

March 16, 2021

The Honorable Frank Pallone, Jr.
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322 Rayburn House Office Building
Washington, DC 20515

The Honorable Anna Eshoo
Chair
Subcommittee on Health
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Brett Guthrie
Ranking Member
Subcommittee on Health
U.S. House of Representatives
2322-A Rayburn House Office Building
Washington, DC 20515

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

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to urge the Committee on Energy and Commerce to favorably report out legislation to adequately fund Medicaid programs for Puerto Rico, the U.S. Virgin Islands, and other U.S. territories. The federal government continues to provide additional funding to help ensure the island nations and territories can cover the costs of their Medicaid programs, but these resources will expire on September 30, 2021. Unless funding is at least maintained at current levels, Puerto Rico's Medicaid program, for example, will lose 90 percent of its current funding. With the COVID-19 pandemic continuing to affect all U.S. territories, it is imperative that Congress act expeditiously to stabilize the fiscal situation facing Medicaid programs in the island nations and territories.

Puerto Rico is considered a state for most purposes of Medicaid and the State Children's Health Insurance Program and its Medicaid program covers nearly half of its residents. Since the Medicaid program began, however, Puerto Rico has faced the challenge of inequitable funding. Unlike in the 50 states and the District of Columbia, where Medicaid funding is open-ended, Puerto Rico can access federal dollars only up to an annual ceiling, referred to as the section 1108 cap or section 1108 allotment. The amount of funding provided under section 1108 has historically been insufficient to meet the needs of the territories' Medicaid programs, especially in Puerto Rico and the U.S. Virgin Islands, and well below the health care expenditures needed for their medically indigent population to receive proper and effective diagnosis, treatment, care, and medication services. In addition to the section 1108 cap, the territories receive a lower Federal Medical Assistance Percentage (FMAP) of 55 percent.

As a result, for more than a decade, Puerto Rico and the other territories have sought and obtained supplemental funding, i.e., most recently through the FY 2020 appropriations package, (P.L. 116-94) and the Families First Coronavirus Response Act, signed into law on March 18, 2020 (FFCRA, P.L. 116-127).

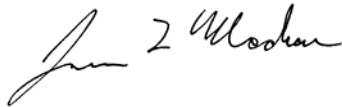
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These actions raised Puerto Rico's FY 2020 allotment from \$375.1 million to \$2.7 billion and its FY 2021 allotment from approximately \$383.7 million to \$2.8 billion, and its FMAP temporarily to 82.2 percent (including the 6.2 percent increase for the duration of the national emergency due to COVID-19). Unless Congress acts before FY 2021 ends, Puerto Rico's Section 1108 allotment will revert to approximately \$392.5 million in FY 2022 and its FMAP to 55 percent (i.e., for FMAP, assuming the national emergency expires). It is important to note that the other U.S. territories face similar Medicaid funding and FMAP cliffs in the absence of congressional action.

In light of the financial rules and temporary nature of the supplemental funds, Puerto Rico and the other U.S. territories will need additional resources to finance their future share of Medicaid costs so that their residents can receive the care they need. With the September 2021 deadline looming, Congress, at the very least, should provide additional resources to ensure the continued fiscal sustainability of Medicaid programs in Puerto Rico, the U.S. Virgin Islands, and the other U.S. Territories. In addition, the AMA urges the Committee and your colleagues in the House of Representatives to permanently lift the section 1108 cap.

Thank you for your leadership and for considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Madara", written in a cursive style.

James L. Madara, MD