

Semi-Annual Report in response to:

**PL 116-94: Further Consolidated Appropriations Act,
2020:(133 STAT 3110), Division N, Title 1, Subtitle B,
§202(f)(3)**

April 30, 2021

DEPARTAMENTO DE
SALUD



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1. INTRODUCTION

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), Medicaid and the Puerto Rico Health Insurance Administration (PRHIA), thank you for this opportunity to report on Puerto Rico's expenditure of the current Federal Medicaid funding and progress towards compliance with the conditions and requirements set forth in Section 1108(g)(6)-(8) of the Social Security Act (Act), which was added by Section 202 of the "Further Consolidated Appropriations Act 2020", (P.L. 116-94).

This report describes in detail Puerto Rico's efforts over the past six months to gain and maintain compliance with the congressional requirements, as well as strategic initiatives and improvements to the Medicaid program. The increased funding to our Medicaid program has provided additional security for our citizens that cannot continue if not for further funding, without immediate cuts to current benefits and services.

During the period between November 2018 and May 2019, the sitting Governor of Puerto Rico, the sitting Medicaid Director, the Executive Director of the PRHIA and the Executive Director of the Fiscal Oversight and Management Board (FOMB) approached members of Congress through letters and direct testimony imploring them to recognize the critical needs of the American citizens living in Puerto Rico.

With the passing of P.L. 116-94, Congress answered that call and provided funding necessary to continue providing life-saving services to the approximately 1,276,000 individuals and families that depend on Medicaid to meet their most basic physical and behavioral health needs. This funding, dependent on completion of certain tasks detailed later in this report, helped temporarily avert a looming October 1, 2019 "fiscal cliff" when the additional funding and increased matching rate from the Bipartisan Budget Act and Affordable Care Act would expire and Puerto Rico would revert back to the capped allotment of funds and current law matching rate. However, without an extension to the temporary funding or a new permanent funding solution, Puerto Rico is again facing a fiscal cliff on October 1, 2021.

2. MEDICAID FISCAL CLIFF – OCTOBER 2021

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. U.S. citizens in Puerto Rico have the same need for quality healthcare as those on the mainland, but historical limitations and shortfalls in Medicaid funding for Puerto Rico limit access and place a far higher burden on the local program than is placed on any other U.S. jurisdiction. The COVID-19 pandemic has only exacerbated these challenges.

Since the early days of the Medicaid program, Puerto Rico has continuously urged Congress to provide an adequate funding stream that does not place Americans residing in Puerto Rico at a disadvantage. The Affordable Care Act ("ACA") made some improvements, but they were temporary. As a result, Puerto Rico has faced a massive funding cliff and a potential humanitarian crisis every couple of years, and it will again happen at the end of the current federal fiscal year. Although Puerto Rico participates in the Medicaid program, its effective Federal Medical Assistance Percentage ("FMAP") is lower than if it were calculated the same as the states. Currently, the territorial FMAP is set by statute at 55 percent, but would likely be above 80 percent if based on a formula that considers Puerto Rico's average per capita income. Furthermore, unlike States which receive unlimited federal funding that matches the local share spent, Puerto Rico receives an annual allotment of Federal funds. Any expenditures beyond the federal allotment are paid with all local dollars. Limited and unpredictable federal Medicaid funding has prevented the provision of multiple mandatory Medicaid benefits.

Specifically, the ACA provided a block grant to the territories, which expired on December 31, 2019. The Consolidated Appropriations Act of 2017 provided Puerto Rico with nearly \$300 million in additional Medicaid funds, and the Bipartisan Budget Act of 2018 provided Puerto Rico and the U.S. Virgin Islands with funding that was available until September 30, 2019. The Further Consolidated Appropriations Act of 2020 (P.L. 116-94) provided Puerto Rico and the other U.S. territories with an increase in Section 1108(g) of the Social Security Act (SSA) capped funds and an increase in the FMAP.

Puerto Rico was allocated an increased capped funding of \$2.6 billion for Federal fiscal year (FFY) 2020, and \$2.7 billion for FFY 2021, at an increased FMAP of 76 percent. This was then increased by an additional 6.2 percent, to 82.2 percent as a result of COVID-19. The increased capped funding for FFY 2020 and FFY 2021, respectively, were also subject to a potential annual increase of \$200 million if the Secretary of Health and Human Services (HHS) certified that Puerto Rico established a reimbursement floor implemented through a directed payment arrangement plan for physician services covered under Medicare Part B at a rate not less than 70 percent.

For FY 2021, the total cost of Puerto Rico's Medicaid program is roughly \$3.7 billion, of which roughly \$3 billion is the capped Federal share. The increased funding has had a very positive effect on the Island's health care programs by:

- Allowing substantial increases to provider compensation: elevating Medicare Part B reimbursement to 70 percent of Medicare Fee Schedule
- Providing hospitals DRG-based increases amounting to \$103 million
- Providing \$50 million to Primary Care Providers ("PCP")
- On the beneficiary side, it allowed raising the poverty level to 85 percent of the federal poverty level, which enabled up to 200,000 new members
- Funded the Hepatitis-C initiative to start eradication of the disease by 2030

While these increases have helped provide greater access to healthcare for our vulnerable populations, Puerto Rico now faces a Medicaid fiscal cliff on October 1, 2021. In effect, if Puerto Rico were to "hit the cliff," federal Medicaid funding would revert to the historical Section 1108 allotment of approximately \$390M and the remaining Medicaid expenditures would have to be covered with local funds.

Initially, we were unable to obligate the totality of the appropriated funds for FY 2020 due to a rejection by the Financial Oversight and Management Board (FOMB) of Puerto Rico's plan to implement the Puerto Rico Poverty Level (PRPL) initiative that would have resulted in an estimated additional 200,000 new beneficiaries joining Puerto Rico's Medicaid program in 2020. The FOMB denied the implementation of the initiative because the appropriated federal funding for Puerto Rico's Medicaid program was only for two years.

In accordance with the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016 (P.L. 114-187), the FOMB did not want to approve a program with new beneficiaries that would face a fiscal cliff. On October 16, 2020, the FOMB approved Puerto Rico's petition to temporarily expand Medicaid coverage under the Vital Plan to more than 200,000 new beneficiaries due to the gravity of the COVID-19 pandemic. On December 11, 2020, the Centers for Medicare and Medicaid Services (CMS) approved the expanded eligibility of the Medicaid program.

Puerto Rico has been working since the Further Consolidated Appropriations Act of 2020 (P.L. 116-94) on improvements to the Medicaid Program requested by Congress.

If no action is taken by Congress, the effects would include the following:

- Revert to the Section 1108 allotment cap and the 55 percent FMAP, which is far below the current \$2.8 billion that Congress allocated for FY21. It would create a significant budget shortfall, and it is far below what is needed to operate the program on a state-like basis, as discussed further below.

This funding gap would force the Medicaid Program to:

- Rollback all increments afforded to primary care providers as described above
- Disenroll over 200,000 Medicaid beneficiaries due to a scale back on poverty levels
- Disenroll between 350,000-400,000 Medicaid beneficiaries in addition to the 200,000 mentioned above to cover the aforementioned budget gap

COVID-19 has affected Puerto Rico as severely as it has affected other parts of the United States and the impact on Medicaid has been increased expenses to cover tests, vaccinations, and treatments. Puerto Rico has been able to leverage the additional funding to cover these services without any effect on the negotiated premium. A side effect, however, has been a noticeable and persistent drop in hospital utilization, thus endangering the long-term viability of several hospitals.

It is time to move from the uncertain and unstable temporary funding system for Medicaid and provide Puerto Rico with Federal funding based on actual expenditures and an FMAP based on Puerto Rico's per capita income relative to that of the United States. Puerto Rico recognizes state-like treatment will require an expansion of the Medicaid services offered. Vulnerable American citizens in Puerto Rico with limited resources should have access to the same basic healthcare services that other Americans have,

and Puerto Rico is prepared to work with Congress to promptly convert to a fully funded state-like Medicaid system.

Administrative Funding and Staffing

The Medicaid program is arguably the most consequential federal program in Puerto Rico because it provides health care services to 1.6 million people, or 46 percent of the Island’s population. However, our program differs in fundamental ways when compared to state Medicaid programs. Federal Medicaid funds for United States territories are limited in two ways:

1. Total federal Medicaid spending in the territories is subject to an annual Medicaid Cap pursuant to section 1108 of the Social Security Act. As a result, the Federal government will match every Medicaid dollar spent by the territories up to each jurisdiction’s cap, and any spending above the cap is provided solely by the territory.
2. The federal Medicaid matching rate for territories is set in statute at 55 percent, unlike states which receive unrestricted matching federal funds between 50 percent and 83 percent of their Medicaid costs according to the state’s Federal Matching Assistance Percentage (FMAP).

The following table 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 ¹	2018 Medicaid Enrollment ²	2018 Portion Comprehensive Managed Care ³	2019 Administration Expenditures ⁴	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
Puerto Rico	1,505,610	100%	\$156,284,437	\$103.80	\$8.65

¹ 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.

² Medicaid.Gov. *The FY 2018 Medicaid Managed Care Enrollment Report*, Latest available report retrieved from: <https://data.medicare.gov/Enrollment/2018-Managed-Care-Enrollment-Summary/gn4b-7d7q/data>

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.

³ 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.

⁴ Medicaid.Gov. *FY 2019 Financial Management Report, Total Computable Net Administrative Expenditures*, Latest available report retrieved from: <https://www.medicare.gov/medicaid/financial-management/state-expenditure-reporting-for-medicare-chip/expenditure-reports-mbscbs/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

This disparity continues to be a pattern as the Department of Health begins to estimate our administrative funding needs for the upcoming fiscal year. The administrative budget allotted to the program is detailed in the table below, assuming all benefits and funding will remain the same. Utilizing 2018 enrollment, Puerto Rico’s administrative funding PMPM only increased to \$9.86 in 2020. While this is an increase from 2018 funding, it remains drastically below benchmark states’ funding, even in 2018. Without proper administrative support, Puerto Rico is unable to manage our Medicaid program in the most efficient and effective manner when compared to other states.

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	\$5,711,648	\$17,134,943	\$22,846,591
MMIS DDI	\$1,060,023	\$9,540,215	\$10,600,239
E&E DDI	\$1,352,791	\$12,175,124	\$13,527,916
330 centers (FQHC)	\$19,347,573	\$61,267,316	\$80,614,890
Total	\$52,780,114	\$125,425,671	\$178,205,785

The 1108(g) allotment includes administrative funding. Without a reliable federal funding stream, Puerto Rico is unable to make permanent commitments to improve the Medicaid program.

This lack of administrative funding highlights another area of significant risk to Puerto Rico: lacking the funding necessary to increase or maintain staffing levels or hire the additional staff needed to maintain the program’s activities and meet the new requirements required by P.L. 116-94. Sufficient program funding is critical if Puerto Rico is to continue making progress enhancing our Medicaid program.

Due to the hiring freeze on current vacancies, as well as the inability to create new roles and hire new staff as a result of the COVID-19 pandemic, Puerto Rico conducted a high-level analysis to assess its current staffing needs. This high-level analysis omitted administrative and other personnel not directly related to Contract Oversight, Program Integrity, or Financial functions within the Medicaid program, such as IT and HR, making it evident that our program lacks the same level of support and expertise.

Overall, when comparing Puerto Rico’s staffing levels to peer states, and normalizing for beneficiaries and MCO’s served where relevant, we are lacking the staff necessary to bring our Medicaid program above and beyond compliance with Congress and CMS. As Puerto Rico continues to make improvements to elevate our Medicaid program and demonstrate to Congress, we are capable of acting as a state-like program and therefore deserve state-like funding, our program is at a clear disadvantage when we do not have and are unable to hire the necessary resources.

After assessing the additional responsibilities the Puerto Rico Medicaid program will face, ASES produced a detailed report on additional staffing required to maintain compliance with P.L. 116-94. This analysis of current roles compared to future need led ASES to request the creation of 28 new roles. This is in addition to several vacancies that already exist within the organization, which leadership has not been able to fill due to the hiring freeze placed organization wide. The limitations as a result of lack

of dedicated staff and financial resources is discussed further below, however, similar to administrative funding, Puerto Rico is at a clear disadvantage when compared to peer states.

There are two areas where the disparate levels in staffing will likely have negative consequences; contracting reform and program integrity.

Contracting Reform

One of the major reforms Puerto Rico is undertaking is our contracting process. As noted in findings by the Government Accountability Office (GAO)⁵ and the U.S. HHS Office of Inspector General (OIG)⁶, Puerto Rico's contracting process could benefit from changes that make the process more competitive. This is also reflected in several of the requirements set forth by Congress. Puerto Rico has completed significant work to identify and begin to implement improvements to the contracting process, detailed below, but as a result, those supporting the Medicaid program have more responsibilities. The inability to fill several vacant roles has resulted in additional commitments being put on existing staff, and threatened Puerto Rico's ability to implement contracting improvements as efficiently and effectively as possible. In our high-level analysis, when comparing Puerto Rico's current staffing levels for contracting to peer states, Puerto Rico has fewer resources. Due to the hiring freeze, Puerto Rico is unable to onboard dedicated staff who could help elevate the contracting process to the level OIG and Congress ideally seek.

Program Integrity

Beyond contract reform, another area of focus for Puerto Rico's Medicaid program is our program integrity unit. Based on P.L. 116-94, it was clear program integrity is an area in which Congress is looking for enhancements. We have put in significant work thus far, however, the Puerto Rico Medicaid program requires additional support to implement the more detailed and thorough program integrity framework. When comparing Puerto Rico's staff dedicated to program integrity to benchmark states at a high level, it's evident Puerto Rico does not have the same amount of support. Compared to peer states with similar volume of beneficiaries, the PR Program Integrity Unit (PIU) would benefit from staffing at least an additional 12 resources to fully accommodate the case volume desired. After assessing the additional roles and responsibilities that the PIU is meant to perform, significantly more staffing resources will be critical to the success of the team. While Puerto Rico has complied with requirements set by Congress to appoint a lead for the PIU and create a plan to enhance program integrity efforts, we need secured funding to hire the resources necessary to execute the planned strategies effectively and efficiently.

Puerto Rico is committed to meeting all the Congressional requirements that have been added as part of P.L. 116-94. However, we are concerned that without parity in the Medicaid program or, at a minimum, additional administrative funding, the full and permanent implementation of these changes will be challenging. For example, Puerto Rico may have only one employee evaluating a request for proposal (RFP) since the day to day operational needs and limited administration funding don't support additional resources aligned to the RFP evaluation process.

Puerto Rico is requesting that Congress consider application of the FMAP as used with states. In addition, we ask that Congress consider removing the Medicaid Cap on federal Medicaid funds through 1108(g). If only the FMAP formula is applied, Puerto Rico will reach the Medicaid Cap sooner. Funding

⁵ 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. Retrieved from: <https://www.gao.gov/assets/720/712259.pdf>.

⁶ Office of Inspector General, Department of Health & Human Services. (December 11, 2020). A-02-20-01011 Risk Assessment Puerto Rico Medicaid Program. Retrieved from <https://oig.hhs.gov/oas/reports/region2/22001011.asp>.

parity would help Puerto Rico plan for long term structural changes and allow for real transformational changes to our Medicaid Enterprise.

3. INTRODUCTION TO PUERTO RICO MEDICAID ENTERPRISE

PRDOH is the Single State Agency (SSA) for administering our State Medicaid Program. For purposes of the Medicaid program administration, PRDOH is the State Medicaid Agency (SMA). The Medicaid program is administered by PRDOH and PRHIA, which collectively is referred to as the Medicaid Enterprise. This is a long-standing sister agency relationship, defined by an interagency memorandum of understanding (MOU). PRHIA (commonly referred to as Administración de Seguros de Salud [ASES] in Spanish), was created in 1993 to oversee, monitor and evaluate services offered by the managed care organizations (MCOs) under contract with PRHIA. PRHIA is a public corporation overseen and monitored by a Board of Directors (BOD). Puerto Rico's Medicaid Program (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.

In addition, PRHIA, PRMP and the Government of Puerto Rico at large follow guidance issued each year by the federally appointed Financial Oversight and Management Board for Puerto Rico (FOMB). In addition to meeting federal requirements, PRHIA and PRMP must also abide by regulations established by the Government of Puerto Rico.

Puerto Rico Department of Health

The PRDOH's administration of its Medicaid program under Title XIX of the Social Security Act is structured as a categorical program called the "Medicaid Program." The PRDOH Medicaid program is chartered with ensuring appropriate delivery of health care services under Medicaid, CHIP, and the Medicaid Preferred Drug Program (PDP); the latter two structured as extended Medicaid programs.

Since the inception of the Medicaid program in Puerto Rico, and up until the early 1990s, PRMP's role was mostly limited to providing the categorically needy access to Medicaid services by operating local offices throughout all the municipalities on the Island. In these offices, residents could apply for Medicaid coverage by providing demographic and socio-economic information for their family unit. The family's eligibility for Medicaid would be determined based upon federal Medicaid program rules; if eligible, the individual and family were certified and enrolled into the program. Health care services to Medicaid-eligible individuals and families were delivered through the Puerto Rico government's public health service facilities.

Puerto Rico Health Insurance Administration

In 1993, the Government of Puerto Rico enacted transformation of the entire public health system. The Puerto Rico Health Reform Program (referred to initially as Reforma and now known as "Plan Vital") marked the creation of a government health insurance program under a managed care delivery system. These reforms expanded Medicaid coverage for individuals and families with incomes between 50 -100 percent of the federal poverty guideline—significantly increasing the number of residents with government-subsidized health coverage.

In 1993, an interagency MOU (since then 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. Under this agreement, the PRMP retained responsibility for eligibility determination, policy, Medicaid State Plan maintenance,

and financial administration. This agreement requires PRHIA to implement and deliver services through a managed care delivery system. The process of selecting the insurance carriers, negotiating and managing those contracts was assigned to PRHIA pursuant to Law No. 72. The Medicaid program retained the role of eligibility determination for Medicaid and Reforma.

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

The Puerto Rico Health Insurance Administration Board of Directors

PRHIA is governed by a Board of Directors (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 Board of Directors from among its members. The primary purpose and functions of the BOD include:

- Implementation of medical services based on health insurance
- Negotiation and contracting for medical insurance coverage
- Negotiation and contracting with health service plans for health services
- Organization of alliances and groups of beneficiaries with the purpose of representing them in the negotiation and contracting of their health plans
- Maintenance of an administrative and financial structure to manage funds and revenues, administer cash and make disbursements
- Establishment of guidelines for the appointment, contracting and remuneration of its personnel.
- Negotiation and awarding of contracts, documents and other public instruments with juridical persons and entities
- Direction to insurers to keep a record of services rendered in categorical programs subsidized by the Federal government, and documentation of the relationship of their beneficiaries, payment claims and the pertinent financial and statistical reports
- Approval, amendment and repeal of regulations that govern the business and activities of PRHIA.
- Appointment of an Executive Director for PRHIA
- Facilitation of Contracting Committee to evaluate each contracting proposal and the recommendations. The Contracting Committee evaluates each proposal, the necessity of it, the amount for each service and the maximum amount for the contract year
- Facilitation of an Internal Audit Committee to monitor PRHIA's audit work, corrective action plans, and executions of internal and external processes

Financial Oversight and Management Board for Puerto Rico

The Financial Oversight and Management Board for Puerto Rico (FOMB) was created under the 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.

FOMB works to fulfill the mandate of the PROMESA to ensure fiscal sustainability and restore access to capital markets. In the first instance, due to a series of unpredictable disasters, the effort has focused on utilizing certified fiscal plans and budgets to ensure Puerto Rico is able to respond to these crises while also moving toward medium and long-term fiscal and economic sustainability. FOMB established a contract review policy pursuant to Section 204(b)(2) of the PROMESA to require the Oversight Board's approval of certain contracts to assure that they "promote market competition" and "are not inconsistent with the approved fiscal plan."

In its oversight of the Medicaid Enterprise, the FOMB must approve all government contracts and amendments with an aggregate value of \$10,000,000 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, pursuant to PROMESA section 204(b)(4), certain proposed rules, regulations, administrative orders, and executive orders must be submitted for FOMB review prior to enactment.

4. MEDICAID PROGRAM IMPROVEMENTS and PLANNED ENHANCEMENTS

In addition to the details submitted in the October 2020 annual report to Congress and January 2021 quarterly report update to CMS, Puerto Rico has continued to make strides to elevate the Medicaid program.

Program Improvements

Use of Federal Funds

As mentioned in previous sections, in response to multiple crises Puerto Rico has faced, Congress temporarily increased Puerto Rico's FMAP from the regular 55 percent to 100 percent from January 01, 2018 through December 20, 2020. Following that period, the 76 percent FMAP for expenditures for categorical eligibles is in effect for the period December 21, 2020 through September 30, 2021. A 6.2 percent increase was added as a result of COVID-19 to the 76 percent (82.2 percent) and is in effect from January 01, 2020 through the end of the quarter in which the public health emergency (PHE) expires, currently this would be September 30, 2021. Additionally, Puerto Rico has received a capped amount of an additional \$3 billion to its Medicaid cap for FY 2021 as a result of the Families First Coronavirus Response Act (FFCRA).

In addition to covering certain mandatory Medicaid benefits, for FFY 2020 and FFY 2021 Puerto Rico will also use funds received through the P.L. 116-94 enhanced Federal allotment to cover Part D drugs of low-income dual-eligible individuals. P.L. 116-94 enhanced Federal allotment is not typically utilized to cover this population as in the past Puerto Rico has received separate funding under the Enhanced Allotment Plan (EAP) block grant. For FFY 2020 and 2021, however, EAP funds have been temporarily paused due to the passing of the Further Consolidated Appropriations Act of 2020 and the Family First Coronavirus Response Act. Both Acts provide significant, supplemental federal funding. As a result, all prescription drug costs for dual eligible members are to be reimbursed under the general Federal funding during this time.

A significant accomplishment in the enhancement of the Puerto Rico Medicaid program has been the expansion of Medicaid eligibility. Prior to this expansion, Puerto Rico provided coverage to individuals whose income was at 44.1 percent of the Federal Poverty Level (FPL), or 133 percent of the Puerto Rico Poverty Level (PRPL). In comparison, eligibility for a vast majority of state Medicaid programs range from 100 percent to over 200 percent of the FPL.

In an effort to increase access to healthcare across the island and improve the program overall, Puerto Rico advocated for and was able to gain approval from CMS to increase the Medicaid eligibility to 85 percent of the FPL. This was approved under a State Plan Amendment (SPA) on December 11, 2020. As a result, an additional 200,000 Puerto Ricans are able to be covered by Federal Medicaid funds. With this SPA, approximately 135,000 Puerto Ricans receiving coverage under Plan Vital were moved from being covered financially by Puerto Rico local funds to Federal funding. An additional 27,000 beneficiaries became eligible for the Medicaid program and are now able to enroll in and obtain coverage through a managed care plan that contracts through under Plan Vital. The estimated cost of this expanded eligibility is \$167.6 M in FFY2021. Given the devastation of Hurricanes Maria and Irma, coupled with the detrimental impacts of the COVID-19 pandemic, this access to coverage is critical. This movement also helped alleviate financial burden of Puerto Rico's local contribution.

While beneficiaries are currently eligible, this is only possible through the extended temporary enhanced federal funding received through the Continuing Appropriations Act, 2020, and Health Extenders Act of 2019, the Further Continuing Appropriations Act, 2020, and Further Health Extenders Act of 2019, and the Families First Coronavirus Response Act. The Financial Oversight and Management Board (FOMB) was initially hesitant to grant an expansion in eligibility due to the uncertain nature of Puerto Rico's federal funding. Therefore, with the impending fiscal cliff it is critical the federal government secure a long-term solution to Puerto Rico's Medicaid funding. Without this funding, eligibility is at risk of being reduced, leaving hundreds of thousands with decreased access to healthcare. In the midst of a global pandemic, revoking Medicaid coverage to vulnerable Americans living in Puerto Rico could have damaging consequences. Without Federal action, on September 30, 2021, under current law the regular Puerto Rico FMAP will revert to 55 percent and the regular Puerto Rico cap of approximately \$390 million.

As of February 2021, Puerto Rico covers nearly 1.5 million people through Medicaid and CHIP. If no action is taken by Congress, the Medicaid program would need to take drastic actions, adversely impacting the US citizens that rely on Puerto Rico for access to the health care system. Some of the changes to the Medicaid program, as it relates to beneficiary enrollment, would include the following:

- Disenroll over 800,000 beneficiaries, resulting in 800,000 US citizens losing Medicaid coverage
- Lower Medicaid eligibility levels to live within the Medicaid CAP and statutory FMAP funding levels and CHIP and EAP federal allotments

While the increased Federal funding has allowed Puerto Rico to make improvements to our Medicaid program, it has not allowed for more substantial program changes. Congress has indicated they are hesitant to provide increased, long-term Medicaid funding to Puerto Rico because the program does not operate at the same level as state programs, however, Puerto Rico is unable to demonstrate its ability to act as a state without long-term funding and opportunity to do so. The increased Federal funding provided is sufficient to sustain our Medicaid program, but in order to provide the best care to our beneficiaries, a longer-term solution is needed beyond temporary increases.

The subsequent sections help provide further insight into how Puerto Rico has continued to make prudent use of the increased federal funds we received. However, with the impending fiscal cliff in October 2021, Puerto Rico will only be given an FMAP of 55 percent. Furthermore, utilizing current expenditure levels, Puerto Rico may exceed the budget by up to \$100 M. Even with increases to funding, it is not adequate to cover the current cost of the program.

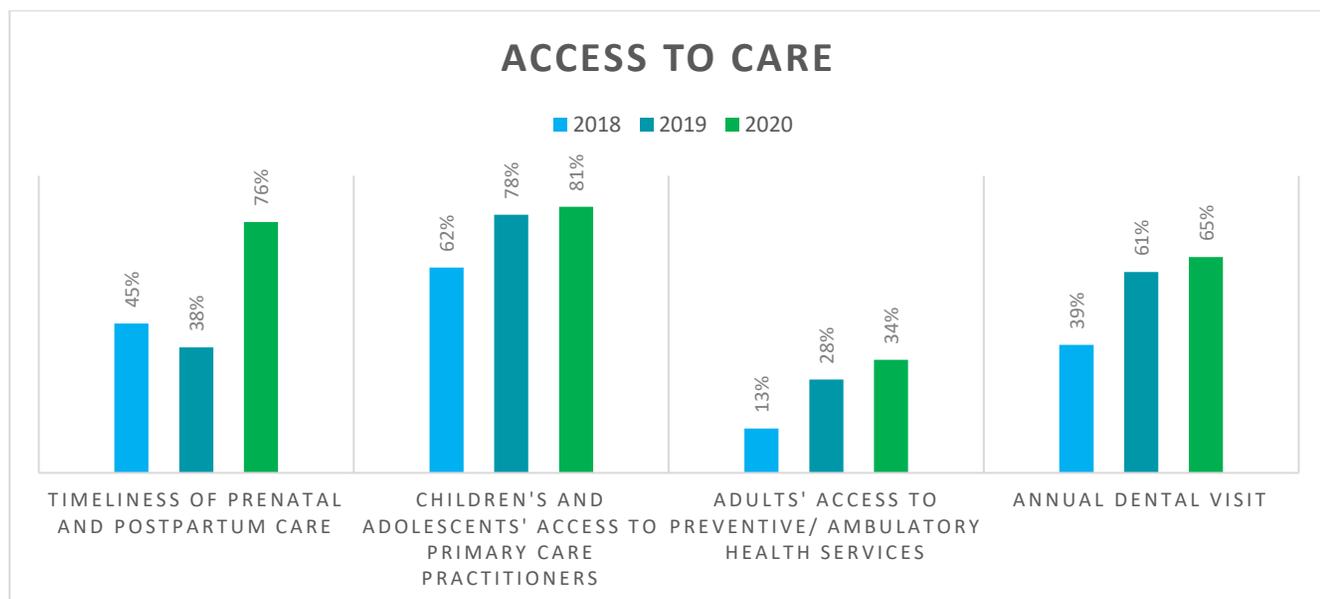
Increased Access to Health Care

In an effort to measure improvements to the Medicaid program, Puerto Rico has reported data on MCO performance from HEDIS Reporting Years 2018 to 2020 from the MCOs directly. Four of the measure's improvements over the past three reporting years demonstrate the program's success in increasing access to care for beneficiaries. Note that all HEDIS data referred to are based on the data's reporting year, not the measurement year, which has a one-year delay. Specifically, data measured in years 2017, 2018, and 2019 is reported in years 2018, 2019, and 2020, respectively, and the latter is used throughout the following section. The four HEDIS measures discussed in this section 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

Below is a graph highlighting the continued improvement in each of these four measures. 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 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 beneficiaries 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.



The increase in access to care as reflected by the four HEDIS measures depicted above demonstrates how Puerto Rico has made effective use of the increased Federal funding received. Without the same investment and funding in the Puerto Rico Medicaid program, access to care is likely to falter at the expense of the beneficiaries. Puerto Rico implores Congress to secure a long-term funding solution so that we can maintain, if not improve, access to care.

Increased Payments to Health Care Providers

As reported in a previous update, with additional federal funds, Puerto Rico was able to implement four directed payments under the Vital program:

1. **Inpatient Hospital Payments:** Increase to managed care payments for inpatient services provided by public and private short-term acute care (STAC) hospital
2. **Sub-Capitated Providers:** Increase to primary medical groups (PMGs) and behavioral health providers that are reimbursed by the MCOs on a sub-capitated basis
3. **Dental Fee Schedule:** Revision of the minimum dental fee schedule to account for cost inflation on dental procedures
4. **Medicare Part B Provider Fee Schedule Increase:** Increase in Medicare Part B provider reimbursement from approximately 40 percent to 70 percent of Medicare Fee Schedule

A detailed look at the first three initiatives was provided in the October 2020 annual report to Congress.

As of October 2020, two of these three initiatives were still under CMS review and awaiting approval, payments to sub-capitated providers and increase to the minimum dental fee schedule. Since the submission of that report, both initiatives have been approved by CMS and implemented for the Puerto Rico Medicaid program.

Since the implementation of these four initiatives, Puerto Rico has dedicated the resources to tracking the financial impact of each to better understand where Medicaid dollars are being spent. The figure below details the financial impact:

Program Expenditures (Millions)	FFY2021	FFY2022
Inpatient Hospital Payments	\$77.2	\$103
Sub-Capitated Providers	\$31.4	\$81.8
Dental Fee Schedule	\$2.4	\$10.3
Medicare Part B Provider Fee Schedule Increase	\$103.7	\$167.6
Total (Millions)	\$214.7	\$362.7

Source: Milliman Estimated Impact of Sustainability Measures report

Increased Covered Benefits

As discussed in the annual report submitted to Congress in October of 2020, with the increased funding received, Puerto Rico was able to provide coverage for MAVYRET (Glecaprevir/Pibrentasvir), a Hepatitis C antiviral medication, for the first time. Without the extension of current federal funding, Puerto Rico will likely need to consider cutting this new covered benefit. Puerto Rico worked diligently to gain approval for this state plan amendment in order to provide the best care to its beneficiaries.

In addition to the increased covered benefits discussed in the annual report, Puerto Rico is also looking to expand covered benefits to include coverage of pre-natal and post-natal care for undocumented pregnant women, coverage of inpatient claims for people currently held in correctional institutions, and transgender hormone therapy. Puerto Rico has also begun covering various COVID treatments, including vaccine administration and therapies such as Remdesivir and Baracitinib.

The projected financial impact of the additional covered benefits and expanded eligibility with the highest impact are detailed in the figure below.

Program Expenditures (Millions)	FFY2021	FFY2022	FFY2023	FFY2024
COVID-19 Benefits	\$40.7	\$16.0	\$0	\$0
Hepatitis-C Drug Coverage	\$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*	\$0.2	\$0.2	\$0.2	\$0.2
Total (Millions)	\$70.1	\$65.6	\$48.7	\$24.1

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

*See appendix for methodology

The financial support dedicated to the additional benefits discussed above are at risk as Puerto Rico prepares for the possibility of hitting the fiscal cliff in October 2021. After assessing the Medicaid program, we have identified that the following actions would likely be taken if the fiscal cliff is reached:

- \$38 million reduction in funding for Hepatitis C program
- Eliminate plans to implement federal mandatory Medicaid benefits

- Basic coverage providing minimal services to a very limited population would have to be reinstated

If these cutbacks in covered benefits are realized as a result of lack of Federal funding, the citizens of Puerto Rico will bear the burden. In order to maintain the additional benefits Puerto Rico has provided with the increased Federal funding, Congress must secure long-term funding for our Medicaid program.

Quality Improvement

PRDOH is procuring an External Quality Review Organization (EQRO) this year to complete the FY2020 technical report and evaluate the HEDIS and other performance measures data. This procurement will incorporate requirements at the RFP phase for the EQRO to directly collect relevant CMS Adult/Child Core Set measures and MAC scorecard quality measures. In addition, this procurement will close a temporary gap in EQRO services at large.

In the meantime, ASES has worked with MCOs to improve their quality data tracking for consistency and reliability. Over the past three years, MCOs have improved significantly and we are now able to analyze historical quality data and observe improvements across measures. The section below highlights important HEDIS measures that Puerto Rico MCOs are currently tracking and their historical performance. It is expected that future years will show even greater improvements due to additional efforts around quality performance and data reliability. As mentioned in a section prior, please note that all HEDIS data discussed in the following section is referred to based on the data's reporting year, not the measurement year, which has a one-year delay. Specifically, data measured in years 2017, 2018, and 2019 is reported in years 2018, 2019, and 2020, respectively, and the latter is used throughout the following section.

The data shown in the following sub-sections is reported directly from the MCOs. The measures are all HEDIS measures and many are also CMS Core Set measures. Puerto Rico intends to utilize the EQRO procurement to further align MCOs with CMS Core Set measures and evaluate year-over-year improvements.

Health Care Improvement Program (HCIP)

ASES's focus is on providing quality services that are patient-centered and aimed at increasing the use of screening, prevention and appropriate delivery of care in a timely manner to all Medicaid, Children's Health Insurance Program (CHIP) and Medicare-Medicaid Dual Eligible (Platino) Enrollees in Puerto Rico. The Health Care Improvement Program (HCIP) is one of the tools developed by ASES to improve health outcomes through a comprehensive MCO quality improvement incentive program. For the HCIP program, ASES maintains a retention fund associated with the improvement of four key areas:

1. High Cost Conditions Initiative- which targets improvement in the care of members with Cancer, End-Stage Renal Disease (ESRD), children and youth with special healthcare needs, Autism, and Multiple Sclerosis
2. Chronic Conditions Initiative- which targets improvements in the care of members with Diabetes, Asthma, Severe Heart Failure, Hypertension, Chronic Obstructive Pulmonary Disease and Chronic Depression
3. Healthy People Initiative- which targets improvements in access to wellness and preventative care for all members and includes maternal health
4. Emergency Room High Utilizers Initiative- which targets improvements in members considered to be high emergency department utilizers

MCOs are evaluated and scored on their performance toward health outcomes measures associated with each of the four initiatives and achievement toward pre-identified benchmarks with scores determining the amount of the retention fund earned.

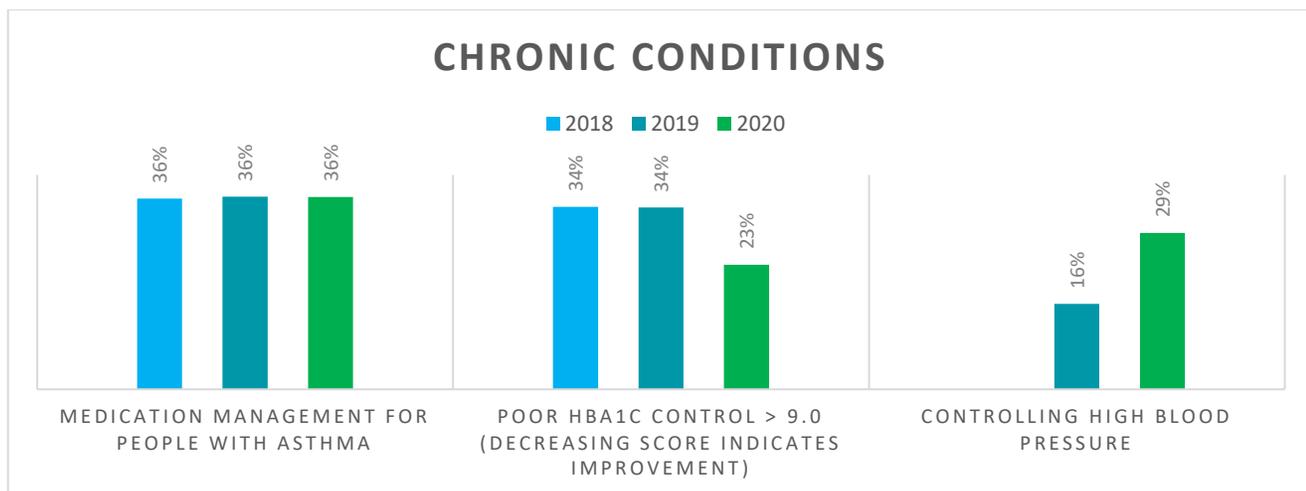
Chronic Conditions

Within the Chronic Conditions HCIP category, there are three measures currently and historically tracked by Puerto Rico MCOs: Medication Management for People with Asthma (MMA), Comprehensive Diabetes Care (CDC) – Poor HbA1C Control > 9.0, and Controlling High Blood Pressure (HPB). The 2018, 2019, and 2020 reported data summarized in the table below reflects data for Measurement Years 2017, 2018, and 2019.

The Medication Management for People with Asthma (MMA) is tracked by MCOs at both the 50 percent compliance rate and the 75 percent compliance rate. In the chart below, the 75 percent metric is shown. Across the three reporting years, Puerto Rico MCOs showed no change in compliance for the MMA measure.

The Comprehensive Diabetes Care - Poor HbA1C Control > 9.0 measure is reported such that a lower score indicates improved performance. As such, the decreasing trend shown in the graph below indicates Puerto Rico MCO's improving on this Chronic Condition measure from Reporting Years 2018 to 2020.

The Controlling High Blood Pressure measure was not reported in 2018 but shows an increase in Puerto Rico MCO performance from 16 percent in 2019 to a rate of 29 percent in 2020. Continued growth is expected as MCOs improve upon quality data tracking and performance improvement efforts continue.



Women's Health

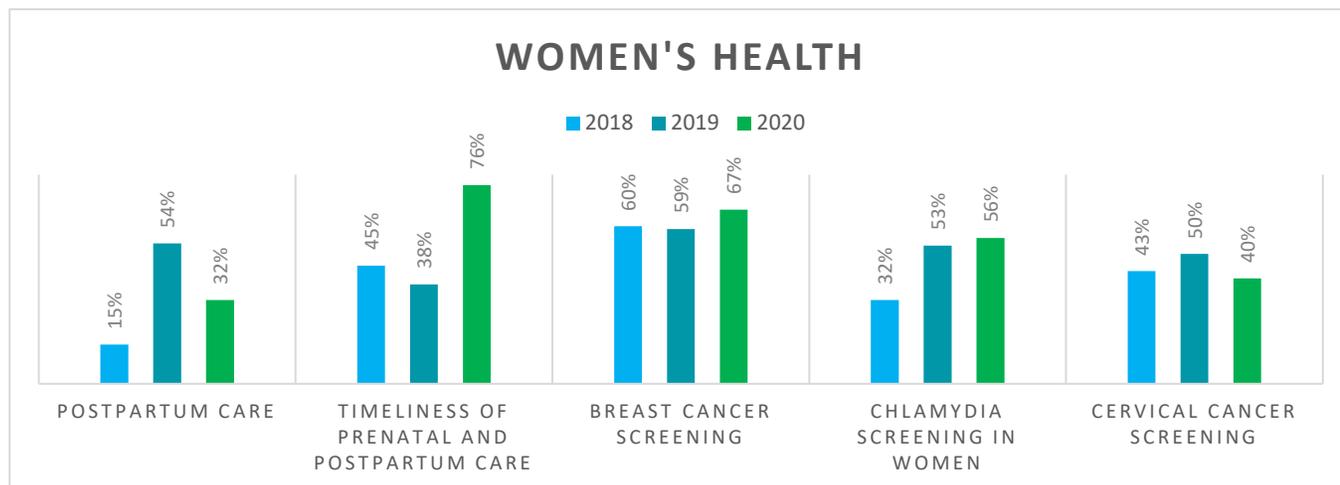
Within the Women's Health category, there are multiple measures Puerto Rico MCOs consistently report on: Postpartum Care, Timeliness of Prenatal and Postpartum Care, Breast Cancer Screening, Chlamydia screening, and Cervical Cancer screening in women.

A key measure that Puerto Rico is focused on – and committed to improving – is making sure that breast cancer screening is available to Medicaid beneficiaries. As seen in the graph below, while Puerto Rico's compliance for breast cancer screening fell slightly from 2018 to 2019, the improvement seen in 2020 reflects the island's commitment to improving this metric. Overall, in the past two years, Puerto Rico's compliance went from 60 percent to 67 percent.

Another key measure for women’s health is chlamydia screening and from 2018 to 2019, Puerto Rico’s performance went from 32 percent to 53 percent. This progress continued in 2020 to 56 percent.

As discussed previously in the report, the significant improvement in ‘timeliness of prenatal and postpartum care’ demonstrates our Island’s success in increasing access to care.

Puerto Rico anticipates continuing to focus on these services, as well as additional women’s health services, to improve performance and remain at or above par with peer states.



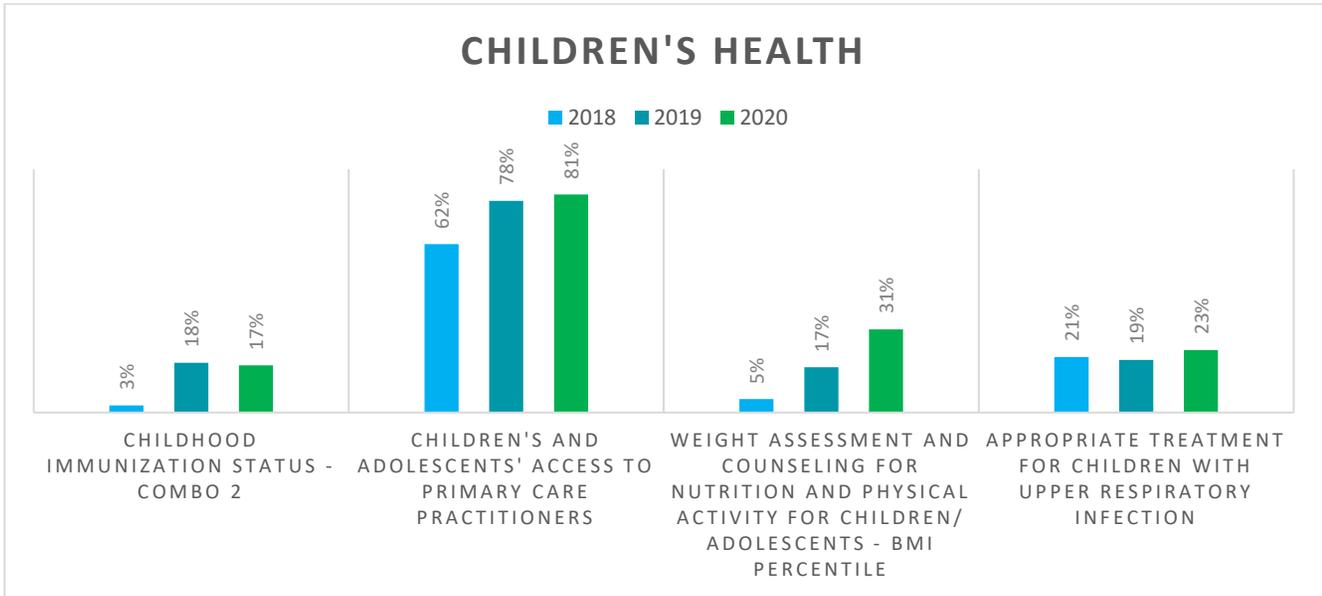
Children’s Health

As part of the ‘Children’s Health’ broader category, there are several measures tracked by MCOs:

- Childhood immunization status – Combination 2
- Children’s and Adolescents’ Access to Primary Care Practitioners
- Weight Assessment and Counseling for Nutrition and Physical Activity for Children/ Adolescents – BMI Percentile
- Appropriate Treatment for Children with Upper Respiratory Infection

Depicted in the graph below is Puerto Rico’s continued improvement across these four measures between 2018 and 2020. As mentioned earlier in the report, one of the most notable accomplishments is the high compliance for ‘Children’s and Adolescents’ Access to Primary Care Practitioners. This high compliance coupled with Puerto Rico’s ability to improve our status from 2019 to 2020 demonstrates how the Island is effectively using increased federal funding to expand access to Medicaid services.

While other areas of performance continue to demonstrate opportunities to improve, Puerto Rico has shown improvements and a commitment to make full use of the increased federal funding received. However, if the Puerto Rico Medicaid program is to continue this improvement and bring the program’s performance to a higher standard, additional funding is critical to support those efforts. Due to the inconsistent and short-term relief provided, Puerto Rico has been challenged to plan for long-term solutions, which would aid in improving the children’s health measures detailed below.



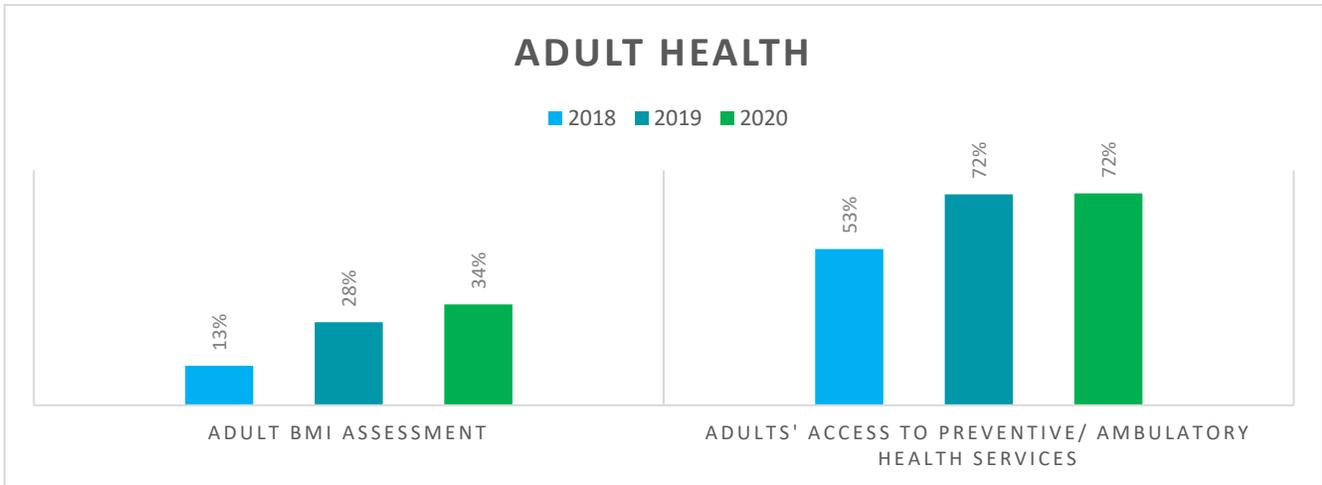
Adult Health

Two additional measures reported on by Puerto Rico MCOs in the category of 'Adult Health,' include Adult BMI and Access to Preventative/Ambulatory Health Services.

In both of these measures, Puerto Rico has demonstrated significant improvement over the past two years, as illustrated in the graph below. While PSM did not report in 2018 or 2019 and MMM did not report in 2018, the continued progress each year from 2018 to 2020 is still evident.

While compliance with Adult BMI Assessment has shown improvement, Puerto Rico recognizes there is still work to be done to bring our program in line with peer states. We have demonstrated our ability to make continuous improvement and are committed to carrying forward these efforts to improve measurement tracking and performance.

Additionally, Puerto Rico's improvement in 'Access to Preventative/Ambulatory Health Services' continues to support our push for long-term, secured Federal funding. Puerto Rico has shown across multiple categories and measures that access to care is improving. With the impending fiscal cliff and cuts to the Medicaid program the Island will be forced to make, there will be a negative impact on beneficiaries across the Island in terms of their access to care.



Enhancements to align with Medicaid Leading Practices

Contracting Reform

Since submitting December 2020's report *Response to P.L. 116-94 Requirement 3: Contracting Reform Plan*, Puerto Rico has been in the initial stages of implementing contracting reform in ways that will emulate leading practices from around the United States and advance the program's maturity in terms of responsible, accountable and transparent procurement practices, with the vision *to be recognized as a leader in ethics and transparency in procurement and contracting – supported by established processes that identify desired results and active contract management to achieve those results with the best possible impact on our Medicaid beneficiaries, all at a lower cost to taxpayers.*

Puerto Rico law does not require that government entities use competitive processes for contracting professional services. However, Puerto Rico's Medicaid Enterprise is increasing competition in Medicaid funded contracts as part of contracting reform in order to increase confidence in the program's stewardship of federal funding and address specific concerns raised in the GAO's report (GAO-21-229 Report to Congressional Committees, Medicaid: CMS Needs to Implement Risk-Based Oversight of Puerto Rico's Procurement Process).

The early stages of this effort have been foundational, including several planning initiatives. Foremost has been developing a governance structure that can effectively serve as a foundation for successful implementation of reform initiatives. This structure oversees teams working to determine the appropriate policies and procedures to support implementation and establishes cadences to involve senior leadership for purposes of decision making and reporting. Success measures are in development to track progress and impacts of the plan, as well as to standardize future reporting.

Our implementation efforts to date have focused on initiatives to ensure more competition in Puerto Rico's Medicaid spending. Dollar thresholds for competitive procurement have been set for professional services contracts. All professional services contracts over \$150,000 in value will require competitive procurement methods. The threshold has been chosen in order to exact a more stringent control of non-competitive spending, while also remaining high enough for the time being that procurement staff will be able to execute competitive procurements with diligence. This threshold will be implemented in a phased approach in order to allow competitive procurements to scale up sustainably over the next year. Exceptions to this threshold are also clearly defined and align with federal practices, such as procurement in cases when public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation as well as if only a sole vendor exists. We will consider lowering the threshold in the future, but are unable to do so at this time, due to constraints on funding and resources needed to implement the change.

In addition, Puerto Rico is working to define additional actions that must be taken when non-competitive contracts are to be issued. A standardized template justifying such procurements has already been created, in accordance with practices from other states as well as direct commentary as outlined in recent reporting and congressional testimony from GAO. Additional requirements for non-competitive procurements are currently being reviewed and considered for adoption.

Puerto Rico is in the process of defining a standardized scoring process that all competitive procurements will follow, based on leading practices from comparable programs. This is intended to ease the difficulty of executing a higher number of competitive procurements, to increase the likeliness of attaining the best result in any given procurement, and to add transparency to the process.

To continue improving transparency and advancing public trust, Puerto Rico has taken steps to make bidding and contracting information publicly available on a regular basis. We have reviewed information and leading practices from other states and territories on the bidding and contracting information that is often published and identified which documents we collect can be made public. As some portions of information are already made available via sources like the Puerto Rico Comptroller's website or the PRHIA's website, we are identifying several short- and long-term options that will allow us to publish contracting documents consistently and establish an internal process for the timely publishing of future procurements. Puerto Rico is developing a new publishing platform in 2021 to serve as a repository for both PRMP's and PRHIA's contracting documents and include all the procurements and contracts that are fully or partially funded by Medicaid dollars.

We participated fully in a recent assessment conducted by the Government Accountability Office (GAO).⁷ The GAO recommends "The Administrator of CMS should take steps to implement ongoing, risk-based oversight of Medicaid procurement processes in Puerto Rico; such actions could include performing an assessment of competitive and noncompetitive procurement processes to identify risks and address them by promoting competition, as appropriate for the efficient operation of the Medicaid program. (Recommendation 1)". The U.S. Department of Health and Human Services concurred with this recommendation.

We seek to be an engaged and collaborative partner with CMS and are supportive of their oversight of procurements and contracts serving the Puerto Rico Medicaid program. As discussed in Requirement 11 of Section 5: Congressional Requirement Updates below, we aim to be prepared to better collaborate in the future with CMS and effectively respond to future documentation requests regarding procurements and contracts awarded under the Puerto Rico Medicaid State Plan.

Program Integrity Unit

Puerto Rico has fulfilled the Congressional requirement by appointing a Program Integrity Unit (PIU) Lead. Medicaid initially filled PIU lead from a contracted position to an official government position in August 2020 and PIU has been operational since that time. The Program Integrity Director reports directly to the Medicaid Program Executive Director and the Puerto Rico Secretary of Health. Since its formation, the PIU has developed internal policies and procedures based on 42 CFR Part 455 and implemented a memorandum of understanding (MOU) across agencies (Medicaid, Medicaid Fraud Control Unit (MFCU) and ASES).

Puerto Rico has made significant strides towards developing and expanding the Program Integrity Unit. Puerto Rico began to stand up the PIU in October 2019; in December 2019, it was approved and recognized as an official government entity. The PIU's mission is to protect Medicaid funds against losses from fraud, waste, and abuse (FWA), and to improve the integrity of the health care system. The mission is achieved through the activities of prevention, detection, investigation, referrals, and prosecution of FWA.

Currently within Puerto Rico, the PIU's responsibility is to coordinate FWA oversight efforts in both provider and member cases, including provider enrollment and member eligibility. The PIU works closely with leads from both the Medicaid Eligibility Unit and the Provider Enrollment side to find irregularities, all reporting up to the Puerto Rico Medicaid

⁷ 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. Retrieved from: <https://www.gao.gov/assets/720/712259.pdf>.

Director. The PIU works closely with MCO Program Integrity departments, MFCU, and ASES to manage suspected cases of FWA and to coordinate overpayment recovery efforts.

As it pertains to Program Integrity oversight over MCO payments, in July 2020, ASES and DOH signed a MOU across the two agencies to ensure clearly defined processes, roles and responsibilities. The MOU gave Puerto Rico the responsibility for managing the MCO's contract while specific program integrity related investigations are conducted by the PIU in conjunction with the MCOs' program integrity units.

ASES Compliance instituted, and continues to develop, MCO Program Integrity monitoring. The department currently monitors MCO case activity and overpayments. ASES Compliance also initiated MCO Program Integrity operational reviews in 2021 to monitor compliance with CMS managed care standards, as detailed in 42 CFR 438.608. This detailed review includes analysis of each MCOs Compliance Plan, mechanisms to detect and prevent FWA, case referral operations and overpayment recovery.

Together, this coordination between MFCU, PIU, and ASES Compliance has increased MCO awareness, data quality and reporting of FWA cases. MCO referrals to MFCU jumped from 37 cases in contract year one to 61 cases in contract year two. Cases identified as potential FWA by MCOs as reported to PR jumped from 231 to 579 from year one to year two.

As discussed, Puerto Rico's vision and goal for Program Integrity unit is to establish program oversight and governance across the Medicaid program which includes member eligibility all the way to provider payments. As the PIU, in coordination with ASES Compliance, DOH eligibility, and Member Anti-Fraud, continues to grow and enhance their programs, we will work towards bringing Program Integrity in Puerto Rico in line with leading PI units in the States. The vision for PI in PR includes:

- Ensuring that eligibility decisions are made correctly and that prospective and enrolled providers meet federal and state participation requirements.
- Ensuring services provided to enrollees are medically necessary and appropriate
- Ensuring provider payments are made in the correct amount and for appropriate services.
- Exercising general managed care oversight over of the health plan's compliance with federal and state laws, regulations, and policies, including when fraud or abuse is suspected
- Working with multiple entities to oversee and monitor quality, access, and timeliness of care for managed care enrollees; managed care oversight also focuses on administration and management, appeal and grievance systems, claims management, customer services, finance, information systems, marketing, medical management, provider networks, and quality improvement
- Identifying and recovering improper payments made to providers, such as payments that should not have been made or that were made in an incorrect amount

The collective efforts across the program integrity teams, in conjunction with advanced tools and technologies will allow program integrity in Puerto Rico to significantly increase FWA detection, increase cases and recoveries, and ultimately pivot to a proactive approach to not only detect FWA, but also move towards prevention.

Reporting & Monitoring

CMS-64

As communicated by CMS, “Form CMS-64 is a statement of expenditures for which states are entitled to Federal reimbursement under Title XIX and which reconciles the monetary advance made on the basis of Form CMS-37 filed previously for the same quarter. Consequently, the amount claimed on the Form CMS-64 is a summary of expenditures derived from source documents such as invoices, cost reports and eligibility records⁸.”

Puerto Rico has been in compliance with CMS-37 and CMS-64 reporting for the past nine years. As part of the Federal Act P.L. 116-94, Congress communicated that Puerto Rico was required to come into compliance with our CMS-64 reporting, in terms of timeliness and accurate allocation of funds. During the summer of 2020, Medicaid finalized procedures to reflect the changes required by the P.L. 116-94 enacted by Congress, including a narrative report that will be submitted with the CMS-37 and CMS-64 and Puerto Rico has remained in compliance with CMS-37 and CMS-64 requirements.

In addition to the required reporting, we sought other avenues to improve and go above and beyond Congressional expectations. An area identified was the narrative section of the CMS-64. While Puerto Rico is currently in line with leading practices for the CMS-64, given the request from Congress to present more detailed reporting in other areas of the Medicaid program, we aim to enhance the narrative section CMS-64 report further. The identified areas for enhancements are the following:

- 1. Incorporate key drivers of change in quarterly funding and expenditures** (*currently included*)
- 2. Illustrate the available federal funds balance**
- 3. Reconcile the CMS-64 reported expenditures with drawdowns reported in PMS**
- 4. Depict long-term trends of funding**

After identifying these potential enhancements and attempting to implement, the text-based format of the CMS-64 form does not allow for formatted tables. This led to the narrative appearing more cluttered and less organized, which was the opposite of our intent. However, in addition to the CMS-64, Puerto Rico also submits a variance report to CMS separately. Moving forward, Puerto Rico aims to include this level of reporting in the separate variance report. This serves to assure CMS we are appropriately tracking and monitoring expenditures with a clear understanding of where federal dollars are being directed towards.

Additionally, as the fiscal cliff approaches, these enhancements may help to depict even further the need for a long-term funding solution for Puerto Rico. We consistently exhaust the federal funds provided and if a solution is not reached by September 30, 2021, it is a financial burden Puerto Rico has not had to bear historically. The local share of funds required to maintain the Medicaid program is unattainable and will result in a less robust Medicaid program overall.

⁸<https://www.medicaid.gov/medicaid/financial-management/state-expenditure-reporting-medicaid-chip/index.html>

Data Governance

Puerto Rico has recently established a Data Governance Committee (DGC). The DGC serves as a cross-DOH/ASES body to escalate, discuss, and resolve a range of data issues. Since the start of calendar year 2021, a committee charter has been developed, roles have been staffed, and the committee is now meeting regularly. As discussed in Requirement 12 of Section 5: Congressional Requirement Updates below, the committee has begun looking into potential data quality issues, preparing for future mandatory reporting requirements, and expanding data analytics capacity across the Medicaid program. The DGC is expected to continue meeting ongoing as a way to continually mature the data governance function within the Medicaid program. In the coming years, Puerto Rico plans to use the Data Governance Committee to build out more standardized policies and procedures as it relates to data governance.

MCO Report Cards

As discussed in Requirement 12 of Section 5: Congressional Requirement Updates below, Puerto Rico is continuing to develop and create an “MCO Report Card” with the goal of enhancing public transparency of MCO performance. Puerto Rico has made progress on this initiative by: studying leading practices from other Medicaid programs with respect to their Report Card methodologies, aligning on a vision for how a Report Card would be used by the Puerto Rico Medicaid program, developing a methodology for creating a Report Card, and creating a preliminary, internal version of a Report Card. Given this progress, Puerto Rico is aiming to potentially publish a Report Card in the future, providing a user-friendly way for Medicaid beneficiaries to quickly compare MCOs along key quality indicators.

In addition, as part of the data quality work conducted by the data governance committee discussed above, Puerto Rico has worked to standardize the procedures around HEDIS and CAHPS data collection. This will help enable consistent, accurate, and complete data to be used by the Report Card.

Contract Documentation

Aligned with the actions documented in response to P.L. 116-94 *Requirement 11 Submission of Documentation on Contracts Upon Request* on April 30, 2021, Puerto Rico is committed to increase our effort to further support and refine transparency and integrity in contracting and to improve the partnership with CMS to oversee the Puerto Rico Medicaid program and serve as good stewards of Federal and territory funding. Following leading practices and to be better prepared to respond to future documentation requests from CMS, we documented the process we are prepared to follow to respond to documentation requests for contracts subject to oversight by CMS. This process took existing steps and increased formalization and standardization to increase transparency, improve our document collection methods, and maintain compliance with reporting requirements.

We understand that this is a joint effort to better partner with CMS. We aim to have regular communications with CMS moving forward, especially when seeking guidance on document submission expectations and documenting decisions made. We requested CMS to review our RFP for a Pharmacy Benefit Manager (PBM) and/or Manager of the Medicaid Drug Reimbursement Program (MDRP) and other drug reimbursement services, jointly "Rebate Aggregator", and our upcoming RFP for EQR services; however, CMS has declined the opportunity to review the RFPs prior to release.

Network Adequacy

Puerto Rico has implemented oversight and monitoring systems to track network adequacy trends and compliance with required standards. In 2018, Puerto Rico certified each of the MCO's initial networks of providers and granted exceptions to the MCO when applicable because of contracting or coverage limitations. Puerto Rico continues to monitor the exceptions granted, and the MCOs' reports of contracted providers, as well as their annual *Provider Network Development and Management Plans* that measure compliance with network standards and assist with gathering federally required data.

On January 8, 2021, ASES submitted a plan to CMS to conduct a robust Network Adequacy analysis that evaluates known network shortages, re-occurring network exceptions, and identifies specific opportunities to improve access to beneficiaries and a review of applicable standards. The information collected from the MCOs' reports, using the oversight and monitoring system, enables us to review the networks' compliance and revisit the standards for provider networks to determine where revisions may be required. At the launch of Plan Vital, Puerto Rico established benchmarks for network standards using a claims-based analysis that identified regional-specific high and low volume utilization while also considering known operation and contracting constraints with the number of health care providers on the Island. In the fall of 2021, Puerto Rico may revise network standards following the completion of the analysis.

In addition to implementing an oversight and monitoring system for MCOs, ASES will implement similar oversight tools for monitoring the PBM and required network adequacy standards. There are ongoing efforts to guarantee at least one pharmacy in each municipality of the Island. As an example, we enhanced the dispensing fee for the Vieques and Culebra municipalities, increasing availability during 2020.

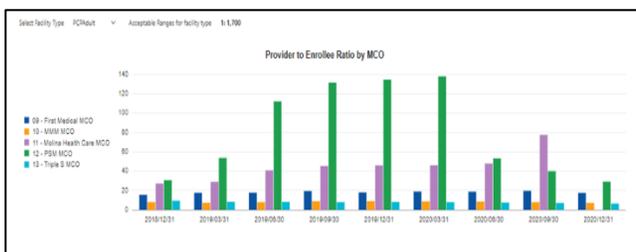
By reviewing the MCOs' network assurance review activities and compliance with our appointment standards required in the Plan Vital contracts, we can identify any limitations in timely access to care. This may be partly due to the limitations in the number of providers on the Island. To address the limited number of health care providers on the Island, the Incentives Act for the Retention and Return of Medical Professionals (Law No. 14-2017) and uses tax incentives to encourage medical professionals to remain in Puerto Rico. A contract amendment in September 2020 implemented measures for the MCOs to increase access to care through telehealth and remote work by adding and supporting telehealth and paying the same amount for either in-person or remote work. This helped increase access to care in response to the global COVID-19 pandemic.

Furthermore, MCOs establish relationships (if needed, through memoranda of understanding) with the Administration of Mental Health and Anti-Addiction Services, Families and Children Administration, the Office of the Women's Advocate, and other government or non-profit entities, in order to improve the delivery of behavioral health services. As noted in the October 30, 2020 Annual Report, available behavioral health network providers increased from July 2019 to July 2020.

Enrollees with special health care needs can directly access specialists, as appropriate for their health care conditions. To make it easier for beneficiaries to seek specialist care when needed within their MCO's network, a referral from their PCP is not needed; a referral is only required for services sought outside the MCO's preferred provider network. The MCOs track and report the number of phone calls answered from beneficiaries requesting a referral to a provider or requesting information referrals within the MCO's network. We continue to explore alternatives to provide access to PCPs and specialists.

To demonstrate the enhanced oversight and monitoring system implemented by ASES, we've included four illustrations now available using the data visualization element of the Comprehensive Oversight and Management Plan (COMP) toolkit, that ASES uses to monitor certain access requirements under Plan Vital:

- Standard #1: Provider to Enrollee Ratio
 - Available for Adults, Children, and Hospital
- Standard #2: Provider Access per Municipality
 - Available for Adults, Children, and Psychologists
- Standard #4: Time and Distance
 - Available for PCPs, Emergency Rooms, and Hospitals
- Plan Vital Network Adequacy exceptions requested by MCOs
 - Adult High-Volume Providers (medical)
 - Mental Health Providers



Number of provider groups out of compliance by time & distance

Values represent count of provider groups out of compliance (Urban Standard City / Non-Urban Standard City). Click on values for more details.

Provider types where standards are not met

End period	09 - First Medical MCO (Urban / Non-Urban)	10 - NEMM Health Care MCO (Urban / Non-Urban)	11 - Molina Health Care MCO (Urban / Non-Urban)	12 - PSM Health Care MCO (Urban / Non-Urban)	13 - Triple S MCO (Urban / Non-Urban)
Mar-2021	0/0	0/0	0/0	0/0	0/0
Dec-2020	0/0	0/1	0/0	0/0	0/0
Sep-2020	0/0	0/1	0/0	0/0	0/0
Jun-2020	0/0	0/1	0/0	0/0	0/0
Mar-2020	0/0	0/1	0/0	0/0	0/0
Dec-2019	0/0	0/1	0/0	0/0	0/0
Sep-2019	0/0	0/1	0/0	0/0	0/0
Jun-2019	0/0	0/1	0/0	0/0	0/0
Mar-2019	0/0	0/1	0/0	0/0	0/0
Dec-2018	0/0	0/0	0/0	0/1	0/0



Oversight and Monitoring Systems Improvements

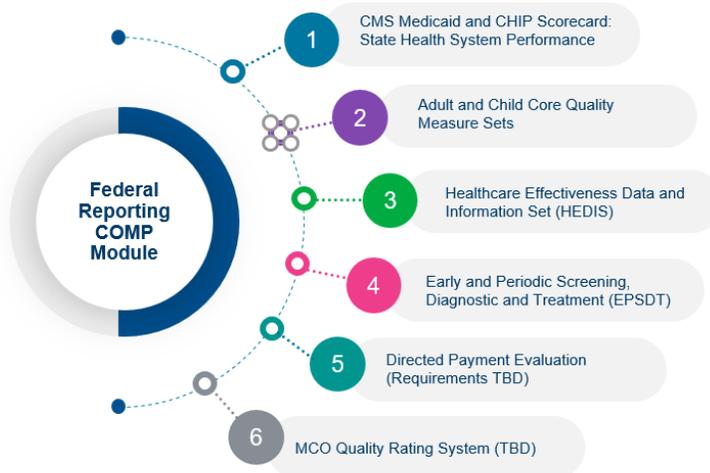
As reported in the October 30, 2020 report, ASES have implemented a Comprehensive Oversight and Monitoring Program (COMP) that tracks and trends MCO and PBM performance in Puerto Rico's Medicaid program. Since its inception in September 2020, key improvements were initiated to ensure information collected is validated and accurate. This includes:

- ASES conducted a corrective action process with each MCO to remedy incomplete data sets and reports. This resulted in a huge improvement by all MCOs in their timeliness and accuracy in reporting and allowed ASES to improve oversight and use data to inform key oversight and policy decisions.
- ASES and DOH reconciled key elements across data sources to allow both agencies to collect, share and analyze data elements across systems and operations. This has resulted in a streamlining of data sets and reporting requirements including but not limited to encounters, membership and network reporting.
- ASES established and implemented oversight and monitoring oversight metrics for both current and future PBM functions for Plan Vital. These improvements will allow ASES to monitor and track performance prior to and post the scheduled PBM procurement.

Federal Reporting

With improved data sets and reporting, ASES developed a key module in COMP to collect, validate and aggregate key Medicaid federal reporting requirements. This enhancement will ensure ASES is able to quickly and efficiently validate and report on current and future federal requirements as outlined in the graphic below:

Federal Reporting



While this section of the oversight and monitoring program continues to develop, we've highlighted expected implementation timeframes.

Available by June 2021:

- CMS Medicaid and CHIP Scorecard: State Health System Performance Measures
- CMS Adult and Child Core Measure Sets
- Healthcare Effectiveness Data and Information Sets (HEDIS) annual report
- Early and Periodic Screening, Diagnostic and Treatment (EPSDT) annual report

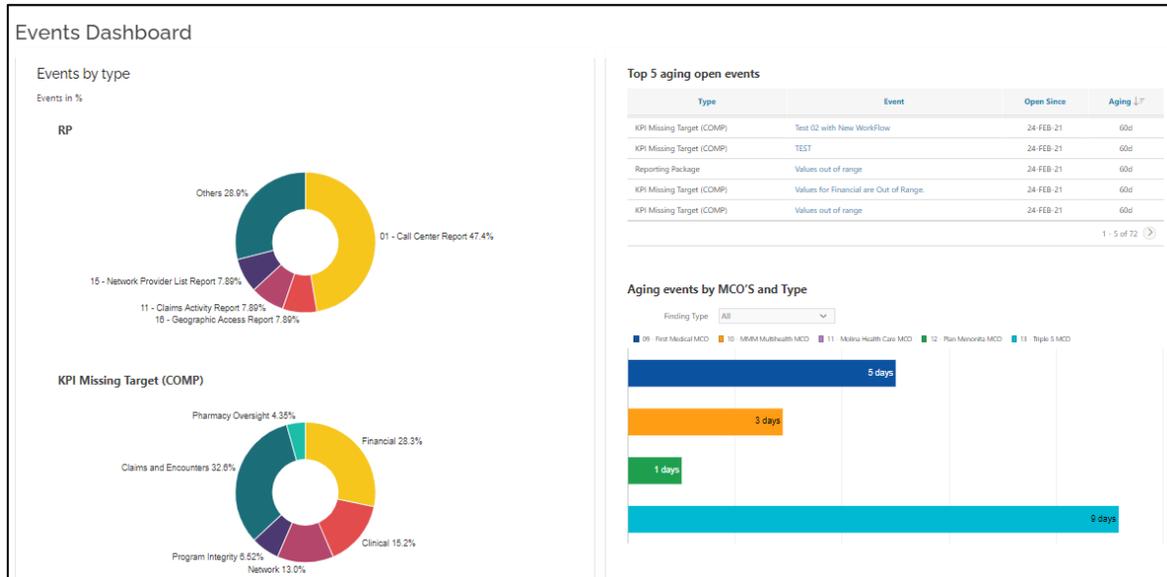
Available later in 2021:

- Directed Payment Evaluations and required reports - In the summer of 2021, ASES will develop oversight modules aligned with the evaluation plan measures approved for each directed payment to support timely completion and reporting to CMS of evaluation findings.
- MCO Quality Rating System – Reporting module within ASES COMP system that supports quality measure reporting for the MCO Report Cards that evaluate MCO quality performance and provide the public on how Plan Vital Medicaid MCOs compare to each other.

Compliance Management

In order to leverage interagency oversight and documentation, ASES has implemented two key modules that track oversight activities and compliance management.

The first set module (Events Management) allows ASES to track events and findings stemming from oversight functions within the agency and are seamlessly tied to specific reports and or other oversight areas. This allows the agency to communicate and document findings across departments and associated timeframes to completion. Below is an early illustration on the Events Management module:



The second module (Compliance Management) allows the ASES Compliance Department to track compliance referrals, corrective action plans and inter-agency program integrity functions to enable ASES to document and monitor key program integrity functions and FWA monitor the prevention and detection of fraud, waste and abuse FWA by the MCOs. ASES and DOH are working together to further develop this system to support its commitment to improving program integrity oversight.

5. CONGRESSIONAL REQUIREMENT UPDATES

As part of the strategic enhancements, the Puerto Rico Department of Health, Medicaid Department and ASES have been working towards successfully meeting the requirements set in the enactment of Federal ACT: P.L. 116-94, Further Consolidated Appropriations Act, 2020 (Dec 16, 2019). Puerto Rico has further organized the requirements into a series of smaller tasks for the purpose of project management. The following tracks to the new organization, expanding the initial 8 requirements to 13 subtasks:

Congressional Requirement		Status
1	Review Program Integrity Office Policies / Procedures / Staffing	⌚
2	Develop Payment Error Rate Measurement (PERM) Plan	⌚
3	Develop Contracting Reform Plan	✓
4	Review Medicaid Eligibility Quality Control (MEQC) Policy / Procedures / Staffing	⌚

5	Evaluate Dual Eligible Special Needs Plan	
6	Develop Annual Report ⁹	
7	Develop Report on Contracting Oversight and Approval	
8	Evaluate Current Process of Managed Care Payments	
9	Develop Scorecard Reporting Measures	
10	Develop Financial Executive Summary for CMS 37/64 Reporting	
11	Evaluate Current Contract Requirements and CMS Reporting	
12	Implement Scorecard Reporting System	
13	Develop Policies and Procedures for Penalties	

Key	
	Complete
	In Progress

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 description of what has been done 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 and October annual report submitted
- A summary of planned activities that will continue to be further addressed by Puerto Rico in compliance with the requirements

The Puerto Rico Department of Health, Medicaid and ASES are working collaboratively to meet each of the requirements set by Congress. We continue to work diligently to meet the goals and timelines detailed below.

⁹ First Annual Report was submitted on October 30, 2020. Second Annual report is due on October 30, 2021



IN PROGRESS

Requirement 1: Program Integrity Office

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: In Progress

- The primary congressional requirement of designating a Program Integrity lead has been fulfilled. To further comply with this requirement, Puerto Rico Medicaid Program (PRMP) is currently reviewing its policies, procedures, and scope of work for its Program Integrity Unit. The report will include:
 1. A review of the PR Program Integrity Unit’s (PRPIU) organizational structure, approach to developing policies and procedures, and progress made to date
A gap analysis of instituted PRPIU policies and procedures
 2. 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 presented to PR Medicaid for review. This outline specifies the report’s content and how it will be presented to Congress
- The outline table of content includes:
 - a. PRPIU New Management Structure, Approach to Developing Policies and Procedures and Progress to date
 - i. Designation of PRPIU Lead and Institution of Organizational Structure
 - ii. PRPIU approach to developing CMS-Compliant policies and procedures to meet the Congressional Requirement
 - iii. PRPIU Policies and Procedures developed to date
 - b. Evaluation of Leading Practices supported by other jurisdictions
 - c. Identification of opportunities
 - i. To improve program integrity policies and procedures
 - ii. To strengthen program integrity Human Resource
- Initial review and documentation gathering has begun for gap analysis, nearing the finalization of the draft report to undergo internal review

Planned Next Steps

- Draft report to undergo internal review
- Finalization of Leading Practices section and staffing analysis
- Continuation of inter-entity meeting cadence with PIU, Eligibility Leads, Provider Leads, and MAFU to further discussions of organizational structure and cooperation
- Finalization of documentation review and gap analysis of enhanced organizational structures for PIU alongside staffing analysis

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)”

In addition to the Congressional Requirement, Puerto Rico has asked the vendor to complete the following:

- Advise how the Plan to comply with the PERM should be developed
- The selected vendor should design a plan to implement the PERM in Puerto Rico
- This is a new requirement and currently Puerto Rico does not have the scorecard measures

Requirement Status: In Progress

To evaluate Puerto Rico’s current ability to meet PERM reporting requirements, multiple actions are being taken such as the following:

- Meeting with ASES and DoH stakeholders to discuss their current capabilities
- Meeting with CMS monthly to enhance understanding of how a pilot program will operate
- Meeting with PERM contractors to discuss guidance and process
- Reviewing the published PERM guidance from CMS; Aligning PERM planning activities with those to be undertaken by CMS as they prepare for a Puerto Rico PERM review

In addition to evaluating Puerto Rico’s current abilities to meet PERM reporting requirements, we are also taking the following actions to create a plan to address any areas where Puerto Rico needs to enhance its reporting capabilities:

- Examine capabilities that will need to be implemented
- Discuss necessary improvements with Puerto Rico staff
- Confirm with CMS that all necessary capabilities and processes are covered

Activities Completed

A Congressional Report was developed by PR Medicaid to satisfy this requirement. This outline specifies the report’s content and how it will be presented to Congress.

The outline table of content includes:

- Pilot Program Proposal
 - Proposed timeline
 - QA/QC procedures
 - Process outlines for reviews
 - Communication plan for CMS and vendor touchpoints
 - Program coverage: Medicaid and CHIP FFS, MC, eligibility
 - Estimated volume control totals by quarter
- Full Program Participation
 - Notional timeline

- Data extract population
 - Submission deadlines
 - Sample review and coordination
 - QA/QC procedures
 - Process outlines for reviews
 - Communication plan for CMS and vendor touchpoints
 - Program coverage: Medicaid and CHIP FFS, MC, eligibility
 - Estimated volume control totals by quarter
 - Findings review and CAP coordination
- Puerto Rico has begun to turn the outline into a Congressional Report that will be submitted to Congress to satisfy this requirement

Planned Next Steps

- Continue to enhance the draft of the congressional report
- Set up meetings with other PERM states to discuss best practices and PERM pilot programs
- Establish roles and responsibilities for various PR entities and continue to modify workplan based on updated CMS guidance
- Continue to meet with PR Eligibility and FWA stakeholders to provide updates and gather information

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”

In addition to the Congressional Requirement, Puerto Rico has asked the vendor to complete the following:

- PRMP currently has a MEQC Office. The selected vendor should advise and recommend changes to policies and procedures and scope of work to ensure compliance of the Congress Requirements
- Make recommendations on how to fully comply with CMS MEQC requirements
- Recommend additional staff if needed to perform MEQC duties

Requirement Status: In Progress

To evaluate Puerto Rico’s current ability to meet MEQC reporting requirements, the MEQC office that has been in place for more than 10 years is taking multiple actions such as the following:

- Discussion on progress made to enhance capabilities
- Meeting with CMS on a monthly basis to enhance understanding of how we need to enhance MEQC reporting
- Meetings with other MEQC state leads and further established channels of communication with CMS
- Review of the published MEQC guidance from CMS

Puerto Rico is evaluating current abilities to meet PERM reporting requirements and the following actions are being taken to create a plan to address any areas where we need to enhance our reporting capabilities:

- Examining capabilities that need to be implemented
- Internal discussion on necessary improvements
- Confirm with CMS that all necessary capabilities and processes are covered

Activities Completed

A Congressional Report was developed by PR Medicaid to satisfy this requirement. This outline specifies the report's content and how it will be presented to Congress.

The outline table of content includes:

- Description of the Congressional Requirement
- Overview of Puerto Rico's current efforts in MEQC
- Provide a response on how Puerto Rico will comply to implement the Medicaid Eligibility Quality Control Requirements of Subpart P of 42CFR431
- Provide an overview of how Puerto Rico compares to other jurisdictions in terms of leading practices related to MEQC. We will include gaps in our current state along with the leading practices and recommendations of an MEQC plan going forward

Puerto Rico has begun drafting this report, which has entailed the following:

- MEQC 101 session with CMS
- Review of report outline and documentation materials with CMS

Planned Next Steps

- Continue to draft and finalize requirement report with guidance from CMS
- Meet with eligibility stakeholders to review procedures for eligibility review and determination processes
- Compare documentation for eligibility reviews and determinations against CMS guidance to identify any procedural gaps not aligned
- Document and review special considerations for MEQC compliance in Puerto Rico compared to other States
- Draft MEQC State Planning document per template and guidance from CMS

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: In Progress

For FFY 2020 and 2021, EAP funds have been temporarily paused due to the passing of the Further Consolidated Appropriations Act of 2020 and the Family First Coronavirus Response Act. Due to the pause on Enhanced Allotment Program (EAP) funding for FFY 2020 and FFY 2021, the requirement under Section 1935(e) of the Social Security Act (42 USC1396 u -5e as amended) is not applicable. A report detailing the historical uses of EAP funds prior to FFY 2020 and the approved Plan will be submitted to Congress.

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: In Progress

As the planning stage for the FY2021 Annual Report nears, Puerto Rico will define a plan to continue to satisfy congressional requirements while identifying additional buildouts to supplement the report and

provide a holistic view of the improvements Puerto Rico is making to the Medicaid program. Such supplements to the annual report will include updates on the progress made for each congressional requirement as well as a combination of visuals, analyses, and narratives to describe the changes to the Medicaid program. The following may be incorporated into future reports:

- Breakdown of initiative funding that reconciles to the total amount of funding received.
- Evaluation of the improvements to access to care and network adequacy through sources such as CAHPS results and provider retention reports
- Comparison of changes to provider reimbursements by reviewing historical trends as well as known future changes
- Review of changes in covered benefits and their impact on the covered population
- Report on any other innovation or initiatives that Puerto Rico is pursuing as a part of the Medicaid go-forward strategy

Activities Completed

- Held discussions to understand data analytics capabilities for report enhancements
- Developed initial set of enhancements/analyses to consider for future annual reports
- Began looking through network adequacy files sent by ASES and determining next data request steps
- Submitted this Semi-Annual Report on May 2021 in preparation for a full Annual Report in October 2021

Planned Next Steps

- Puerto Rico will have visioning sessions to align goals going forward in June 2021
- Review outline for FY2021 Annual Report in June 2021
- Finalize FY2021 Annual Report and send to CMS in October 2021

✓ COMPLETE

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
- As per the report, Puerto Rico will provide status updates to CMS on a quarterly basis and provide status updates to Congress on an annual basis. This section of the semi-annual report will function as the first quarterly report

Activities Completed

To meet the Congressional mandate Puerto Rico took the following actions:

- From September 2020 through December 20, 2020; Puerto Rico held multiple meetings, interviews and workshops with the Department of Health, Puerto Rico Health Insurance Administration and Medicaid to define the vision, guidelines and principles around Contracting Reform
- A thorough review of Government of Puerto Rico Laws, Regulations and Executive Orders was conducted to understand the procurement and contracting legal framework in place for the Government
- Multiple review meetings were held with the agencies of the Medicaid Enterprise to draft, review, finalize and publish the Contracting Reform Plan as requested by Congress
- Puerto Rico responded on November 13, 2020 to initial inquiries from the U.S. Government Accountability Office (GAO) on our contracting processes received on October 29, 2020. This report provides the PRDOH's response to GAO's request for an update on the status of Puerto Rico's development of a contracting reform plan
 - On February 23, 2021 Puerto Rico presented to CMS a test case for the EQRO contract RFP and a fully compliance draft RFP will be sent to CMS the first week of May 2021
- Puerto Rico examined the contracting processes in our Government and Medicaid Enterprise developed for Congress a plan for Contracting Reform to combat fraudulent, wasteful, or abusive contracts

Going beyond the congressional requirement, Puerto Rico also completed the following in support of the published plan:

Planning Initiatives

In order to implement the Contracting Reform Plan and support effective change management, Puerto Rico has conducted several planning initiatives that are instrumental in ensuring 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 through metrics), and prioritize future enhancements.

- Puerto Rico has conducted a high-level staffing analysis to assess its ability to properly manage and enhance the Medicaid program. For further discussion of this, please see the previous section (2. Medicaid Fiscal Cliff – October 2021)
- A governance structure has been established, including a cadence of regular Contracting Reform Leadership meetings across the Medicaid enterprise for decision making and to guide implementation of Contracting Reform Plan initiatives

Puerto Rico is currently developing success measures through performance metrics to gauge the progress of the Contracting Reform Plan. In order to communicate this progress to stakeholders in the territory and federal partners, Puerto Rico is drafting a Success Measures Reporting Template. In addition, Puerto Rico is assessing its procurement process, utilizing the nationally recognized Contract Management Maturity Model, in order to create a baseline for future progress.

Implementation Initiatives

A phased approach to contracting reform was developed in order to sequence implementation of contracting reform initiatives in a manner that accounts for prioritization, feasibility, and logical order

to establish or alter policies that are affected. This implementation will continue through the end of the current Federal Fiscal Year. To date, work has progressed on the following initiatives that focus on increasing competition, establishing alternative competitive contracting processes, driving increased standardization and consistency in the scoring and selection process, and increasing transparency to make more contracting information publicly available.

- Establish formal parameters to decide when non-competitive bids are necessary by setting criteria and thresholds
- Define actions to justify the use of non-competitive procurements
- Define and test a rigorous scoring process to establish criteria for competitive bids
- Identify the contracting information that is already available to the public and conduct a review to define which portions of contracting documents can or cannot be made public Review leading practices and identify short- and long-term options for publishing contracting documents

Planned Next Steps

Moving forward, in order to continue to implement the Contracting Reform Plan by the end of September, Puerto Rico will prioritize the following:

Planning Initiatives

- We will finalize the success metrics to monitor and report out on the Contracting Reform Plan implementation progress.
- We will prioritize contract oversight opportunities to enhance the business processes and tools that were identified the ***Requirement 7: Contracting Oversight and Approval Report***¹⁰ and develop an implementation roadmap for selected priorities. Please see *Requirement 7: Contracting Oversight and Approval Report* for further detail on the opportunities.

Implementation Initiatives

Next steps regarding implementation initiatives will focus on engaging stakeholders, expanding the 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:

- Identify and involve business oversight owners of each contract requirement to increase accountability
- Allow more time for upfront strategy development in major procurements
- Reconsider the duration of base contracts
- Publish an initial set of contracting documents deemed as appropriate for the public from existing contracts to increase transparency and public trust
- Define and establish a repeatable, internal review process to ensure all appropriate documents are published

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 **Dec 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

Activities Completed

- The GAO, led by the Comptroller General, provided some questions related to Puerto Rico's contracting processes which were responded to on November 13, 2020
- The U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) conducted a risk assessment for the Puerto Rico Medicaid program controls and processes. The OIG determined audits of Puerto Rico's Medicaid program 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. Puerto Rico is 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
- Puerto Rico conducted its 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 conducted 26 interviews across the Department of Health, Puerto Rico Health Insurance Administration and Medicaid, 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. Our Medicaid Enterprise agencies 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 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 the Centers for Medicare & Medicaid Services:** Puerto Rico evaluated compliance and oversight activities required by the Centers for Medicare & Medicaid Services (CMS) of the managed care contracts awarded under Puerto Rico's State plan. Managed care contract oversight focuses on eight functional areas, which align to the scope of the Medicaid and Children's Health Insurance Program (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 to improve our business processes and tools. We also reviewed leading practices from states, to help us identify 15 opportunities to enhance our contract oversight processes.

Planned Next Steps

Moving forward, Puerto Rico will further consider 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
- Integrate Quality Oversight
- Leverage Telehealth to Expand the Existing Provider Network
- Reduce Reliance on MCO-Reported Data
- Improve Frequency of Data Reporting by Leveraging Automation
- 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 Marketing Materials Development
- Introduce Additional Factors into the Default Enrollment Methodology
- Increase Provider Enrollment
- Improve Data Integrity and Automation
- Temporarily Modify Payment Methodologies and Profit-Sharing Arrangement

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:

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

- 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 3110), Division N, Title 1, Subtitle B, §202(f)(3) – Audits of Managed Care Payments
- Puerto Rico has made significant strides towards developing and expanding the Program Integrity Unit’s (PIU) oversight of managed care payments. Improvements in coordination between PRDOH and ASES have led to a collaborative approach and more defined roles in oversight responsibilities. The PIU and ASES 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.
- The U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) conducted a high-level risk assessment for the Puerto Rico Medicaid program 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 Puerto Rico’s Medicaid program are warranted and the results will set their priorities for performing future audits of the Medicaid program in Puerto Rico.

Activities Completed

In our report to Congress, we summarized the current state of the program, including our current fraud, waste, and abuse 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 Puerto Rico’s Medicaid Program. 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 Fraud, Waste, and Abuse: We highlighted the significant advances that our Puerto Rico has 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 Puerto Rico establish baseline metrics to manage the oversight of Managed Care payments going forward. The Comprehensive Oversight and Monitoring Plan (COMP) performance measurement tool that has been developed by ASES, can increase transparency and visibility into an expanding list of Key Performance Indicators (KPIs). These accelerator tools will enable Puerto Rico to further monitor MCOs and have greater insight into fraud, waste, and abuse activities.
- Eight-step approach to handling FWA: Puerto Rico has implemented an eight-step approach to handling fraud, waste, and abuse 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 fraud, waste, and abuse activities.

- Enhanced MMIS: Puerto Rico has also planned analytic and reporting capabilities that will advance program integrity once fully implemented. Since May 2020, Puerto Rico has been working to upgrade its Medicaid Management Information System (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. Puerto Rico will utilize these dashboards to initiate the detection and potential prevention of fraud cases that have historically been found by on-site visits. Both MMIS and the ASES reporting tools, including the COMP tool, will be fully implemented in the first quarter of 2021.
- Strengthening oversight and fraud, waste, or abuse (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 fraud, waste, and abuse 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. Response: designed to address fraud, waste, and abuse 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 fraud, waste, and abuse

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.

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

- Puerto Rico submitted to Congress on **Dec 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, Puerto Rico has prepared to address “Seek More Information” requests that may be sent by CMS in during their review of our information. If received from CMS, this will allow Puerto Rico to elaborate on the submitted MAC Scorecard measures as needed
- The previously submitted report also explored potential additional improvement opportunities we considered to make additional enhancements to MAC Scorecard reporting practices. Puerto Rico has further evaluated these improvement opportunities and our team

has begun implementing several of them. These opportunities were introduced in the Requirement 9 report and subsequently discussed in greater detail in our report for Requirement 12, 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 have established a data governance committee, 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 is discussed at greater length within the Requirement 12 report update.

Planned Next Steps

The planned next steps include implementing changes aligned to the improvement opportunities identified in the Requirement 9 report and described in further detail in Requirement 12’s update.

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

Puerto Rico maintains 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 Puerto Rico was in compliance with CMS-37 and CMS-64 congressional reporting requirements.

Activities Completed

As discussed in Section 4, despite remaining in compliance with the original requirement, Puerto Rico utilized this as an opportunity to review its CMS-64/37 reporting processes. This resulted in the following:

- Discussions with DOH/ASES 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

Puerto Rico 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 1/30/2021
- CMS-37 reporting form for April 2021 – June 2021 due to CMS on 2/15/2021
- CMS-64 reporting form for January 2021 – March 2021 due to CMS on 4/30/2021

Planned Next Steps

Puerto Rico plans to incorporate the executive summary and the enhancements to the narrative section detailed in Section 4 for the upcoming reports:

- CMS-37 reporting form for July 2021 – September 2021 due to CMS on 5/15/2021
- CMS-64 reporting form for April 2021 – June 2021 due to CMS on 7/30/2021

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

- Puerto Rico submit 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
- Puerto Rico understands 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 Government Accountability Office (GAO) and the U.S. HHS Office of Inspector General (OIG) and were responsive to their questioning of our contracting processes. Building on our responsiveness to OIG's assessment¹¹ and the GAO's report¹², 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, Puerto Rico's 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. Puerto Rico 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 tool is expected to be ready for deployment by July 2021

As part of the efforts for documenting our processes and drafting this report, we developed the following tools:

- *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

In addition, we currently have ongoing efforts to continue 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

Planned Next Steps

After the submission of the Congressional Report on April 30, 2021, Puerto Rico will leverage the tools developed during the preparation of the report and continue to implement the abovementioned enhancements. As such, we aim to be prepared to better collaborate in the future with CMS and

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

¹² 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. Retrieved from: <https://www.gao.gov/assets/720/712259.pdf>.

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

- 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 3111), Division N, Title 1, Subtitle B, §202(f)(4) Reporting on Implementation of Medicaid And CHIP Scorecard Measures.
- On **December 2020**, Puerto Rico submitted to the Centers for Medicare & Medicaid Services (CMS) on Medicaid and CHIP (MAC) Scorecard measures, using the 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:

1. **Established a Data Governance Committee (DGC)** to guide the implementation of priority initiatives and subsequent enhancements to data management and reporting operations. Activities completed include:
 - Creating and formalizing a data governance operating model that includes data from across our Medicaid enterprise
 - Developing a formal data governance charter
 - Staffing the data governance operating model with qualified staff
 - Establishing and holding to a regular meeting cadence where issues related to data governance are discussed
2. **Began conducting a data quality analysis** through our Data Management Work Group (part of the Data Governance Committee) 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

3. **Preparing for future MAC Scorecard and Core Set Reporting** to enable efficient and accurate reporting in upcoming years. Activities completed include:
 - Conducted a gap analysis—using the data catalog—to determine which Adult and Child Core Set measures are currently collected and outstanding items to be newly collected
 - Communicated with MCOs to understand potential data collection limitations related to reporting on CMS Adult and Child Core Set measures
 - Developed a plan to update data collection requirements for MCOs based on their initial response to our request for an assessment on the feasibility of calculating outstanding Core Set and Scorecard measures
4. **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 begun formatting initial report card to share with MCOs internally
 - Developed initial methodology document to help guide future Report Card development
 - 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, Puerto Rico plans to commit to the following activities:

1. **Continue maturing the data governance function**
 - Establish additional functional and technical roles within the data governance operating model as we formalize roles and responsibilities for committee member
2. **Complete data quality analysis**
 - Document observed instances where data validation processes may be improved
3. **Prepare for future reporting**
 - Continue to engage Puerto Rico 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
4. **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,

1. Develop a “Federal Reporting Playbook” for reporting on quality measures
2. Continue to enhance coordination with CMS to receive technical assistance on federal reporting of quality measures
3. Leverage an External Quality Review Organization (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, Puerto Rico 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, Puerto Rico meets monthly with CMS to give them an update on status to-date and discuss progress on various requirements. Puerto Rico also provides quarterly reports summarizing the status toward each requirement 30 days after the end of each quarter.
- Puerto Rico will continue to meet with CMS monthly and provide status reporting quarterly to track progress toward each of the Congressional Requirements. To supplement the monthly meetings with CMS, moving forward, Puerto Rico will provide a written status report for each monthly meeting. This will allow CMS to have written documentation of the status and better track progress toward compliance

Activities Completed

Puerto Rico has 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 Puerto Rico will provide the support necessary to get back on track. By setting up a tracking system and maintaining communication between Puerto

Rico, its team, and CMS, Puerto Rico will be able to maintain compliance and avoid any financial penalties.

Additionally, Puerto Rico is utilizing this semi-annual report as an effort to provide a more detailed and thorough update to Congress on the completion of each requirement as well as their benefit to the Medicaid program, which goes beyond regular quarterly reporting. This is to help ensure to Congress Puerto Rico is maintaining continuous tracking and monitoring of the status of each requirement.

Planned Next Steps

In addition to the submission of this report, Puerto Rico 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 ASES, ongoing
- Quarterly reports to CMS, ongoing

6. Conclusion

Puerto Rico remains grateful for the Federal government and their continued support of the Puerto Rico Medicaid Program. Without the support of Federal funds, Puerto Rico would not have been able to make progress toward many program improvements, as well as significant progress toward P.L. 116-94, as discussed throughout this report.

Puerto Rico's efforts over the past six months have focused on gaining and maintaining compliance with the P.L. 116-94 as well as planning and implementing strategic initiatives and improvements to the Medicaid program. Puerto Rico has continued to communicate progress to Congress as additional reports to address the congressional requirements are completed. In addition to submitting congressional reports by their respective due dates, Puerto Rico has taken an additional step and began implementation of several initiatives that discussed withing these reports. As discussed, Puerto Rico has made strides in enhancing their contracting processes to be aligned to industry leading practices with a governance structure and set payment thresholds. Puerto Rico has also matured their Program Integrity Unit in order to protect Medicaid funds against losses from FWA through prevention, detection, investigation, referrals, and prosecution of FWA. Puerto Rico has made continued improvements to their reporting and monitoring by way of increased transparency in CMS-64 reporting, improved data governance, and monitoring MCO performance.

Moving forward, Puerto Rico remains committed to meeting all of the congressional requirements that have been set forth as part of P.L. 116-94. However, if, by October 1, 2021, a permanent Federal Funding solution is not provided and Puerto Rico reverts back to the statutory Medicaid 1108(g) Medicaid CAP and an FMAP rate of 55 percent, many of the improvements made possible with the temporary federal funding Puerto Rico has received over the past several years would begin deteriorating. Puerto Rico would need to evaluate and decide which improvements they could continue to support, and which would need to cease.

We are asking that Congress consider providing the requisite Federal Medicaid funding, including additional administrative dollars, needed to implement these Puerto Rico's Medicaid program in full. Thank you for the opportunity to demonstrate the positive efforts being made to continue

improvement to Puerto Rico's Medicaid program, as well as to highlight the importance of the Federal government's financial support in achieving these goals.

7. Appendix

Data Sources and Reference Documents

Provided in Section 4 of the report is the following table:

Program Expenditures (Millions)	FFY2021	FFY2022	FFY2023	FFY2024
COVID-19 Benefits	\$40.7	\$16.0	\$0	\$0
Hepatitis-C Drug Coverage	\$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*	\$0.2	\$0.2	\$0.2	\$0.2
Total (Millions)	\$70.1	\$65.6	\$48.7	\$24.1

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

*See appendix for methodology

In the two reports cited, neither directly provides dollars associated with the additional covered benefit of transgender hormone therapy. However, in Milliman's report 'Estimated Impact of Sustainability Measures' the following benefits were estimated to be approximately \$42.4M in FFY2021:

- COVID-19 Benefits
- Correctional Inpatient Claims
- Undocumented Pregnant Women
- Transgender hormone therapy

Through a separate Milliman report, 'Puerto Rico Government Health Plan Financial Projections', the following financial projections were provided:

Program Expenditures (Millions)	FFY2021	FFY2022	FFY2023	FFY2024
COVID-19 Benefits	\$40.7	\$16.0	\$0	\$0
Correctional Inpatient Claims	\$1.1	\$1.5	\$1.5	\$1.5
Undocumented Pregnant Women	\$0.4	\$0.6	\$0.6	\$0.6
Total (Millions)	\$42.2	\$18.1	\$2.1	\$2.1

Therefore, utilizing this breakout of expenditures, which totaled \$42.2M in FFY2021, and the estimated total for the three covered benefits listed above plus transgender hormone therapy at \$42.4M, this results in the \$0.2M seen in the original figure in this report.

Additionally, for Hepatitis-C Drug coverage, for years FFY2022 – FFY2024 these estimates are provided in the Milliman report 'Puerto Rico Government Health Plan Financial Projections.' Milliman was able to provide an updated estimate, however, for FFY2021 after the publication of this report. Therefore, the FFY2021 amount of \$27.7M can be found in the 'Estimated Impact of Sustainability Measures' report.