



**Senator Justo S. Quitugua, M.Ed.**  
Chairman: Health, Education, and Welfare  
Chairman: Resources, Economic Development and Programs  
Vice President of the Senate

22<sup>nd</sup> Northern Marianas Commonwealth Legislature – The Senate  
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March 16, 2021

The Honorable Frank Pallone  
Chairman  
Committee on Energy and Commerce

The Honorable Cathy McMorris Rodgers  
Ranking Member  
Committee on Energy and Commerce

The Honorable Anna Eshoo  
Chairwoman  
Subcommittee on Health

The Honorable Brett Guthrie  
Ranking Member  
Subcommittee on Health

Dear Congressional Leaders:

**Averting A Crisis: Protecting Access to Health Care in the U.S. Territories**

The Commonwealth of the Northern Mariana Islands (CNMI) Legislature became aware that an important hearing on “Averting A Crisis: Protecting Access to Health Care in the U.S. Territories” is planned for March 17. We, the undersigned representatives of the House of Representatives of the CNMI Legislature, would like to offer testimony on the matter.

It is vitally important that our Territory be funded in the same way as States and for the Medicaid eligible U.S. citizens of the Territory to be treated no different than any other Medicaid eligible citizens in the States.

The House Health Committee description of the hearing – “The U.S. territories are once again facing a fiscal cliff that, if crossed, would endanger access to health care services for millions of Americans” and that “Congress has a responsibility to ensure that the Medicaid programs in the territories continue to receive the resources and support they need to care for their residents. This is especially critical right now as they work with limited resources to respond to the COVID-19 pandemic” – is absolutely correct and the CNMI Legislature encourages the U.S. Congress to correct the inequities between States and Territories in the Medicaid program.

In testimony before Congress on the Medicaid Fiscal Cliff by the Medicaid and CHIP Payment and Access Commission (MACPAC), the major differences between the States and Territories is in the financial treatment.

The funding levels in Section 1108 of Title XIX, as shown in the latest report of the Medicaid and CHIP Payment and Access Commission (MACPAC) reported in February 2021 shows the extent to which the section 1108 caps are insufficient to meet the needs of health care for the Medicaid population in the Territory. Further, it is vitally important that the Congress apply the Federal Medical Assistance Percentage (FMAP) using the same formula that is applied



to determination of the FMAP for States. The elimination of the section 1108 cap and the application of the same methods of Medicaid financing will help to enable the Medicaid program in the CNMI to provide the same level of care and services to the Medicaid eligible citizens in the states, ensure that the health system and providers are reimbursed appropriately for the care provided, and enable the Commonwealth Medicaid Agency to plan and manage the program. The House of Representative of the CNMI sincerely hopes that the U.S. Congress will correct the unequal treatment.

Our Legislature became well-informed of the Medicaid program over the past three years as a result of a major typhoon in 2018 that devastated the island and its tourism-based economy, the depletion of the additional budgeted amounts under the Patient Protection and Affordable Care Act (ACA), and the emergence of the COVID-19 pandemic and attendant economic consequences.

The Legislature, in 2019, saw the monumental importance that the U.S. Congress was holding first-time hearings to address the “Medicaid Fiscal Cliff” resulting from the inequity in the way Medicaid is financed between States and Territories. The Legislature further recognized that the Territory would fairly expect to administer and manage the Medicaid program as the States do.

In 2019, the CNMI Legislature

“The Legislature further finds that the U.S. Congress may require that the Commonwealth Medicaid program to submit data to the "Transformed Medicaid Statistical Information System" and establish a Medicaid Fraud Control Unit as a condition to the increased funding for the Medicaid program. To achieve this objective, the Medicaid Agency may need to fully implement a "Medicaid Management Information System" as all other states and the U.S. territories of Puerto Rico and the Virgin Islands have already accomplished.

...

Accordingly , the purposes of this legislation are to: (a) recognize, establish, and organize the Medicaid Agency as an agency in the Executive Branch of the CNMI; (b) direct the agency to plan, design , implement, and operate Medicaid Enterprise Systems that includes, among others, the ability to efficiently and effectively process claims for Medicaid services and submit data to the T-MSIS or replacement system as may be required; (c) establish a claims and clinical data warehouse, and promote health information exchange; and, (d) provide a community health record system that would enable beneficiaries to see their medical information.

The Legislature unanimously passed SB 21-28 and the Governor signed the bill into law as PL 21-28 on May 22, 2020.

Further, in the FY 2020 budget appropriations law (PL 21-35), the Legislature specifically established a “MES and Compliance” budget code into the Medicaid budget to highlight the importance of compliance and the need to make reasonable and appropriate



progress to implement Medicaid Enterprise Systems and submit data to the T-MSIS system. The Legislature further provided the authority for the Medicaid Director to transfer appropriations among the Administration, Medical Payments, and MES and Compliance budget categories so that there is some flexibility given the austere budget resulting from the COVID-19 economic impacts.

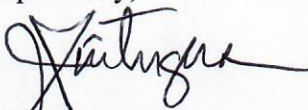
Our Legislature clearly understands the importance of the Medicaid and CHIP programs to the health care of our citizens and is fully committed to ensuring that our Commonwealth Medicaid Agency will administer, manage, and further develop the program to provide the highest quality of care and manage the costs of the program.

Our Legislature requests that the U.S. Congress rectify the long-standing inequity in the financing of the Medicaid program between the States and Territories so that the CNMI and U.S. Territories and citizens do not fall off the Medicaid Fiscal Cliff. The summary testimony by MACPAC in 2019 summarizes the centrality of the issue well.

“As Congress considers the pending shortfall, it is important to note that an additional infusion of federal funds would avert a fiscal cliff and ensure the continued delivery of critical health care services to eligible individuals in the short term. However, such action would not address underlying challenges with the financing structure that make it difficult for territorial officials to plan, manage, and sustain long-term, reliable access to care for Medicaid beneficiaries residing in these jurisdictions.”<sup>1</sup> [Underscore added for emphasis.]

On behalf of the 2<sup>nd</sup> CNMI Senate Standing Committee on Health, Education, and Welfare members, I respectfully request that the U.S. Congress provide parity in the program by eliminating the section 1108 budget caps and enable the Federal Medical Assistance Percentage to be calculated in the same way as other states.

Respectfully,



Justo S. Quitugua  
Chairman

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<sup>1</sup> Statement of Anne L. Schwartz, PhD, Executive Director, Medicaid and CHIP Payment and Access Commission Before the Health Subcommittee Committee on Energy and Commerce, U.S. House of Representatives June 20, 2019.