

# **Transformations of public healthcare services in Puerto Rico from 1993 until 2010**

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## ***Abstract***

On 1993, the Government of Puerto Rico had been providing direct healthcare services for 50 years. Because of raising costs of technology, the government decided to stop financing direct healthcare transforming its role to one of an insurer. It has been 18 years since the approval of the Healthcare Reform of 1993 and the question is; Has the Government achieved all the objectives of the Healthcare Reform?. Using case study and comparative analysis a design was produced to achieve an effective assessment of the Healthcare Reform. Since the government is still a direct provider of healthcare services and has not achieved a reduction of the public healthcare expenditures associated with the healthcare sector the objectives of the Healthcare Reform of 1993 have not been met. It can be concluded that the objectives of the Healthcare Reform of Puerto Rico have not been met, thus making it a failure.

## ***Keywords***

Healthcare Reform, Puerto Rico, Health Expenditures, Government, Public Health

## ***Introduction***

According to Arbona [1] a visit from Dr. John B. Grant to Puerto Rico, on 1953 allowed him and other government officials to draft the Puerto Rico Health Regionalization Project, which would divide the island in five regions for which a Health Levels Project would be established. The idea was that each municipality would have a Diagnostics and Treatment Center in which primary care would be given to the citizens, these centers would specialize in Emergency Medicine and Ambulatory processes. Should the patient need more specialized attention he or she would be transferred to a Secondary Health hospital, in which more specialized care was provided. If the process needed by the patient included surgery; the patient would go to a Third Level Hospital, also known as Regional Hospitals. If the attention needed was one that required surgery and other attentions such as therapies, exercises or close follow up, the patient would be sent to the Medical Center of Puerto Rico, also known as the Medical Supreme Court of the island, in which all the necessary services were available, this level is also known as the Over

Third Level Health. From the visit of Dr. Grant the regionalization system remained mostly intact until the year 1992 in which a Health Reform was presented as a promise to the people of Puerto Rico by the candidate to the Governor's seat, Dr. Pedro Rosselló. On November 1992, he was elected over then Governor Rafael Hernandez Colon, it was time for a government reform; specially a Healthcare Reform.

In 1993, the Puerto Rican Government, under the leadership of Dr. Pedro Rosselló, approved the first total overhaul of the Public Health Care System in Puerto Rico. This according to Maldonado [2] was a bid from the Puerto Rican government to be treated as the other states of the nation that were given more federal funds from federal programs such as Medicaid and Medicare. The death of the Clinton Administration's Healthcare Project lead to problems in the implementation of the Healthcare Reform; the major being the lack of funding from the Federal Government to the local government. Dr. Curet Cuevas [3] expresses that then Governor Rosselló decided to pursue the Healthcare Reform, "with federal funds or without them". That is why, the government approved the Puerto Rico Health Insurance Administration Act of 1993 (PRHIA Act) turning the health care reform into a reality. The objectives of the Puerto Rico Healthcare Reform of 1993 included: 1) containing the growth of government spending in the health area; 2) eliminating the dual system of providing medical and hospital services; and 3) transforming the role of government from one of direct provider of services to an insurer and regulator of health services. These three objectives were supposed to tackle the structural problems of the previous system. The first objective would cut government spending through a privatization process; the second and third objectives would also reduce the government spending and also limit the government participation on the healthcare provision. The second objective also would try to equilibrate the access to healthcare services; in the previous system private insurance holders would be able to access the private healthcare system and the public healthcare system while uninsured persons could only get service on the public system. As for the third objective, the government would use the liberated funds and the profit coming from the privatization process to provide a healthcare insurance to the more than 50% of the population who used to get service from the public healthcare system and who had no health insurance.



(a) Healthcare Regions as established by the PRHIA Act of 1993

The Puerto Rico Health Insurance Administration Act of 1993 divided the island in eight regions (a) for which health insurers should submit healthcare insurance proposals from which the PRHIA would select the one who fit the region's needs. The regions included municipalities that had similar demographic indicators, these were: San Juan (1), Metro North (10), Northeast (10), East (11), South-central (12), Southwest (7), North (12) and West (15). From now on public policy would be focused on preventive education on a regional basis.

## ***2. Transformations of the public healthcare system as consequence of the healthcare reform***

As it was discussed previously, since the 1950s the government of Puerto Rico had been providing healthcare services to the population through a Public Healthcare Hospital System developed as part of the Health Regionalization Project [4]. The transformations can be studied in terms of the objectives the healthcare reform proposed. The first objective would be accomplished by an aggressive privatization initiative that would transfer the public managed facilities: Diagnostics and Treatment Centers, Regional Hospital, Area Hospitals and Medical Center to the private sector. Having transferred these facilities would mean the government would not have to keep healthcare professionals on their payroll, thus allowing a decrease in the health sector expenditures. The second objective would also depend on the success of the privatization initiative; this was the way in which the dual system (public-private) would become just a private system. The third objective would be true after the privatization process finished, thus

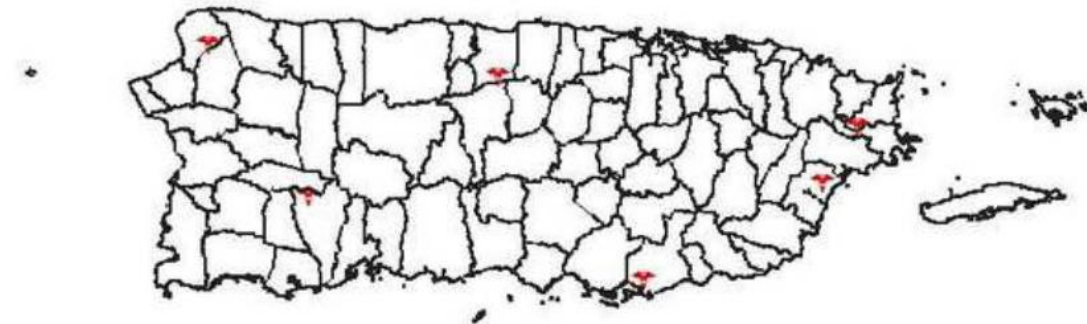
allowing the government to focus their efforts on becoming a health insurer and a health promoter.

### ***3. Size and Economic Indicators***

In 1993 the public healthcare system was composed of 78 Diagnostics and Treatment Centers (Primary Healthcare) one for each municipality, 6 Area Hospitals (Secondary Healthcare), 7 Regional Hospitals (Third Level Healthcare) and one Medical Center that took care of all situations beyond the third level of healthcare.



(b) Diagnostics and Treatment Centers as of 1993



(c) Area Hospitals as of 1993



(d) Regional Hospitals as of 1993



(e) Medical Center as of 1993

The Medical Center is the biggest complex of healthcare in Puerto Rico and is still under total control of the government, the call for private sector companies to assume the control of this facility has been unsuccessful. The distribution presented on the maps started to change after 1993 as part of a privatization process in which the government sold these facilities to the private sector. The objective was to privatize the whole system, as of 2010 this has proven to be a difficult task as the government still controls almost half the public healthcare system and some Municipal Governments have assumed the cost of the health centers. Some of these centers were closed due to cost-effectiveness decisions taken by the private sector owners. The status of these centers on 2010 will be presented in: Table 1 for Diagnostics and Treatment Centers and with maps for Area Hospitals, Regional Hospitals and for the Medical Center.

Table 1 Registry of Diagnostics and Treatment Center as of 2010					
Public		Private	330 Centers	Special Agreement	Closed
Municipality	Administrator	Municipality	Municipality	Municipality	Municipality
Adjuntas	Health Department	Aibonito	Barceloneta	Culebra	Aguada
Añasco	Municipal Gov.	Arroyo	Camuy	Dorado	Aguas Buenas
Canóvanas	UPR	Barranquitas	Ciales	Florida	
Cataño	Municipal Gov.	Cabo Rojo	Lares	Luquillo	
Cayey	Municipal Gov.	Ceiba	Loíza	Lajas	
Coamo	Dep. Salud	Cidra	Morovis	Maricao	
Comerio	Municipal Gov.	Corozal	Quebradillas	Rincón	
Guánica	Municipal Gov.	Gurabo		Vega Alta	
Guayanilla	Municipal Gov.	Hatillo		Vega Baja	
Isabela	Municipal Gov.	Hormigueros			
Jayuya	Municipal Gov.	Juana Díaz			
Juncos	Municipal Gov.	Las Marías			
Maunabo	Municipal Gov.	Naranjito			
Naguabo	Health Department	Orocovis			
Patillas	Health Department	Peñuelas			
Río Grande	Municipal Gov.	Salinas			
Sabana Grande	Municipal Gov.	San Germán			
Santa Isabel	Health Department	San Lorenzo			
Toa Alta	Municipal Gov.	San Sebastian			
Toa Baja	Municipal Gov.	Utua			
Trujillo Alto	Municipal Gov.	Villalba			
Vieques	Health Department				
Yabucoa	Health Department				

**Table 1 Registry of Diagnostics and Treatment Center as of 2010**



(f) Area Hospitals as of 2010

A comparison between figure (c) and figure (f) shows that one Area Hospital was lost as a consequence of the privatization process.





(g) Regional Hospitals as of 2010

A comparison between figure (d) and figure (g) shows that one Regional Hospital was lost as a consequence of the privatization process. The facility is now being used for administrative offices.

Table 2 Hospital Beds for healthcare institutions		
Facility	Beds in 1993	Beds in 2010
Aguadilla Hospital	230	153
Yauco Hospital	186	105
Manatí Hospital	250	250
Guayama Hospital	161	115
Fajardo Hospital	180	166
Humacao Hospital	250	0
Mayagüez Regional Hospital	199	157
Ponce Regional Hospital	427	355
Arecibo Regional Hospital	138	138
Bayamón Regional Hospital	401	101
Caguas Regional Hospital	373	149
San Juan Regional Hospital	450	224
Carolina Regional Hospital	250	217
<b>Total Hospital Beds</b>	<b>3495</b>	<b>2130</b>

Table 2 Hospital Beds for healthcare institutions

As a result of cost-effectiveness decisions some facilities administrators decreased the number of beds in the facilities and while they remain open, they now serve less population than in 1993. The size of the healthcare sector can be measured or estimated with the Hospital Beds Rate, which presents an index of how many beds are available per 1,000 citizens. On 1993 this ratio was 3.74, as a consequence of the healthcare reform this ratio reduced to 2.66, meaning fewer beds are available for Puerto Rico citizens

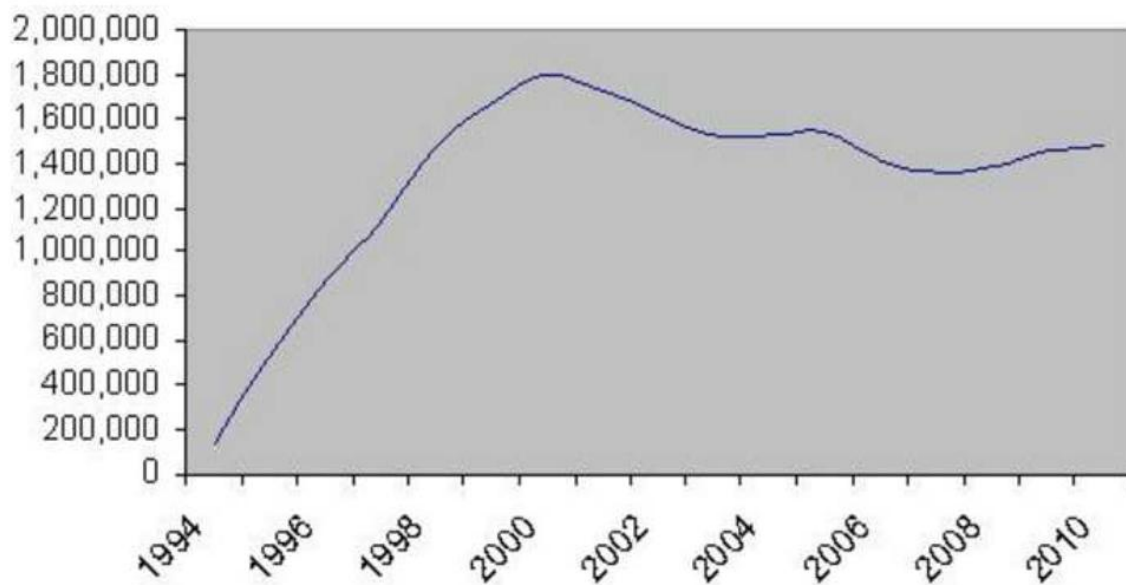
contradicting the spirit of more access to healthcare services for the whole Puerto Rican population.

(h) Public Expenditures for the Healthcare Reform

(i) Public Expenditure for the Healthcare Reform as proportion of the GDP

Figure (h) presents the increase in public expenditures for the Health Care Reform as of 1993. These public expenditures also have increase when they are calculated as proportion of the Gross Domestic Product as it can be seen in figure (i). The trend that public healthcare expenditures for the case of Puerto Rico present, are the same as the one found on countries in process of development [5].

#### ***4. Health Insurance for the people***

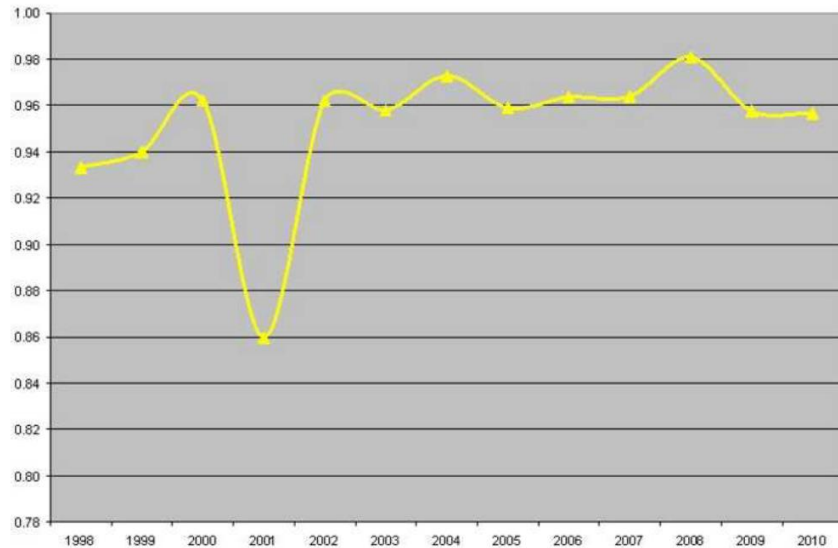


(j) Public Healthcare Insurance Beneficiaries

According to official data from PRHIA, this is the trend of persons who have gotten health insurance from the government (j). From 1994 until 2000 the government started adding regions. Since plain numbers do show how many persons have gotten Healthcare



Insurance from the government, it could be interesting to see what these numbers mean in terms of proportion. That is why the author has calculated the proportion of beneficiaries divided by the proportion of eligible citizens.

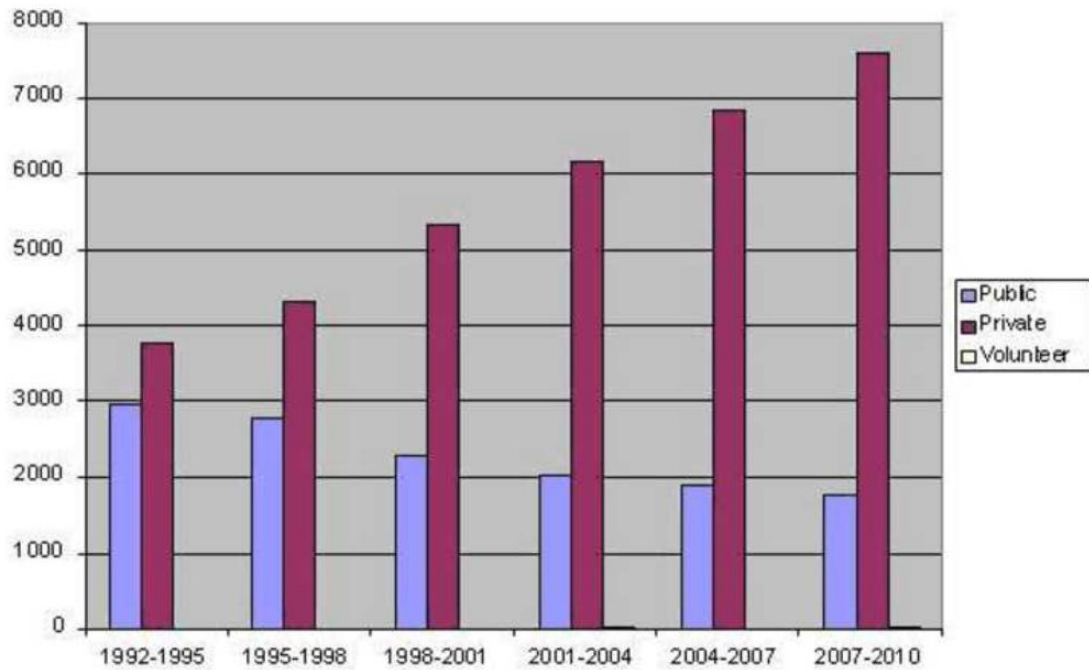


(k) Index of Use for Public Healthcare Insurance

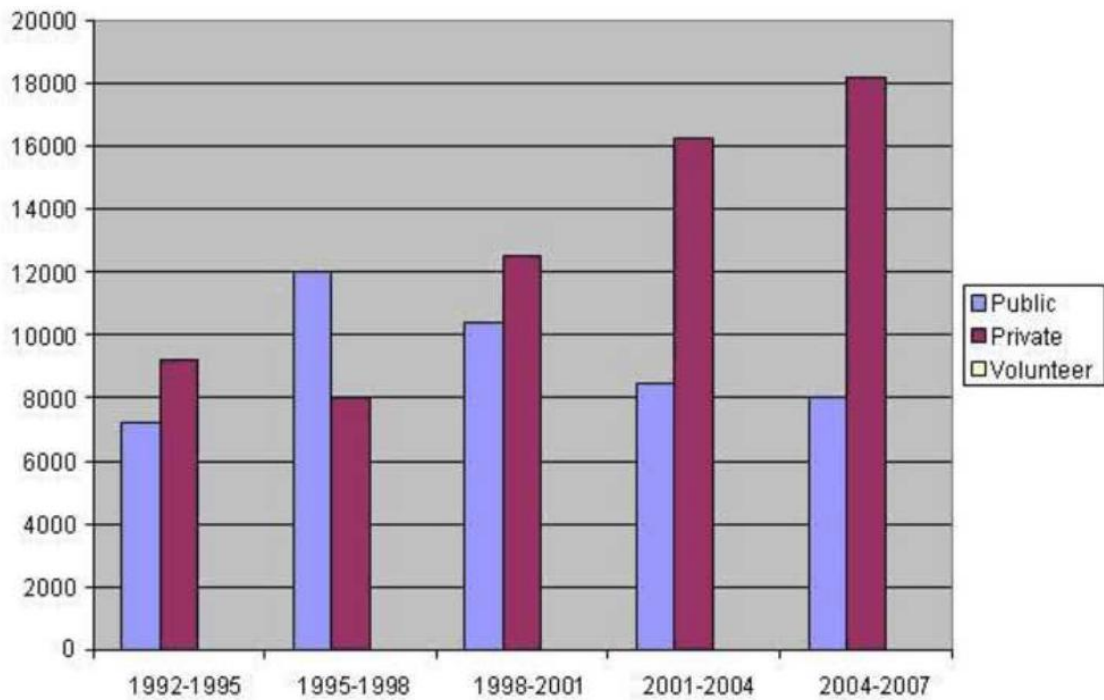
The index of use shows that the proportion has been high since the approval of the Puerto Rico Healthcare Reform. For the year 2001, the government issued an order to review the benefits of public healthcare insurance and the index fell to .85 which is still a high number of beneficiaries.

### ***5. Public Health Employment***

To study the impact of the privatization process on the government payroll in terms of the health sector data was obtained [7] [8] [9] [10] [11] from the Puerto Rico Health Department on the number of M.D. and nurses on it.



(l) Physicians by sector



(m) Nurses by sector

As figures (l) and (m) show, the government continues contracting physicians and nurses, but on a lower proportion to 1992 which means the objective of liberating resources from

the government by means of transferring public health sector professionals to the private sector has not been accomplished.

## **6. Conclusions**

1. The government has not reduced nor prevented the increase in public healthcare expenditures; it has transformed them from a direct provision of services and payroll expenses to financing a healthcare insurance for the indigent and medical-indigent. The public healthcare expenditures show the same trends as the ones found in Latin America.
2. The government keeps contracting physicians and nurses to provide direct services to the population in the facilities that the government controls.
3. After 18 years of a healthcare reform the government has not been able to eliminate the dual system, there are still Diagnostics and Treatment Centers, Hospitals and the Medical Center being funded by the government. In fact, the government has taken back some facilities that were privatized on the beginnings of the healthcare reform.
4. The availability of health services can be questioned since there are less hospital beds and hospital centers on Puerto Rico after 18 years of a healthcare reform.

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