

## OMB warns that health, public safety spending on the rise

With Budget vs. Actual system online, however, Pavía vows to keep spending within budget limits

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Government cost increases in the areas of health and public safety are expected this fiscal year, but Office of Management & Budget (OMB) Director Juan Carlos Pavía told CARIBBEAN BUSINESS that he expects government spending to remain on budget for the year.

Commenting on the first Quarterly Budget Review for fiscal year 2012 (July-September), released by the administration of Gov. Luis Fortuño to investors last week, the OMB chief said he expected to cover any increases in the two areas by “reshuffling funds” from other areas of the budget. He lauded the implementation of a Budget vs. Actual accounting (BvA) system, which provides him with real-time expenditure reports from government agencies and will increase his office’s ability to ensure

the government stays on budget.

“We’ve had some changes to large government programs, and we thought it prudent to let the market know about these developments,” Pavía said. “There will be some additional expenditure, but nothing that will be material enough to go over budget. We will probably be doing some shuffling of resources within the budget.”

The quarterly budget report indicated that the public safety and health programs carry risks because they “are undergoing operational reforms that were not considered during the preparation and formulation of the budget.”

The Police Department is in the process of implementing a series of recommendations made in a recent U.S. Department of Justice report, which found systematic and widespread failings and called for major reforms within the department. The OMB is currently “evaluating the budgetary impact of implementing the recommended changes.”

Pavía told CARIBBEAN BUSINESS that any additional police spending deemed necessary would be offset by cuts elsewhere in the budget.

Meanwhile, the budget report also notes that the Health Insurance Administration (ASES by its Spanish acronym) faces probable spending increases because Triple-S is entering the Mi Salud healthcare program for the poor as a third-party claims administrator (TPA) rather than a full-risk insurer. That means the government, rather than the company, carries the risk for any financing shortfalls.

He also said changes were being made to the Mi Salud program to “mitigate overuse” of the program.

Pavía said the new BvA system is allowing him to maintain much tighter control of agency spending and take proactive measures at the first hint that an agency is drifting off budget. ■

