



Outlook of Puerto Rico Healthcare Market

SOCIEDAD RADIOLOGICA
DE PUERTO RICO

“26th. Annual Convention”

Presented by:
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Managing Partner
April 29, 2023

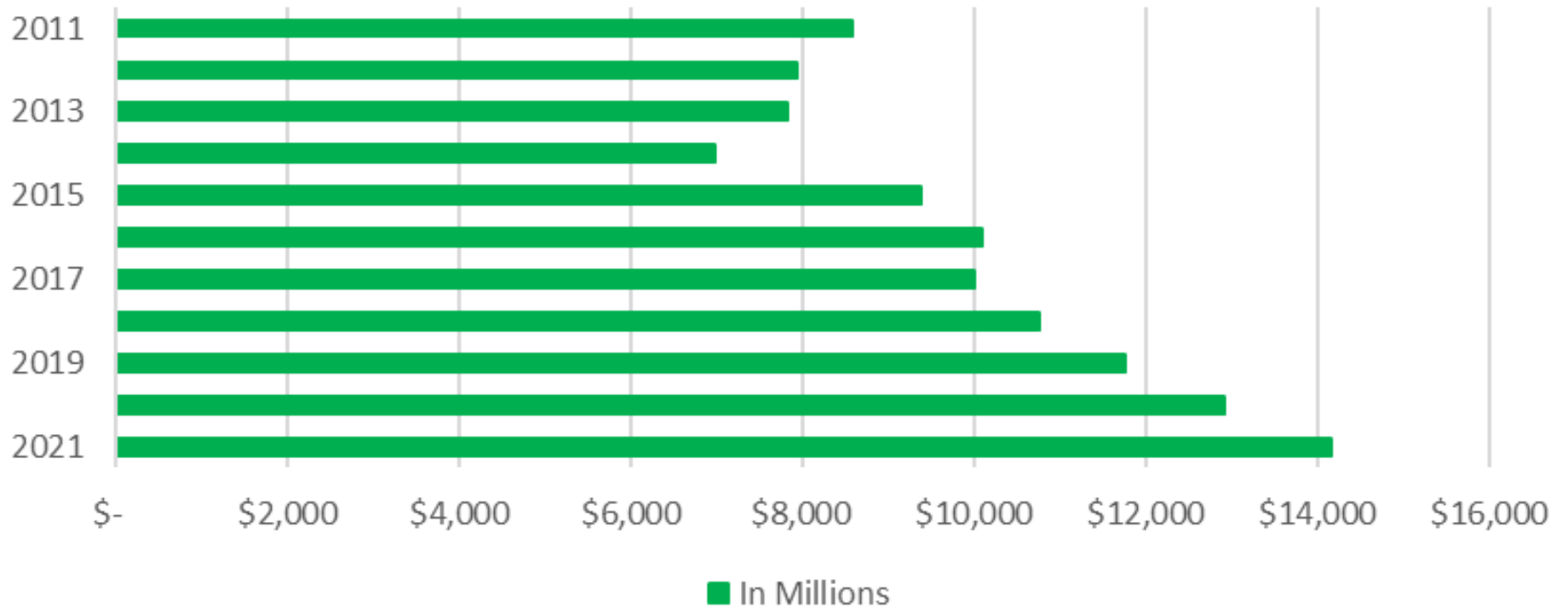
Funding, Demographics & Clinical Model

Healthcare Funding

Healthcare Funding in Puerto Rico			
Sources of Funds			
Description	Amount	Funding	Source Document
Premium 6 principal insurance co., approximately 97% of total premium	\$ 12,362,743,060	Medicare, Vital and Commercial insurances	Office of Insurance Commissioner
Total estimated premium revenue	<u>\$ 12,745,095,938</u>	Total	
PR Governmental Funds:			
Department of Health	400,000,000	PR Tax Assessments	PR 2023 Budget
ASEM	61,000,000	PR Tax Assessments	PR 2023 Budget
ASMCA	107,000,000	PR Tax Assessments	PR 2023 Budget
CCCUPR	20,000,000	PR Tax Assessments	PR 2023 Budget
ACAA	90,000,000	Premiums	PR 2023 Budget
State Insurance Fund	550,000,000	Premiums	PR 2023 Budget
	<u>1,228,000,000</u>		
sub-total	<u>13,973,095,938</u>		
Add: Other Sources as:			
Medicare Traditional Program, VA Administration and people out-of-pocket	<u>1,026,904,062</u>		Galindez LLC estimate
Total estimated funding	<u><u>\$ 15,000,000,000</u></u>		

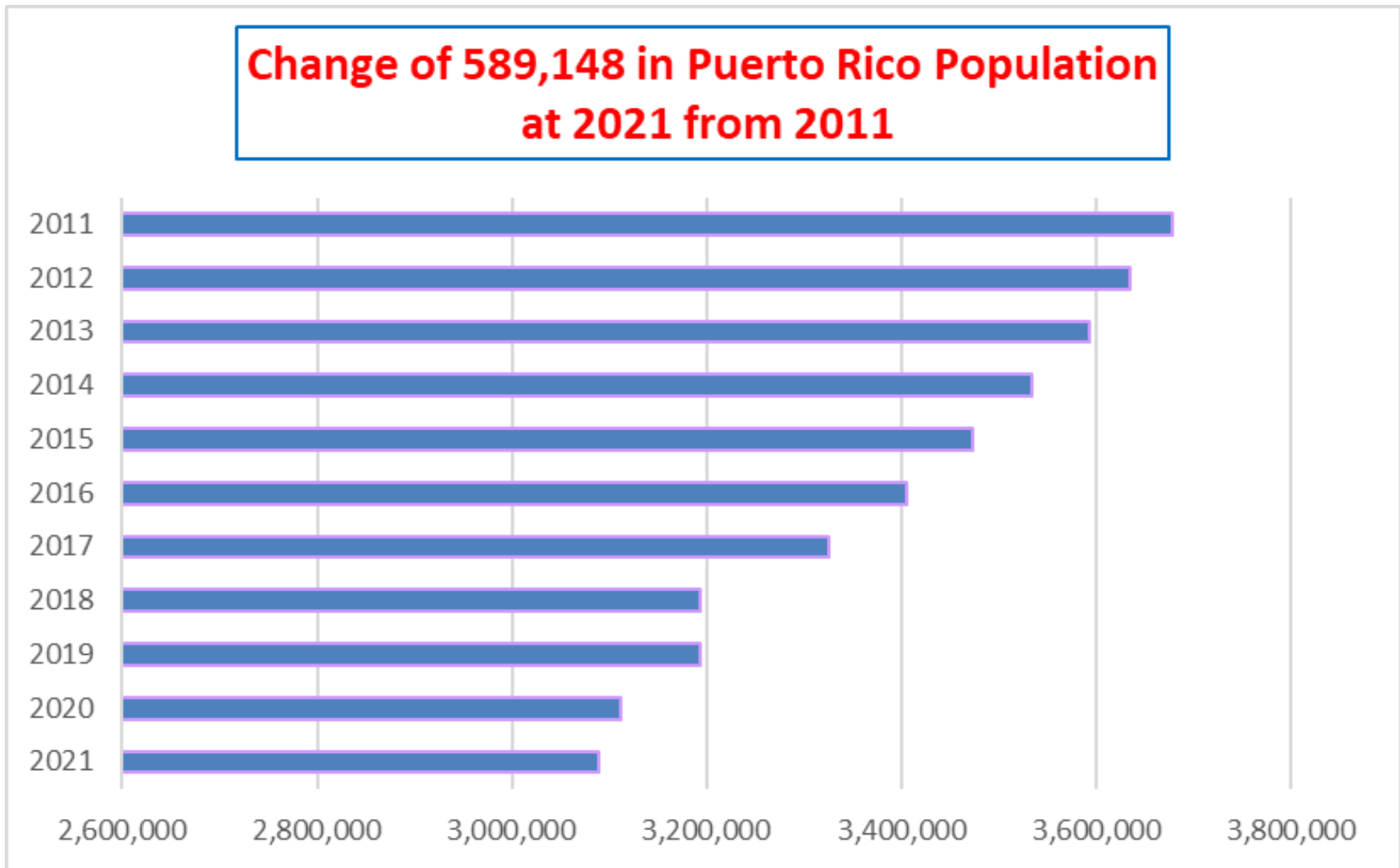
Healthcare Resources

**Estimated Puerto Rico Healthcare Resources
2021 vs. 2011**

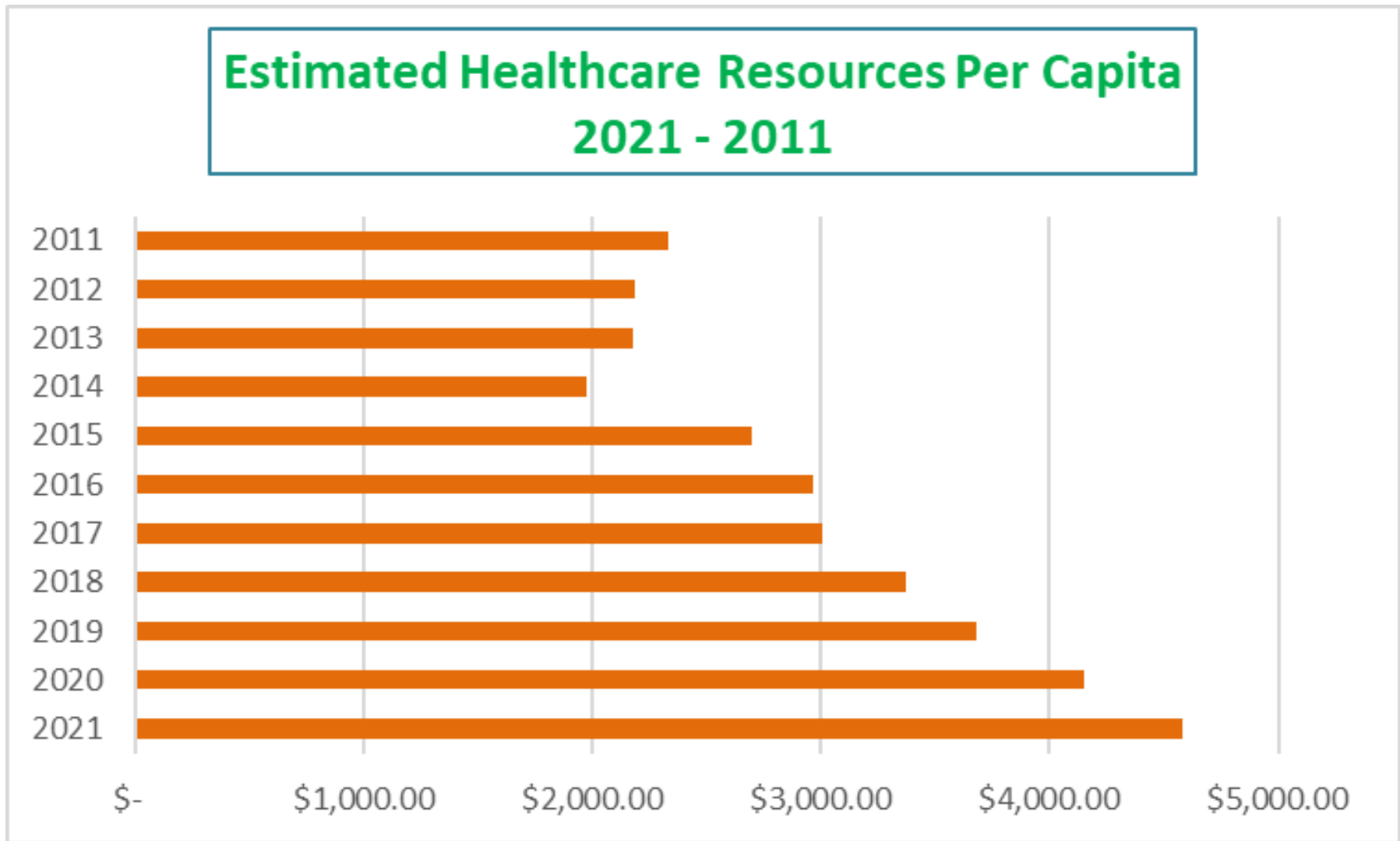


Change in PR Population

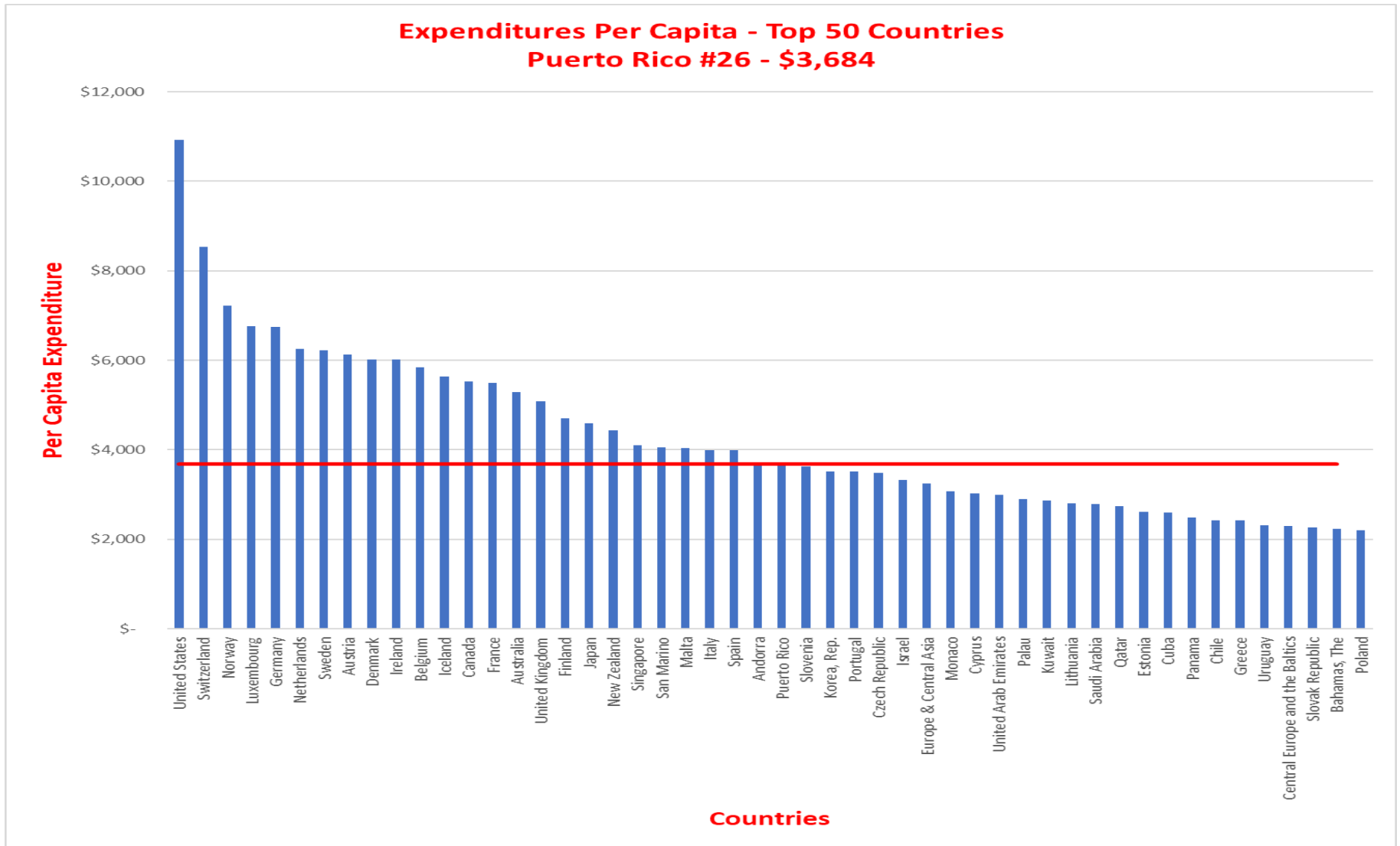
**Change of 589,148 in Puerto Rico Population
at 2021 from 2011**



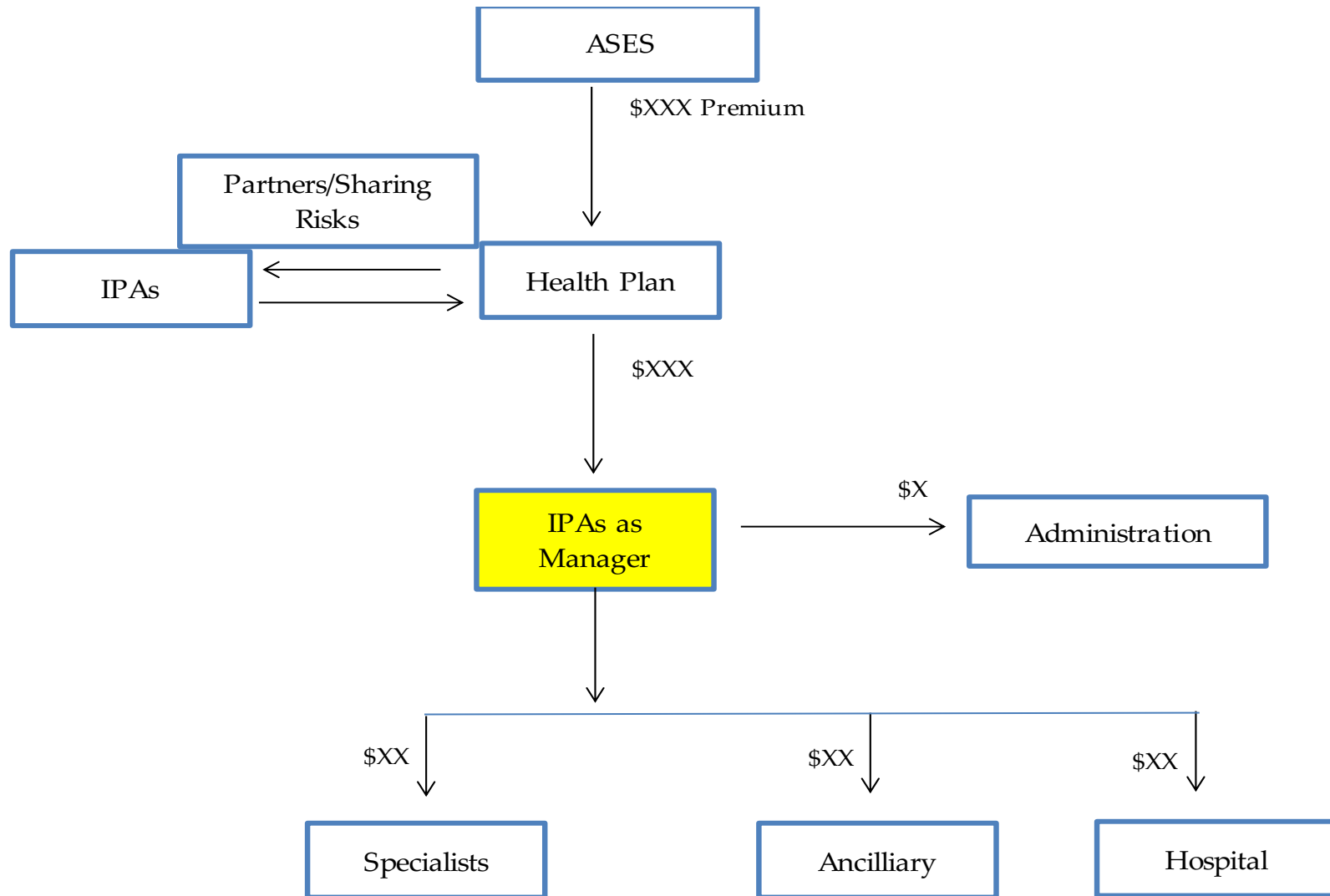
Healthcare Resources per Capita



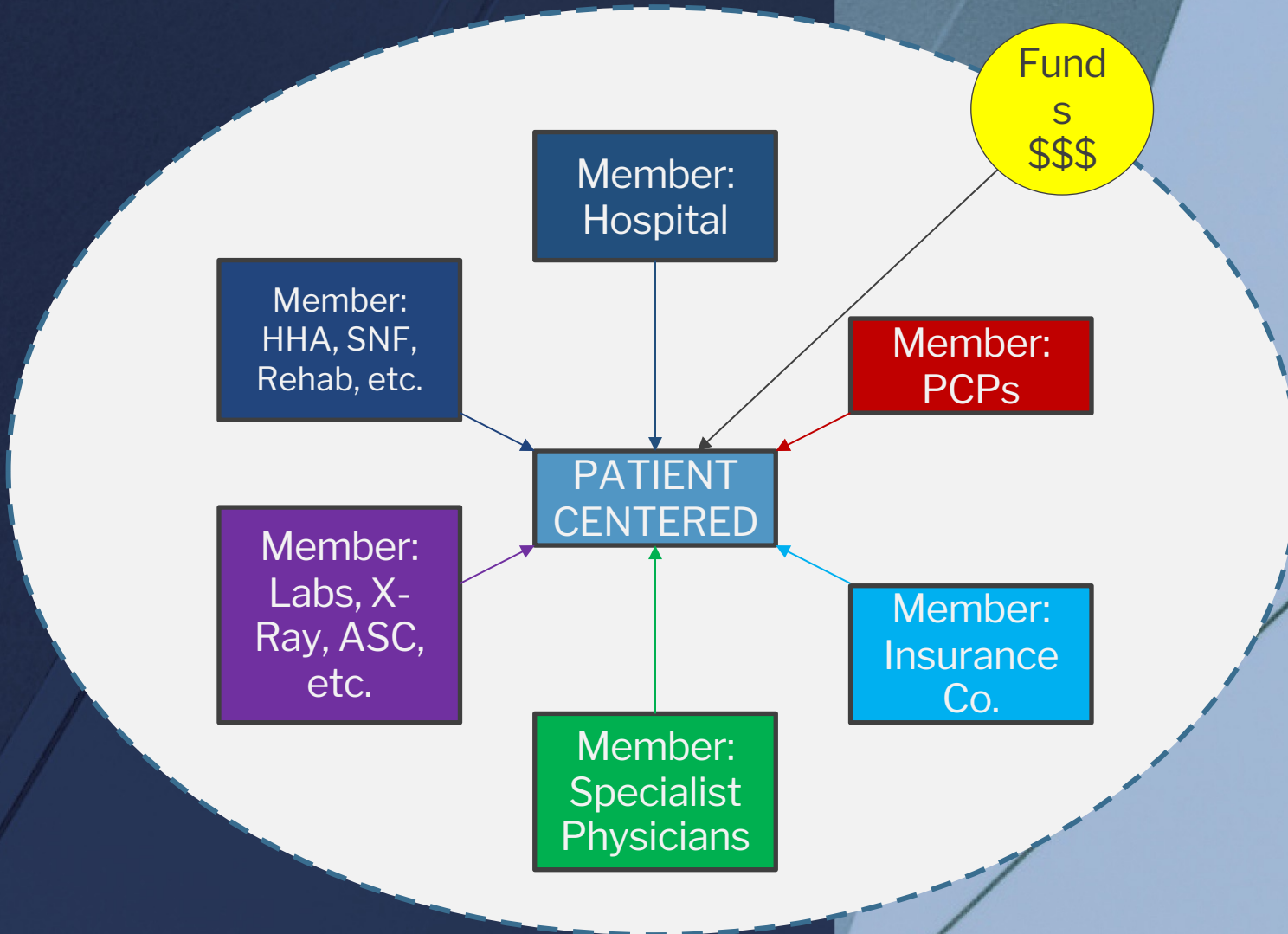
Top 50 Countries – Healthcare Expenditure per Capita



Existing Clinical Model



Integrated Delivery System Model (IDS)



Alternatives to be considered

- ***Establish by law, independent and non-governmental:***
 - ***Rate Setting Agency***
 - ***Credentialization Entity***
- ***Promote participation of more companies in the MA and Plan Vital markets***
- ***Promote other clinical models as could be the “Accountable Care Organizations”***

Other Important Factors related to the healthcare market

Other Important Factors

- *New developments in the medical technology and drugs therapy.*
- *New forms to handle and manage the medical care to the patient. (Ex. home infusion therapies, etc.).*
- *The country economy, ex. high unemployment results in an increase in beneficiaries to Health Reform Program, lesser number of employers paying medical insurance, etc.*
- *Lack of physicians in several specialties, as surgery, pediatrics, etc.*
- *Uncertainty in federal funding.*

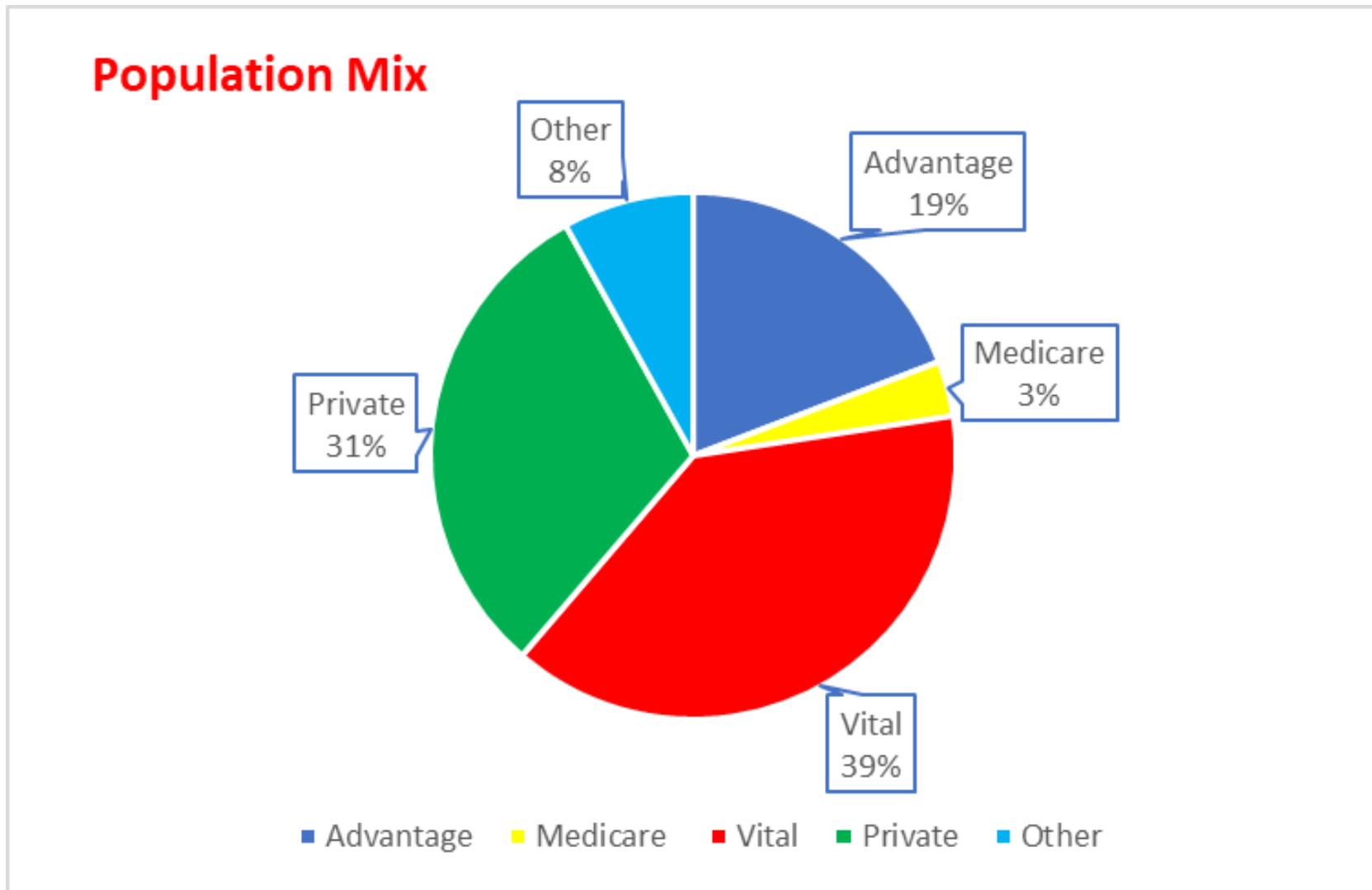
Other Important Factors

- Limited amount of insurance companies (choices).
- Inequality in the relation between the insurer and the provider. The “client” is not who pays for the services.
- Limited access to financing to fund providers’ replacement programs and new facilities. This situation affects significantly the non-for-profit organizations.
- Medicare Advantage (MA) market is extremely competitive, particularly between MMM Healthcare, Inc. and MCS, because its profitability, and with over 85% of Medicare beneficiaries in Puerto Rico are in a MA plans, including Platino’s beneficiaries which are those dual-eligible (Medicare/Medicaid).
- There are approximately 1,200,000 Puerto Ricans which receive medical services under the health program sponsored by the Government of Puerto Rico known as Plan Vital.

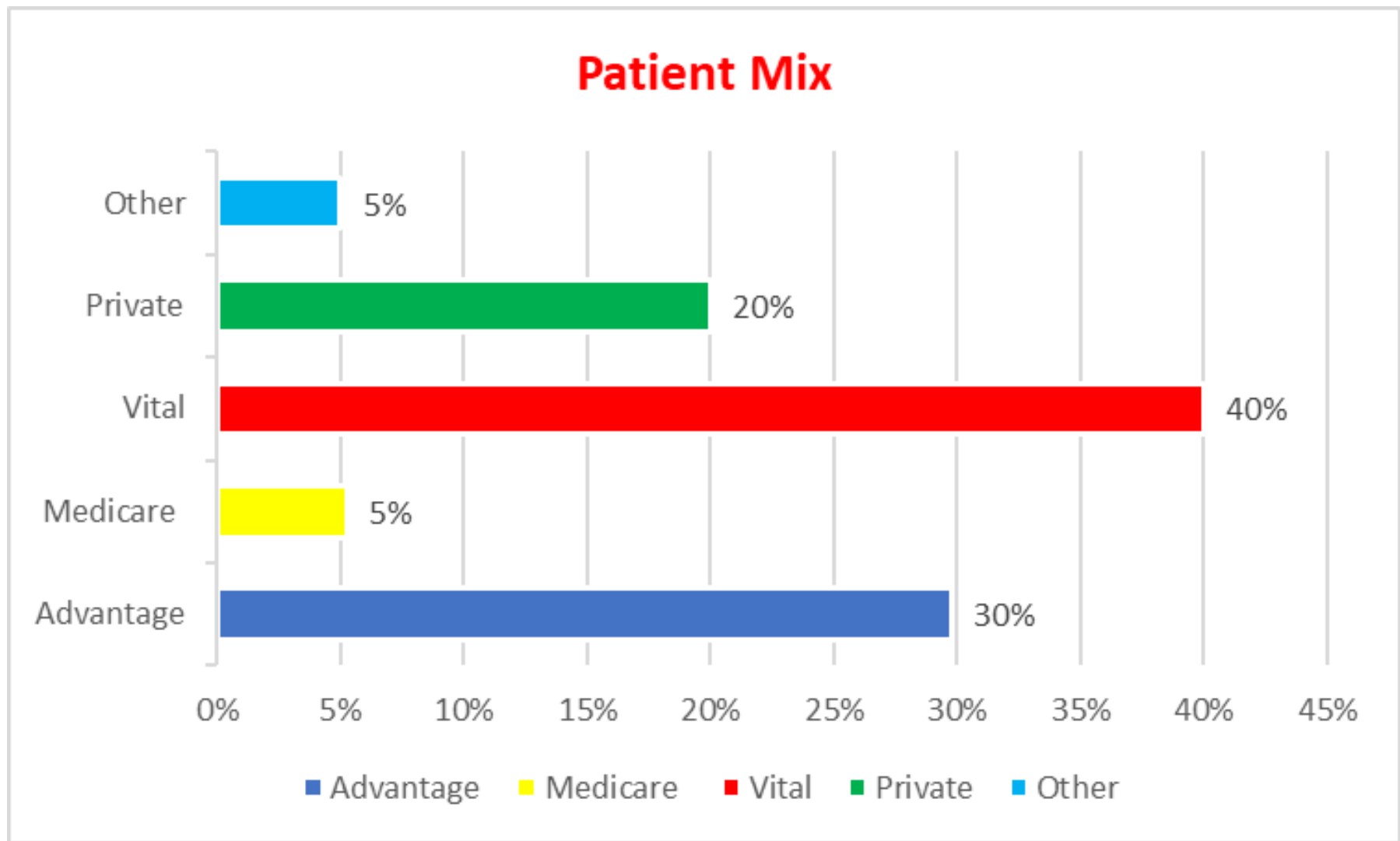
Other Important Factors

- There are approximately 30 health insurance companies and HMO providing healthcare insurance coverage in Puerto Rico. However, only six (6) of them subscribe over 95% of all premium revenue of the market and 90% of the subscribers. These companies are:
 - Triple S (SSS) (Commercial, Plan Vital and MA)
 - Medical Card System (MCS) (Commercial and MA)
 - First Medical Health Plan (Government and Plan Vital)
 - MMM Healthcare, Inc. (MA and Plan Vital)
 - Plan de Salud Menonita (Plan Vital and commercial)
 - Humana Health (MA and Commercial)

Other Important Factors – Population Mix



Other Important Factors – Patient Mix



Insurance Companies Market

“Descubrieron El Nilo”

el nuevo día digital - Search x Confirmado el oligopolio en los | x +

https://www.elnuevodia.com/negocios/banca-finanzas/notas/confirmado-el-oligopolio-en-los-planes-de-salu...

PARA SUSCRIPTORES

Confirmado el oligopolio en los planes de salud

Un estudio de la OCS revela altos niveles de concentración entre seguros médicos y por qué ha fracasado la negociación colectiva con los proveedores, situación que ha agudizado la fuga de profesionales de la salud y la crisis de servicios que sufren los pacientes

sábado, 11 de marzo de 2023 - 8:00 p.m. Por Marian Díaz

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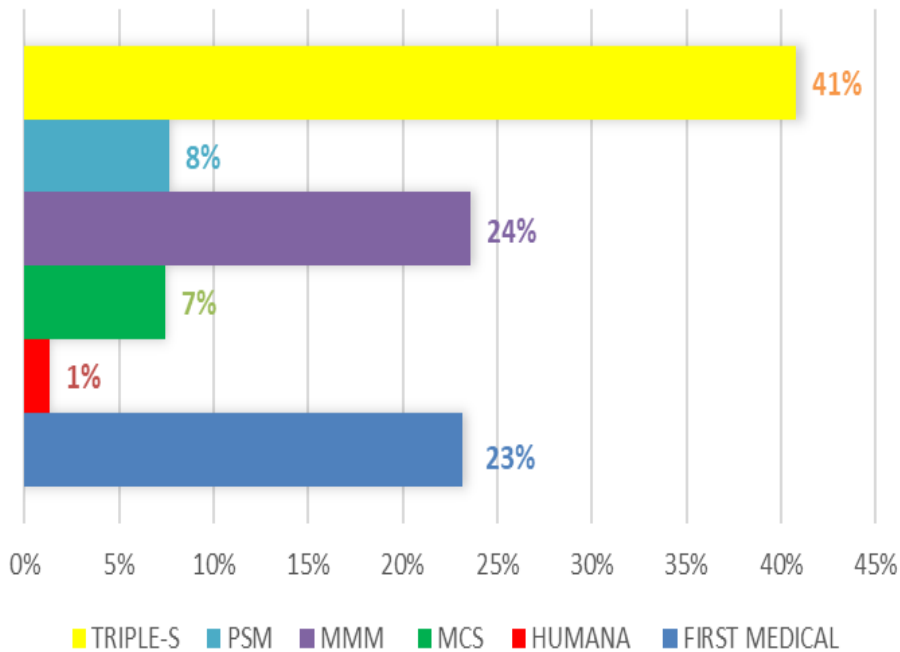
QUIERO REGISTRARME

Más en Negocios

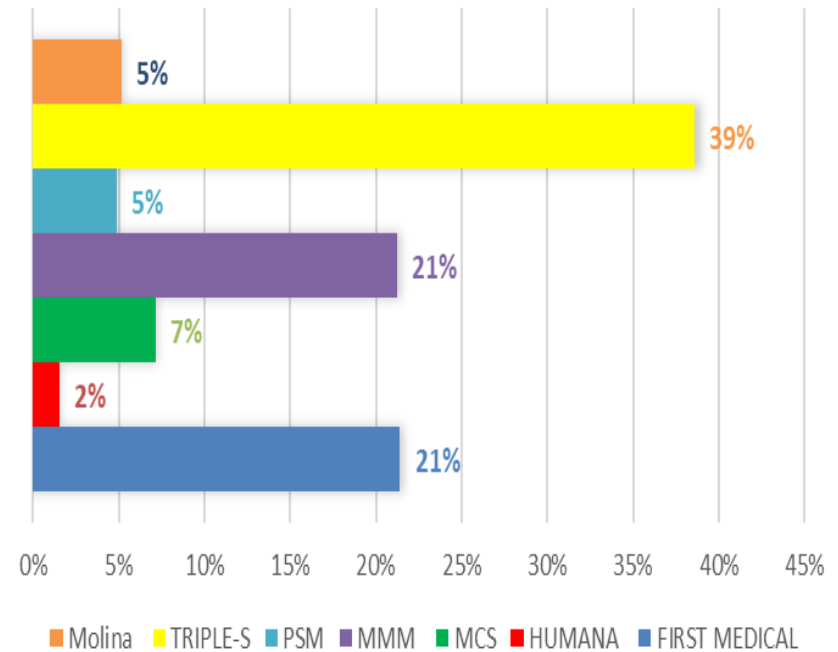
Windows Taskbar: Type here to search, Galíndez, 84°F Sunny, 2:57 PM 3/12/2023

Market Share based on Membership

2021 MARKET SHARE BASED ON MEMBERSHIP OF 2.6 MILLION

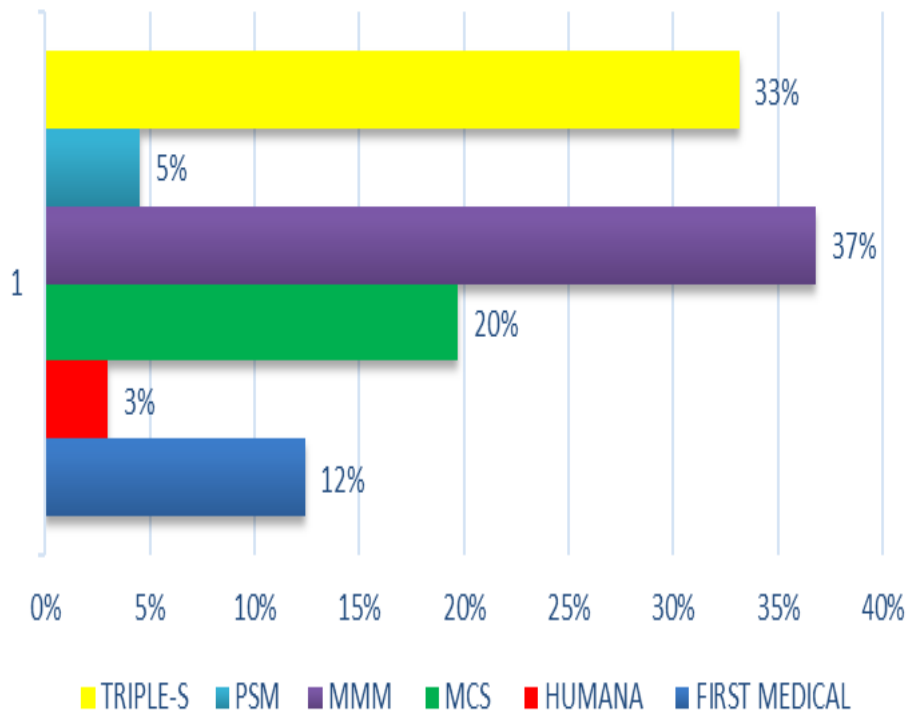


2020 MARKET SHARE BASED ON MEMBERSHIP OF 2.5 MILLION

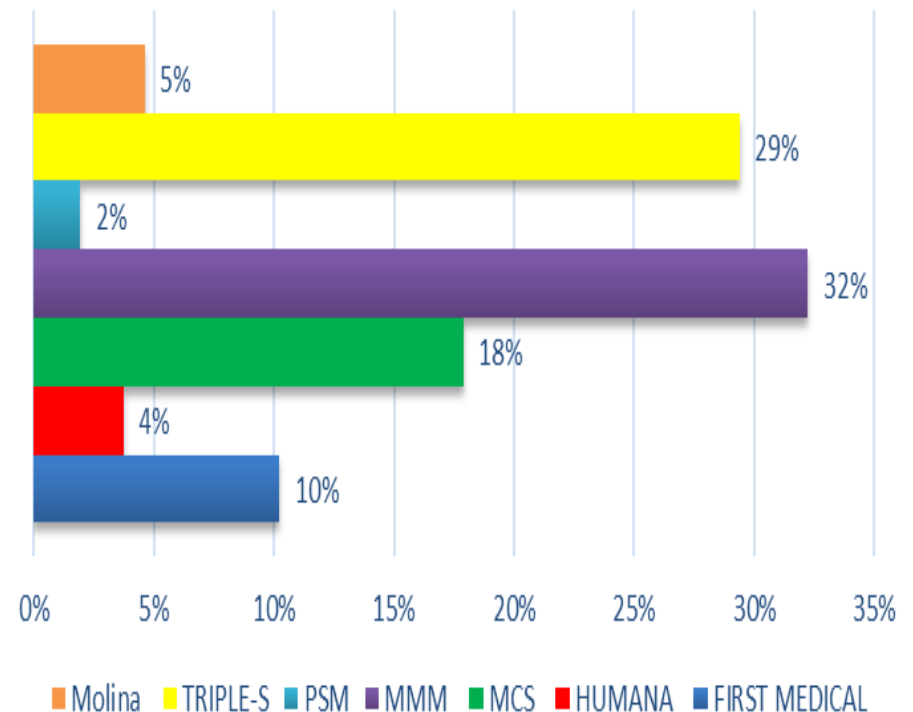


Market Share based on Premium Revenue

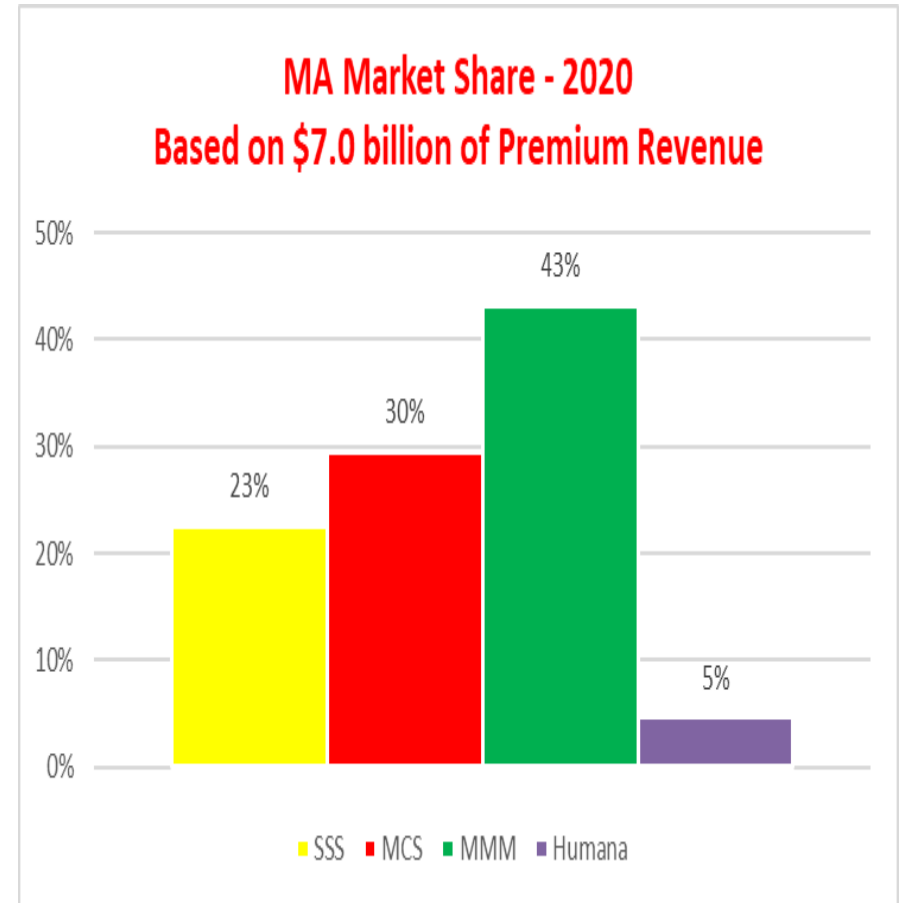
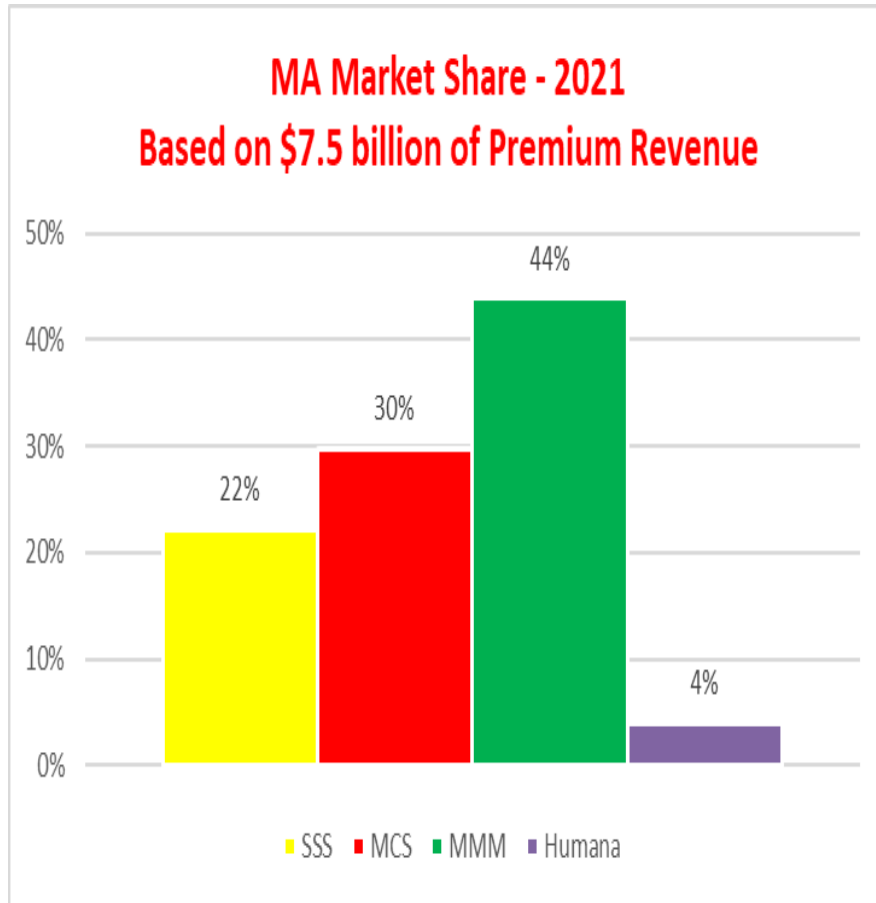
2021 Market Share based on Premium Revenue on \$12.4 Billion



2020 Market Share based on Premium Revenue of \$11.3 Billion

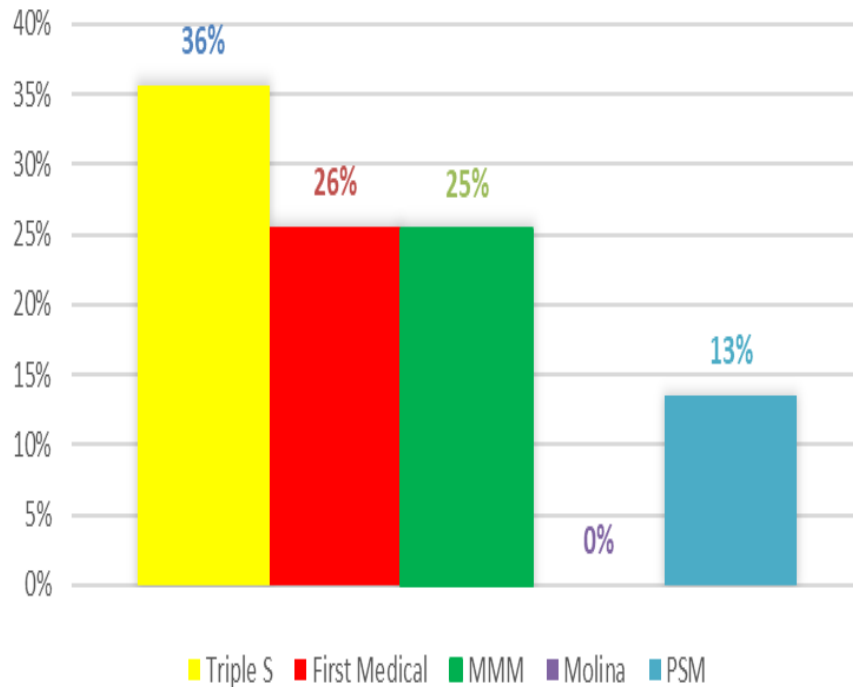


Medicare Advantage (MA) Market Share

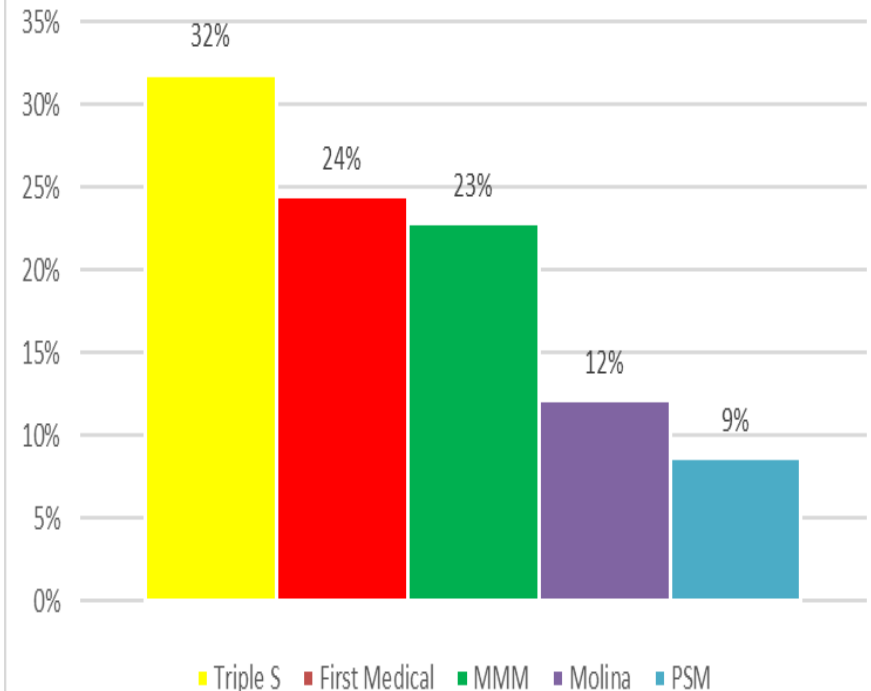


Plan Vital's Market Share

2021 VITAL MARKET SHARE BASED ON PREMIUM REVENUE OF \$3.5 BILLION



2020 Vital Market Share Based on Premium Revenue of \$2.9 Billion

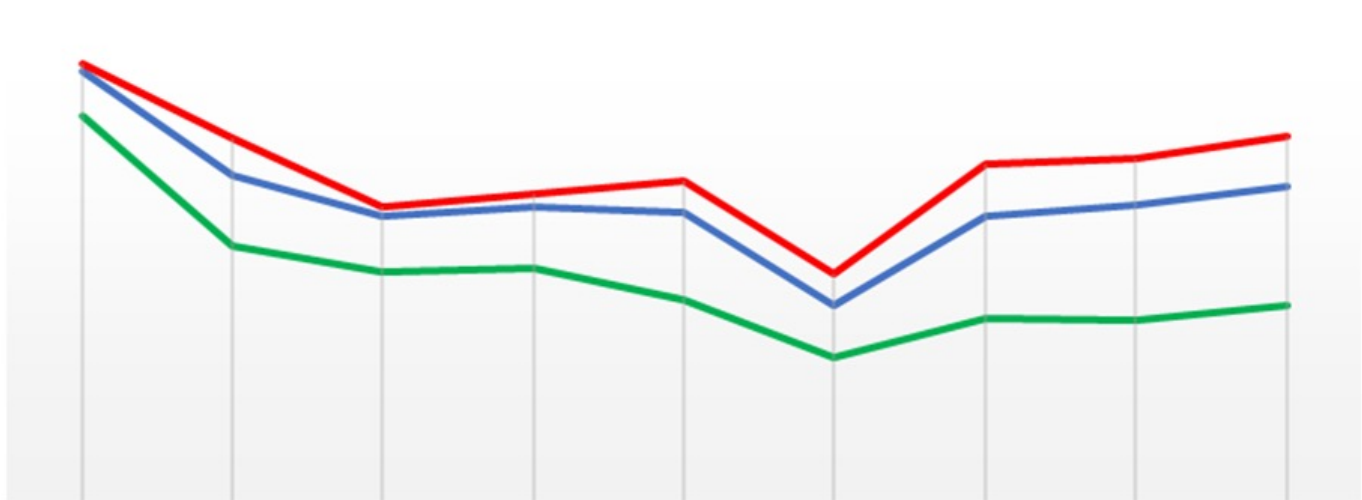


Hospitals' Outlook – in financial figures

PR Hospitals' Historical Data - % of Occupancy

**Occupancy Rates
Puerto Rico Acute Private Hospitals
2015 up to 2Q 2022**

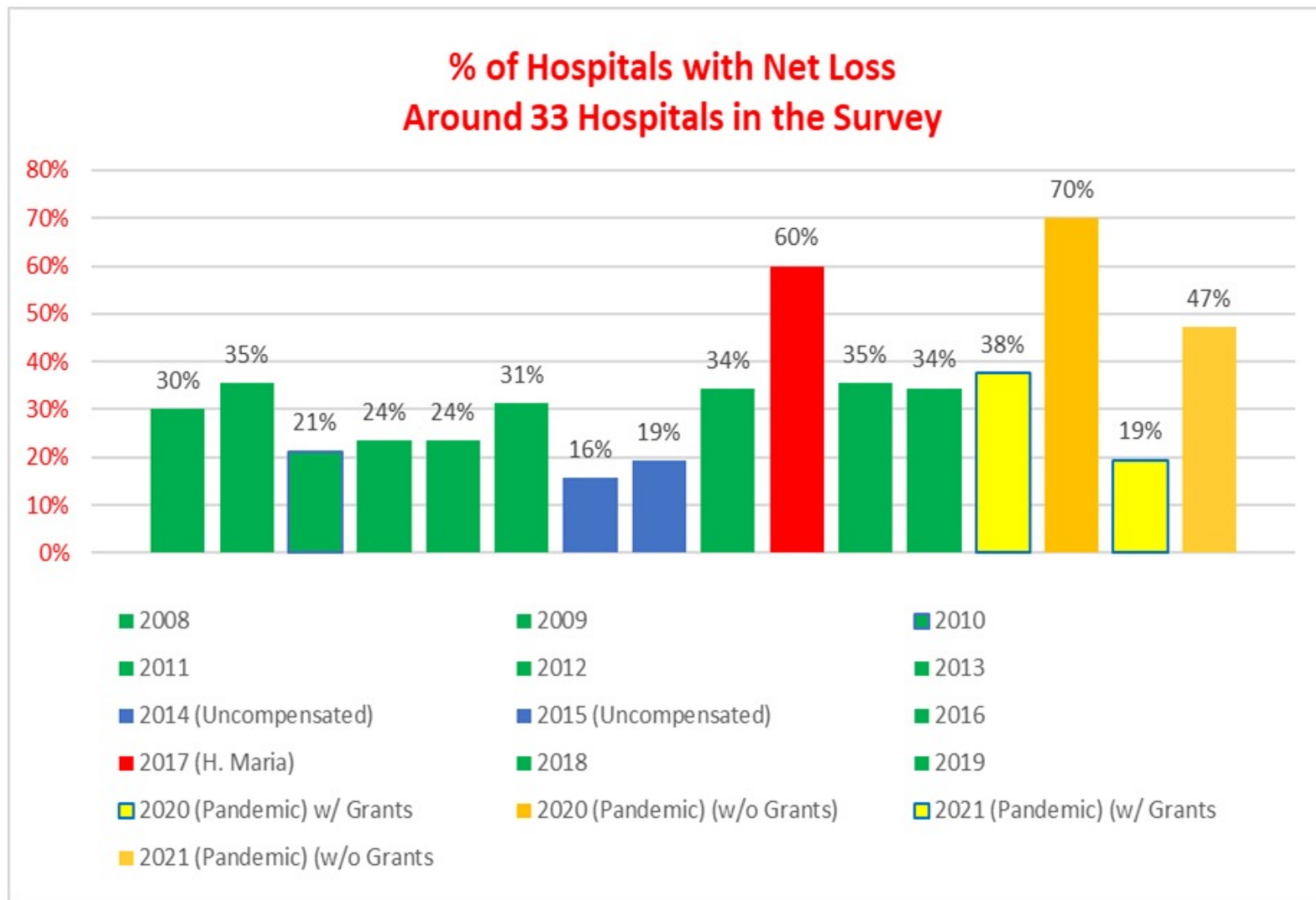
70.00%
65.00%
60.00%
55.00%
50.00%
45.00%
40.00%



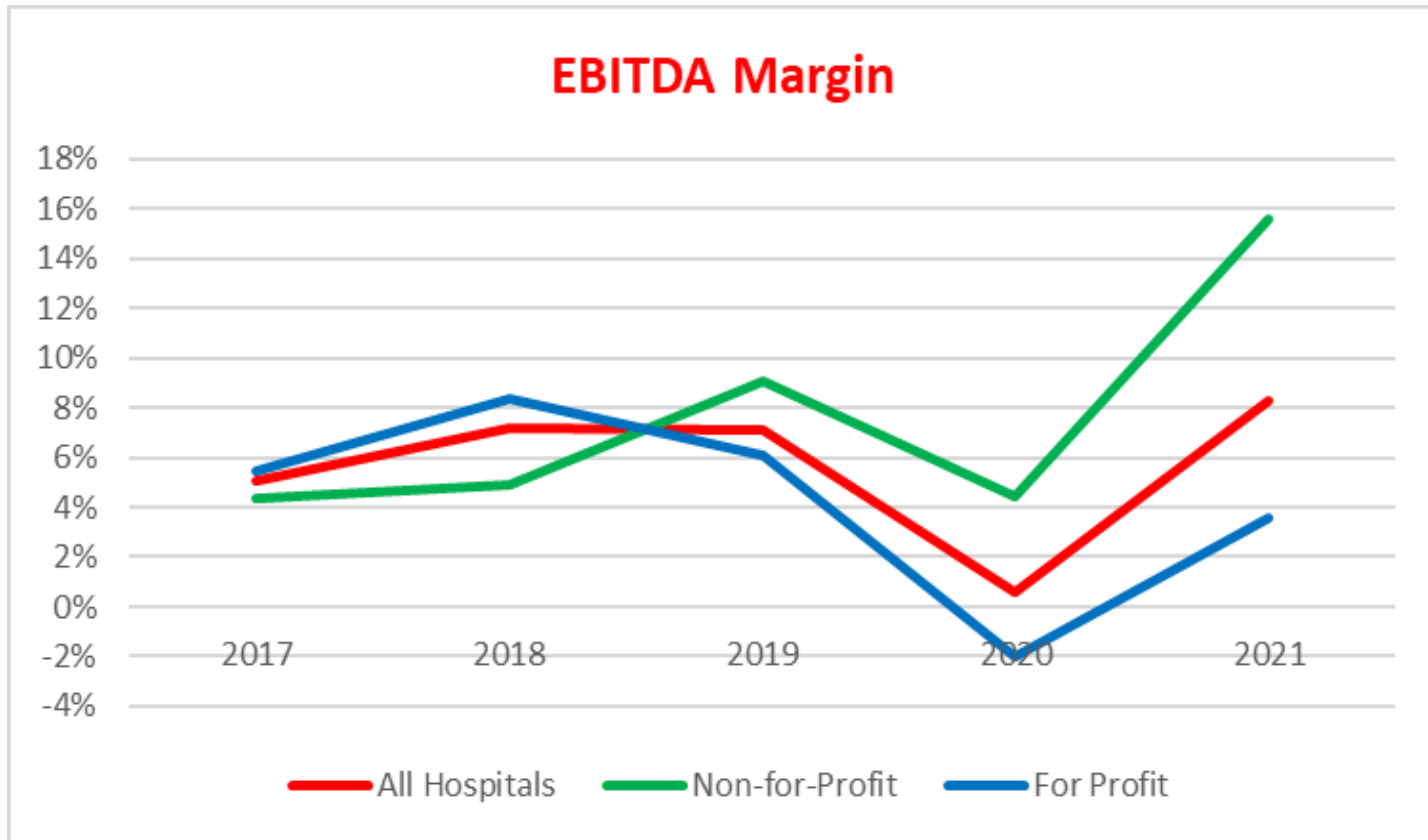
	2015	2016	2017	2018	2019	2020	2021	1Q22	2Q22
All Hospitals	67.10%	60.65%	58.02%	58.61%	58.27%	52.45%	58.11%	58.78%	59.91%
For Profit	67.60%	62.90%	58.60%	59.50%	60.30%	54.41%	61.35%	61.73%	63.03%
Non-for-Profit	64.40%	56.20%	54.60%	54.80%	52.80%	49.16%	51.63%	51.51%	52.44%

— All Hospitals — For Profit — Non-for-Profit

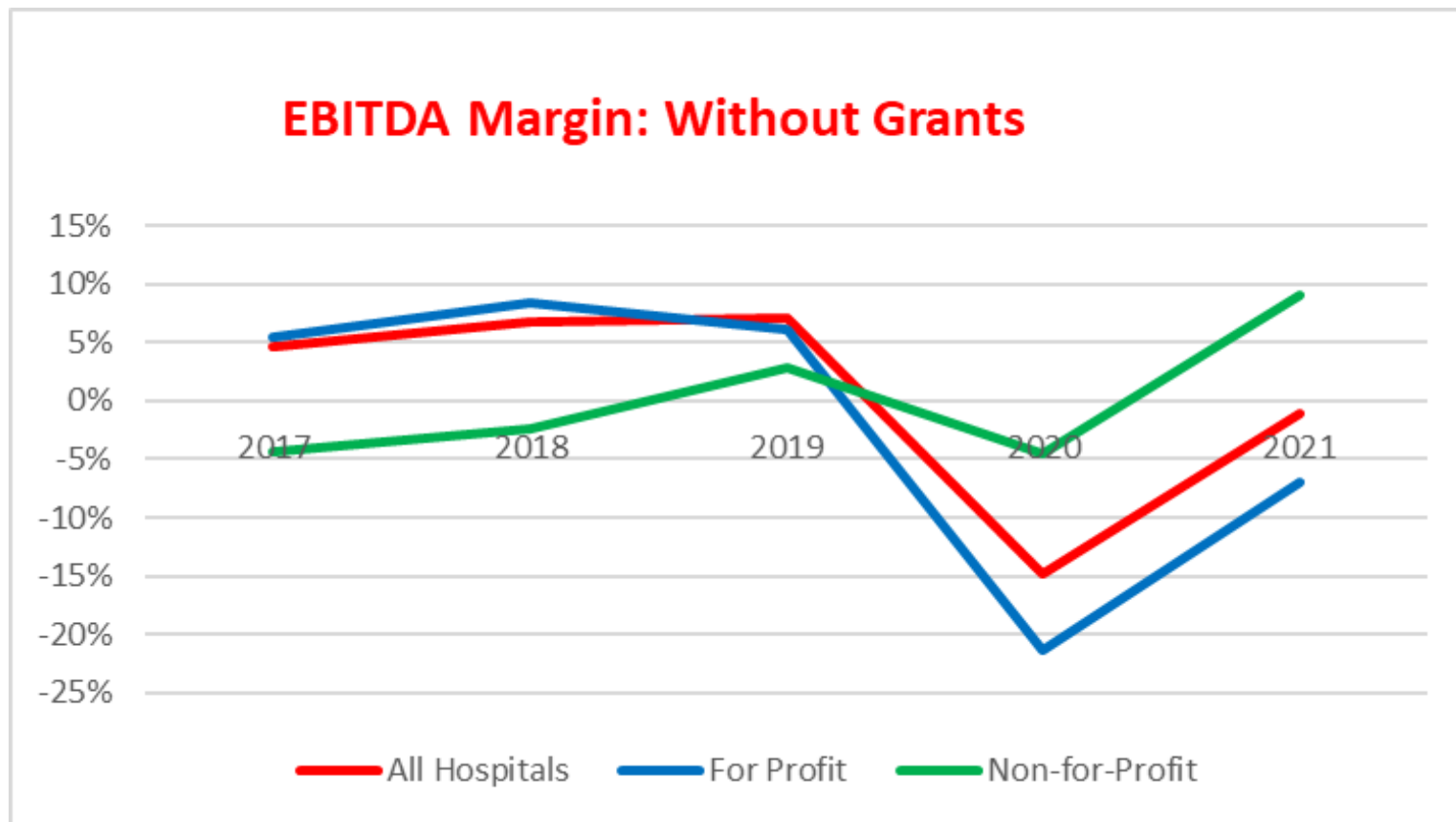
Hospitals' Historical Net Results



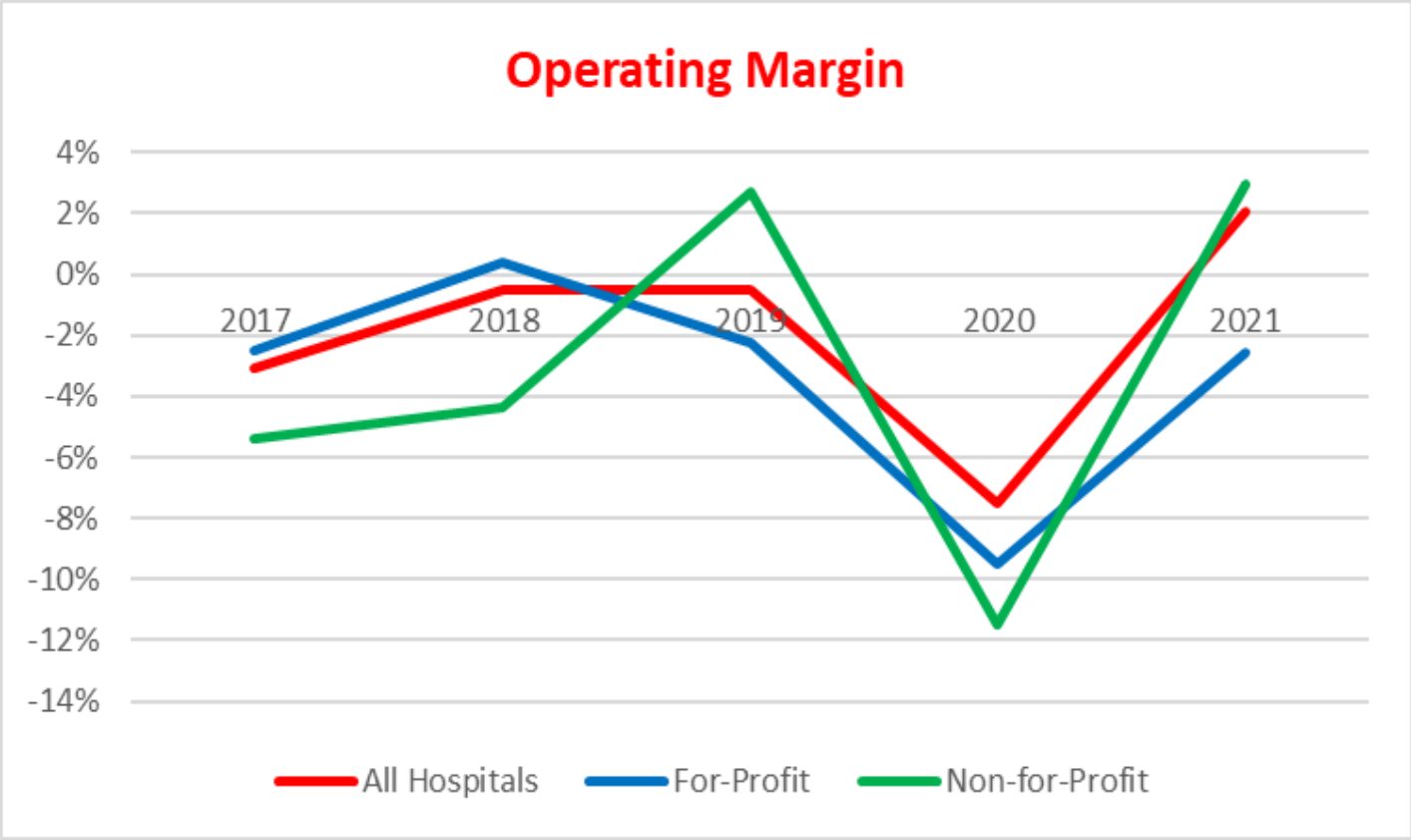
EBITDA Margin



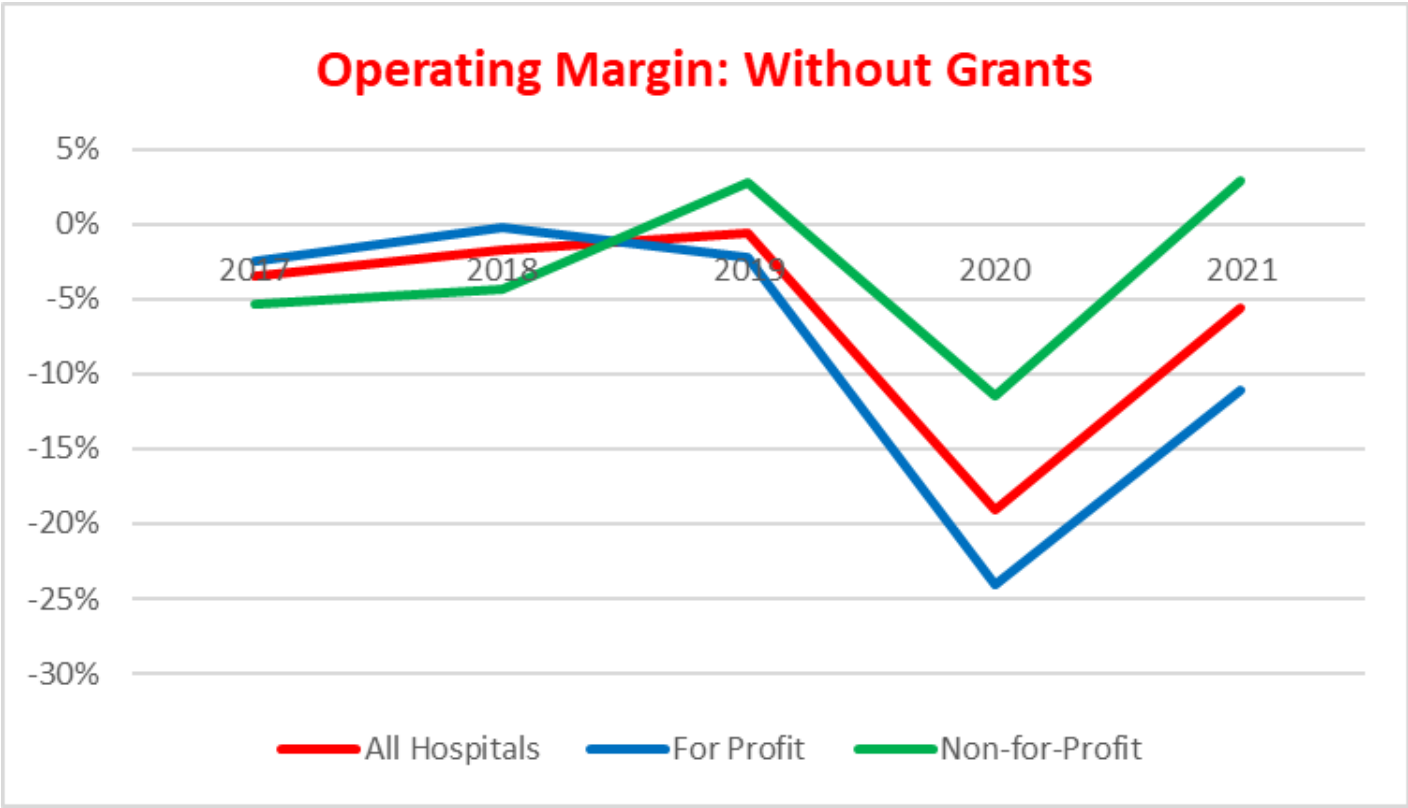
EBITDA Margin - excluding Grants



Operating Margin



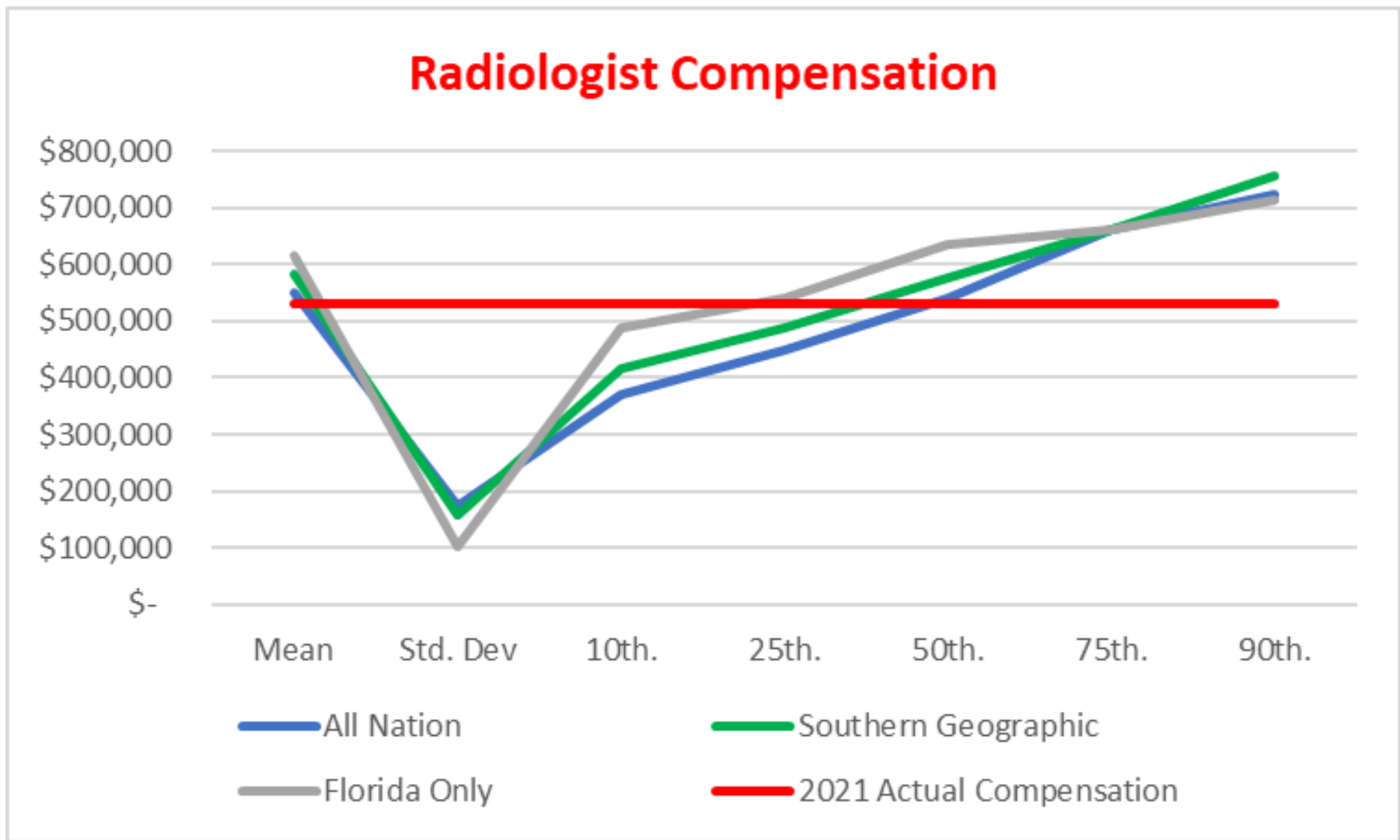
Operating Margin - excluding Grants



Data that could be relevant for you

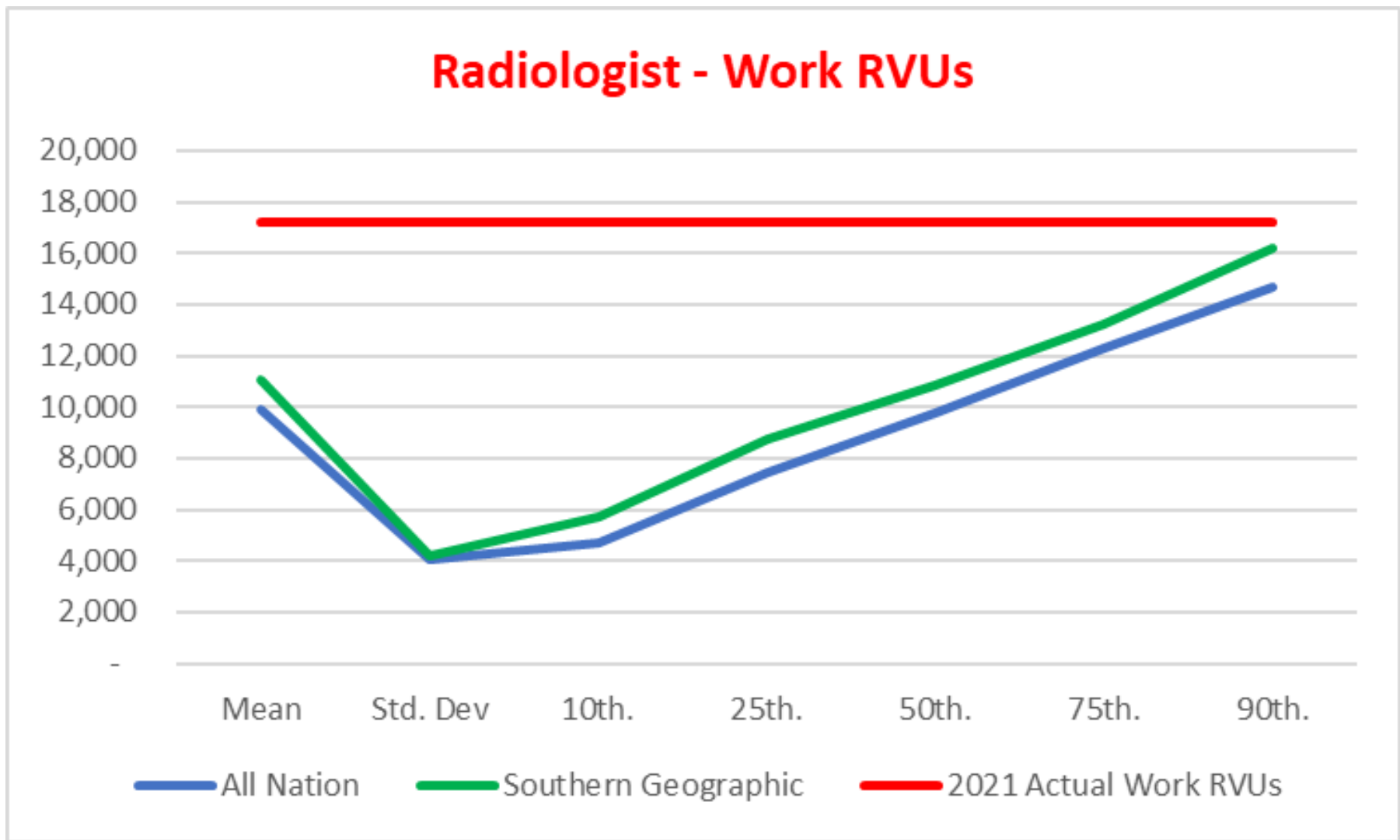
Compensation

Radiologist Compensation



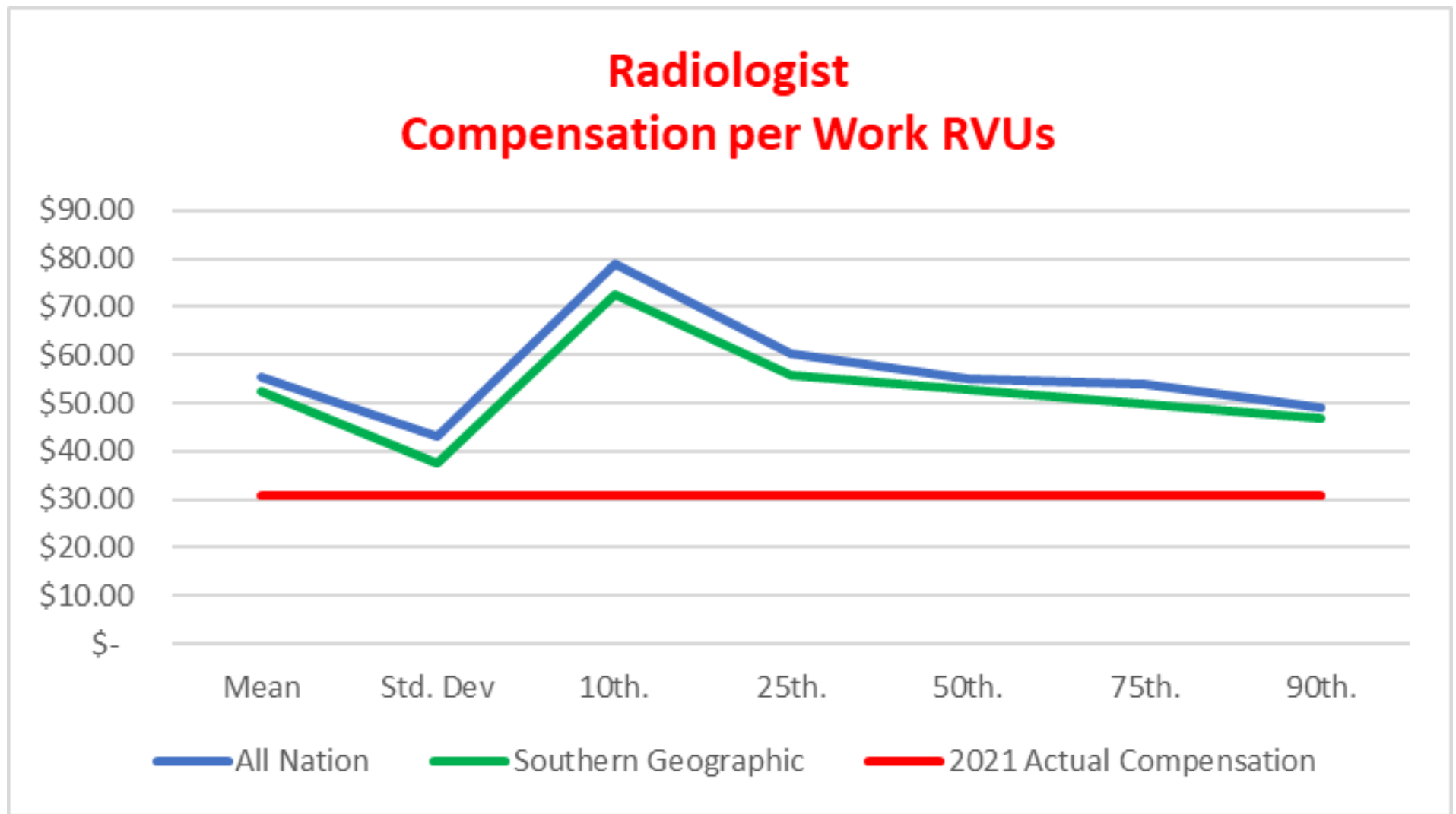
Work RVUs

Radiologist - Work RVUs



Compensation per Work RVUs

Radiologist Compensation per Work RVUs



Valuing your practice?

- **Key Concepts:**
 - **Practice vs. Professional Goodwill**
 - **Value Drivers in relation to the market:**
 - **Revenue from Patients Services**
 - **EBITDA**
 - **Normalization adjustments: you as practitioner vs. you as investor**
 - **Participation of new players acquiring medical practices as could be “venture and investment funds”**
 - **As a tool for an organized succession**



Thanks!

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