



Outlook of Puerto Rico Healthcare Market

Presented by:
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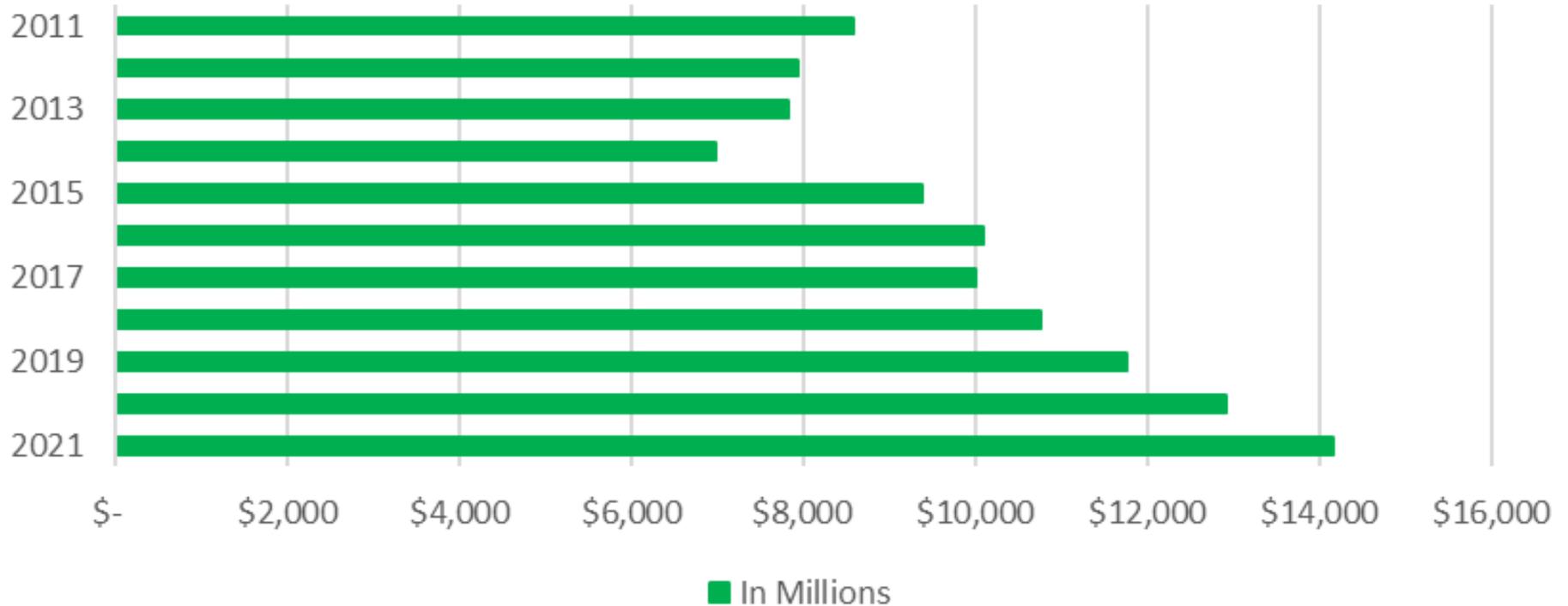
Funding, Demographics & Clinical Model

Healthcare Funding

| Healthcare Funding in Puerto Rico | | | |
|--|--------------------------|---|----------------------------------|
| Sources of Funds | | | |
| <u>Description</u> | <u>Amount</u> | <u>Funding</u> | <u>Source Document</u> |
| 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 |
| ACA | 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>\$ 15,000,000,000</u> | | |

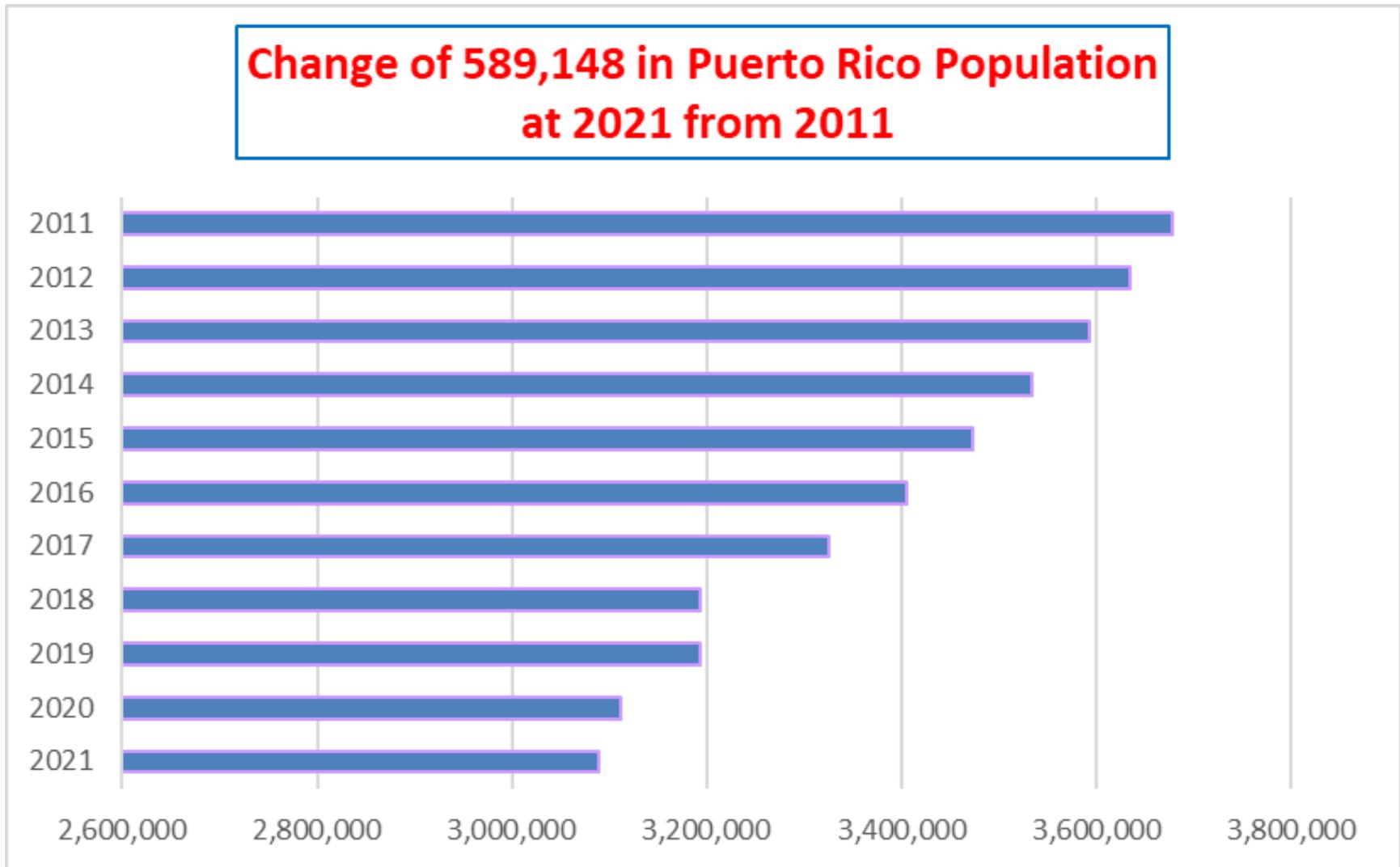
Healthcare Resources

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

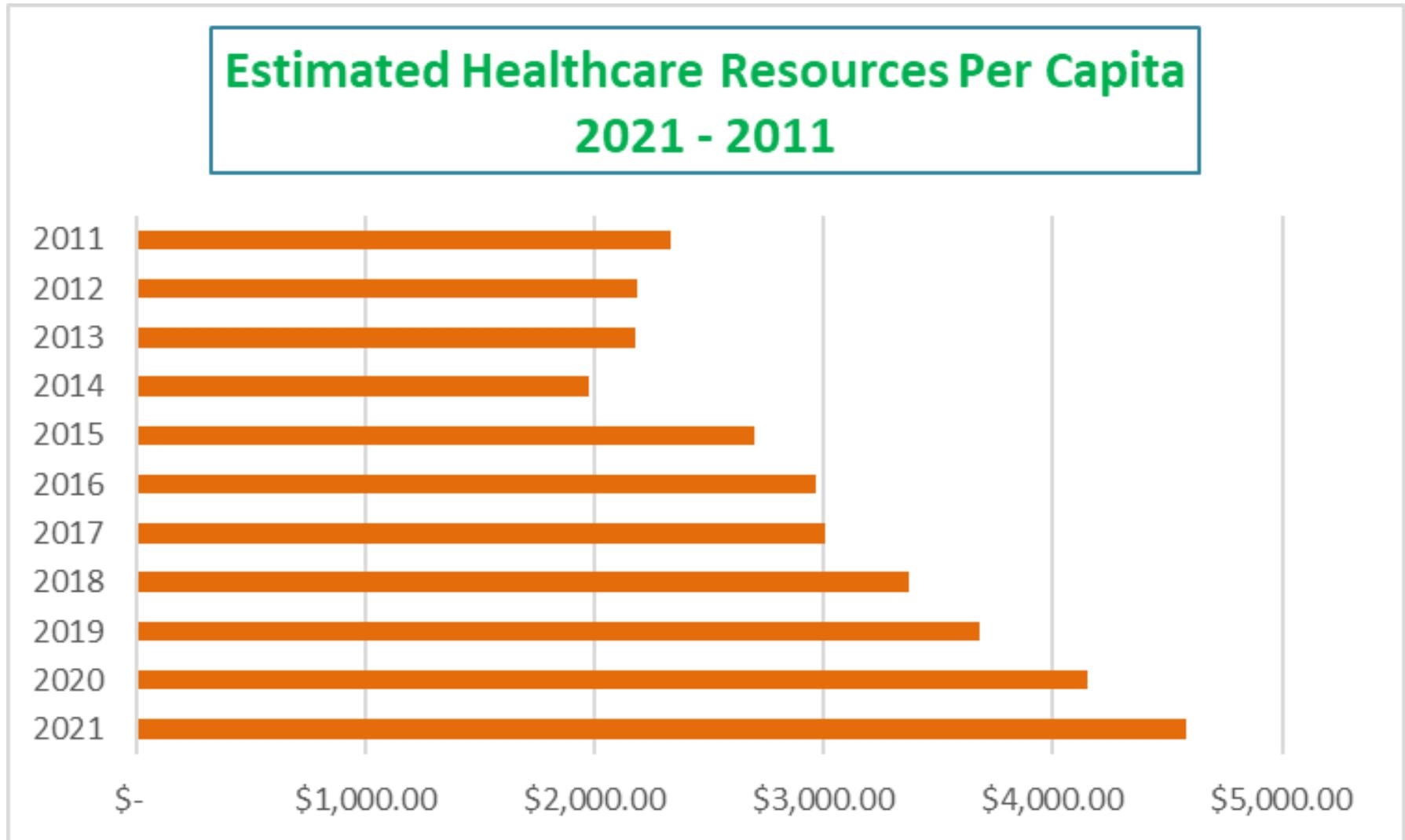


Change in PR Population

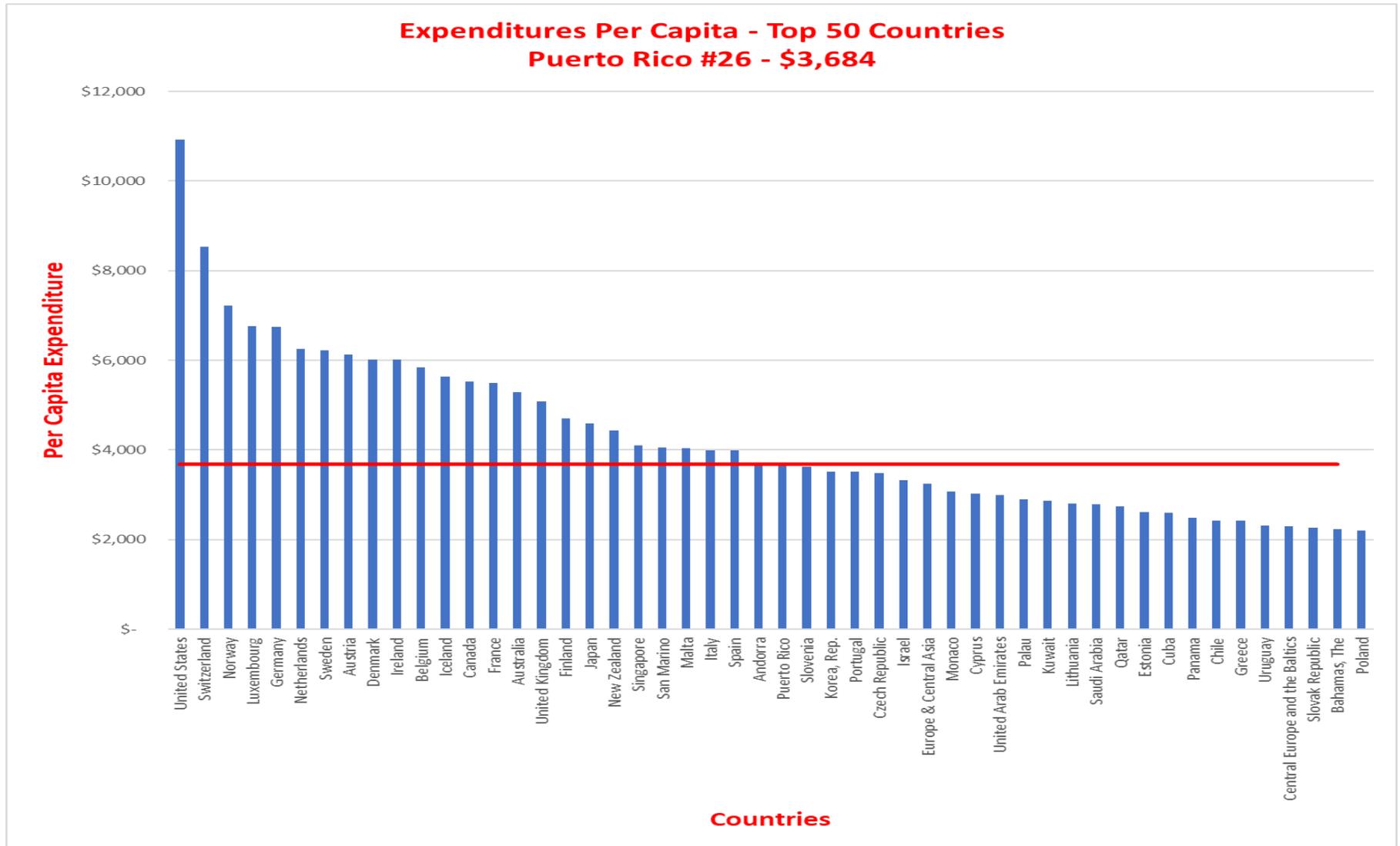
**Change of 589,148 in Puerto Rico Population
at 2021 from 2011**



Healthcare Resources per Capita



Top 50 Countries – Healthcare Expenditure per Capita



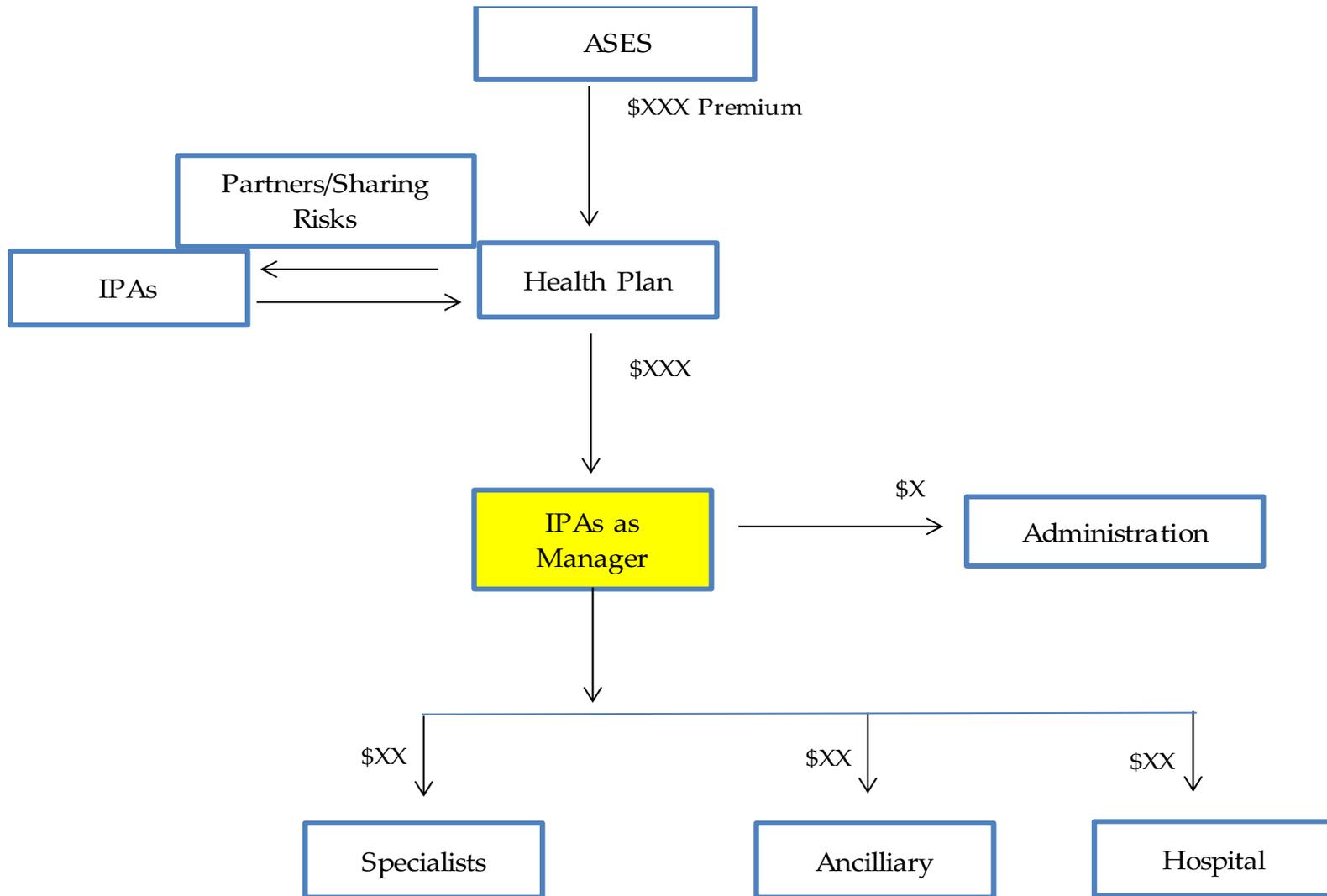
...y en una jurisdicción con un alto gasto en SALUD RELATIVO al PNB

- ❑ El Gasto en salud de Puerto Rico alcanzó entre \$13 a \$15 mil millones en salud en el 2021.
- ❑ Representó el 16% del PNB de la Isla.
- ❑ Esta es una de las proporciones más altas del mundo y es similar a la de EE.UU.

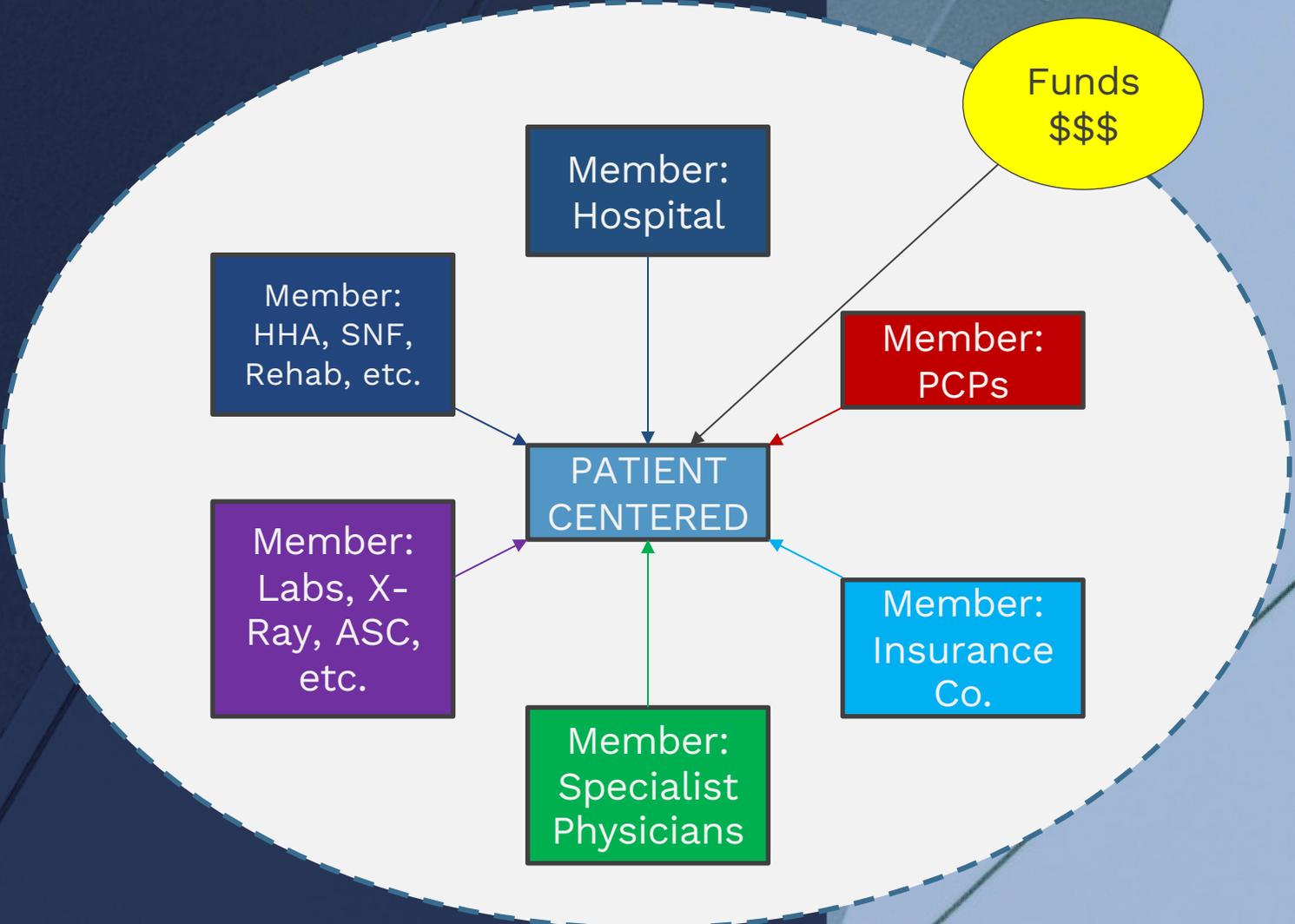
| Países con mayor gasto en Salud como % de GNP | | |
|---|-----------------------------------|---------------------------|
| Rank | País | Gasto en Salud (% de PIB) |
| 1 | United States | 17.1% |
| 2 | Puerto Rico ⁽¹⁾ | 16.6% |
| 3 | Germany | 11.7% |
| 4 | Cuba | 11.7% |
| 5 | France | 11.5% |
| 6 | Switzerland | 11.4% |
| 7 | Canada | 11.3% |
| 8 | Sweden | 11.0% |
| 9 | Belgium | 10.8% |
| 10 | Japan | 10.7% |
| 11 | Austria | 10.6% |
| 12 | Norway | 10.6% |

Fuente: World Bank Development Indicators
Gastos en Salud en PR, según Galíndez, LLC
(1) Para PR se usó en PNB en lugar del PIB

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.

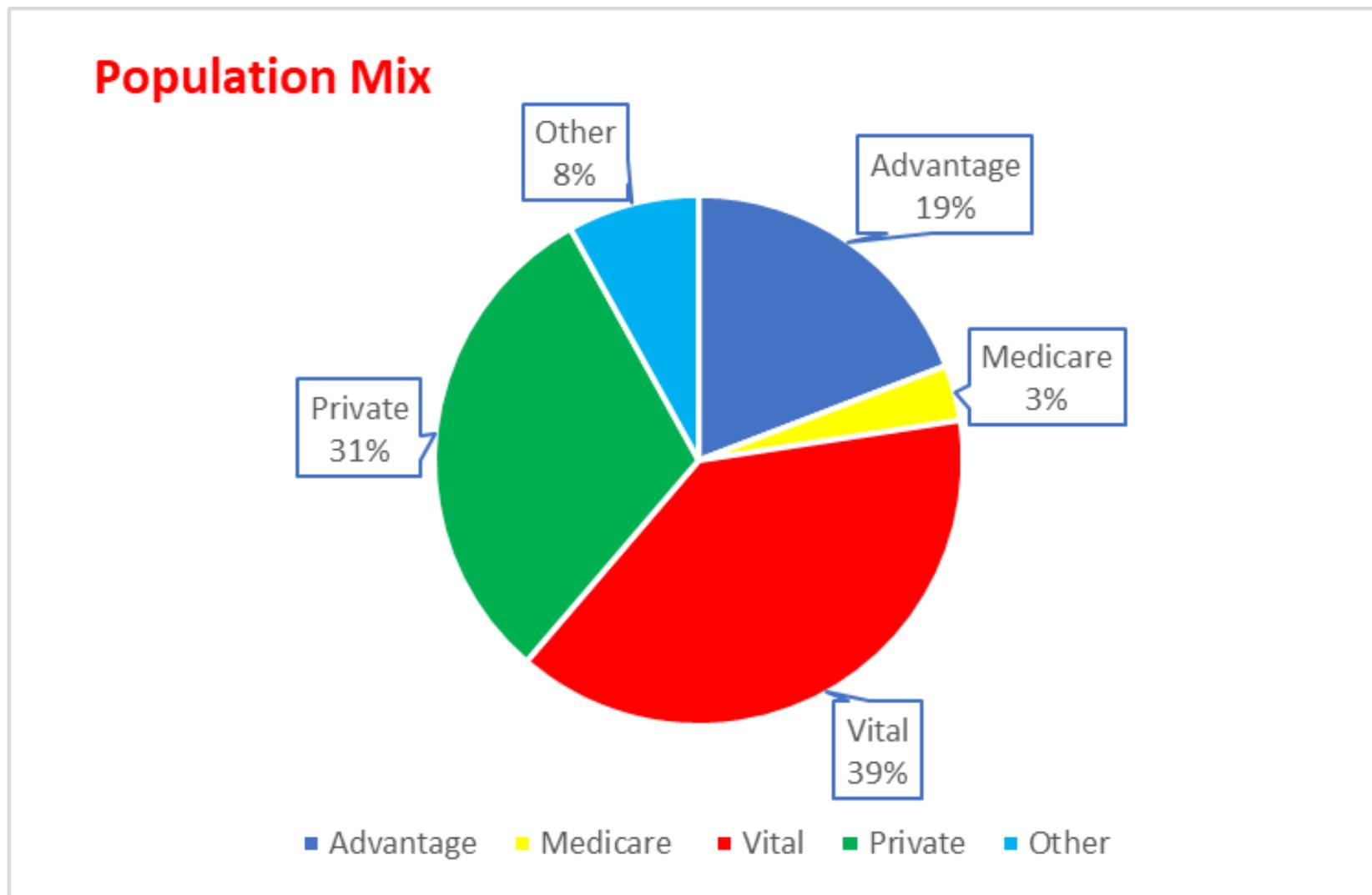
Other Important Factors

- 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.

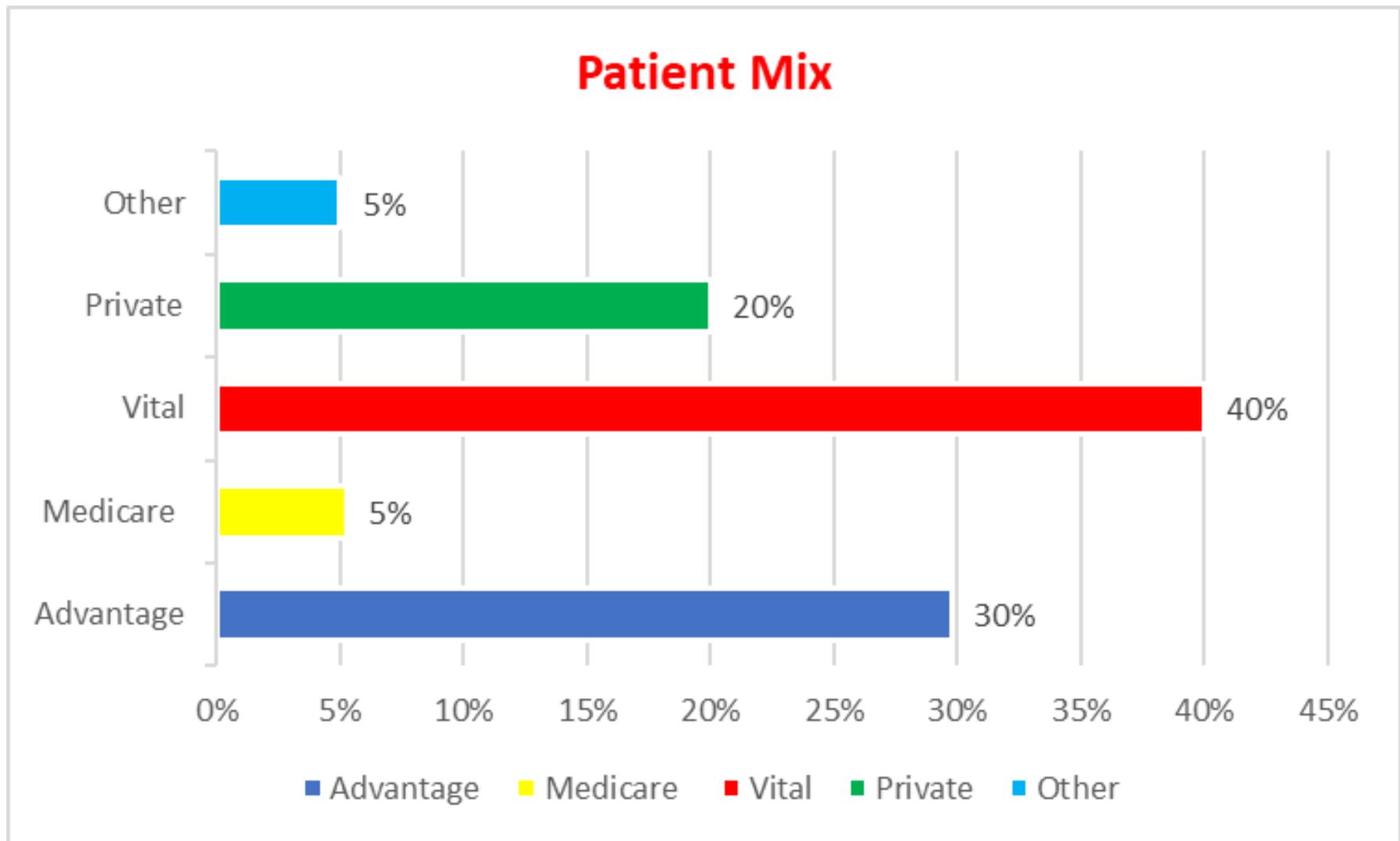
Other Important Factors

- 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



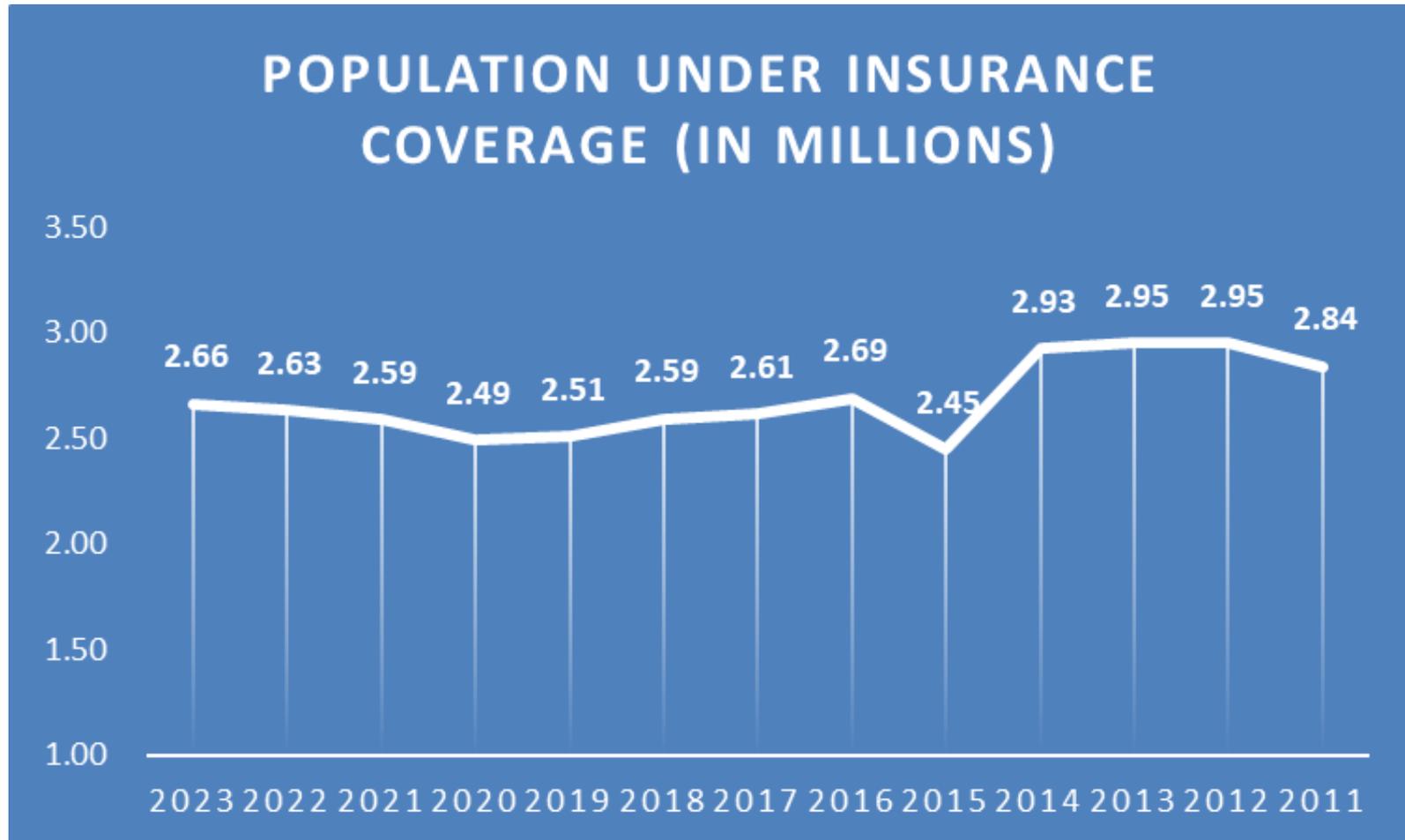
Insurance Companies Market



TRUST *worthy*

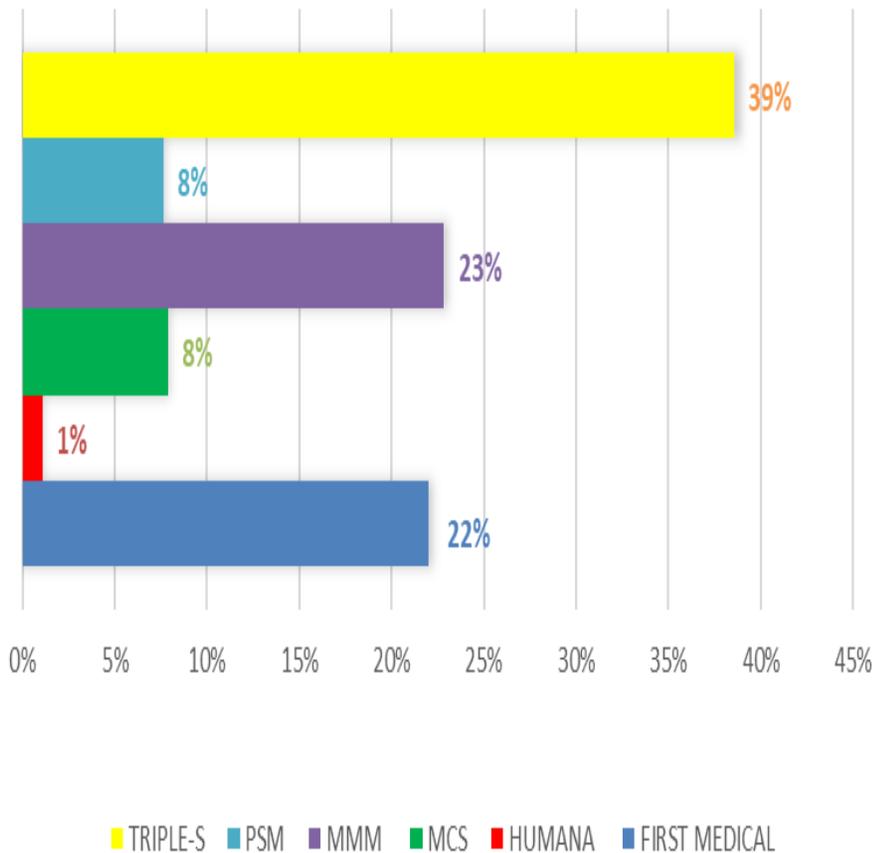


Population in Puerto Rico with Insurance Coverage as reported by the OIC

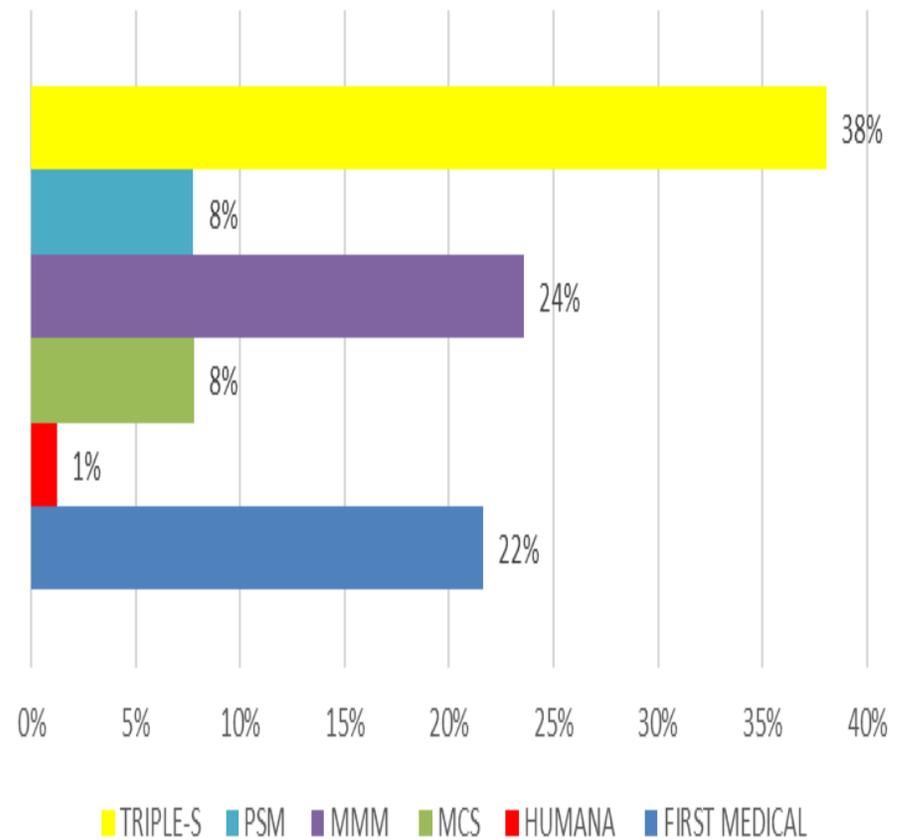


Market Share based on Membership

2022 MARKET SHARE BASED ON MEMBERSHIP

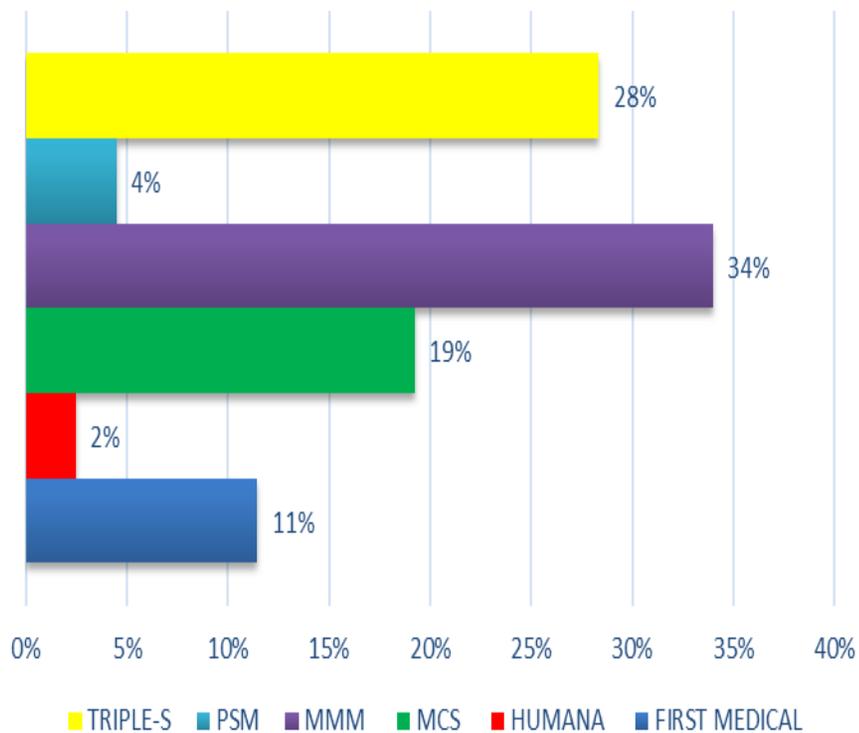


2023 Market Share Based on Membership

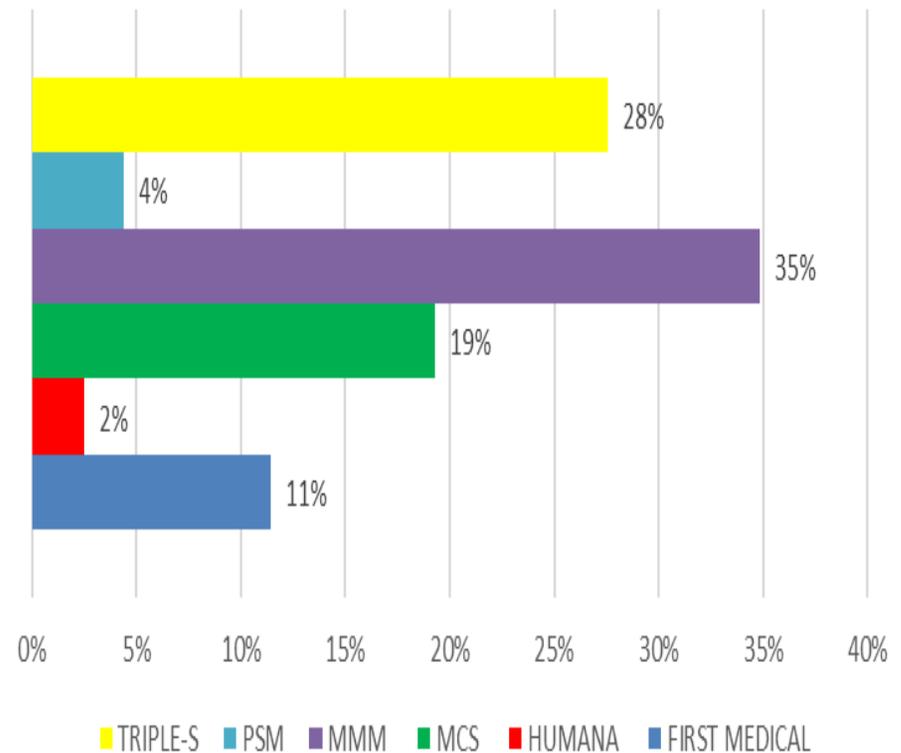


Market Share based on Premium Revenue

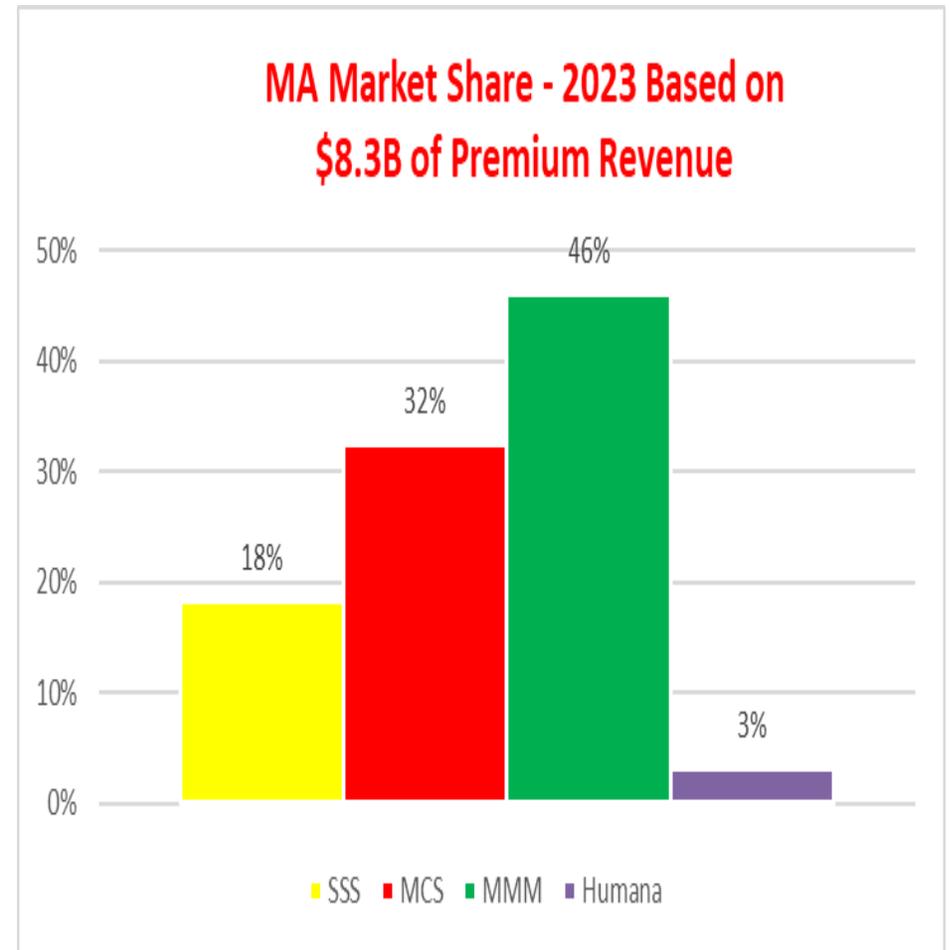
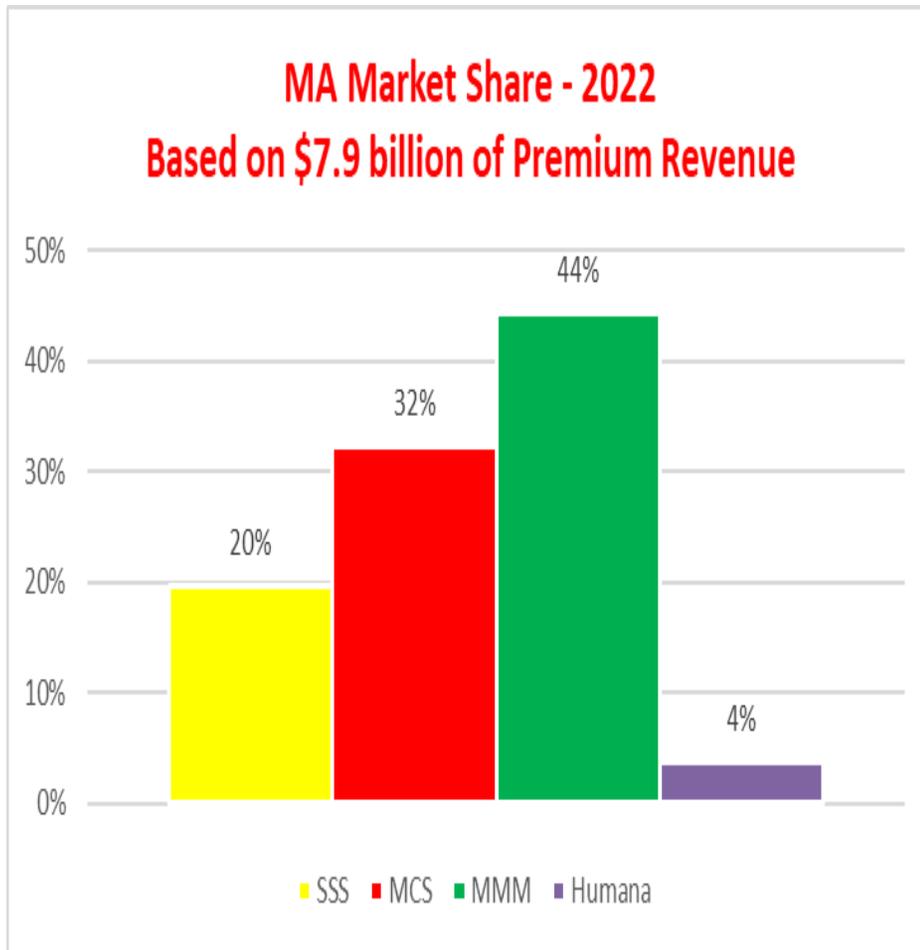
2022 Market Share based on Premium Revenue on \$13.4 Billion



2023 Market Share Based on Revenues of \$14B

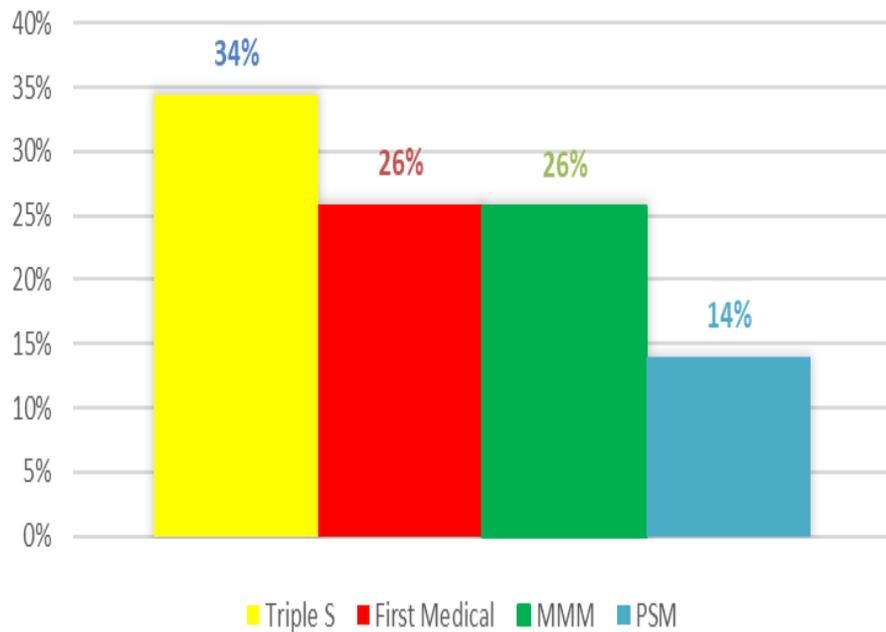


Medicare Advantage (MA) Market Share

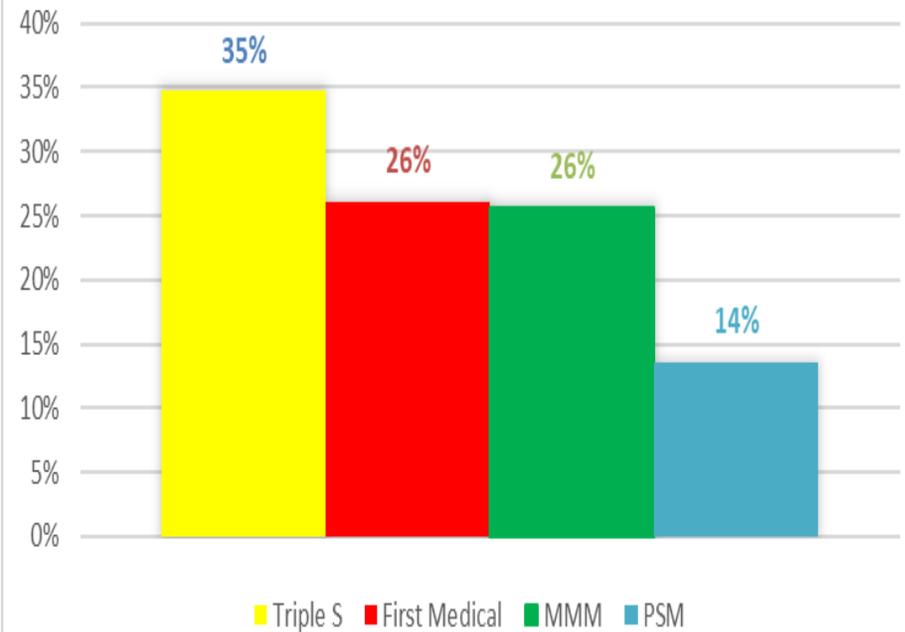


Plan Vital's Market Share

2022 VITAL MARKET SHARE BASED ON PREMIUM REVENUE OF \$3.9 BILLION



2023 VITAL MARKET SHARE BASED ON PREMIUM REVENUE OF \$4.1 BILLION

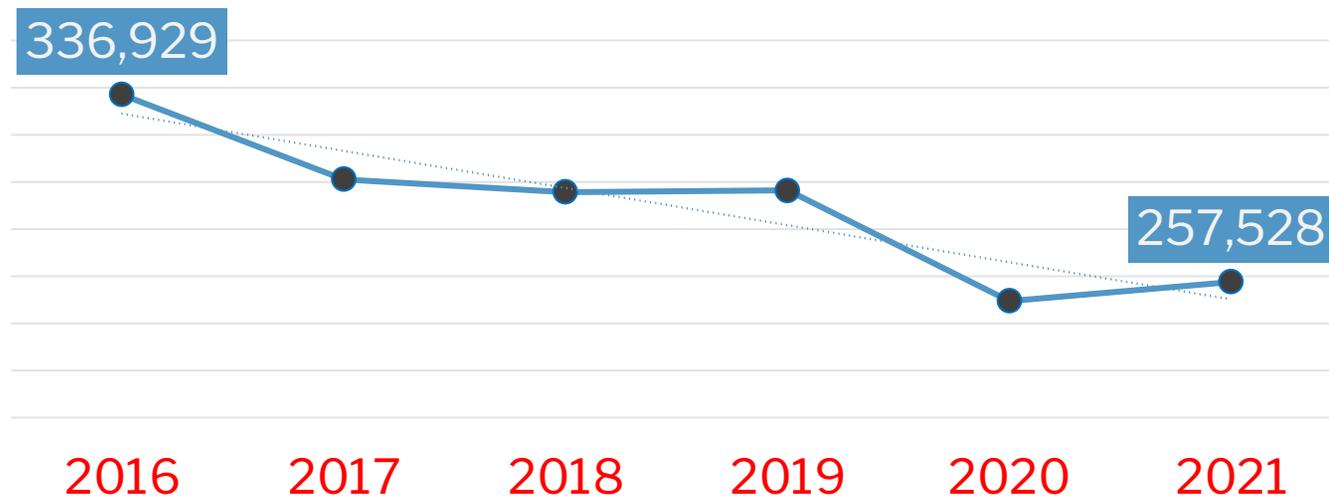


Hospitals' Outlook – in financial figures

Los hospitales enfrentan una contracción en la demanda por servicios

- Para el 2021 se han atendido alrededor de 80,000 pacientes **menos** que en el 2016

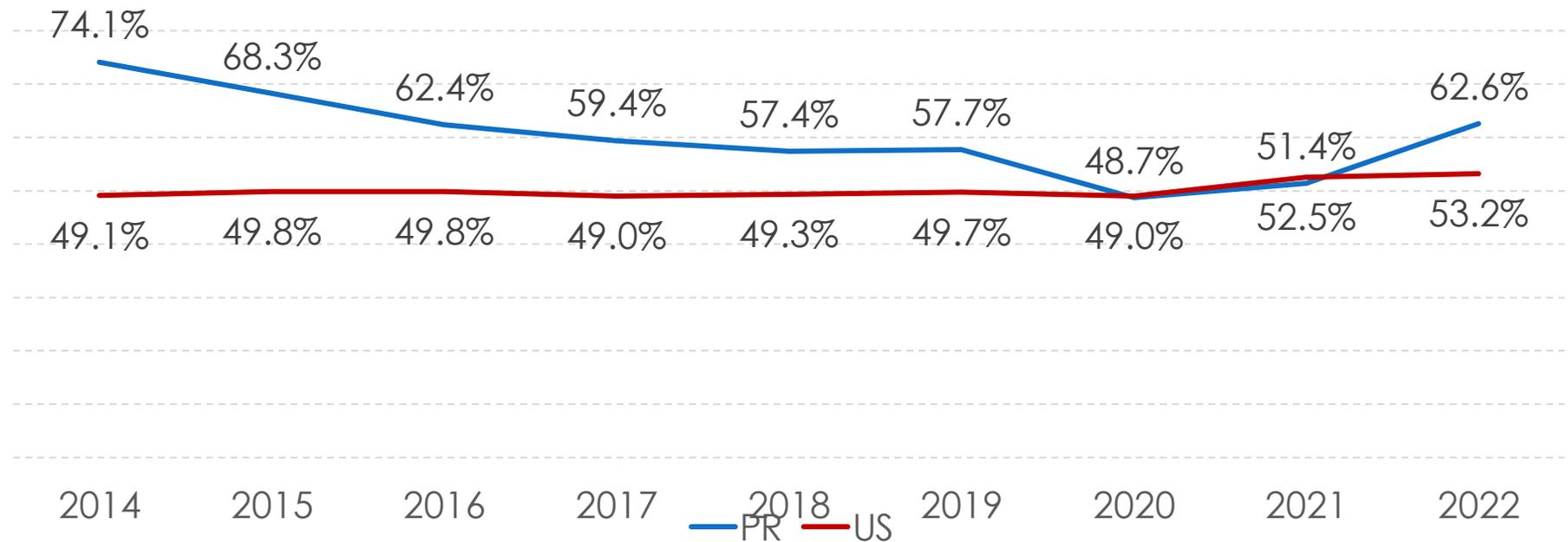
Total de Pacientes atendidos en hospitales en PR



LA Tasa de Ocupación también se ha reducido relativo al 2014

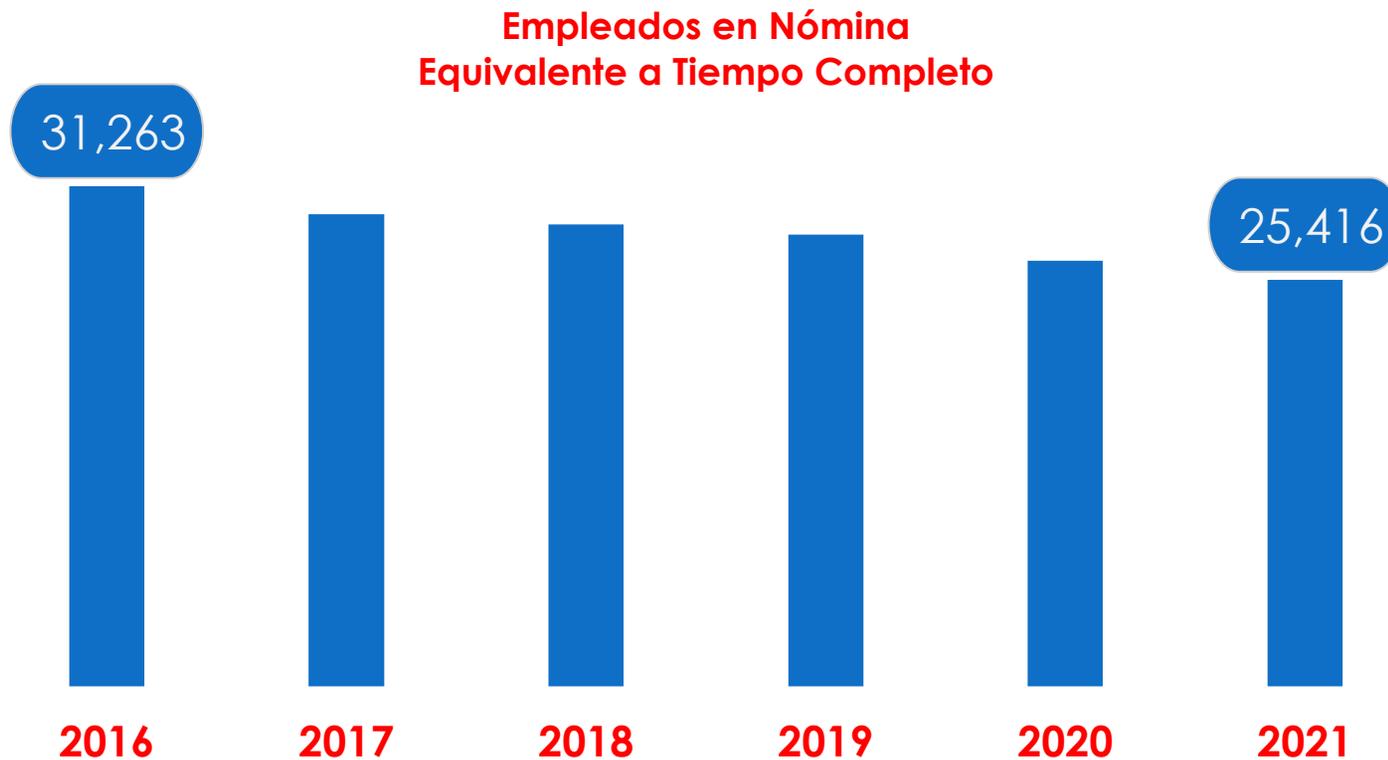
- Entre el 2014 y el 2022, los hospitales experimentaron una reducción en la utilización de más de 12 puntos porcentuales.
- Esto responde a un cambio en el modelo de manejo de pacientes de manera ambulatoria y los incentivos relacionados.

Tasa de Ocupación de Camas

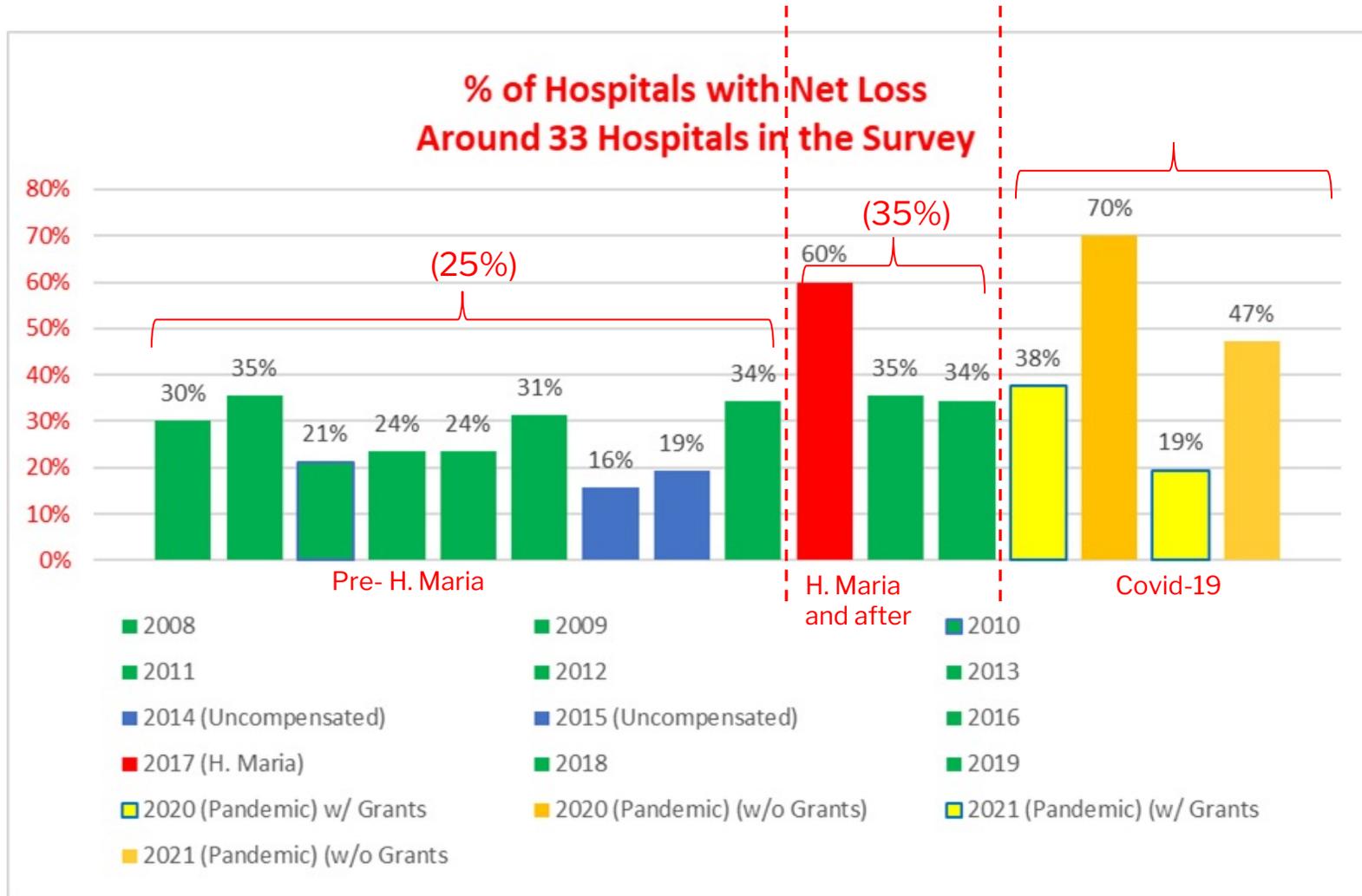


Los Hospitales cuentan con menos empleados

- Se han perdido casi 6,000 empleos desde el 2016 al 2021 en los hospitales de PR

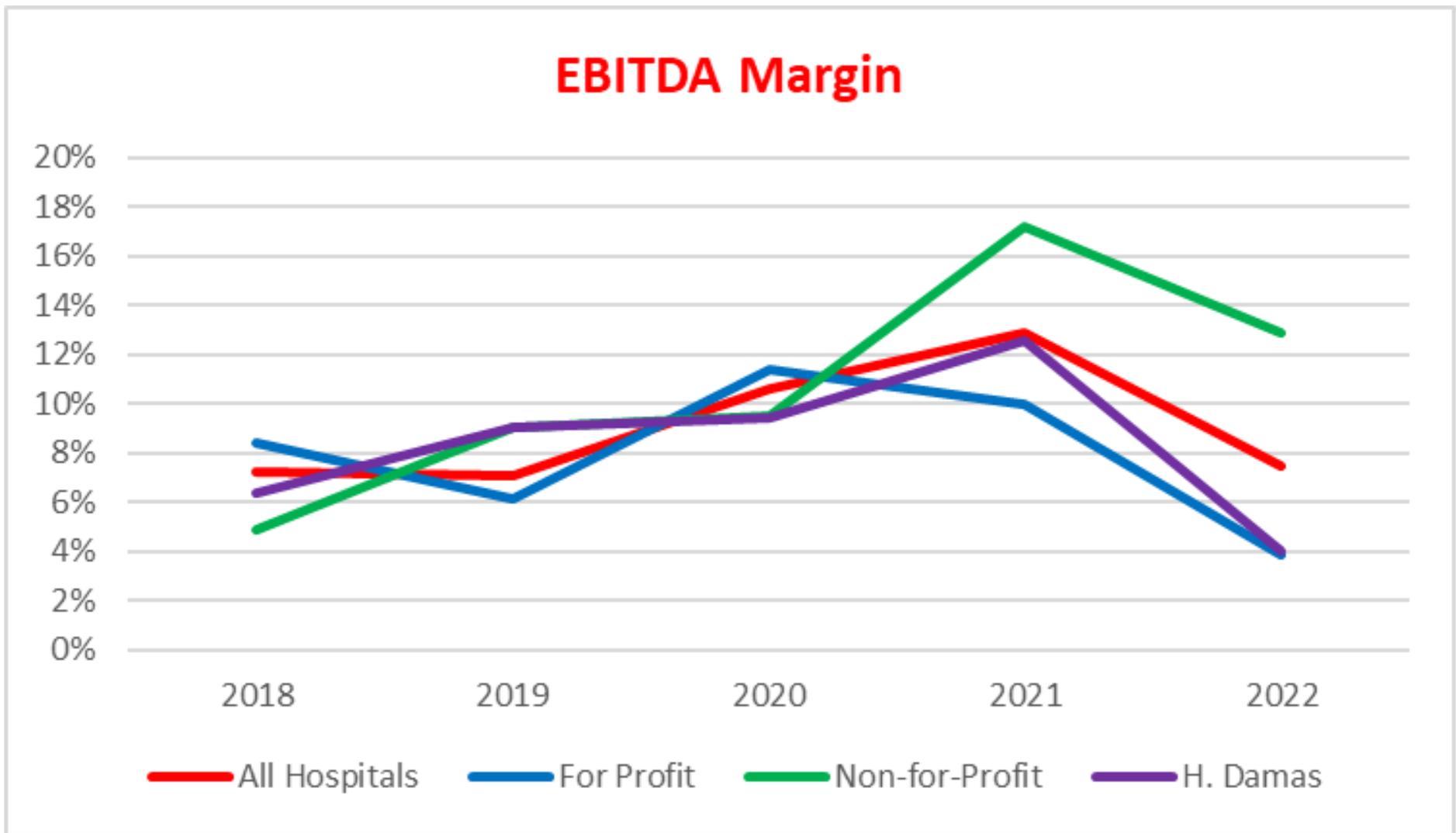


Hospitals' Historical Net Results

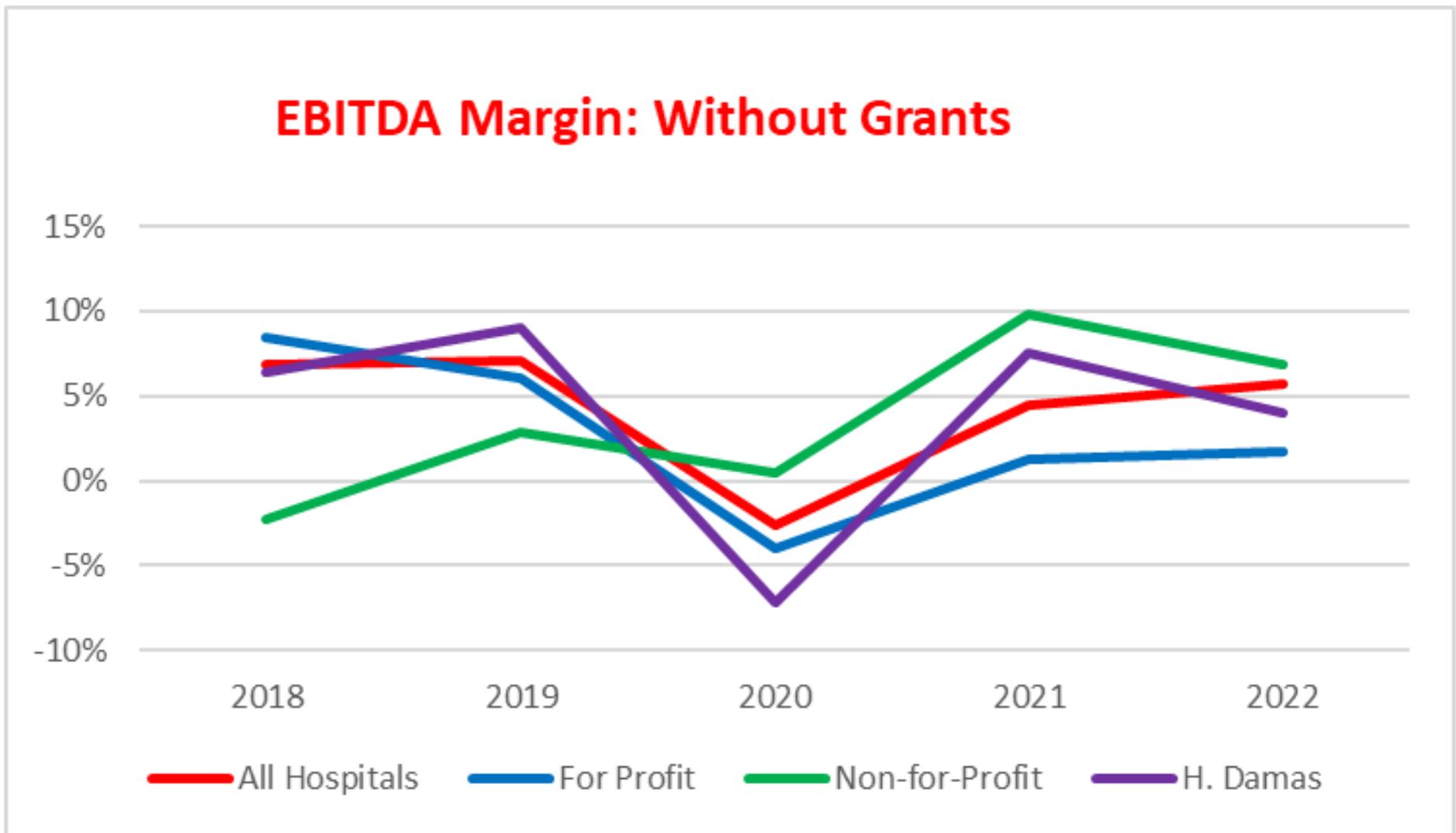


FY2022 with 35% of hospitals in loss position (13 out of 37 hospitals)

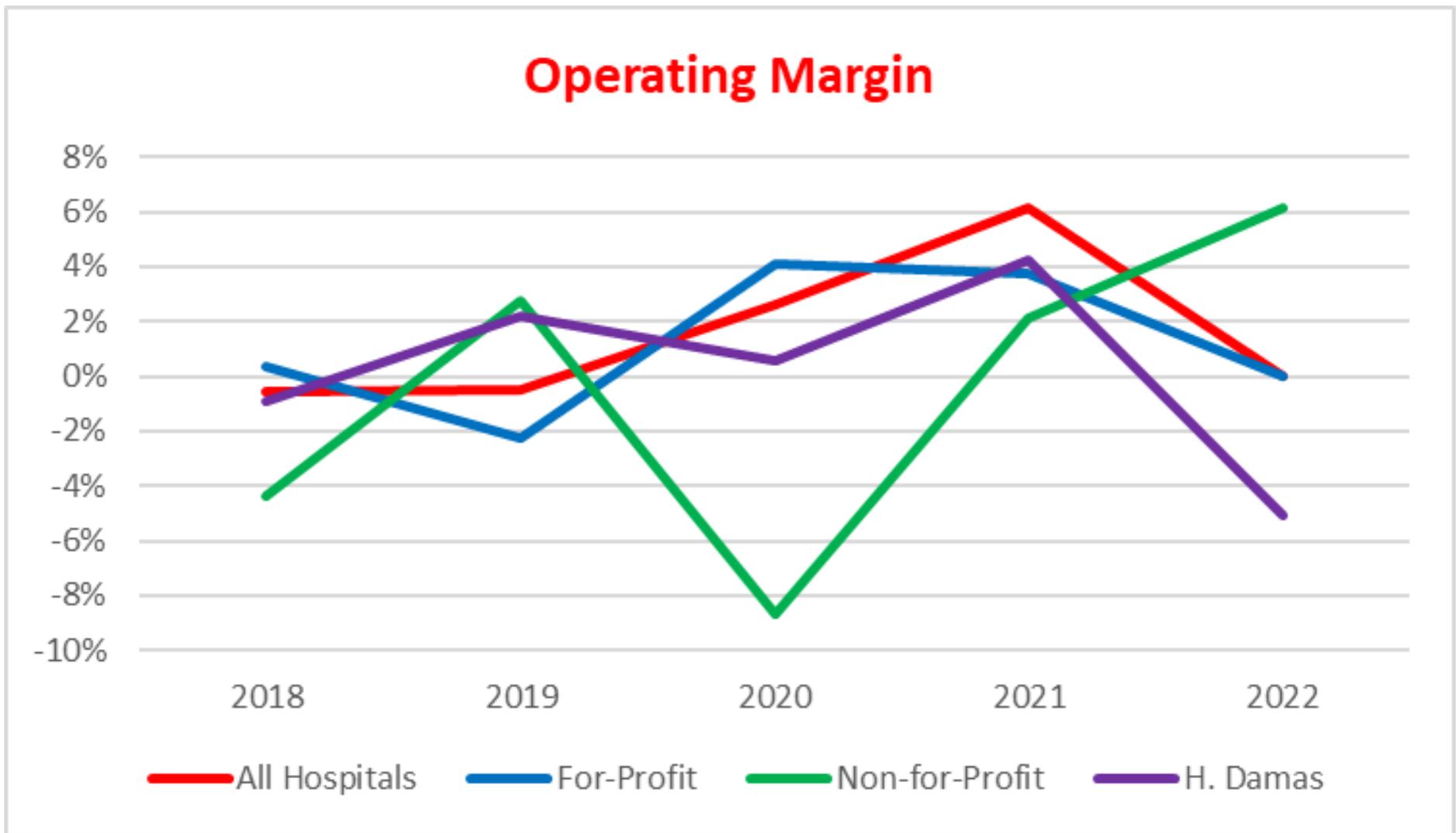
EBITDA Margin



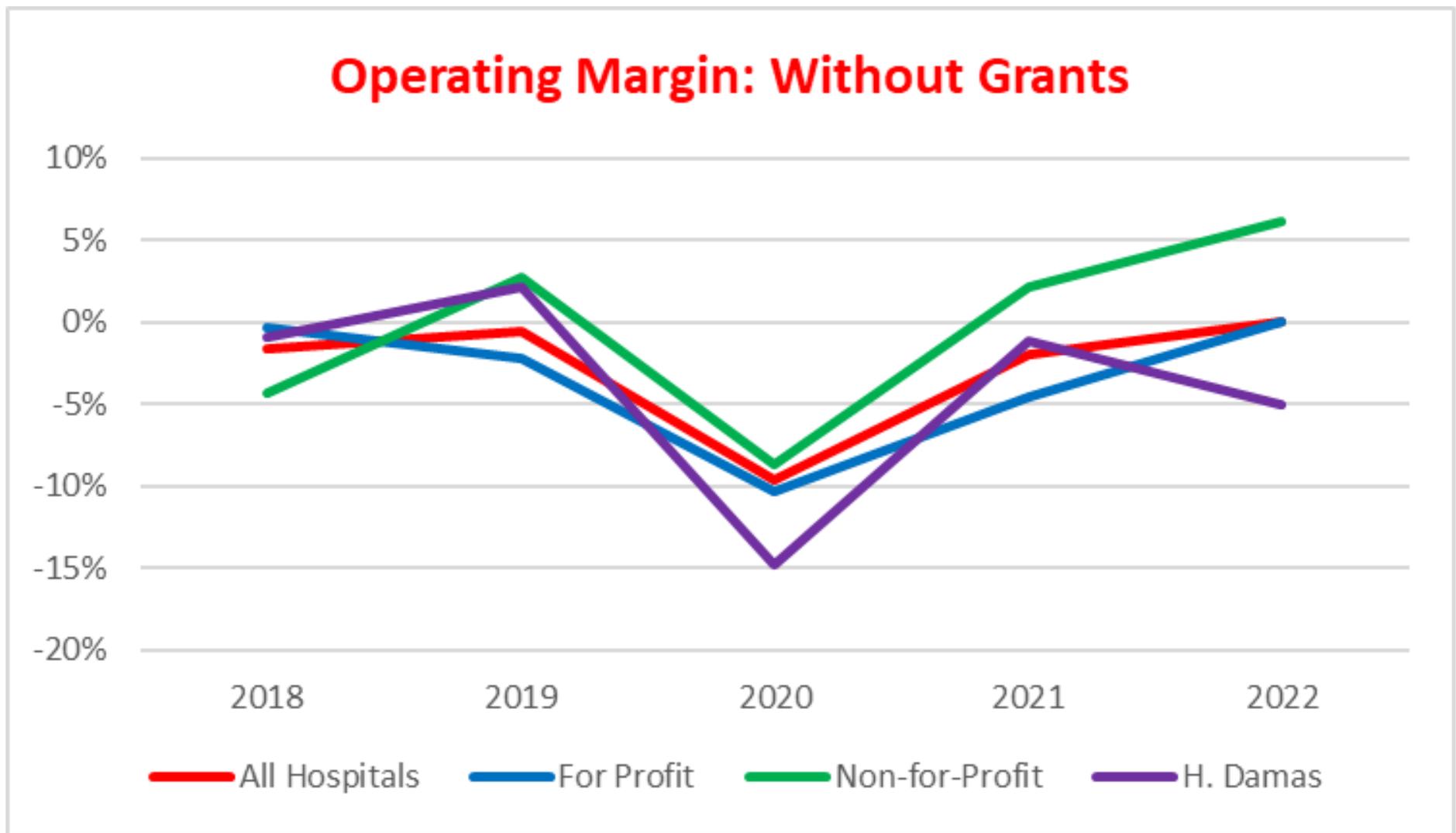
EBITDA Margin - excluding Grants



Operating Margin



Operating Margin - excluding Grants



Thanks!

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