

Quarterly Report to CMS Region II

Current Status on Activities to comply with:

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

July 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 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 three months to gain and maintain compliance with the Congressional requirements, as well as strategic initiatives and improvements to the Medicaid program. In addition, comprehensive updates made outside of the semi-annual report process since April 2021 are included. 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.

With the passing of P.L. 116-94, Congress approved necessary funding to continue providing life-saving services to the approximately 1,276,000 individuals 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 an October 1, 2019 "fiscal cliff" due to the expiration of additional funding and increased matching rate from the Bipartisan Budget Act and Affordable Care Act. Without the funding in P.L. 116-94, Puerto Rico would have had to revert to the capped allotment of funds and current law matching rate.

The funding provided by P.L. 116-94 ends on September 30, 2021 and 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. Recent bipartisan developments in Congress have resulted in legislation allocating an increased capped funding of \$2.7 billion, at an increased Federal Medical Assistance Percentage (FMAP) of 76 percent for each of the Federal Fiscal Years (FFY) 2023 through 2026. While we are appreciative of this continued commitment from Congress, this level of funding remains insufficient to carry on administrative and programmatic changes as we work to improve Puerto Rico's Medicaid Program. We continue to see a need for state-like treatment for Puerto Rico as a permanent solution.

2. THE NEED FOR STATE-LIKE TREATMENT AS A PERMANENT SOLUTION

Temporary increases in funding have allowed Puerto Rico to undertake significant enhancements to our Medicaid Program. Puerto Rico has prepared potential scenarios for the possible financial “fiscal cliff” in Medicaid funding in October 2021. While the recent bipartisan funding commitment from Congress may avert the October 2021 fiscal cliff, it simply delays the timing of a fiscal cliff, instead of addressing the underlying inequities that result in a fiscal cliff for Puerto Rico. Alternatively, Governor Pedro Pierluisi has created a Medicaid Plan for State-Like Treatment should funding be achieved.

Medicaid Fiscal Cliff

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, Puerto Rico receives an annual allotment of federal funds unlike States, which receive unlimited federal funding that matches the local share spent. Limited and unpredictable federal Medicaid funding continues to prevent the provision of multiple mandatory Medicaid benefits.

Furthermore, the current funding structure ensures that on a regular basis, a lack of timely action by Congress will lead to an enormous funding shortfall, harming the 1.4 million vulnerable US citizens currently served by the program and worsening health conditions on the Island. While we are thankful that Congressional legislation appears to provide Puerto Rico funding to avert an October 2021 fiscal cliff, we face the same financial peril at the end of FY 2026, when the latest round of funding in the current legislative language would expire.

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 continue to operate the program as of today, as discussed further below.

Puerto Rico anticipates the following consequences as a result of the potential reduction in funding and not receiving additional funds:

- Widespread disenrollment: approximately **800,000 currently enrolled beneficiaries would be forced off** the program, losing their only viable source of healthcare coverage.
- Puerto Rico would be **forced to eliminate benefits** provided to remaining enrollees, ranging from respiratory care services, hospice, physical therapy, dental services, and more.
- Specific initiatives would have to be abandoned because **funding would be eliminated** for the following: Hepatitis C program; dedicated funding pools to help boost already low payments to hospitals, PCPs, and Medicare Part B providers.
- To account for the massive federal funding shortfall, the Puerto Rican government would be **forced to make cuts in other programs across the territory**, causing potentially severe issues in other public services that US citizens rely on and stressing the island-wide budget.

- **Providers are expected to abandon negotiated relationships with Medicaid.** Before Hurricane Maria in year 2017, 500 doctors per year were leaving Puerto Rico. Reductions in federal funding may result in even lower payments to providers, **exacerbating provider migration.**
- Puerto Rico’s population shrunk by almost 17% between 2010 and 2019. Reductions in Medicaid funding will harm healthcare access and **contribute to beneficiary flight to the mainland US, where per capita Medicaid costs are much higher.** New York, one of the most common outmigration states, has a per capita beneficiary cost over **5 times that of Puerto Rico.**

Benefits to Increased Temporary Funding

Due to the passage of P.L. 116-94, Puerto Rico was allocated an increased capped funding of \$2.6 billion for 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 in FFY 2019 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 approximately \$3.7 billion, of which \$3 billion is the capped Federal share. The increased funding has enabled enhancements of the Island's health care programs by:

- Allowing substantial increases to provider compensation by elevating Medicare Part B reimbursement to 70 percent of Medicare Fee Schedule
- Funding the Hepatitis-C initiative to start eradication of the disease by 2030 and administered treatment to 14,000 individuals
- From 2018 to 2020, healthcare quality improvements were realized in Medicaid beneficiaries, including:
 - Percentage of individuals receiving comprehensive diabetes care increased on average by 17% points
 - Percentage of individuals who had adequately control high blood pressure increased by 29% points
 - Percentage of children receiving weight counseling increased by 21% points
 - Percentage of adults receiving a BMI screening increased by 21% points
 - Percentage of women receiving timely postpartum care increased by 31% points

Governor’s Plan for State-Like Treatment

Governor Pierluisi’s plan provides equal treatment to Puerto Rico, protects deserving US citizens, and builds on Puerto Rico’s progress stewarding the Medicaid program. With state-like treatment, Puerto Rico would conform to state-like Medicaid requirements. Governor Pierluisi anticipates requiring approximately \$5.2 billion in federal Medicaid funding in FFY 2022 to support improvements and adopt necessary changes.

Policy Change

Federal Allotment

Remove the cap in the allotment so Puerto Rico, like other state Medicaid programs, can receive adequate, sustained funding.

Federal Medical Assistance Percentage (FMAP)

Apply the state FMAP formula to Puerto Rico, resulting in an FMAP of 83%.

Medicaid Disproportionate Share (DSH)

Provide DSH funding to Puerto Rico, defraying unmet costs. Currently, DSH payments are not available to Puerto Rico.

Low Income Subsidy (LIS) for Medicare Part D

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

Program Improvements

Eligibility Level

Increased federal support would allow Puerto Rico to adjust the Medicaid eligibility level to a point closer or equal to many states.

Other Mandatory Services

In addition to LTSS, Puerto Rico would be able to cover other mandatory Medicaid services not currently provided, including Non-Emergency Medical Transportation, provision of Durable Medical Equipment, Adult vaccinations, and provision of diabetes medical supplies.

Medicare Part B Buy In

Puerto Rico would opt into the Qualified Medicare Beneficiary (QMB) program and provide access to Medicare Part B benefits, through the Medicaid program paying Part B premiums for dual eligible.

Hospital Payments

Receiving DSH payments would allow hospitals to offset uncompensated care for serving low-income residents, providing critical funding to enable continued hospital care.

Part D Payments for Residents

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

Long Term Services and Supports (LTSS)

700,000 senior and disabled citizens will benefit from the establishment of nursing and home/community-based services, which are mostly absent from Puerto Rico currently.

3. CONGRESSIONAL REQUIREMENT UPDATES

As part of the strategic enhancements, the PRDOH, Medicaid Department and PRHIA 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 of the requirements, expanding the initial 8 requirements to 13 subtasks:

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

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

¹ First Annual Report was submitted on October 30, 2020. Second Annual report is due on October 30, 2021

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

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

Requirement 1: Appoint a Program Integrity Lead Officer

Congressional Requirement

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

Requirement Status: Complete

- The primary Congressional requirement of designating a Program Integrity lead has been fulfilled. To further comply with this requirement, Puerto Rico Medicaid Program (PRMP) has completed their review of policies, procedures, and scope of work for its Program Integrity Unit. The report draft has been completed and is undergoing final reviews. The report includes the following sections:
 1. A review of the PR Program Integrity Unit’s (PRPIU) organizational structure, approach to developing policies and procedures, and progress made to date
 2. A gap analysis of instituted PRPIU policies and procedures
 3. Recommended PRPIU policy, procedural, and staffing improvements as informed by the gap analysis and leading practices

Activities Completed

- A Congressional Report Outline was developed and approved by PRDOH leadership
- The outline of the report includes:
 - a. **PRPIU Organization, Mission, and Structure:** This section contains a review of PRPIU’s organizational structure, approach to developing policies and procedures, and progress made to date. Since it has responsibilities pertaining to both sides of the Medicaid process, this section discusses how 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 PRDOH Medicaid Director. It also discusses the overall mission of the PRPIU, and the PRPIU’s current and proposed organizational positioning.

- b. **PRPIU Workflow and Intra-Unit Collaboration:** This section outlines the workflow of a Fraud, Waste and Abuse (FWA) case as well as the various other entities involved in the lifespan of a PRPIU case flow.
- c. **Strengthening PRPIU Human Resource Operations:** This section includes an analysis of PRPIU staffing capabilities, a staffing comparison with peer states, and a discussion of proposed staffing enhancements as they relate to state leading practices.
- d. **Review of Policies and Procedures:** This section details all of PRPIU’s policies and procedures to date as well as policies/procedures in progress or upcoming and compares them with federal rules and regulations.
- e. **Planned Areas for Continued Development:** Through the review and analysis of PRPIU’s current state, and a detailed examination of the policy and procedural documentation, this section identifies the areas recommended for further development.
- f. **Opportunities and Enhancements:** Upon review of the PIU current state and PRPIU’s development areas, PR has identified additional areas for continued enhancement in addressing the aforementioned development areas, pending an increase in resources.

Planned Next Steps

- The report is undergoing final PIU approval and will be formally submitted to Congress.

Requirement 2: Develop Payment Error Rate Measurement Plan

Congressional Requirement

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

Requirement Status: Complete

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

In addition to the introductory sections to orient the Congressional audience to the Puerto Rico Medicaid program, the report to Congress included the following sections to detail the plan to comply with the Federal PERM program:

- **PERM Requirements:** Puerto Rico has committed not only to reviewing and understanding the Centers for Medicare & Medicaid Services (CMS) guidance for participation in the PERM program but also to participating and addressing improvement opportunities via PERM efforts. This section outlines the primary components of participation in the program for which Puerto Rico will comply. The outlined PERM requirements as stipulated by CMS are detailed in the report, along with a description of Puerto Rico’s positioning for full participation and an overview of planned PERM activities.

- **Puerto Rico’s Response to Congressional Requirements:** entails the various components of our government’s response to the Congressional requirement and our role as it pertains to each component. Puerto Rico currently has practices in place that align with PERM requirements. The steps to comply with PERM requirements are included in the detailed implementation plan, which is currently being executed. For the aspects that will be new to Puerto Rico, we have detailed the plan to comply with such requirements. Each measure will be undertaken by Puerto Rico in coordination with the contractors and CMS, to comply with updated CMS guidelines. Subsections of the “Response to Congressional Requirements” section include a policy and regulation review, a plan to establish Medicaid and CHIP managed care universes, a plan for data submission, a discussion of PERM partners and allocation of responsibilities among Puerto Rico and contractors, compliance with the corrective action plan (CAP) requirements, and the eligibility disallowance process.
- **Implementation Plan to Support PERM Compliance:** includes the plan developed in consultation with CMS PERM teams to support the completion of all PERM requirements in alignment with formal guidance. The implementation plan includes timelines, capabilities, and delegation of responsibilities among Puerto Rico entities and was designed to verify all parties remain compliant and aligned on PERM activities.

Activities Completed

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

Planned Next Steps

In compliance with the plan as detailed in the Congressional report, Puerto Rico will proceed with preparatory activities to prepare for implementation and execution of the formal PERM cycle. The immediate next steps include:

- Connect with stakeholder teams to align on roles and responsibilities
- Prepare guidance for universe deployment
- Review data transmission guidelines and current Puerto Rico capabilities
- Develop PERM training materials and prepare for PERM Kickoff with Puerto Rico team leads

Requirement 3: Develop Contracting Reform Plan

Congressional Requirement

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

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

Requirement Status: Complete

- Puerto Rico submitted to Congress on **Dec 20, 2020** a report in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020 (133 STAT 3105), Division N, Title 1 §202(a)(7)(A)(iii) – Contracting Reform Plan
- 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 second quarterly report to CMS.

Activities Completed

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

PRDOH and PRHIA conduct weekly working sessions and convene monthly Contracting Reform Leadership meetings to extensively plan implementation of Contracting Reform. The Puerto Rico Medicaid Enterprise gathered and documented in our *Contracting Reform Playbook* leading practices from comparable Medicaid programs, acknowledged key considerations, and identified potential actions and decisions to activate our Contracting Reform Plan. This Playbook serves as our guide to implement the opportunities and initiatives identified in our Contracting Reform Plan.

Planning Initiatives

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

- **Staffing Analysis:** Puerto Rico Medicaid Enterprise conducted a high-level staffing analysis to assess its ability to properly manage and enhance the Medicaid program based on the staffing levels that support other state Medicaid programs. Puerto Rico made the decision to create two new contracting divisions within PRMP and PRHIA to solely support procurement and contracting activities for contracts funded by Medicaid. PRHIA, as part of the Puerto Rico Medicaid Enterprise, has drafted a plan for its new divisions and has requested additional Full Time Equivalents (FTEs).
- **Governance Approach:** A governance structure has been established, including a cadence of regular Contracting Reform Leadership meetings across the Puerto Rico Medicaid Enterprise for decision-making and to guide ongoing contracting reform efforts.
- **Metrics for Evaluating the Success of the Contracting Reform Plan and Communicate Progress:** Puerto Rico analyzed our procurement and contract management process, using the nationally recognized Contract Management Maturity Model (CMMM) as guidance, to create a baseline to measure future progress. We also identified performance metrics and drafted a success measures reporting template that will be used to gauge and communicate progress of the Contracting Reform Plan regularly.

- **Opportunities to Enhance the Medicaid Enterprise:** As part of continuing self-evaluation efforts between the Puerto Rico Medicaid Program and PRHIA, priority has been given to opportunities arising within the Medicaid Enterprise regarding enhancements of data quality, organizational collaborations and the adoption of the MMIS by PRHIA. Opportunities in these priority areas are associated with Reports in Response to Requirement 7 (Contract Oversight and Reform), Requirement 11 (Submission of Documentation on Contracts Upon Request), and Requirement 12 (Scorecard Reporting) from P.L. 116-94.

Implementation Initiatives

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

- **Establish formal parameters to decide when non-competitive bids are allowable by setting criteria and thresholds (Initiative 1):** In compliance with state and federal governmental requirements, PRDOH and PRHIA have adopted additional guidelines regarding professional services contracts over an established monetary threshold of \$150,000, which would require competitive procurement. This threshold will be implemented in a phased approach to allow competitive procurements to scale up sustainably over the next year. PRDOH intends to transition all professional services contracts over the established monetary threshold funded by Medicaid to be competitively procured when current contracts expire. PRHIA intends to implement this threshold by extending certain contracts up to six months with a goal of transitioning all professional services contracts funded by Medicaid by March 31, 2022. Some of the contracts that PRHIA procures that utilize Medicaid funding include Health Care Delivery Services (including Managed Care Organizations, Medicare Advantage Organizations, Pharmacy Benefit Managers, and Enrollment Counselors) and Non-Professional Services and Goods. PRHIA developed a schedule of competitive procurements that documents this phased transition. This schedule will be shared with CMS upon request. This decision will be written into our agencies' policies and procedures.
- **Define actions to justify the use of non-competitive procurements (Initiative 2):** A standardized template justifying non-competitive procurements has been created, in accordance with leading practices from other states. In cases of extenuating circumstances that will prevent compliance with standards such as procuring professional services contracts over the established monetary threshold competitively (including but not limited to the lack of multiple vendors to compete for a contract), a justification letter will now be required and made public by the Contracting and Procurement Oversight leads of both agencies. This decision has been established in a passed calendar. Additional requirements for non-competitive procurements are currently being reviewed and considered.
- **Define and test a rigorous scoring process to establish criteria for competitive bids (Initiative 6):** PRMP is in the process of defining a standardized scoring process that competitive procurements will follow based on leading practices from other state Medicaid programs. This

is intended to ease the difficulty of executing a higher number of competitive procurements through standardization, to increase the likeliness of attaining the best result in any given procurement, and to add transparency to the process. This scoring process was shared with CMS on June 15, 2021. We are waiting for comments or suggested changes. On February 23, 2021 Puerto Rico presented to CMS our plan for the External Quality Review Organization (EQRO) RFP. Puerto Rico then spoke with Medicaid programs in Tennessee and Texas to inform our development of an improved and fully compliant EQRO RFP format. The EQRO procurement will be the first procurement to be conducted competitively by PRMP using our new scoring guidelines and new RFP format. The new RFP format defines how we will score proposal responses for the EQRO and increases transparency for potential vendors and our stakeholders.

- **Identify which portions of contracting documents can or cannot be made public (Initiative 7):** To continue improving transparency and advancing public trust, Puerto Rico took steps to make bidding and contracting information publicly available on a regular basis. As some information is already made available via the Puerto Rico Comptroller Office’s website² and the PRHIA’s website³, we identified several short- and long-term options that will allow us to publish existing contracting documents and establish an internal process for the timely publishing of future procurement documents. We reviewed information and leading practices from other states and territories on the bidding and contracting information that is often published and identified the type of documents we collect that can be made public. We are developing a new transparency platform in 2021 to serve as a repository for both PRMP’s and PRHIA’s contracting documents (see Figure 1 below). Puerto Rico Medicaid Enterprise will publish Requests for Information (RFIs), Requests for Proposal (RFPs), Requests for Qualifications (RFQs), award information, and finalized contracts that are fully or partially funded by Medicaid dollars on this platform. In addition, we are continuing to enhance functionality and plan a roadmap for how the platform will mature alongside the Medicaid Enterprise in the future.

² Comptroller Office’s Website is available at <https://consultacontratos.ocpr.gov.pr/>

³ PRHIA’s Website for Contracted Insurers is available at <https://www.asespr.org/proveedores-2/contratos/>

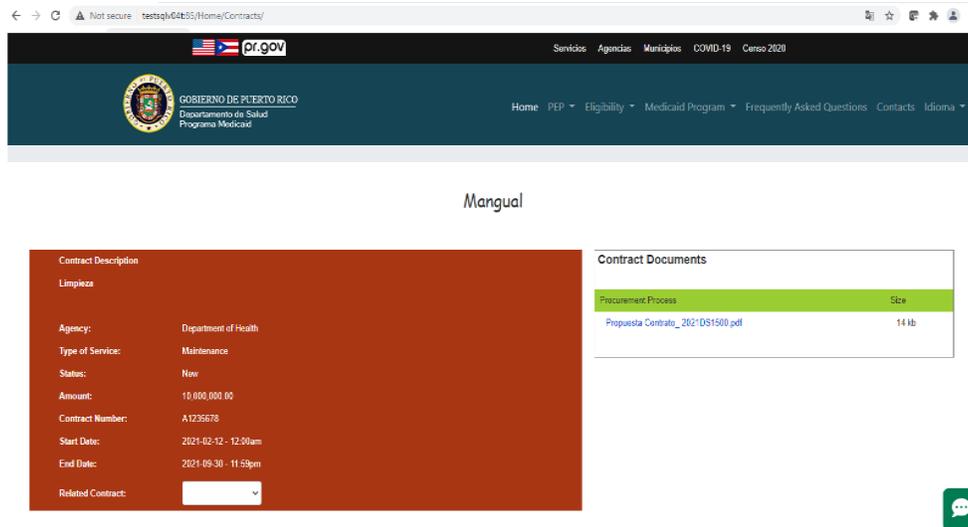


Figure 1. External screenshot of Puerto Rico Medicaid Enterprise's Transparency Platform

Planned Next Steps

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

Planning Initiatives

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

Implementation Initiatives

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

- PRHA intends to review leading practices from other Medicaid programs and strengthen termination clauses in their contracts by including provisions to strengthen compliance measures and penalties.
- Using our Contracting Reform Playbook, Puerto Rico Medicaid Enterprise will continue its efforts to implement other initiatives identified in the Contracting Reform Plan that include:
 - Identify and involve business oversight owners of each contract requirement to increase accountability (Initiative 3)
 - Allow more time for upfront strategy development in major procurements (Initiative 4)

- Reconsider the duration of base contracts (Initiative 5)
- Publish an initial set of contracting documents deemed as appropriate for the public on the transparency platform from existing contracts to increase transparency and public trust (Initiative 8)
- Define and establish a repeatable, internal review process to ensure all appropriate documents are published (Initiative 9)

Requirement 4: Review Medicaid Eligibility Quality Control (MEQC)

Congressional Requirement

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

Requirement Status: Complete

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

In addition to the introductory sections to orient the Congressional audience to the Puerto Rico Medicaid program, the report to Congress included the following sections detailing the plan to comply with the Federal MEQC program:

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

Activities Completed

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

Planned Next Steps

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

- Connect with stakeholder teams to align on roles and responsibilities
- Review verification plan submitted to CMCS, and prepare for edits and updates to be provided by CMCS reviewers
- Distribute verification plan to all MEQC reviewers and Eligibility intake officers and provide appropriate training on plan contents
- Develop guidance for universe development, sampling and tracking in preparation for cycle pilot

Requirement 5: Evaluate Dual Eligible Special Needs Plans

Congressional Requirement

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

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

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

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

Requirement Status: Complete

For FFY 2020 and 2021, EAP funds 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 and enhancements 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
- Submitted a Semi-Annual Report in May 2021 and this Quarterly Report in July 2021 in preparation for a full Annual Report in October 2021

Planned Next Steps

- Conduct visioning sessions to align goals for the upcoming Annual Report in August 2021
- Review outline for FY2021 Annual Report in August 2021
- Develop and review draft FY2021 Annual report in September and October 2021
- Finalize and submit FY2021 Annual Report to CMS and Congress by October 31, 2021

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 Government Accountability Office (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 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 reviewed over 250 documents, researched leading practices, and spoke with other Medicaid programs to identify 15 opportunities to help enhance our contract oversight processes.
- To meet the Congressional mandate, we examined the:
 - **Current State for Contracts and Bids Funded by Medicaid in Puerto Rico:** Puerto Rico provided a description of the types of contracted services procured by the Medicaid Enterprise, which are funded by Medicaid. We described our territorial laws for contracting and procurement applicable to the Medicaid Enterprise. Using a contract management framework, we then provided an overview of our processes to evaluate bids and award contracts on competitive and non-competitive basis. After examining the contracting processes in our Medicaid Enterprise, we developed a Contracting Reform Plan that identifies contracting reform improvement opportunities (refer to *Requirement 3: Develop Contracting Reform Plan* for more information).
 - **Managed Care Contracts subject to Oversight by CMS:** Puerto Rico evaluated compliance and oversight activities required by CMS of the managed care contracts awarded under 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 that can 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 continue our considerations and implementation progress on the identified opportunities to enhance our contract oversight processes as part of our comprehensive efforts on Contracting Reform. The opportunities identified in the Requirement 7 Report are:

- Integrate Oversight Teams
- Improve the Governance of Contract Oversight Processes
- Increase Transparency with Puerto Rican Beneficiaries
- Enhance the EQRO's Role in Overseeing Managed Care Organizations (MCOs)
- Integrate Quality Oversight
- Leverage Telehealth to Expand the Existing Provider Network
- Reduce Reliance on MCO-Reported Data Through MMIS Reporting
- Improve Frequency of Data Reporting by PRHIA Adoption of the MMIS

- Standardize Processes of Grievances and Appeals and Share Data across Medicaid Enterprise
- Track Trends in Grievances and Appeals to Identify and Resolve Systemic Issues
- Improve Collaboration for Medicare Advantage Marketing Materials Development for Dual Eligibles
- Introduce Additional Factors into the Default Enrollment Methodology, Including Quality Driven Criteria to Assign More Beneficiaries into High-Performing MCOs
- Continue Provider Enrollment Data Reconciliation Efforts
- Improve Data Integrity and Automation by PRHIA Adoption of the MMIS
- Modify Payment Methodologies and Profit-Sharing Arrangements by 2022

Requirement 8: Audits of Managed Care Payments

Congressional Requirement

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

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

Requirement Status: Complete

- 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 PRHIA have led to a collaborative approach and more defined roles in oversight responsibilities. The PIU and PRHIA Compliance teams are both working to coordinate responses and corresponding activities given the Congressional and OIG directives. This commitment to a collaborative approach will strengthen the capacity and efficiency of both groups going forward.
- HHS and OIG conducted a high-level risk assessment for the 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 December 2020 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 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.
- **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 our 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.
- **Strengthening oversight and FWA approach via Prevention, Detection, and Response:** We have identified areas of potential enhancements leveraging a flexible framework based on a three-pillar strategy:
 - i. Prevent: aimed to be a proactive approach in identifying potential 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. Respond: 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 a report 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 addressed “Seek More Information” requests from CMS and Mathematica during their review of our information. CMS has accepted Puerto Rico’s explanations and Puerto Rico’s MAC Scorecard measures (and Core Set data) are still scheduled to be included in the next public release.
- The previously submitted report also explored potential additional improvement opportunities considered to make additional enhancements to MAC Scorecard reporting practices. Puerto Rico has further evaluated these improvement opportunities and has begun implementing several of them. These opportunities were introduced in the Requirement 9 – Report on Medicaid and CHIP Score Measures submitted to Congress on 12/20/20 and subsequently discussed in greater detail in Requirement 12 – Report on Implementation of Medicaid and CHIP Scorecard Measures submitted to Congress on 12/20/20 report, which included high-level work plans. Puerto Rico has generally followed the work plans as provided in Report 12. Our completed progress on these opportunities is therefore discussed in the Requirement 12 report.

Activities Completed

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

- **Prepare for “Seek More Information” Requests from CMS:** As required by Congress, MAC Scorecard measures were submitted and certified within the MACPro portal. Since doing so, we have conducted additional evaluation of our reporting processes in order to prepare to address “Seek More Information” (SMI) requests. We will respond to potential SMI requests and revise measures accordingly.
- **Further Evaluated and Initiated Implementation of Additional Improvement Opportunities.** The Requirement 9 report provided a general discussion of ways for Puerto Rico to make further improvements to processes that are related to MAC Scorecard reporting. Since submitting this report, we 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 are 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

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

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

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

Planned Next Steps

Puerto Rico plans to continue to incorporate the executive summary and the enhancements to the narrative section detailed in Section 4 for the upcoming CMS-37 and CMS-64 reports.

Requirement 11: Submission of Documentation on Contracts Upon Request

Congressional Requirement

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

Requirement Status: Complete

- Puerto Rico submitted a report to CMS on **April 30, 2021** in Response to P.L. 116-94: Further Consolidated Appropriations Act, 2020 (133 STAT 3111), Division N, Title 1 §202(f)(7) – Submission of Documentation on Contracts Upon Request
- 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 GAO and the OIG and were responsive to their questioning of our contracting processes. Building on our responsiveness to OIG’s assessment⁴ and the GAO’s report⁵, 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.

⁴ 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>.

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>.

- **Process Enhancements and Tools:** Developed tools and enhancements to increase our level of organization and transparency to be better prepared to respond to any future requests and to collaborate more effectively with CMS. Our tools, described below, were developed after studying leading practices within our Medicaid Enterprise and from other states’ and territories’ Medicaid programs in contract management, document repositories, and general reporting practices to CMS.
- A web-based transparency tool is expected to be ready for deployment in Summer 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 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 of the feasibility of calculating outstanding Core Set and Scorecard measures
 - Responded to CMS' Seek More Information (SMI) requests on methodology used for Puerto Rico's FY 2021 MAC Scorecard data
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 began formatting initial report card to share with MCOs internally
- Developed and finalized initial methodology document to help guide future Report Card development
- Convened planning discussions with MCOs on future uses of report card, including both oversight and potential public reporting

Planned Next Steps

To support the priority initiatives discussed above, 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 members
- Develop revised Data Governance Committee (DGC) charter to reflect lessons learned in early stage of initial DGC and implement approaches that more holistically address the governance needs of Puerto Rico’s Medicaid enterprise

2. Complete data quality analysis

- Document observed instances where data validation processes may be improved

3. Ongoing preparation 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. Consider leveraging 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 opportunity to provide a more detailed and thorough update to Congress on the completion of each requirement as well as its benefit to the Medicaid program, which goes beyond regular quarterly reporting. This is to help ensure to Congress that 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 PRHIA, ongoing
- Quarterly reports to CMS, ongoing

4. Conclusion

The Government of Puerto Rico appreciates the continued support of the Federal Government to our Medicaid Program and its beneficiaries. Without the provision 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 nine 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 and CMS via additional reports to address the Congressional requirements as they are completed. In addition to submitting Congressional reports by their respective due dates, Puerto Rico has taken additional steps and has begun implementation of several initiatives that have been highlighted within this report. As discussed, Puerto Rico has made strides in enhancing our contracting processes to be aligned to industry leading practices with a governance structure and set payment thresholds. We have also matured our Program Integrity Unit to protect Medicaid funds against losses from FWA through prevention, detection, investigation, referrals, and prosecution of FWA. Puerto Rico has made continued improvements to our 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 the Congressional requirements that have been set forth as part of P.L. 116-94. However, if, by October 1, 2021, a Federal Funding solution is not provided and Puerto Rico reverts 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. We would need to evaluate and decide which improvements we could continue to support, and which would need to cease based on fund availability.

We are asking that Congress consider providing the requisite Federal Medicaid funding, including additional administrative dollars, needed to implement the requested reforms to our Medicaid Program. 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.