

(H.B. 708)

(No. 29)

(Approved July 1, 1997)

AN ACT

To amend subsection (d) of Section 11 of Article VI of Act No. 72 of September 7, 1993, as amended, known as the "Puerto Rico Health Insurance Administration Act", in order to establish a fixed system of municipal contributions to the Health Insurance Administration (ASES, Spanish acronym), using a percentage of its regular funds budget for the prior fiscal year as base, and to authorize the Municipal Revenues Collection Center (CRIM, Spanish acronym), to withhold the funds for this purpose and remit them to the Puerto Rico Health Insurance Administration; and to provide for the contracts awarded, and about the Municipality of San Juan.

STATEMENT OF MOTIVES

The Puerto Rico Health Insurance Administration, henceforth ASES, created by virtue of Act No. 72 of September 7, 1993, as amended, is responsible for implementing, administrating and negotiating, through contracts with insurers, a health insurance system which will eventually provide access to quality medical/hospital services to all residents of Puerto Rico regardless of the financial condition and ability to pay of those who may require them.

As part of this process, the abovementioned Act No. 72, establishes a mechanism so that the budget appropriation which the municipal governments have for direct health services in areas covered by health insurance shall be negotiated with the corresponding municipalities so that this item can be transferred to ASES. However, the transfer of these resources has not been conducted as expected.

In order to prevent this situation it is necessary to establish effective mechanisms which will guarantee that the participating municipalities comply with the transfers agreed upon and with those that have been established by law; besides providing for ASES to maintain adequate economic solvency. This Act clarifies the source and manner of payment of the accounts the participating municipalities have with ASES as of July 1, 1997. To such effects, Act No. 72, cited above, is hereby amended to establish a fixed system of municipal contributions to ASES, using a percentage of its regular funds budget for the prior fiscal year as a base, and the Municipal Revenues Collection Center is hereby empowered to withhold said contributions, from and after July 1, 1997, from regular funds pending remittance to the municipalities. This shall provide a guarantee for ASES to operate with greater fiscal solvency.

This mechanism is a result of the agreements adopted between the municipalities and ASES. According to it, the municipalities with a regular funds budget for fiscal year 1997-98 from zero (0) to ten (10) million dollars shall pay five percent (5%) of the total. Municipalities with budgets from ten million and one (10,000,001) to twenty-nine million (29,000,000) shall pay six percent (6%); from twenty-nine million and one (29,000,001) to thirty-nine million (39,000,000) shall pay seven percent (7%); from thirty-nine million and one (39,000,001) to forty-nine million (49,000,000) shall pay eight percent (8%); from forty-nine million and one (49,000,001) to fifty-nine million (59,000,000) shall pay nine percent (9%); from fifty-nine million and one (59,000,001) to seventy-nine million (79,000,000), shall pay ten percent (10%); from seventy-nine million and one (79,000,001) to eighty-nine million (89,000,000) shall pay twelve percent (12%); from eighty-nine million and one (89,000,001), to one hundred (100) million, shall pay fifteen

percent (15%); and from one hundred million and one (100,000,001) on, shall pay seventeen percent (17%).

Preliminary calculations indicate that around seventy (70) million dollars will be collected annually through the use of this formula.

This legislation renders ineffective the provision stating that municipal contributions shall be made on the basis of the municipal budget corresponding to fiscal year 1993-94. Henceforth, the contributions shall be made on the basis of the regular funds budget of each municipality, excluding the Special Surtax (CAE, Spanish acronym) and based on the regular funds budget of the previous fiscal year, therefore, the contribution of the municipalities shall be incremented as their budgets increase.

It is necessary to refer to the measure approved by this Legislature which amends Act No. 10 of May 24, 1989, as amended, known as the "Act to Authorize the Additional Lottery System".

The municipalities' share in the "Pega 3's" increase, which is estimated in around sixteen (16) million dollars for the next fiscal year, is hereby appropriated to ASES to be applied to the debt accrued from previous years and to cover the future cost increases due to inflation.

It is also provided that every contract granted between any municipality and the Administration on these contributions be automatically rescinded as of the effective date of this Act, and in the case of the Municipality of San Juan, it shall negotiate its share with the Health Insurance Administration, which must be ratified through an ordinance approved by the Municipal Assembly.

The mechanisms provided above, establish the means needed for the municipalities to meet their obligations in a planned and reasonable manner,

besides guaranteeing the necessary income to ASES to pay for the health insurance premiums and achieve the public policy set forth in the Health Reform.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Subsection (d) of Section 11 of Article VI of Act No. 72 of September 7, 1993, as amended, is hereby amended to read as follows:

"Section 11.- Financing of the Administration and the health insurance plan; other revenues.-

The health insurance plan established by this Act and the operating expenses of the Administration shall be defrayed as follows:

(a) ...

(d) The budget appropriation for direct health services of the municipal governments in areas covered by health insurance shall be based on the percentages set forth in the following Table of the Regular Funds Budget of the municipalities, excluding the Special Surtax (CAE, Spanish acronym) and using as a base the regular funds budget of the previous fiscal year, from and after July 1, 1997.

0	- 10,000,000 = 5%
10,000,001 - 29,000,000	= 6%
29,000,001 - 39,000,000	= 7%
39,000,001 - 49,000,000	= 8%
49,000,001 - 59,000,000	= 9%
59,000,001 - 79,000,000	= 10%
79,000,001 - 89,000,000	= 12%
89,000,001 - 100,000,000	= 15%
100,000,000 - and over	= 17%

The Municipal Revenues Collection Center, henceforth CRIM, shall prorate from the monthly remittances a sufficient amount to cover the contribution corresponding to each municipality according to the percentages established above. From and after July 1, 1997, it shall withhold said amount from any regular funds

pending remittance to the municipalities and shall remit it to the Health Insurance Administration on or before the tenth day of each month.

Every contract granted between any municipality and the Administration concerning these contributions, shall be automatically rescinded upon the effective date of this measure.

The Administration shall notify CRIM of all those payments received from the municipalities so that they may be credited to future payments remitted by CRIM to the Administration.

In the case of the Municipality of San Juan, it shall negotiate its contribution with the Health Insurance Administration and ratify the same through an ordinance issued by its Municipal Assembly. This negotiation shall not be based on the system of contributions established in this measure.

(e) ...

Section 2.- This Act shall take effect immediately after its approval.

November 9, 1998

José A. Figueroa-Lugo, Director of the Office of Legislative Services of the Legislature of Puerto Rico, hereby certifies to the Secretary of State that he has duly compared the English and Spanish texts of Act No. 29 (H.B. 708) of the 1st Session of the 13th Legislature of Puerto Rico, entitled:

AN ACT to amend subsection (d) of Section 11 of Article VI of Act No. 72 of September 7, 1993, as amended, known as the "Puerto Rico Health Insurance Administration Act", in order to establish a fixed system of municipal contributions to the Health Insurance Administration (ASES, Spanish acronym), using a percentage of its regular funds budget for the prior fiscal year as base, and to authorize the Municipal Revenues Collection Center (CRIM, Spanish acronym), to withhold the funds for this purpose and remit them to the Puerto Rico Health Insurance Administration; and to provide for the contracts awarded, and about the Municipality of San Juan,

and finds the same are complete, true and correct versions of each other.

José A. Figueroa-Lugo