

Interview: Ángela Weyne, Insurance Commissioner of Puerto Rico



21.09.2015

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Puerto Rico's healthcare insurance market is the first in Latin America in terms of penetration and sixth in terms of premium volume. Ángela Weyne, Insurance Commissioner of Puerto Rico, discusses how recent amendments to the Affordable Care Act (ACA) have been implemented locally, how she is spurring healthy competition among insurers, and its plans for the future.

What are your main responsibilities with regard to healthcare insurance?

Puerto Rico's insurance market's premium volume is approximately USD 10.2 billion; it is the first in Latin America in terms of penetration rate and sixth in terms of volume. As regards healthcare, the premium volume is \$6.6 billion. We overview and regulate only private healthcare insurance, and as regards Medicare Advantage companies, we review their solvency and licensing of authorized representatives. We divide the healthcare insurance industry into two segments: insurance companies and health-maintenance organizations (HMOs). The government insurance program "Mi Salud" does not fall under our jurisdiction.

How has the ACA been implemented in Puerto Rico?

The island was exempted from implementing the mandate (the requirement to buy insurance or pay a fee) and from receiving subsidies. Last year we were also excluded from six other dispositions of the ACA, which had already been implemented, so we actually are complying with them. Two of the dispositions excluded are the Essential Health Benefits, which insurance providers are compelled to offer at no dollar limits on every plan, and Guaranteed Availability of Coverage, meaning you cannot be denied coverage for any reason other than the ability to pay. Locally we decided to keep Guaranteed Availability as it protects consumers' rights to be insured.

To ensure consumers can have access to alternative plans, recently we have submitted legislation so people who do or cannot pay for a medical plan featuring the Essential Health Benefits can at

least have access to alternative products even though an HMO or Insurer that wants to participate must also offer at least two products that are in compliance with EHB. The idea is to provide the consumer, who in Puerto Rico is not compelled to have health insurance, with more alternatives. We hope to see it approved soon, as it is something that is for the benefit of the consumer.

Puerto Rico does not pay federal income tax, but pays social security. What do you think about the announced caps on Medicare and Medicaid?

In my opinion caps have been totally discriminatory. For the first time this year, HMOs lost money due to the cuts and health insurance taxes. Even though Puerto Rico does not have the same healthcare benefits through the ACA as in the US, we have to pay the health insurance tax, which amounts to more than USD 100 million and hits industry and consumers, who eventually are the ones paying it. As a matter of fact, if you look at the numbers, CMS has announced an 11 percent decrease for 2016 for Medicare Advantage companies in Puerto Rico, whereas on the mainland these companies are enjoying a three percent increase. The Governor has appointed a task force, which is currently in discussions with the US Department of Health and Human Services to review this. Let's see what happens.

What do you think are the most attractive characteristics of Puerto Rico's health insurance market?

First of all, the well-defined and robust regulation in place is very attractive. People from the insurance industry prefer to operate in jurisdictions which have a well-defined regulatory framework, as is definitely the case in Puerto Rico, but most importantly these regulations protect the rights of the consumer. Also, we are not only a member of the Latin American Association of Insurance Supervisors (ASSAL), but also an accredited member of the US-based National Association of Insurance Commissioners (NAIC). This means insurers that operate on the island have the same parameters for solvency and comply with high standards of conduct as counterparts in the United States.

You were appointed Commissioner in January 2013. What has been your main objective for the health insurance market since then?

The main objective was to have health insurance products accessible to all Puerto Ricans, so everybody could have access to medical care, be it through the state-run health coverage plan "Mi Salud" or through a private plan. This continues to be our objective also today, even though our jurisdiction is only over private commercial plans.

The Office of the Commissioner of Insurance of Puerto Rico also has an International Insurance Center (IIC). What are its main priorities?

The IIC was created in 2004 to position Puerto Rico as an important arena for international insurance. Due to the many advantages of this jurisdiction, Puerto Rico is a logical portal for insurers and reinsurers wishing to enter into the Latin American insurance and financial industries, with direct access to the US and other international markets. The IIC provides international insurers with tax and regulatory incentives to come to Puerto Rico and export their services from here.

Does this reflect a renewed trend for Puerto Rico to look south instead of north?

Absolutely. We have identified a number of reasons why Latin America is an interesting and natural expansion market, such as cultural affiliation and language. Also, most Latin American economies are growing at an interesting rate and the region has a growing segment of high-income individuals, an interesting target segment for insurance products. Last but not least, Latin America is an

underpenetrated market. Several operational plans, such as captive insurance for instance, are not present yet in the region, so it offers opportunity for growth. The idea is to penetrate the markets from the top to slowly move downwards.

By the time you have finished, what would you like to have achieved during your tenure?

By the end of my tenure, I hope we can achieve what we have implemented for the auto insurance industry, meaning a large number of companies offering compulsory liability insurance accessible to the consumer in an efficient way and the protection of consumer rights in the purchase of auto insurance. Indeed, health cannot be compared to the auto insurance business as margins are much lower, but we are interested in spurring healthy competition to favor the consumer. We have amended our Health Insurance Code to comply with the ACA, a big project we had to complete in a very short period of time. We have grown the IIC by 300 percent. We have implemented a system of monthly reports to ensure timelines in our endeavors. We have automated reporting for our regulated entities, increased the number of examinations on an annual basis – we have the first NAIC-accredited examiner – today 40 percent of our people are in some kind of designation program from the NAIC – and have strongly promoted consumer rights. I would like to see a solvent insurance industry that is complying with all of its responsibilities and to see the IIC contributing to the economy of Puerto Rico.

**How would you assess the development of Puerto Rico from an economic perspective?
Where do you see the most interesting opportunities coming from?**

The economy of the island has not grown in recent years. Nonetheless, the insurance industry has not been hit by the downturn as much as other industries. It is a solid and conservative industry, which offers stability. Given the high penetration of insurance, the market cannot grow unless the economy grows. Yet, the IIC has grown significantly, thus exports definitely offer the greatest potential for growth.

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