CONGRESSWOMAN JENNIFFER GONZÁLEZ-COLÓN

PUERTO RICO - AT LARGE

Committee on Energy and Commerce
Subcommittee on Health

STRENGTHENING HEALTH CARE IN THE U.S. TERRITORIES FOR TODAY AND INTO THE FUTURE

Statement of the
Hon. Jenniffer A. Gonzalez Colon
Member of Congress (PR-At Large)

A healthcare expert once asked "What is Medicaid all about? It's staying true to the mission: to care for people historically left behind."[1] Medicaid protects impoverished children, the frail elderly and people in crisis. But Medicaid is about to leave behind the 1.6 million Americans in the territories whose healthcare depends on this program. I thank the Committee for acknowledging this impending crisis and for holding this hearing to raise awareness of this issue.

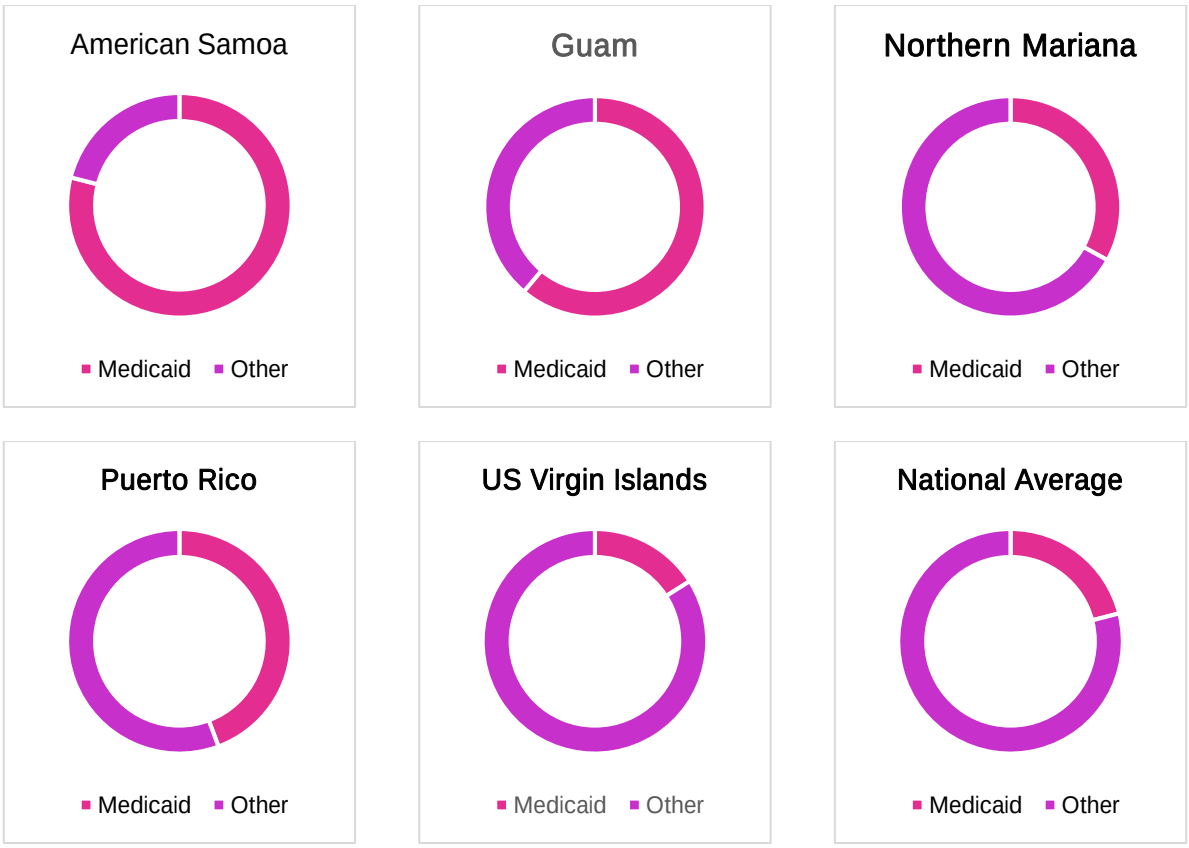
In 2017, 1.6 million Americans living in the territories were enrolled in Medicaid. That breaks down to 79% of the population of American Samoa, 21% of the population of Guam, 33% of the population of the Northern Mariana Islands, 47% of the population of Puerto Rico, and 16% of the population of the U.S. Virgin Islands.[2] The national average enrollment for the States and the District of Columbia was 21%.[3]

---

1 Risa Lavizzo Mourey, former CEO of the Robert Wood Johnson Foundation.

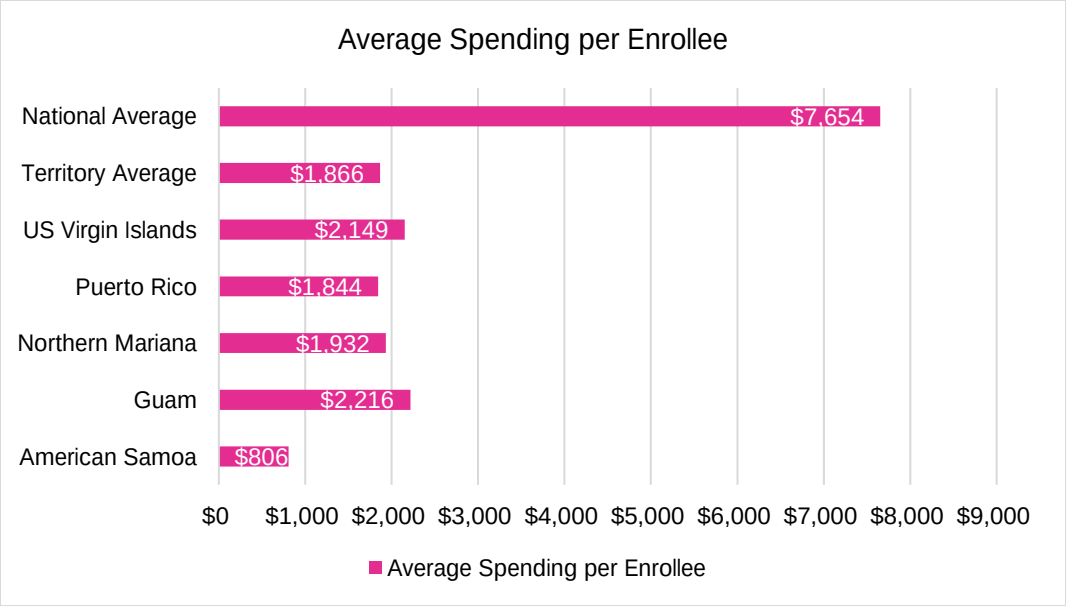
2 MACPAC Fact Sheet, MEDICAID AND CHIP IN THE TERRITORIES (March 2019), available at https://www.macpac.gov/wp-content/uploads/2019/03/Medicaid-and-CHIP-in-the-Territories.pdf.

3 Kaiser Family Foundation, Health Insurance Coverage of the Total Population (2017), available at https://www.kff.org/other/state-indicator/total-population/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D; K. Buderi, MACPAC MANDATED REPORT, MEDICAID IN PUERTO RICO, Medicaid and CHIP Payment and Access Commission (October 25, 2018), available at https://www.macpac.gov/wp-content/uploads/2018/10/Mandated-Report-Medicaid-in-Puerto-Rico.pdf.



During that same year, the Medicaid program spent an average of $1,866 a year per territory enrollee. The national average (excluding the territories) was $7,654 per year per enrollee.[4]

[4] MACPAC, MACSTATS:MEDICAID AND CHIP DATA BOOK, Exhibit 23. Medicaid Benefit Spending per Full-Year Equivalent for Newly Eligible Adults and All Enrollees by State, FY 2017 (December 2018), available at https://www.macpac.gov/wp-content/uploads/2017/12/EXHIBIT-23.-Medicaid-Benefit-Spending-per-Full-Year-Equivalent-Enrollee-for-Newly-Eligible-Adult-and-All-Enrollees.pdf.



How does this happen? Are territorial enrollees healthier? Are healthcare costs in the territories so much lower than they are in the mainland? The answer to the later questions is, "No. Quite the opposite." And the answer to the first is hard to hear: the territories are subject to a discrimination in healthcare programs to an unprecedented degree that not only affects the healthcare delivery system for the underprivileged and needy, but also destabilizes the availability of healthcare for all residents in all the territories.

Medicaid in the territories is subject to a statutory Federal Matching Percentage (FMAP). The FMAP for the States varies annually relative to each State's per capita income and, in 2017, ranged from 50% to 75%, with an average national FMAP of 61.5%.[5] The FMAP for the District of Columbia is set by statute at 70%, but without this exception, it would be at the statutory minimum of 50%. The FMAP for the territories is permanently set by statute at 55%, but in contrast to DC, if the formula used to determine the FMAP for the States were applied to Puerto Rico, the federal government's matching share would increase to the 83% program maximum.

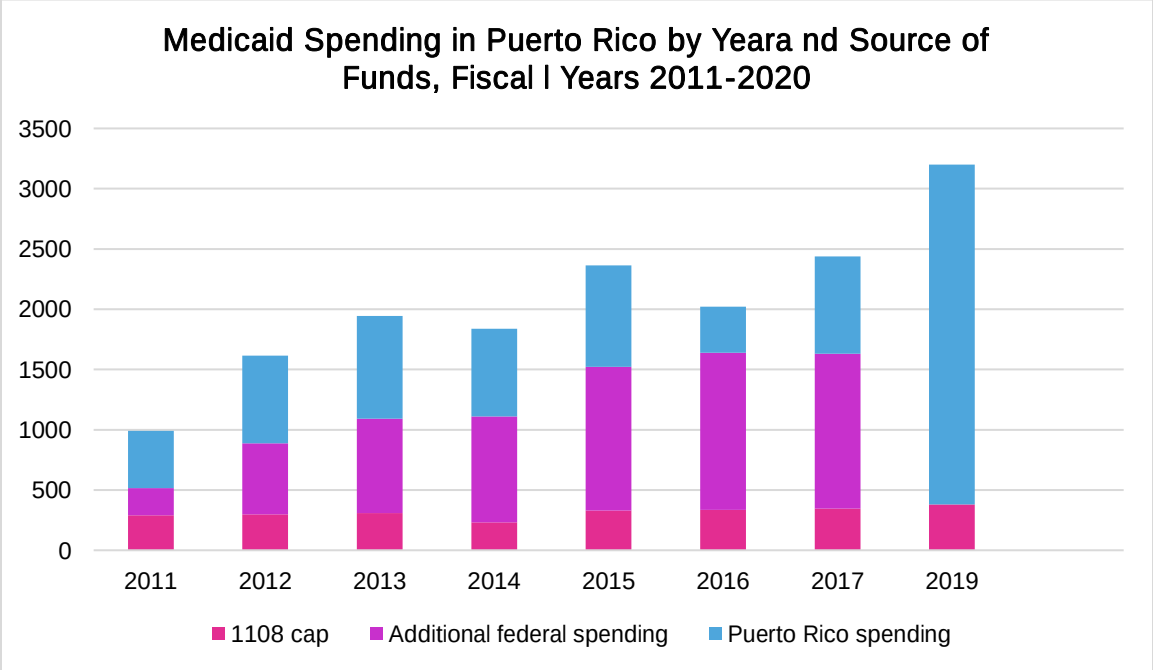
For the 50 States and DC, Medicaid provides a guarantee of federal matching payments with no pre-set limit. However, annual federal funding for Medicaid in the territories is subject to a statutory cap set in 1968, which increases annually with a medical component of consumer price index. Once a territory exhausts its capped federal funds, it no longer receives federal financial support for its Medicaid program during that fiscal year.

---

[5] MACPAC, MACSTATS:MEDICAID AND CHIP DATA BOOK, Exhibit 6. Federal Medical Assistance Percentages and Enhanced Federal Medical Assistance Percentages by State, FYs 2015–2019 (December 2018), available at https://www.macpac.gov/wp-content/uploads/2018/04/EXHIBIT-6.-Federal-Medical-Assistance-Percentages-and-Enhanced-Federal-Medical-Assistance-Percentages-by-State-FYs-2015%E2%80%932019.pdf.

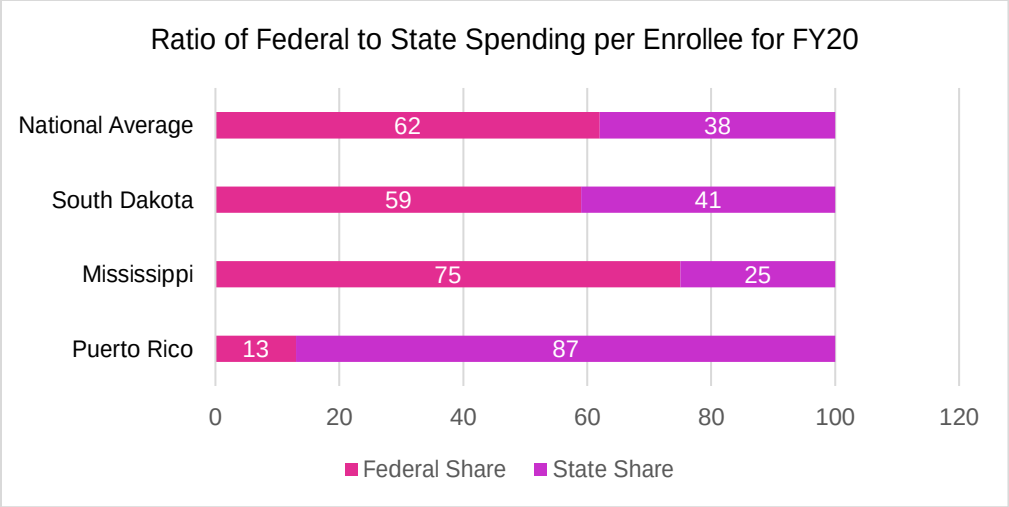
In 2011, the Affordable Care Act granted the territories an additional $8.25 billion in federal funds for their Medicaid programs *in lieu* of establishing a health insurance marketplace. The additional funding for each territory ranged from $109.2 million for the Northern Mariana Islands to $6.325 billion for Puerto Rico and was available to be drawn down between July 2011 and September 2019.

Since 2011, federal Medicaid spending in Puerto Rico has exceeded the statutory cap by using the funds available under the Affordable Care Act. These funds were depleted by February 2018.



Congress acted to avert a crisis in Puerto Rico's Medicaid Program with a temporary increase in the federal cap of $2.959 billion for FY18-19 in the CONSOLIDATED APPROPRIATIONS ACT OF 2017. Moreover, as a result of the state of emergency caused Hurricanes Irma and Maria in 2017, we again increased the federal cap to $4.8 billion with 100% FMAP through FY19 to keep Puerto Rico's Medicaid program operational. All these additional sources of federal funding for Puerto Rico's Medicaid program will expire by September 30, 2019.

For Puerto Rico, the Medicaid cap set by statute for FY20 will be approximately $375 million, with no additional source of federal funding available. To put this into perspective, this means a federal spending level of $285 per enrollee in Puerto Rico, as compared to $7,672 per enrollee in Mississippi (the State with the highest percentage of its population living under the poverty level); $7,942 per enrollee in South Dakota (the State with the most similar FMAP); and $7,654 per enrollee nationally.



It also means that Puerto Rico will exhaust its federal Medicaid allotment in the first three months of FY20, and will bear the expense in excess of 85% of the federal program, placing additional pressure on sparse territory resources.

On April 12th, I introduced H.R. 2306: the P.R. MEDICAID ACT OF 2019 as an immediate fix while we work on a long-term solution. This bill eliminates the 55% statutory FMAP, in favor of the application of the formula applicable to the States.; currently, the FMAP would be 83%. It also provides for a more realistic statutory cap, taking into account the total projected expenditures of close to $3.2 billion for FY20 and FY21. From FY22 and thereafter, this new statutory cap would be increased by the cost of living index, to provide for inflation. This is not the ideal fix, but it is a workable fix.

Each territory is affected by this inequitable treatment in healthcare funding in individual ways and— other than full equality for all Americans in all federal healthcare programs regardless of their jurisdiction of residence— there is no one-size-fits-all territorial solution. However, all of our Medicaid programs— as currently conceived— are unsustainable, treat Americans in the territories like second-class citizens, and place financial pressures upon local resources to an extent not otherwise placed on any State. This underfunding contributes to larger systemic problems, including lower provider reimbursement rates and provider shortages. It creates a constant state of uncertainty for the local government, for the patients, and for healthcare providers with regards to the viability of the program.

We are here today to listen to each territory talk about the fragile state of their Medicaid programs due to the lack of adequate funding. I trust that these testimonies will help my colleagues to understand the urgent need for action. If we fail to act with the expediency that the situation requires, the provision of healthcare in all the territories will be severely affected, with far reaching repercussion for the rest of our Nation.