

**Committee on Energy and Commerce**  
**Member Day Hearing**  
**July 13, 2021**

**Statement of the Hon. Jenniffer A. González Colón (PR at L)**

Good morning, Chairman Pallone and Ranking Member McMorris Rodgers.

Before I continue, I want to personally thank you for working to reach a deal to provide funding for Puerto Rico's Medicaid program for the next five years. Reaching this agreement in a bipartisan manner greatly increases the chances that it will arrive at the President's desk prior to the end of the fiscal year, thus providing our Medicaid beneficiaries with the assurance that they will not lose their healthcare coverage, and healthcare providers with the assurance that they will be reasonably compensated for the services they provide. This agreement is further proof of the commitment that the leadership of this Committee has repeatedly shown in dealing with the many discriminatory policies resulting from our territorial status and leveling the playing field while Statehood for Puerto Rico becomes a reality.

That said, I thank you for the opportunity to testify before this Committee and lay before you several ways in which the territorial status of Puerto Rico is negatively affecting my constituents' access to healthcare, and to provide the Committee with suggestions as to how to correct these situations. I also want to share with you my proposal to help eliminate the danger to our public health and to our national security posed by the manufacturing of pharmaceuticals, biologicals, and medical devices in foreign countries.

As this Committee is aware, unlike the States for which federal Medicaid spending is open-ended, Puerto Rico can access federal dollars only up to an annual ceiling. Despite Congress' intent to provide sufficient funding for Puerto Rico's Medicaid program when it raised the annual ceiling in 2019, it is estimated that we will exhaust all federal funding by September 1st and that we will face a shortfall in excess of \$106 million by September 30. I urge this Committee to provide funding to cover this shortfall in the next appropriate legislative vehicle to be considered.

Over the years, Medicare Advantage (MA) has grown to become a cornerstone health care program for patients and providers in Puerto Rico. More than 600,000 seniors in Puerto Rico are covered by MA, representing more than 75% of the territory's Medicare beneficiaries (the highest MA penetration in the nation and the 8th largest MA population in the United States); this number includes more than 280,000 dually-eligible seniors, for whom Medicare is essential in light of the limitations of Puerto Rico's Medicaid program. Even though my constituents pay the same Medicare payroll taxes as do yours, enduring federal payment disparities are severely affecting the Medicare program on the Island.

MA rates in Puerto Rico are shockingly low. The 2022 average MA base payment rate for Puerto Rico (\$616 per member per month) is 23% below the rates in the neighboring U.S. Virgin

Islands; 37% below the rates in Hawaii, the next lowest State; and 41% below the national average MA rates. As a matter of fact, today, CMS reimburses Puerto Rico plans approximately \$1 billion less than it did in 2011 – contrary to the trend across the Nation. As MA penetration in the States continues to grow, more and more counties will find themselves in the position that Puerto Rico finds itself in today.

I introduced HR 1969, the Medicare Advantage Integrity Act (MAIA) to correct this situation, not just in Puerto Rico but in all areas where increased MA penetration begins to artificially decrease MA base payments. This bill would establish a 0.70 Adjusted General Average floor to help stabilize MA base payment rates in any county with an average base payment rate under this benchmark. The bill would also support providers by requiring at least half of this additional funding to be used to increase provider payments. I ask this Committee to consider HR 1969, as a way of stabilizing Puerto Rico's healthcare system and of preventing other counties in the States from suffering our same fate.

The COVID-19 pandemic has underscored that health security is essential to our national security. In 2019, the FDA estimated that 40% of finished medications and 80% of active pharmaceutical ingredients were manufactured overseas, mainly in China and India. 85% of medicines in the U.S. Strategic National Stockpile use some component that comes from China. In addition, most API manufacturing sites for medical countermeasures for use against biological, chemical, and radiation threats, as well as for influenza, anthrax, and plague are located outside of the United States, with China as the main foreign location. Because of China's role as a global supplier of generic PPE, medical devices, antibiotics, and API, the pandemic resulted in shortages of critical medical supplies in the United States.

In response to this, I introduced HR 2653, the MMEDS Act, to provide tax incentives for current and repatriated manufacturing operations in "distressed zones", which are areas of high poverty and prevalent unemployment throughout the Nation, where the federal investment can yield an additional, positive impact on the local economy. The bill would provide a dollar-for-dollar credit against federal taxes to domestic corporations for the wages paid and capital investments made in distressed zones, and for purchases made by a manufacturer from within a distressed zone. By directly tying incentives to job creation and maintenance, capital investments, and purchases within an economically distressed area, we ensure that money is spent, and economic activity is generated rather than stay in corporate pockets.

During the last Congress, this proposal enjoyed bipartisan and bicameral support and, garnered the support of the Government of Puerto Rico and of health organizations such as the American Heart Association. I urge the Committee to consider the MMEDS Act as part of a comprehensive national supply chain policy to preserve both our national security and our public health.