



THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE
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340-774-0001

March 16, 2021

The Honorable Frank Pallone
Chairman
House Energy and Commerce Committee
Room 2107 Rayburn House Office Building
Washington, DC 20515

The Honorable Cathy McMorris Rodgers
Ranking Member
House Energy and Commerce Committee
Room 1035 Longworth House Office Building
Washington, DC 20515

The Honorable Anna G. Eshoo
Subcommittee Chair
House Energy and Commerce Committee
Room 202 Cannon House Office Building
Washington, DC 20515

The Honorable Brett Guthrie
Subcommittee Ranking Member
House Energy and Commerce Committee
Room 2434 Rayburn House Office Building
Washington, DC 20515

The Honorable Stacey E. Plaskett
Member
US House of Representatives
331 Cannon House Office Building
Washington, DC 20515

Dear Chairman Pallone, Ranking Member McMorris Rodgers, Subcommittee Chair Eshoo, Subcommittee Ranking Member Guthrie and Delegate Plaskett:

On behalf of your fellow citizens in the U.S. Virgin Islands (USVI), thank you for your leadership and support in providing the USVI the federal resources needed for our Territory health care system to recover from the significant challenges faced after the 2017 hurricanes and addressing the impacts of the current COVID-19 pandemic. The legislative actions like the Affordable Care Act, the Bipartisan Budget Act of 2018, the Further Consolidated Appropriations Act of 2020, and the various COVID-19 relief measures have provided significant temporary increases in Federal Medicaid funding and Medicaid matching rates for which we are extremely grateful and appreciative. These actions have enabled us to maintain and improve our programs and healthcare system as we continue to address the ongoing challenges to our healthcare and economic infrastructure.

However, as we move through FY 2021, the funding and matching increases from the appropriations act and the coronavirus legislation will come to end, and the USVI (and other US Territories) will once again be facing the same uncertain Medicaid and CHIP program future that we have repeatedly faced in recent years. In fact, without further legislation the USVI Medicaid program will revert to its normal Medicaid cap (approximately \$19-\$20 million) and its normal Medicaid matching rate (55%) which will have devastating consequences to our programs, healthcare system, and budget. This situation commonly referred to as the "fiscal cliff".

Congress must act by September 30, 2021 to avert potentially catastrophic damage to our Medicaid program and healthcare system as we move into fiscal year (FY) 2022. Specifically, based upon our most current estimates for FY 2022 the Federal funding that we will need for our Medicaid Program expenditures under the Medicaid Section 1108 cap will be over \$75 million. However, beginning October 01, 2021 we estimate that under current law the Medicaid Section 1108 cap will be only \$19.6 million, leaving a Federal funding shortfall cliff of over \$55.5 million. In addition, if our regular Medicaid matching rate reverts to the current law 55% from the temporary 83% matching rate enacted in 2019 this would require the USVI to provide an additional \$15 million in local matching funds for the Medicaid program which our budget is unable to support. Our estimates assume that all other Federal funding for activities like CHIP and information systems remains unchanged.

We call on the current Congress to enact a permanent solution to this issue for the USVI and the other US Territories, so we no longer have to rely on arbitrary, piecemeal fixes to our healthcare system that promote uncertainty and inequities in how our citizens are treated and how we provide healthcare to our population.

Compared to the fifty states and the District of Columbia, the Medicaid Program (and Medicare Program for that matter) provides significantly less federal assistance to citizens of the U.S. territories. While the Federal government provides Medicaid funding to states on an open-ended entitlement basis, and matches state spending based on need, it arbitrarily caps the total annual Federal health care funding for the territories and matches funds at an artificially low Federal matching level, specified by statute.

Furthermore, under current law, low-income Medicare beneficiaries residing in the territories are ineligible to receive Part D subsidies for their prescription drugs. Hospital payments do not adequately reflect the number of low-income patients treated or uncompensated care provided, and our hospitals are not eligible to receive disproportionate share hospital (DSH) payments to help with this care. This health care crisis will only grow worse when the current temporary Medicaid funding increases expire in September 2021.

We believe that a permanent fix needs to be enacted which addresses, at a minimum, the following areas for the USVI and other Territories and treats our citizens like those in the States and the District of Columbia:

- Remove the annual dollar cap on Medicaid funding and allow the funding to be open-ended based upon the needs of our program.
- Eliminate the artificially low federal medical assistance percentage (FMAP) for Medicaid and allow our FMAP to be determined per the formula in the statute.
- Provide for Medicaid disproportionate share hospital payments.
- Enable our hospitals to rebase their Medicare payments.

In 2019, our Delegate Stacey Plaskett, introduced H.R. 1354, the “The Territories Health Equity Act”, which would address all of our Medicaid concerns for a permanent legislative fix and also address the disparate treatment that the Territories receive under the Medicare Program. We understand that this bill will be reintroduced in the current Congress, and we would like to work with the Congress and the Administration to enact a permanent solution along the lines of the provisions of this bill.

The citizens of the Virgin Islands are grateful for everything that the Federal government is doing to support our recovery from the recent disasters and for providing us with assistance in addressing the impacts of the COVID19 pandemic. However, a critical and necessary component of our ongoing ability to address these issues is the continued viability of our Medicaid program and healthcare system. We believe this viability is dependent on a comprehensive and permanent solution for our Medicaid and CHIP programs as outlined above and we ask your support to address this during the upcoming legislative session.

We are also keenly aware with the added Federal support being provided by our Federal partners comes additional responsibility on our part to utilize and oversee that support in an efficient and effective manner. Towards that end we implemented a Medicaid Fraud Control Unit (MFCU) in 2018. We also implemented in 2018 the Transformed Medicaid Statistical Information System (TMSIS) with CMS through our Medicaid Management Information System (MMIS). We are of completing cost report audit reconciliation for our two hospital and two Federally Qualified Health Centers (FQHCs) and we are in the process of working on this for our Department of Health Clinics. We have completed the CMS Medicaid Program Integrity (PI) Review and executed a memorandum of understanding with CMS to receive technical assistance in Medicaid PI and Medicaid data analytics. We are working with HHS to finalize and an advance planning document which will provide upwards of \$15 million to implement an island wide health information exchange and cyber security system, another \$5 million to implement a provider enrollment module in our Medicaid Management Information System, and we will shortly begin work to complete the full integration of our Virgin Islands Benefit and Eligibility System (VIBES) in the Virgin Islands. We believe all of these activities indicate our strong ongoing commitment to ensuring the integrity of our programs and our responsible stewardship of the Federal funding we are receiving.

I look forward to working with you to address these critically important issues and to give all citizens in the USVI and other Territories an opportunity to receive quality, affordable healthcare.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'Albert Bryan Jr.', with a stylized flourish at the end.

Albert Bryan Jr.
Governor