



THE PARTNERSHIP FOR MEDICAID

June 20, 2019

The Honorable Mitch McConnell
Majority Leader
S-230, U.S. Capitol
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
S-221, U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
H-232, U.S. Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
H-204, U.S. Capitol
Washington, DC 20515

Dear Leader McConnell, Leader Schumer, Speaker Pelosi and Leader McCarthy,

On behalf of the Partnership for Medicaid—a nonpartisan, nationwide coalition of health care providers, safety-net health plans, counties and labor—the undersigned organizations wish to express our concern about the impacts of the impending Medicaid “fiscal cliff” on beneficiaries and providers in the U.S. territories, including American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.

Unlike the states, the federal medical assistance percentage (FMAP) for Medicaid payments to U.S. territories are statutorily prescribed and do not take into consideration per capita income. As such, Medicaid programs in the territories are underfunded compared to their state counterparts. Temporary Medicaid funds from the *Affordable Care Act* (ACA) and subsequent legislation in 2017 and 2018 provided critical health care support in the territories, but the vast majority of these funds expire at the end of this fiscal year. Legislation to offset the end of these temporary federal Medicaid funds must pass before September 30. Otherwise the impacts to the territories’ budgets, coverage, and patients’ health will be severe.

Nearly half of Puerto Rico’s 3.2 million residents receive health coverage through Medicaid. If additional federal funds aren’t provided, hundreds of thousands of Puerto Ricans’ health care coverage will be at risk. If Congress does not act to extend Medicaid funding, the FMAP would revert to the statutorily mandated 55 percent level for most of the Medicaid program with a federal Medicaid funding cap of approximately \$380 million. This level of federal support for Puerto Rico’s Medicaid program is not sustainable, as it is projected to cover only a fifth of the funding needed during fiscal year (FY) 2020. Should Puerto Rico be limited to its statutory cap of \$380 million at the FMAP of 55 percent for FY 2020, federal funding of Puerto Rico’s Medicaid would last only three months without cutting benefits—which are already limited to begin with—or disenrolling beneficiaries from the program.¹

¹ Rudowitz R, Hall C, Lyons B. (2019). “Medicaid Financing Cliff: Implications for the Health Care Systems in Puerto Rico and USVI.” Kaiser Family Foundation.

Although Puerto Rico would experience the biggest shortfall, all territories would face challenges should the ACA funds be allowed to expire without a replacement. This unique Medicaid funding system for territories leads to more stringent Medicaid eligibility limits, less comprehensive Medicaid benefits and low payments to health care providers.

We urge Congress to act ahead of the September 30 deadline to address the pending Medicaid fiscal cliff. Recent disaster relief packages under consideration by Congress have failed to address this issue. We encourage both chambers to come together to address the short-term and long-term Medicaid financing challenges in the territories.

If you have any questions, or if the Partnership can be helpful as you consider this issue, please contact Shelby King, First Co-Chair of the Partnership for Medicaid, at (202) 655-4902 or sking@aafp.org.

Sincerely,

American Academy of Family Physicians
American Academy of Pediatrics
American College of Obstetricians and Gynecologists
American Dental Association
Association for Community Affiliated Plans
Association of Clinicians for the Underserved
Catholic Health Association of the United States
Children's Hospital Association
Easterseals
National Association of Community Health Centers
National Association of Pediatric Nurse Practitioners
National Council for Behavioral Health
National Health Care for the Homeless Council
National Rural Health Association
The Jewish Federations of North America

cc:

The Honorable Chuck Grassley, Chairman, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
The Honorable Frank Pallone, Chairman, House Committee on Energy and Commerce
The Honorable Greg Walden, Ranking Member, House Committee on Energy and Commerce