

Healthcare economics

By : RAFAEL HERNANDEZ COLON

Volume: 35 | No: 20

Page : 27

Issued : 05/24/2007

My wife Nelsa complains I am working too hard when I am supposed to be retired. That may be so but I find my present endeavors intellectually satisfying. They open up new fields of knowledge previously unexplored in the detail that is possible once one does not have the broad responsibilities of the governorship.

So, I teach advanced civil procedure in the Law School of Catholic University, I work with a committee of the Supreme Court on a new set of rules of civil procedure and I have just finished the fourth edition of my text book on civil procedure. I am an active member of the Club of Rome, which is a global think tank; I advise people and institutions on matters in which they consult me as a former governor, I belong to some boards such as the Board of Catholic University and the Advisory Board of MMM, and so on in the many other matters in which I am immersed.

Through my participation on MMM's advisory board, I have become familiar with the problems of managed healthcare in Puerto Rico. These are many. But there is one that affects the Platino program initiated by the present administration, which requires special attention.

In 2006, as a result of the United States Congress passing the Medicare Modernization Act, Medicare beneficiaries became eligible to receive a new prescription-drug benefit. This was the greatest single expansion of the Medicare program since its inception in 1965. In the States, low-income beneficiaries were entitled to comprehensive drug coverage with modest copayments and no coverage gaps. Under the new Medicare law, Puerto Rico received an additional allotment of resources to provide its own "wrap around" coverage for the low-income senior citizens who participate in the government's healthcare program, also known as the Reforma. Those new funds allowed for the creation of the new Medicare Platino program administered by ASES.

Even before Medicare Platino, our seniors and other Medicare beneficiaries were joining Medicare Advantage programs at rapid rates. Medicare Advantage plans provide an alternative and better way to receive Medicare benefits. These plans not only offered the traditional Medicare benefits with lower or no copays but often provided additional non-Medicare-covered services like eyeglasses, hearing aids, dentures and transportation. This was not only good for our citizens but a boost to our fragile economy. The Medicare Advantage program brought a significant amount of capital into the economy of Puerto Rico, coupled with better quality of care for our senior population.

When Gov. Aníbal Acevedo Vilá introduced the Platino program in 2006, it was designed as an intelligent program for our most vulnerable population. Medicare Platino not only made sense as healthcare policy

but it was also financially sound from the healthcare-economics perspective. These beneficiaries were now receiving the finest healthcare that they had ever experienced in a lifetime. They had open access to services, comprehensive drug coverage with no coverage gaps, and few financial barriers to receiving care. After its first year, many in Washington were looking to Puerto Rico as a model for delivering care to those dually eligible beneficiaries for Medicaid and Medicare.

In just its second year and serving over 200,000 low-income senior citizens, this program is now in peril. Today, we are faced with two major obstacles in Medicare Platino. First, the program is now underfunded and, second, many Platino members have overutilized the program's benefits and have taken advantage of the lack of utilization controls in the administration of the program. This has resulted in unprecedented and skyrocketing increases in utilization and expenses that Medicare Advantage Plans can no longer bear. The Platino program is in crisis and whether it can continue to exist beyond 2008 under the present circumstances remains a policy mystery.

What went wrong with this success story? First, the Platino premiums paid to plans were cut by two-thirds, while maintaining the benefits of the program at the same level. The premiums were not cut because plans were overpaid but because the government was trying to curtail expenses. The Puerto Rico Office of Management & Budget has estimated Health Reform (ASES) will generate a \$107 million savings surplus in 2007. ASES has represented the reductions in Platino payments will have saved \$40 million between January and June. The current ASES premium is dramatically below what the plans need to reasonably provide the Platino benefit, which includes an unlimited drug benefit where the highest copay is fifty cents. An average beneficiary fills more than 45 yearly prescriptions!

The Platino program has also had some unintentional consequences. It led to an "unhealthy" expansion of services. With the freedom brought by the Medicare Platino program, the program is providing too many uncoordinated and uncontrolled services. Too often members go or are referred to get an MRI when a physical examination can provide the same diagnosis. Similarly, members are exposed to receive, without much medical coordination, three or more prescriptions at a time by different physicians to treat the same medical condition. This is not only cost-inefficient, but can potentially create an unintentional healthcare risk to our senior citizens.

We need to establish processes that would provide quality care while not promoting wasteful, even harmful care. We must have a Platino Program that can work better for our senior citizens but that is manageable and fair to the medical plans and the providers. Further, the uncontrolled and unrestricted open access model of Platino must be revisited. ASES should seriously consider inserting elements of a managed care Reforma model to Platino. This will allow for a more controlled and efficient administration of the medical needs of our senior population and will bring under control the overutilization that is currently disrupting the healthcare economics of Medicare Platino. And also, the Medicare Platino population has to be educated on how to better utilize the new benefits available under Platino and avoid the risk of overmedication, drug conflict and excessive exposure to medical treatment.

The fine-tuning of healthcare economics is essential in all the areas of health services provided by the government as it is in the private sector.

