GOBIERNO DE PUERTO RICO
Autoridad de Asesoría Financiera y
Agencia Fiscal de Puerto Rico

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The PR Government Effectively Faced the Expiration of Medicaid Funds

SAN JUAN, P.R. -The Government of Puerto Rico took a series of steps to address the expiration of the *Medicaid* federal funds and the commencement of the *pay as you go* pension plan model, given the insolvency of the Retirement Systems, with several measures to improve its liquidity, stated the Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (FAFAA), Gerardo Portela.

The funds were granted by the *Patient Protection and Affordable Care Act*.

The measures to anticipate and address the expiration of funds included: a forbearance agreement reached with the State Insurance Fund Corporation (CFSE, by its Spanish acronym), the Automobile Accident Compensation Administration (ACAA, by its Spanish acronym) and the Temporary Non-Occupational Disability Insurance (SINOT, by its Spanish acronym) producing an increase in liquidity of $423 million. Additionally, payments to suppliers were adjusted pursuant to the Puerto Rico Fiscal Plan, certified on March 13, 2017, which resulted in a liquidity increase of $150 million.

Portela also affirmed that $46 million of revenues subject to *claw back* were retained in accordance with Act 5-2017, better known as the Puerto Rico Financial Emergency and Fiscal Responsibility Act and collections of the General Fund improved by $74 million.

According to the Director of FAFAA, collections not projected of $90 million were receive by various agencies, such as the Office of the Insurance Commissioner, the Department of Labor and Administration for Child Support (ASUME, by its Spanish acronym).

Federal Funds programs surpassed the amount forecasted by $33 million; and there were other positive variance in miscellaneous net inflows of $43 million.

"These measures represent an improvement in liquidity of $859 million compared to the balance projected in the Fiscal Plan of $291 million as of June 30, 2017, resulting in a liquidity balance of $ 1.15 billion, on the May 26, 2017 report", explained Portela.

"These measures are extraordinary and non-recurrent. Their implementation do not represent that the Government of Puerto Rico is in a better financial position. Rather, they show the financial planning the Government of Puerto Rico has undertaken to face two monumental challenges during the next fiscal year: the insolvency of the Retirement Systems and the reduction in healthcare federal funds. Moreover, we are protecting the most vulnerable sectors of our society which has been the lodestar of this Administration", expressed the Executive Director.

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