



Financial Oversight and Management Board for Puerto Rico

PRESS RELEASE

For Immediate Release

OVERSIGHT BOARD ASKS GOVERNMENT FOR FISCAL IMPACT IN COMPLIANCE CERTIFICATION FOR ACT 47 ON HEALTH CARE

(San Juan, PR – August 30, 2017) – The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board” or the “Board”), created by Congress under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”), today notified the Governor and Legislature of Puerto Rico that the Compliance Certification issued by Government of Puerto Rico on August 1, 2017, regarding the recently passed Act 47, failed to provide the required formal estimate of the law’s fiscal impact.

Moreover, the Oversight Board noted that its preliminary analysis leads it to conclude that Act 47 is significantly inconsistent with the Fiscal Plan for the Commonwealth of Puerto Rico, adding that “based on the information currently available, it appears unrealistic to expect that Act 47 will not increase medical costs,” reads the Oversight Board letter.

The Board noted that PROMESA Section 204(a)(2)(A) provides that a compliance certification shall include a “formal estimate. . . of the impact, if any, that the law will have on expenditures and revenues.” Accordingly, the Board requested the government to provide a formal estimate of public health care expenditure impacts from implementing the law.

“The Island’s loss of significant federal health care funding adds to the pressures to reform the system for delivering much-needed care for the people of Puerto Rico. However, the Board believes that Act 47 will likely increase health care costs and impede the Commonwealth’s ability to develop effective managed care models that meet the health care savings goals required by the certified Fiscal Plan for getting Puerto Rico back on its feet,” said Natalie Jaresko, executive director of the Board.

“With health care costs rising three times faster than the rate of inflation, a complete overhaul of the public health care system is a social and economic necessity. The Government of Puerto Rico is working diligently on a new model to bend the cost curve and meet the nearly 30

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percent reduction in public health care expenditure required by the Fiscal Plan. Implementing value-based reforms that change the way both insurers and providers operate on the Island is essential for achieving structural balance and a return to growth,” Jaresko added.

A copy of the letter can be found [here](#).

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