



Hon. Pedro R. Pierluisi
Five-Minute Floor Statement as Prepared for Delivery
Introduction of the Puerto Rico Hospital
Medicare Reimbursement Equity Act and the Puerto Rico Medicare
Part B Equity Act
March 18, 2015

Mr. Speaker:

Today, I am re-filing two bills to eliminate disparities that Puerto Rico faces under the federal Medicare program.

At the outset, I want to make clear that the only reason that I have to introduce these bills is because Puerto Rico is a U.S. territory. I look forward to the day when Puerto Rico becomes a U.S. state, when it is automatically treated fairly under federal programs, and when the island's elected officials no longer need to implore Congress to treat our constituents the same as their fellow American citizens.

That is why, six weeks ago, I introduced legislation that would provide for Puerto Rico's admission as a state once a majority of island voters affirm their desire for statehood in a federally-sponsored vote. The bill already has 80 cosponsors and strong bipartisan support.

The first bill I am filing today involves Medicare Part A, which covers inpatient hospital services.

The federal government reimburses hospitals who admit Medicare patients under a system known as the Inpatient Prospective Payment System. The payment made to the hospital is intended to cover the operating and capital costs that a hospital incurs in furnishing care. Each hospital is paid a base rate, which can then be adjusted upwards based on a variety of factors. Every hospital in the states, whether in New York City or rural Alaska, is paid the same base rate: about \$5,870. In Puerto Rico, however, hospitals are paid a base rate that is just over \$5,000—about 14 percent lower than the base rate for stateside hospitals. This adversely affects patient care in Puerto Rico and the financial stability of island hospitals. The American Hospital Association has endorsed my legislation to eliminate this unprincipled disparity, and I urge my colleagues in Congress to enact it into law.

The second bill I am filing today involves Medicare Part B, which covers doctors' services and outpatient hospital services. Puerto Rico is the only U.S. jurisdiction where individuals who become eligible for Part A are not automatically enrolled in Part B, but rather must opt in to receive Part B coverage. Individuals who do not enroll in Part B during a seven-month Initial Enrollment Period, which begins several months before they turn 65 and ends several months after they turn 65, are required to pay a late enrollment penalty. The penalty is significant and lasts for as long as that individual receives Medicare.

This system has operated to Puerto Rico's detriment. There are tens of thousands of seniors on the island who enrolled late in Part B, and each year they pay millions of dollars in penalties to the federal government. There are also over 100,000 seniors in Puerto Rico who are enrolled in Part A but not Part B. When those individuals seek to enroll in Part B in the future, they too will be required to pay lifetime late penalties.

I am working to address this issue on both the administrative and the legislative front. I persuaded the federal government to improve the written materials they make available to island seniors, so that they are better informed about the Part B enrollment period and the financial consequences of late enrollment. In addition, I am re-filing legislation today that would convert Puerto Rico from the nation's only opt-in jurisdiction to an opt-out jurisdiction—just like every other U.S. state and territory. My bill would also reduce the late penalties now being paid by Puerto Rico seniors who enrolled late, and authorize a special enrollment period during which island seniors who do not have Part B could enroll on favorable terms.

I urge my colleagues to support the bills that I am filing today. Until the day that Puerto Rico becomes a state, and is treated equally as a matter of course, I will continue to fight for fair treatment for my constituents under all federal health programs. The 3.5 million American citizens of Puerto Rico deserve no less.