution. PRDOH has created a detailed compliance and implementation plan to define how we will prepare and fully participate in the PERM program. We have reviewed all compliance requirements for both programs, reviewed eligibility determination policies and procedures, and compared procedures to leading practices and CMS regulations. We have identified key preparatory activities and developed workplans to implement activities in advance of PERM and MEQC cycle kick-offs. We have also begun to establish training programs for PERM and MEQC which we will socialize with key stakeholders in advance of cycle-kick off. Additionally, ASES has adopted the MES Tools and Modules to continue enhancing the Medicaid Program, in compliance with Program Integrity Strategies and MCO monitoring.

## 6.2 People

Puerto Rico has been working on improving our staffing and providing a favorable experience to our providers in order to achieve our shared goal of improving the experience of our Medicaid beneficiaries. This section highlights some of the investments we are making to improve our internal staffing levels and provider experience, which contribute to improving the experience of our Medicaid beneficiaries.

### 6.2.1 Staffing

Puerto Rico is making strategic investments in gauging staffing levels and workload and engaging with our employees and beneficiaries on a regular basis to get their feedback on how to support optimal execution of the Medicaid Program. We recently analyzed staffing and skills needed to support our goal of improving the integrity of our program and enhance oversight and transparency across the enterprise. As seen in [Section 4.1](#), this analysis has also informed PRHIA's recent departmental reorganization.

We are also evaluating possible staffing structure changes for both PRPIU and MEQC teams that could support both units to meet program requirements for compliance in PERM and MEQC federal cycles. After conducting a high-level staffing and capabilities analysis, our Medicaid Enterprise identified key areas in the PRPIU and MEQC teams in which staffing modifications could enable both units to fully comply with PERM and MEQC requirements. We are working to develop a plan for how best to assign tasks and staff PRPIU and MEQC so that PRPIU becomes a robust team working on the program integrity-related activities of the Medicaid entities. PRPIU has collaborated with comparable states to discuss leading practices and optimal PIU staffing. Puerto Rico Medicaid Enterprise has begun to develop training materials for MEQC and conduct preparatory activities in advance of the PERM cycle in order to build expertise and delegate responsibilities among stakeholders.

### 6.2.2 Provider Experience

We collaborated with the Office of the Assistant Secretary for Planning and Evaluation within HHS to conduct research into analyzing provider movement off the Island or out of Medicaid. These findings suggested significant challenges to keeping providers within the Medicaid program. Before Hurricanes Irma and Maria in 2017, approximately 500 doctors per year were leaving the Island for the mainland. Additionally, Puerto Rico had about half as many ER physicians, neurosurgeons, and ENT specialists compared to mainland average.<sup>40</sup> It is evident that historic funding levels within our Medicaid Enterprise were considered insufficient by providers participating in the Medicaid program.

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<sup>40</sup> Office of the Assistant Secretary for Planning and Evaluation. (2017, Jan. 12) *Evidence Indicates a Range of Challenges for Puerto Rico Health Care System*. U.S. Department of Health and Human Services. Accessed 10/13/21 from [https://aspe.hhs.gov/sites/default/files/migrated\\_legacy\\_files//171926/PuertoRico\\_Assessment.pdf](https://aspe.hhs.gov/sites/default/files/migrated_legacy_files//171926/PuertoRico_Assessment.pdf)

We remain focused on ensuring necessary access to services for the members of Plan Vital, a key element of which is offering a robust provider network. Some of the identified challenges to maintaining that network include the availability of certain provider types island-wide and low reimbursement levels for providers. Increased funding to the Medicaid program has allowed Puerto Rico to take steps to increase reimbursement levels for current and future providers.

During the past year, we have sought approval from CMS for several directed payments to increase provider reimbursement and stabilize the current network. Each of the following directed payments approved by CMS require us to complete an evaluation of the impact of the directed payment. Because these are new initiatives, the results of the studies are not yet available. Current directed payments waiting for approval include: 2020-2021 Primary Medical Group/Behavioral Health Provider (PMG/BH) Sub Capitation Increase Renewal, 2021-2022 PMG/BH sub capitation Increase Renewal, 2021-2022 Hospital STAC Renewal, 2021-2022 Dental Minimum Fee Schedule Renewal, and 2021-2022 70% Medicare Minimum Fee Schedule.

In addition to the efforts to increase provider reimbursement levels, PRHIA has begun an evaluation of additional opportunities to strengthen the network as part of our next MCO procurement. The study is focused on determining if the current network standards are adequate to meet the current needs of the Plan Vital Membership and to identify ways to increase the number of available providers on the island who are willing to serve the Medicaid population. Considerations in this study include: increase access to telehealth, incentivize retention of new providers on the island in cooperation with the School of Medicine such as tax credits for newly graduated students, free office space, and reduced paperwork for provider enrollment, and increased technical assistance from MCO staff to reduce the administrative burden of tasks such as credentialing. These efforts will require additional effort and time before Puerto Rico can meaningfully measure the impact.

### 6.2.2.1 Increases to Provider Reimbursement

We increased Medicaid reimbursement for professional services under the Plan Vital managed care program from approximately 40 percent to 70 percent of the Medicare Part B Fee Schedule. This was highlighted in the 2020 annual report as an upgrade to the program, and was reported on in the semi-annual report submitted in April 2021. Below is updated expenditure projections and summary.

Program Expenditures (Millions)	FFY2021	FFY2022
Medicare Part B Provider Fee Schedule Increase	\$103.7	\$167.6

Source: Milliman Estimated Impact of Sustainability Measures report

### 6.2.2.2 Inpatient Hospital Payments

This initiative was designed to increase hospital reimbursement to compensate for the operational losses arising from the provision of care for Medicaid beneficiaries. This past year Puerto Rico was also able to successfully execute and increase the payment rate for inpatient services provided by public and private short-term acute care (STAC) hospital. This has been highlighted in prior reports and below is an update on actual and projected expenditures. CMS is reviewing a renewal request for this initiative through FFY22.

Program Expenditures (Millions)	FFY2021	FFY2022
Inpatient Hospital Payments	\$77.2	\$103

Source: Milliman Estimated Impact of Sustainability Measures report

### 6.2.2.3 Sub-Capitated Providers

This initiative was designed to increase reimbursement to physicians with a sub-capitated arrangement that could be accommodated within Puerto Rico’s budget, since sub-capitated providers were not addressed in 1108(g). In this last year and before CMS for approval for FFY 2022, we have been able to increase sub-capitated reimbursements, specifically providing an increase to PMGs and BH providers that are reimbursed by the MCOs on a sub-capitated basis. This was discussed in the semi-annual report submitted earlier this year, however here Puerto Rico is providing an update on actual and project expenditures of this increased payment.

Program Expenditures (Millions)	FFY2021	FFY2022
Sub-Capitated Providers	\$31.4	\$81.8

Source: Milliman Estimated Impact of Sustainability Measures report

CMS is reviewing renewal requests spanning July 1, 2020 through September 30, 2022. We have been able to successfully implement, and track expenditures related to this initiative.

### 6.2.2.4 Hepatitis C Elimination Effort

This effort is focused on eliminating Hepatitis C in Puerto Rico by 2030. A SPA (SPA 20-0001)<sup>41</sup> was submitted and approved by CMS to allow Puerto Rico to cover MAVYRET, a Hepatitis C drug, through our fee-for-service (FFS) program.

### 6.2.2.5 Dental Fee Schedule Increase

The final of the initiatives consistently reported on over the past year was a revision of the minimum dental fee schedule to account for cost inflation on dental procedures.

Program Expenditures (Millions)	FFY2021	FFY2022
Dental Fee Schedule	\$2.4	\$10.3

Source: Milliman Estimated Impact of Sustainability Measures report

CMS has approved the minimum dental fee schedule through September 30, 2021, and is reviewing a renewal request for FFY22. Puerto Rico has been able to successfully implement, and track expenditures related to this increased benefit. For both these increased benefits to providers, increased payments for inpatient stays and an adjusted dental fee schedule, are at risk of reverting back to original reimbursement rates if Puerto Rico does not receive adequate federal funding.

## 6.2.3 Pharmacy Experience

Puerto Rico was preparing to participate in the National Medicaid Drug Rebate Program (MDRP). However, CMS issued an Interim Final Rule in the summer that proposed changing the date when the territories are considered states for purposes of the MDRP to April 2024 or no earlier than January 2023. They have yet to finalize that rule. We continue to monitor CMS updates around the MDRP.

<sup>41</sup> State Plan Amendment 20-0001. Medicaid.gov. Accessed 10/13/21 from <https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/PR-20-0001.pdf>



## 6.2.4 Member Experience

We are committed to delivering high-quality, accessible care. Over the past two years, since receiving additional funding through P.L. 116-94, we have made a strategic effort to improve our member experience. While this has proved to be challenging through the COVID-19 pandemic, we have continued to invest in improving quality and access to care for members.

Puerto Rico has taken major efforts to expand Medicaid benefits to our beneficiaries. We are working towards increasing the artificially low Puerto Rico Poverty Level to 85% of the FPL, which would allow us to expand Medicaid to otherwise ineligible individuals. The federal funding received allowed Puerto Rico to improve our program by offering additional benefits to our Medicaid beneficiaries. As highlighted in the prior year annual report and April semi-annual report, we increased the breadth of coverage for our beneficiaries and provided an update on actual and projected expenditures associated with each program.

Program Expenditures (Millions)	FFY2021	FFY2022	FFY2023	FFY2024
COVID-19 Benefits	\$40.7	\$16.0	\$0	\$0
Hepatitis-C Drug Coverage <sup>42</sup>	\$27.7	\$47.3	\$46.4	\$21.8
Correctional Inpatient Claims	\$1.1	\$1.5	\$1.5	\$1.5
Undocumented Pregnant Women	\$0.4	\$0.6	\$0.6	\$0.6
Transgender hormone therapy <sup>43</sup>	\$0.2	\$0.2	\$0.2	\$0.2
<b>Total (Millions)</b>	<b>\$70.1</b>	<b>\$65.6</b>	<b>\$48.7</b>	<b>\$24.1</b>

Source: Milliman Estimated Impact of Sustainability Measures and Puerto Rico Government Health Plan Financial Projections reports

The expansion of benefits is limited as we are focusing on improving access and quality of care of current benefits offered. Some of the added benefits to the program included mandatory benefits that were missing from the program, such as NEMT, diabetes supply of durable medical equipment (DME), adult vaccinations, and funding Part-B Buy in.

As highlighted on multiple occasions throughout this report, in an effort to measure what members' value within our Medicaid program and also to identify improvements, our Medicaid program recently conducted a member survey. From February 3, 2021 to April 14, 2021, over 62,000 Medicaid members spanning across four MCOs participating in our Medicaid program were contacted via phone call. While the focus of the survey was to gauge differences in quality and access to care between providers, it also presented some overall conclusions regarding the Medicaid program. Overall, members express satisfaction with their experience accessing care and benefits within Medicaid. However, members did indicate they had difficulty getting in contact with MCOs and would benefit from expanded provider networks and additional preventative services.<sup>44</sup>

The semi-annual report submitted in April 2021 highlighted improvements in access to care as well as other health measures across women's, children's, and adult health. We are reporting data on MCO performance from Healthcare Effectiveness Data and Information Set (HEDIS) Reporting Years 2018 to

<sup>42</sup> Hepatitis-C Drug coverage estimates for FFY2022 – FFY2024 are provided in the Milliman report 'Puerto Rico Government Health Plan Financial Projections.' Milliman's updated estimate for FY2021 would not be available until after the publication of this report. Therefore the listed FFY2021 amount of \$27.7 million was found in the 'Estimated Impact of Sustainability Measures' report.

<sup>43</sup> Neither report cited provides dollars associated with Transgender hormone therapy. However, in Milliman's report 'Estimated Impact of Sustainability Measures' the combined total benefits of COVID-19 Benefits, Correctional Inpatient Claims, Undocumented Pregnant Women, and Transgender hormone therapy were estimated to be approximately \$42.4 million in FFY2021. In a separate Milliman report, 'Puerto Rico Government Health Plan Financial Projections' the combined total benefits of COVID-19 Benefits, Correctional Inpatient Claims, and Undocumented Pregnant Women totaled \$42.2 million in FFY2021. Subtracting these two totals produced the \$0.2 million seen in the original figure in this report.

<sup>44</sup> See Appendix P: Plan Vital Assessment of Customer Satisfaction. Accessed 10/15/21:

<https://planvital.org/EnrollmentPrincipal/Principal/CustomerSatisfaction>

2020 from the MCOs directly (see Figure 7 below). The four HEDIS measures discussed below are as follows:

- Timeliness of Prenatal and Postpartum Care (Women’s Health)
- Children’s and Adolescents’ Access to Primary Care Practitioners
- Adults’ Access to Preventative/Ambulatory Health Services
- Annual Dental Visits

While timeliness of prenatal and postpartum care is not directly labeled as an access measure, we believe it is closely tied to access to care and is an important CMS Adult Core and CMS Medicaid and CHIP (MAC) Scorecard metric. As can be seen in the table below, timeliness of prenatal and postpartum care increased from 45 percent to 76 percent from reporting years 2018 to 2020. If members are able to make their prenatal and postpartum appointments more consistently, we believe this is an indicator they have better access to timely maternal health care and improved maternal-infant outcomes. This coupled with the increased performance within children’s health and adults’ health access to care measures demonstrates the program’s ability to increase access to primary and preventative care.

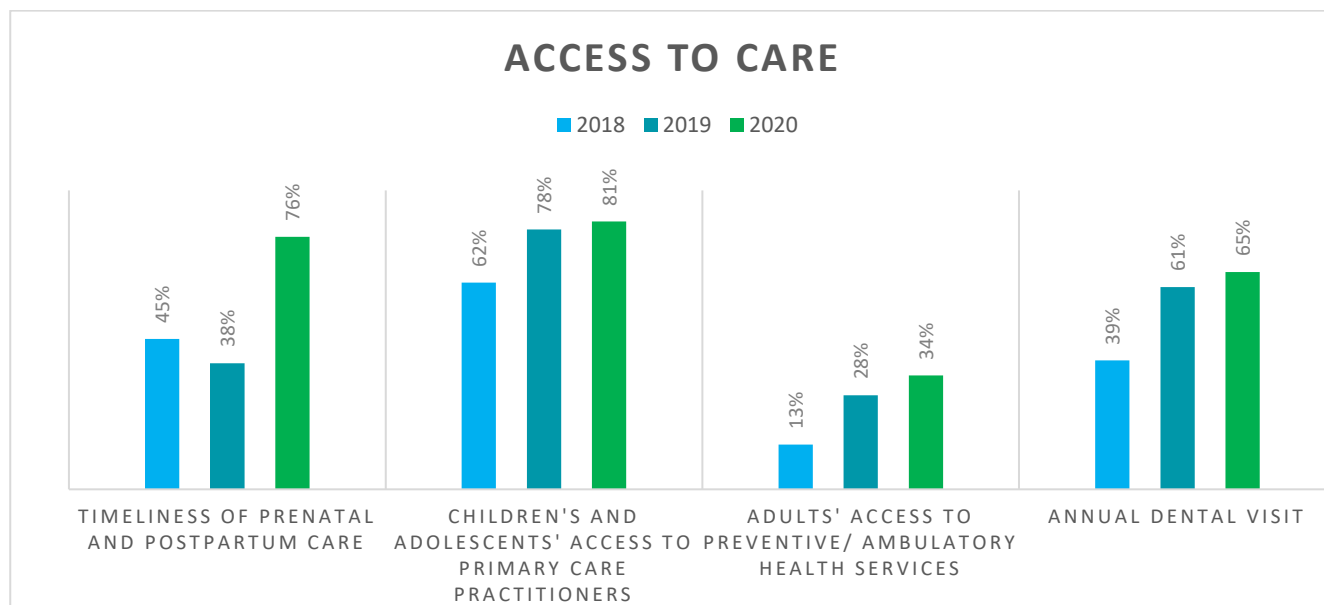


Figure 7. Data on MCO performance from Healthcare Effectiveness Data and Information Set (HEDIS) Reporting Years 2018 to 2020

### 6.3 Technology

Puerto Rico is committed to use the power of data and technology to improve operations, drive innovation, and continually push to provide better services to US citizens living in Puerto Rico. We have enhanced the eligibility process and provider enrollment process by procuring new technologies and system modernization efforts, allowing both units to streamline their verification and validation procedures. Puerto Rico Medicaid Eligibility has procured, implemented, and is now using a new Eligibility system, MEDITI, which allows the eligibility team greater transparency and consistency in their eligibility procedures. The system went live on June 1, 2021. An operational infrastructure was developed and deployed as a part of the system which helps identify, triage, and solve any operational or technical issue. This effort is known as the Operations Support Team (OST) and provides support to all operations aspects of the system. The new system will also enable our MEQC to comply with the federal MEQC requirements in performing operation consistent with federal mandates. Other minor releases following the June 1 go live are projected until January 2022. As of October 2021, we are currently focusing on the Recertification Plan

requested by CMS related to the end of the public health emergency. We have been making improvements to the MMIS, especially with the launch of the fully automated Provider Enrollment Portal to screen and enroll providers in the Medicaid program.

We also recently developed and deployed advance analytics within our MMIS system. Upon standing up the modernized MMIS platform, the data teams have been working to create and produce advanced outputs including Surveillance and Utilization Review reports to detect and identify anomalies within the provider population. These reports are reviewed and shared across PRDOH to increase transparency and encourage information sharing within the agency entities.

We have also been responsive to CMS' SMI requests on methodology used for Puerto Rico's FY 2021 MAC Scorecard data. We have produced an "MCO Report Card" framework to begin measuring MCO performance and quality in providing benefits and services to the Medicaid population. This framework will continue to help us create an "MCO Report Card" to enhance public transparency of MCO performance. [Section 6.3.1](#) below expands on additional progress made on some of these tools.

### 6.3.1 Technology Infrastructure

Another focus area for Puerto Rico over this past year is enhancing its infrastructure and oversight processes. We want to reflect the level of integrity and rigor in our programs as other states and demonstrate that we can operate and therefore be funded in the same capacity as states. Our focus areas over the span of the following described below.

#### 6.3.1.1 Building MCO Reporting Capabilities

Puerto Rico recognizes that building MCO reporting capabilities for the CMS Adult and Child Core Measure Sets is a necessary step to report the CMS MAC Scorecard State Health System Performance (SHSP) measures. We are working with the MCOs to support full Adult and Child Core Set reporting which will require technical assistance and an expansion of current MCO annual HEDIS reporting to include all Adult and Child Core Measures. The Adult and Child Core Measure sets include measures that are not HEDIS such as Agency for Healthcare Research and Quality's Prevention Quality Indicators, Centers for Disease Control and Office of Population Affairs which are new reporting for the MCOs that will require ongoing technical assistance and require MCO systems programming.

## 7. Looking Ahead to State-Like Medicaid Funding

Our leadership has worked to develop a plan for the Medicaid Enterprise should funding equity be achieved for Puerto Rico. Governor Pierluisi has detailed proposed policy changes and proposed program improvements. Underpinning these proposed enhancements is our continued commitment to program integrity, managed care oversight, and contract reform. As mentioned throughout this report, we have undertaken analyses to determine staffing requirements to continue our oversight efforts. We have identified a need for additional FTEs within MEQC to support our current staff, and within both PRHIA and PRDOH to support our contracting reform and oversight efforts.

Governor Pierluisi's plan to conform Puerto Rico's program to state-like Medicaid requirements anticipates requiring approximately \$5.2 billion in federal Medicaid funding in FFY 2022 to support improvements and adopt necessary changes.<sup>45</sup>

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<sup>45</sup> Puerto Rico Federal Affairs Administration. (2021, Jun. 1) *Governor Pierluisi Outlined Plan for State-Like Treatment on Puerto Rico's Medicaid Program*. Accessed 10/13/21 from <https://prfaa.pr.gov/2021/06/01/governor-pierluisi-outlined-plan-for-state-like-treatment-on-puerto-ricos-medicaid-program/>  
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## 7.1 Proposed Policy Changes

### **Federal Allotment**

With this cap in allotment, Puerto Rico regularly exhausted its federal share before temporary funding increases. Removing the cap in allotment, like other state Medicaid programs, will provide adequate, sustained funding to Puerto Rico.

### **Federal Medical Assistance Percentage (FMAP)**

As discussed in several incidences throughout the report, applying the state FMAP formula to Puerto Rico would result in an FMAP of 83%.

### **Medicaid Disproportionate Share (DSH)**

Currently, Medicaid DSH payments are not available to Puerto Rico. Receiving Medicaid DSH payments would allow hospitals to offset uncompensated care for serving low-income residents, providing critical funding to enable continued hospital care. Medicaid DSH funding would promote health equity in all areas of the island and defray unmet costs.

### **Low Income Subsidy (LIS) for Medicare Part D**

Currently, Puerto Rico receives EAP Medicaid grant funds to assist dual eligible only persons with Part D assistance. The Puerto Rico government must provide local match for the EAP funds, while for the LIS the premium assistance would go directly to the Low-income individuals with no requirement for a local government match. Making Puerto Rico eligible for the LIS program would help low-income US citizens residing in Puerto Rico obtain Part D assistance.

## 7.2 Proposed Program Improvements

### **Eligibility Level**

With any additional funds received through policy change, Puerto Rico intends to adjust the Medicaid eligibility level (increase the income requirements as a percentage of FPL) to a point closer or equal to many states.

### **Covered Benefits and Mandatory Services**

Establishing a Long-Term Services and Supports (LTSS) benefit by covering nursing facilities and home/community-based services through Medicaid would enhance services to around 700,000 senior and disabled citizens. In addition to LTSS, Puerto Rico would be able to cover other mandatory Medicaid services not currently provided, including NEMT, the provision of DME, Adult vaccinations, and provision of diabetes medical supplies.

### **Medicare Part B Buy In**

Puerto Rico would opt into the Medicare Savings Program to extend financial support for Medicare premiums and cost-sharing as applicable to the Qualified Medicare Beneficiary (QMB) Program and Specified Low-Income Medicare Beneficiary (SLMB) Program populations.

### **Part D Payments for Residents**

Consistent with the LIS for Medicare Part D stateside of which Puerto Rico does not benefit, low-income Medicare beneficiaries with incomes up to 150% of FPL could receive assistance for Part D premiums, copayments, and deductibles.

## 8. Conclusion

As evidenced throughout the report, the Puerto Rico Medicaid Enterprise undertook considerable effort to plan, begin to enact, or complete program reforms prioritized by Congress and federal oversight entities during FFY 2021, often going above and beyond the minimum requirements. Puerto Rico is grateful for the October 1, 2021 interpretation of the Social Security Act which increases the capped amount of federal dollars to \$2.9 billion annually moving forward. This increased annual cap provides much needed stability and predictability to our funding moving forward. However, unless the federal medical assistance percentage is maintained at its current, temporarily enhanced level, we will be challenged to draw down the full amount of those federal dollars to effectively administer a robust and developing Medicaid program.

The federal funding granted to date has allowed our program to continue supporting Medicaid providers to deliver care to beneficiaries through the COVID-19 pandemic, an unprecedented and unpredictable health system strain, while making foundational investments in program advancements. We have demonstrated a commitment to maturing the program through strengthening governance, developing technological capacity and infrastructure, improving program oversight, and increasing program transparency practices (particularly in contracting and procurement). We have plans to continue that progress, and we look forward to purposefully and strategically partnering with federal agencies to undertake the policy change and program improvements prioritized in our Governor's Plan for State-Like Medicaid Funding, outlined above in [Section 7](#).

## 9. Appendices

[Appendix A](#): Compendium of Relevant Contracting Reform Puerto Rico Regulations

[Appendix B](#): Report in Response to Congressional Requirement 1: Review of Puerto Rico Program Integrity Policies, Procedures, and Staffing

[Appendix C](#): Report in Response to Congressional Requirement 2: Develop Payment Error Rate Measurement (PERM) Plan

[Appendix D](#): Report in Response to Congressional Requirement 3: Contracting Reform Plan

[Appendix E](#): Report in Response to Congressional Requirement 4: Develop Medicaid Eligibility Quality Control (MEQC) Plan

[Appendix F](#): Report in Response to Congressional Requirement 7: Contract Oversight and Approval

[Appendix G](#): Report in Response to Congressional Requirement 8: Evaluation of Managed Care Payments

[Appendix H](#): Report in Response to Congressional Requirement 9: Scorecard Measures

[Appendix I](#): Report in Response to Congressional Requirement 11: Submission of Documentation on Contracts

[Appendix J](#): Report in Response to Congressional Requirement 12: Scorecard Reporting

**Appendix K:** CMS Quarterly Report 08-21-20

**Appendix L:** CMS Quarterly Report 01-29-21

**Appendix M:** Congressional Semi-Annual Report 04-30-21

**Appendix N:** CMS Quarterly Report 07-30-21

**Appendix O:** PERM and MEQC Approval Letter

**Appendix P:** Assessment of Customer Satisfaction: A Qualitative Look at the Vital Plan