



COMMONWEALTH OF PUERTO RICO  
OFFICE OF THE COMMISSIONER OF INSURANCE

## OVERVIEW OF THE ROLES AND RESPONSIBILITIES REGARDING

**MEDICARE and MEDICAID**



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# Topics

- **Office of the Commissioner of Insurance (OCI)**
  - OCI Authority
  - OCI Facts
- **Centers for Medicare & Medicaid Services (CMS)**
  - CMS Roles & Responsibilities
  - OCI Roles & Responsibilities
  - Complaint Management Diagram
  - Entities participating in **MEDICARE ADVANTAGE**
  - Entities participating in **PRESCRIPTION DRUG PLAN**
- **Current Issues**

## **OCI Authority**

**The OCI has the authority to regulate, supervise, and oversee the insurance industry in Puerto Rico.**

- **Examines and licenses, insurance personnel and companies.**
- **Advises the public and other government agencies about insurance issues.**
- **Regulates the commercial practices and advertising of the insurance industry in Puerto Rico to avoid unfair and deceiving practices.**
- **Investigates and resolves complaints.**

## **OCI Facts**

**Puerto Rico is member of two regulators organizations:**

- **The National Association of Insurance Commissioners (NAIC)**
- **The Association of Latin American Insurance Supervisors (ASSAL)**

## **OCI Facts**

- **As a result of the importance of the insurance industry in the economy of PR, the OCI is part of the Council of the Economic Development and Employment.**
- **The Commissioner of Insurance is part of the Board of Directors of The Puerto Rico Health Insurance Administration (ASSES) and the Board of Directors of the State Insurance Fund Corporation (CFSE).**
- **The OCI supervises, approximately, 300 domestic and foreign Insurers, 7 International Insurers, 17 HMOs, and nearly 9000 intermediaries (individuals and corporations).**

## **CMS Roles & Responsibilities**

- 1. Selection of MA Organizations (HMO or Disability Insurer)**
- 2. Coverage Design**
- 3. Marketing & Advertising**
- 4. Quality Control of Services**

## **OCI Roles & Responsibilities**

- **MA Organizations must be authorized by OCI as a Health Maintenance Organization (HMO) or Disability Insurer**
- **OCI must license every person who solicits, sell or market MA plans (Sales Representatives, Producers)**
- **Supervise in Coordination with CMS, according to Memorandum of Understanding and Agreement (MOU)**

## Memorandum of Understanding and Agreement (MOU)

***Promotes cooperation, supervisory coordination, and the sharing of information between CMS and OCI concerning the conduct of companies and persons engaged in Medicare Managed Care and Medicare Prescription Drug Benefit.***

## ***Memorandum of Understanding and Agreement (MOU)***

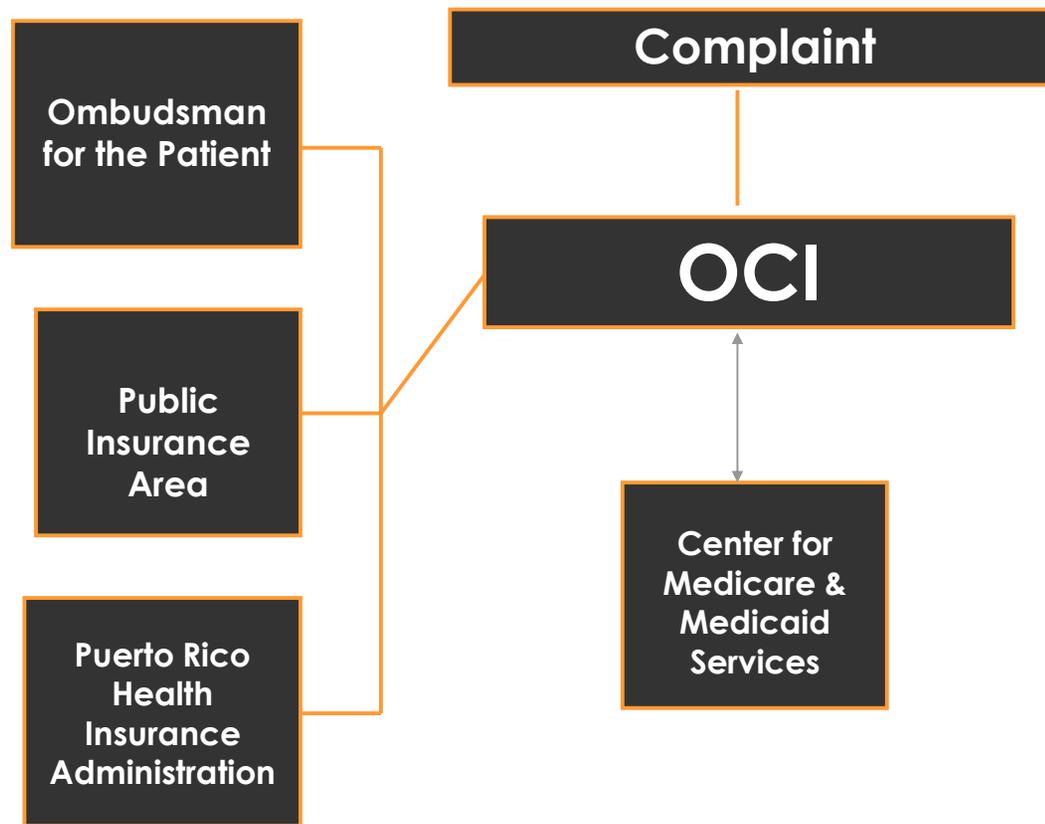
### **Information Sharing**

- **Routine Compliance Information.** Each entity agree promptly respond to requests regarding:
  - **complaints made by individuals or entities regarding a Regulated Entity or Person,**
  - **the safety, soundness, or financial condition of a Regulated Entity or Person,**
  - **preliminary information such as requests for corrective action,**
  - **other insurance activities.**

## Memorandum of Understanding and Agreement (MOU)

- **Enforcement Activities – CMS and OCI, on a discretionary basis, will notify each other of any enforcement activity.**
  - **pertaining a violation of either any CMS or OCI Rule or Regulation,**
  - **that might have a material impact on the financial condition or operations of the Regulated Entity or Person.**
- **Consumer Complaints**

## Complaint Management Diagram



DEPARTMENT OF HEALTH & HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES



**COMPLAINT INTAKE FORM**

1. Date of Complaint: \_\_\_\_\_ Initial \_\_\_\_\_ Follow-up \_\_\_\_\_

2. Type of Complaint: Part D \_\_\_\_\_ Medicare Advantage Plan \_\_\_\_\_ Traditional Medicare \_\_\_\_\_

3. Beneficiary Information:

A. Name: \_\_\_\_\_

B. Medicare #: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

C. Phone #: Home: \_\_\_\_\_ Work: \_\_\_\_\_ Cell: \_\_\_\_\_

D. Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

E. Email: \_\_\_\_\_

4. Complainant Information - Check if same as above ( )

A. Name: \_\_\_\_\_

B. Phone #: Home: \_\_\_\_\_ Work: \_\_\_\_\_ Cell: \_\_\_\_\_

C. Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

D. Email: \_\_\_\_\_

5. Plan Information:

A. Plan(s) name (s): \_\_\_\_\_

B. Plan number: \_\_\_\_\_

C. Date of Incident: \_\_\_\_\_

6. Summary of complaint: \_\_\_\_\_

7. Recommendation referral to: A. CMS \_\_\_\_\_ C. Commissioner of Insurance \_\_\_\_\_ E. Patients' Advocate Office \_\_\_\_\_

B. OIG \_\_\_\_\_ D. Other \_\_\_\_\_

8. Comments: \_\_\_\_\_  
\_\_\_\_\_

9. Signature of Referring Official:

Date Referred: \_\_\_\_\_ Agency: \_\_\_\_\_

10. Summary of Action Taken:

A. Referral Contact name: \_\_\_\_\_

Phone : ( ) \_\_\_\_\_

B. Date Referred: \_\_\_\_\_

C. Date Replied: \_\_\_\_\_

D. Summary: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date case closed: \_\_\_\_\_

PLEASE FAX THIS FORM WITH DOCUMENTATION TO: CMS 787.771.3689

For CMS Internal Use Only

Date Received: \_\_\_\_\_ Control Number: \_\_\_\_\_

CMS PRFO 04/06

## **Domestic Entities participating in **MEDICARE ADVANTAGE** and Prescription Drug Plan**

- 1. American Health, Inc.**
- 2. First Medical Health Plan, Inc.**
- 3. Humana Health Plan of Puerto Rico, Inc.**
- 4. MAPFRE Life Insurance Company**
- 5. MCS Advantage**
- 6. MMM Healthcare, Inc.**
- 7. Preferred Medicare Choice, Inc.**
- 8. SDM Healthcare Management, Inc.**
- 9. Triple-S, Inc.**
- 10. Pro Salud HMO Corp.**

**Entity participating in PRESCRIPTION  
DRUG PLAN only.**

1. Pharmacy Insurance Corporation of America (PICA)

## **Current Issues**

- ***Marketing Practices***
- ***Risk Based Capital (RBC)***
- ***Administrative Expenses***
- ***Accounting Reconciliation***

# Marketing Practices

- (Non Authorized) promotional material distributed in marketing events.
- Aggressive Marketing Practices.

# **RBC**

- **Chapter 45 of the ICPR approved on March 2008.**
- **The Law provides for a transition period for its implementation based on Premium Level.**
- **There are MA entities on Company and/or Regulatory Action Level.**
- **Concentration Factor produces RBC Issues (Diversification).**

# **Administrative Expenses**

- **Standards and Quality Control Requirements impose relative high administration expenses.**
- **Premium volume during initial years of operation will not necessarily be profitable.**
- **Entities need to optimize their operation.**
- **OCI will focus on examination of Administrative Expenses.**

# **Accounting Reconciliation**

- **MA Business generates high levels of Accounting Receivables relative to surplus.**
- **Confirmation of AR balances may be controversial.**
- **Reconciliation with CMS of Risk Factor Adjustment payments**

**Final Resolution of these items, in a per case basis may result in Surplus Deficiencies.**

# What's new at OCI?

- International & Offshore Insurance Center
- OCS Express
- Accreditation of OCI before the NAIC
- Liaison between NAIC and ASSAL
- Identification of laws and rules that no longer accomplish public policy objectives.
- Updates to the Insurance Code of Puerto Rico



