



GOVERNMENT OF PUERTO RICO

Department of Health
Medicaid Program

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Mrs. Nicole McKnight
Program Management – Branch Manager
Medicaid & CHIP Operations Group
CMS, Region II
Via email: nicole.mcknight@cms.hhs.gov

Mrs. Ivelisse Salce
Health Insurance Administrator
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Via email: ivelisse.salce@cms.hhs.gov

Dear Mrs. McKnight and Mrs. Salce:

The executive staff and leadership at the Puerto Rico Department of Health (Medicaid) and Puerto Rico Health Insurance Administration (Administración de Seguros de Salud (ASES)) are pleased to present this second quarterly report on the progress and activities related to the requirements of section 1108(g) of the Social Security Act, implemented by section 202 of the “Further Consolidated Appropriates Act, 2020.”

In the following report, we describe the progress to date (including updates from the May 1, 2020 first quarter report) and activities planned for the coming months. This report serves the best interest to provide a quarterly status report to CMS Region II to track our progress and to provide any feedback or course correction along the way. This ongoing dialogue will support the completion of the report to Congress due on October 30, 2020. We appreciate the technical support from the New York CMS Regional Office and welcome the opportunity to discuss Puerto Rico’s efforts in meeting the requirements and to provide any requested clarity regarding the activities described herein.

Cordially,

Luz E. Cruz-Romero
Executive Director
Medicaid Program

Jorge E. Galva-Rodríguez
Executive Director
PR Health Insurance Administration

Executive Summary

ASES and Medicaid continue to work together to analyze, adopt, plan and implement all of the requirements of section 1108(g) of the Social Security Act, implemented by section 202 of the "Further Consolidated Appropriates Act, 2020." The federal funding associated with the requirements detailed in this and future reports is critical to the health and well-being of our citizens, and we remain fully committed to building the infrastructure, services, monitoring and reporting required.

This report serves as a summary of ASES/Medicaid activities underway during this reporting period May through July 2020 and does not include all the activities reported in our initial report for the first quarter period.

The following table includes:

- The specific language in the law.
- A summary of the approach Puerto Rico will employ to achieve compliance.
- The key activities already completed during the reporting period.
- The planned next steps.

The following table is structured:

1. Directed Payment Arrangement for Physician Services.
2. Program Integrity Lead.
3. Payment Error Rate Measurement (PERM) Requirements.
4. Contracting Reform Plan.
5. Medicaid Eligibility Quality Control Unit.
6. Financial Reporting CMS-37 and CMS-64.
7. Reporting on Medicaid and Children's Health Insurance Program (CHIP) Scorecard Measures.
8. Annual Report.

The combined team at Medicaid and ASES are proud of the efforts made during this calendar quarter, and are pleased to report key highlights of the hard work underway:

- Completed and submitted analysis and documentation necessary to seek CMS approval to implement a minimum fee schedule at 70% of the Medicare fee schedule for licensed professionals eligible to receive payment for professional services under Puerto Rico's Medicaid program. In doing so, Puerto Rico has completed the requirement in law and secured the additional \$200 million per year for Fiscal Years 2020 and 2021.
- Medicaid took all necessary steps to create an official position within the Puerto Rico Government for the Program Integrity Lead.
- Medicaid procured a vendor, which is in the final stages of Fiscal Oversight Management Board (FOMB) approval, to address PERM and Medicaid eligibility quality control (MEQC) requirements.

- ASES updated the Comprehensive Oversight and Monitoring Plan (COMP), which addresses the requirements of section 1108(g) of the Social Security Act, 42 CFR 438.66, and CMS Medicaid and CHIP (MAC) Scorecard measures.

Completed and planned activities table as of August 1, 2020:

Requirement	Approach to Meet Requirement	Completed Activities	Planned Activities
<p>(1) DIRECTED PAYMENT ARRANGEMENT FOR PHYSICIAN SERVICES Additional funding in the amount of \$200,000,000 per fiscal year is available when Puerto Rico’s State Plan establishes minimum reimbursement amounts utilizing a directed payment arrangement for physician services covered under the Medicare Part B schedule as addressed in further detail below.</p>	<ul style="list-style-type: none"> • ASES plans to implement this directed payment in the contract and per member per month (PMPM) payments as of April 1, 2020. • ASES will require the managed care organizations (MCOs) to reimburse physician services at a minimum 70% of the Medicare Part B fee schedule effective April 1, 2020. 	<ul style="list-style-type: none"> • ASES submitted the directed payment preprint to CMS on March 31, 2020. • ASES received CMS approval for the period of April 2020 through September 2021 on June 8, 2020. • ASES received FOMB approval for rate changes and is waiting for approval of the contract. 	<ul style="list-style-type: none"> • ASES will complete a rate certification on or before August 15, 2020. • ASES will complete a Plan Vital contract amendment to incorporate the directed payment and submit to CMS for review and approval on or before August 15, 2020.
<p>(2) PROGRAM INTEGRITY LEAD Due June 20, 2020 Not later than six months after the date of 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 a program.</p>	<ul style="list-style-type: none"> • Medicaid will take the steps necessary to create an official position within the government of Puerto Rico. • The Program Integrity Director developed internal procedures and policies based on 42 CFR part 455 and is currently in the process of hiring more professionals with proven experience in the healthcare area. 	<ul style="list-style-type: none"> • Medicaid finalized the creation of the Program Integrity Lead position within the Government of Puerto Rico to meet this requirement. • A contractor has filled this position since October 2018. The contractor has now accepted the newly created permanent position within the government. This transition will occur in the early part of August and can occur without disruption of current activities underway. • ASES hired a Chief Compliance Officer, who is in charge of the Compliance Department. This person is the counterpart to the Program Integrity Lead at 	<ul style="list-style-type: none"> • ASES will add finance schedules to its reporting requirements to gather claims audits for PERM. • ASES will train compliance staff on the use of the compliance checklist, MCO checklist and COMP reporting. • ASES will leverage the information from the completed risk assessment with Medicaid and Medicaid Fraud Control Unit (MFCU) to track and monitor PI activities in a cohesive manner.

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		<p>Medicaid with a focus on contract compliance. The Chief Compliance Officer's résumé is Attachment A to this report.</p> <ul style="list-style-type: none"> • ASES is currently developing a risk assessment with Medicaid and DOJ to identify fraud, waste and abuse (FWA) concerns and associated risk factors, including but not limited to: <ul style="list-style-type: none"> ○ Vendor and contractor contracts. ○ Credentialing requirements and provider contracts. ○ Development of monthly provider payment reviews. ○ MCO transition. • ASES ensured key Program Integrity (PI) metrics were part of the COMP to track various PI related measures, including but not limited to federal statutes, MCO contract requirements, FWA cases, investigations, provider terminations/exclusions, grievances/appeals and PERM. The updated COMP is Attachment B to this report. 	
<p>(3) PERM REQUIREMENT Due: June 20, 2021</p>	<ul style="list-style-type: none"> • ASES and Medicaid will develop a plan with associated measures to 	<ul style="list-style-type: none"> • Medicaid completed the procurement process and has selected a vendor to support the 	<ul style="list-style-type: none"> • The agencies will coordinate efforts to ensure no duplication

Requirement	Approach to Meet Requirement	Completed Activities	Planned Activities
<p>Not later than 18 months after the date of 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 PERM requirements under subpart Q of part 431 of title 42, Code of Federal Regulations (or any successor regulation).</p>	<p>comply with federal PERM requirements.</p> <ul style="list-style-type: none"> • ASES and Medicaid are in the process of procuring a vendor to complete this requirement. 	<p>PERM plan development; this vendor contract is pending FOMB approval. The contract approval request is Attachment C to this report.</p> <ul style="list-style-type: none"> • ASES has identified a vendor to complete elements of the PERM requirement that are unique to the agency, as needed. 	<p>occurs across vendors and project work.</p> <ul style="list-style-type: none"> • ASES will add claims and encounter schedules to its reporting requirements to gather MCO claims audit information for PERM reporting.
<p>(4) CONTRACTING REFORM Due: December 20, 2020 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;” and “(II) a schedule for publicly releasing status reports on the plan.”</p>	<ul style="list-style-type: none"> • The Puerto Rico Medicaid Program under Department of Health (DOH) is a public agency subject to all contracting rules and regulations established by the Central Government. There are many local laws that address contracting reform and these requirements and federal requirements will be cross-walked. • ASES and Medicaid are in the process of developing a contracting reform plan to combat FWA. This includes procuring a third-party evaluator to audit the respective processes. 	<ul style="list-style-type: none"> • The Government Accountability Office (GAO) continues to meet with ASES and Medicaid to review of the contracting processes. • ASES and Medicaid have begun independent reviews of contracting practices to inform a comprehensive plan. • Medicaid completed the procurement process and has selected a vendor to support the contracting reform plan development. As noted above, this contract approval request is included as Attachment C to this report. • ASES recently completed a procurement for a new enrollment counselor. The revised contract implemented cost savings opportunities and 	<ul style="list-style-type: none"> • ASES and Medicaid expect a draft contracting reform plan to be ready by the end of August 2020. • The analysis and contracting reform plan must meet all federal and local requirements. Puerto Rico has a comprehensive set of applicable local laws. Included as Attachment D is a compendium of the most relevant laws for CMS’s reference. This list is not exhaustive. More information is available upon request. • ASES will review its contracts with the Pharmacy Benefits Manager and Pharmacy Program Administrator to ensure maximum contractual savings and efficiency in the conversion to participation in the Medicaid Drug Rebate Program.

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		<p>strengthened oversight and management language by ASES.</p> <ul style="list-style-type: none"> • ASES developed a work plan for periodic review of all consultant/trade/business associate contracts and compliance activities. The work plan is included as Attachment E. 	
<p>(5) MEQC Due: June 20, 2021 Not later than 18 months after the date of 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 MEQC requirements of subpart P of part 431 of title 42, Code of Federal Regulations (or any successor regulation).</p>	<ul style="list-style-type: none"> • An MEQC unit is already in place at Medicaid and will be evaluated against regulatory guidance by CMS to determine if any gaps exist. • ASES and Medicaid will work together to develop a plan with associated measures to comply with federal MEQC requirements. 	<ul style="list-style-type: none"> • Medicaid completed the procurement process and has selected a vendor to support the MEQC plan development, this is pending FOMB approval. As noted above, this contract approval request is included as Attachment C to this report. • ASES has identified a vendor to complete elements of the MEQC requirement that are unique to the agency, as needed. 	<ul style="list-style-type: none"> • Medicaid will provide a draft outline of the MEQC plan in the next quarterly update.
<p>(6) Federal Medicaid budget (CMS-37) Due: March 31, 2021 <i>(Beginning with the first quarter beginning on or after the date that is one year after the date of the enactment of this subsection)</i> For each quarter with respect to which Puerto Rico is required under subparagraph (A) to ensure that</p>	<ul style="list-style-type: none"> • The Puerto Rico Medicaid Program is already in compliance with Sec. 1902. [42 U.S.C. 1396a] (rr)(1)(A) and (B). • With regard to Sec. 1902. [42 U.S.C. 1396a] (rr)(1)(A)(i) – Puerto Rico has established and maintained a system for tracking any amounts paid by the Federal Government to Puerto Rico with 	<ul style="list-style-type: none"> • Medicaid updated procedures to reflect the changes required by federal Public Law 116-94, including a narrative report that will be submitted with the CMS-37 and CMS-64. • On July 27, 2020, CMS verbally confirmed Medicaid is in compliance with CMS-37 and CMS-64 reporting requirements. 	<ul style="list-style-type: none"> • No planned updates.

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<p>information described in such subparagraph is available, Puerto Rico shall submit to the Administrator of the CMS a report on such information for such quarter, which may include the submission of a quarterly Form CMS-37.</p>	<p>respect to the State Plan of Puerto Rico. The system includes the use of the quarterly Form CMS-64. As part of such a system, the Medicaid Office submits quarterly the CMS-64 report through the Medicaid Budget and Expenditure System (MBES).</p> <ul style="list-style-type: none"> With regard to Sec. 1902. [42 U.S.C. 1396a] (rr)(1)(A)(ii) – The total amount Puerto Rico expects to spend during the quarter under the State Plan of Puerto Rico, and a description of how Puerto Rico expects to spend such amount is reported on Form CMS-37 through the MBES. All policies and procedures established for the preparation of the CMS-64 and CMS-37 reports are documented in relative sections of the Finance Division Manual under the custody of the Finance Director of the Puerto Rico Medicaid Program. 		
<p>(7) REPORTING ON MEDICAID AND CHIP (MAC) SCORECARD MEASURES. Due: December 20, 2020 Beginning 12 months after the date of enactment of this subsection, Puerto Rico shall begin to report to the Administrator of CMS on selected measures included in the</p>	<ul style="list-style-type: none"> ASES and Medicaid have developed a comprehensive approach to oversight and monitoring. Both agencies are leveraging vendors to help evaluate data and quality information, develop benchmarks and to line up MCO and Medicaid 	<ul style="list-style-type: none"> In May 2020, ASES implemented the first stage of its COMP for Plan Vital MCOs. The COMP aligns with 42 CFR 438.66 and the Medicaid/CHIP scorecard. The COMP has been updated since the last submission to CMS to include KPIs for pharmacy data. 	<ul style="list-style-type: none"> Where possible, ASES and Medicaid will update COMP and other reporting vehicles to address SHSP metrics, a component of the CMS MAC Scorecard, not currently captured today.

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<p>Medicaid and CHIP Scorecard developed by CMS.</p>	<p>Management information System (MMIS) information with the Medicaid and CHIP scorecard.</p> <ul style="list-style-type: none"> Both agencies expect to have a robust oversight and monitoring program by Q3 of 2020. 	<p>The revised version is included as Attachment B.</p> <ul style="list-style-type: none"> ASES completed a crosswalk of State Health System Performance (SHSP) metrics. As of the date of this report, ASES currently captures 77% of the CMS MAC Scorecard measures. long-term services and supports and does not apply to the PR Medicaid program. ASES and Medicaid are coordinating efforts to ensure reporting for the program integrity metrics for State Administrative Accountability. 	<ul style="list-style-type: none"> ASES and Medicaid will continue to coordinate PI information to ensure scorecard metric improvement targets are reasonable and achievable. ASES and Medicaid will collaboratively address metrics, which fail to meet benchmarks or improvement targets to determine appropriate corrective actions. ASES and Medicaid continue to work closely with the MMIS team to: <ul style="list-style-type: none"> Develop mutually acceptable KPIs and dashboards. Design reports allowing a meaningful review of financial performance, quality of care and access to care for Plan Vital beneficiaries. Allow for complete interoperability between ASES and Medicaid to ensure that KPIs, dashboards and reports are based on the same or compatible information and allow a seamless understanding of the joint ASES-Medicaid operation.
<p>(8) ANNUAL REPORT Due: October 30, 2020</p>	<ul style="list-style-type: none"> On May 1, 2019, the Government of Puerto Rico submitted a letter 	<ul style="list-style-type: none"> Medicaid and ASES are currently working on the annual report. 	<ul style="list-style-type: none"> Medicaid and ASES will continue to work on the annual report.

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<p>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), Puerto Rico shall submit a report, employing the most up-to-date information available, that describes how Puerto Rico has used such Medicaid cap increase, or such increase in the Federal medical assistance percentage, as applicable, to increase access to health care under the State Medicaid Plan of such territory under title XIX. Such report may include:</p> <p>(i) the extent to which such territory has: (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.</p>	<p>to Congress to ask for additional federal funds for the Puerto Rico Medicaid Program. In that letter, the Government also included five “Critical Sustainability Measures to Provide Essential Health Services to Puerto Rico’s Medicaid Recipients”.</p> <ul style="list-style-type: none"> • Initiative #1: Provide Life-Saving Hepatitis-C Drugs to Puerto Rico’s Medicaid Beneficiaries. • Initiative #2: Provide Medicare Part B Premium Coverage for Dual Eligible. • Initiative #3: Adjust the Puerto Rico’s Poverty Level to Increase Fairness of Medicaid Eligibility. • Each of these initiatives are part of the planned approach to utilizing funds to enhance the Medicaid program. 		