



Commonwealth Healthcare Corporation

Commonwealth of the Northern Mariana Islands
1 Lower Navy Hill Road Navy Hill, Saipan, MP 96950



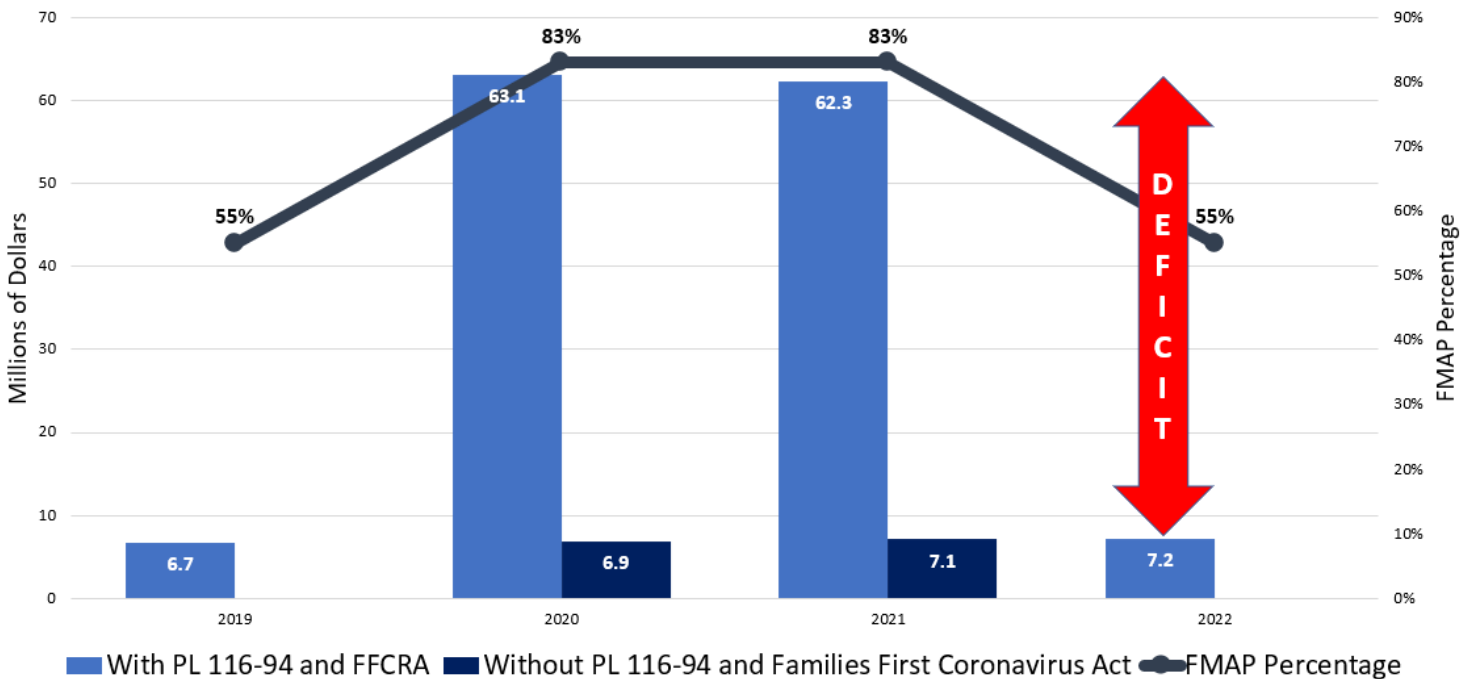
CEO-L21-0385

Dear Congressional Leaders,

The CNMI’s healthcare system cannot continue to function without an earnest financial commitment from the federal government to the CNMI’s Medicaid program. If it were not for additional funding to the CNMI in excess of the cap from 2011 to 2019, we may have lost our sole hospital. If not for the funding support in 2019, more than 20,000 CNMI residents (nearly 40% of the population) would have been without health insurance during the worst pandemic since the early part of the 20th century.

Medicaid is an entitlement program designed to provide health and long-term care coverage for Americans with low incomes. Costs of the program are shared between the state or territorial government and the federal government, but U.S. territory governments are expected to bear a much larger share of the costs than U.S. state governments.

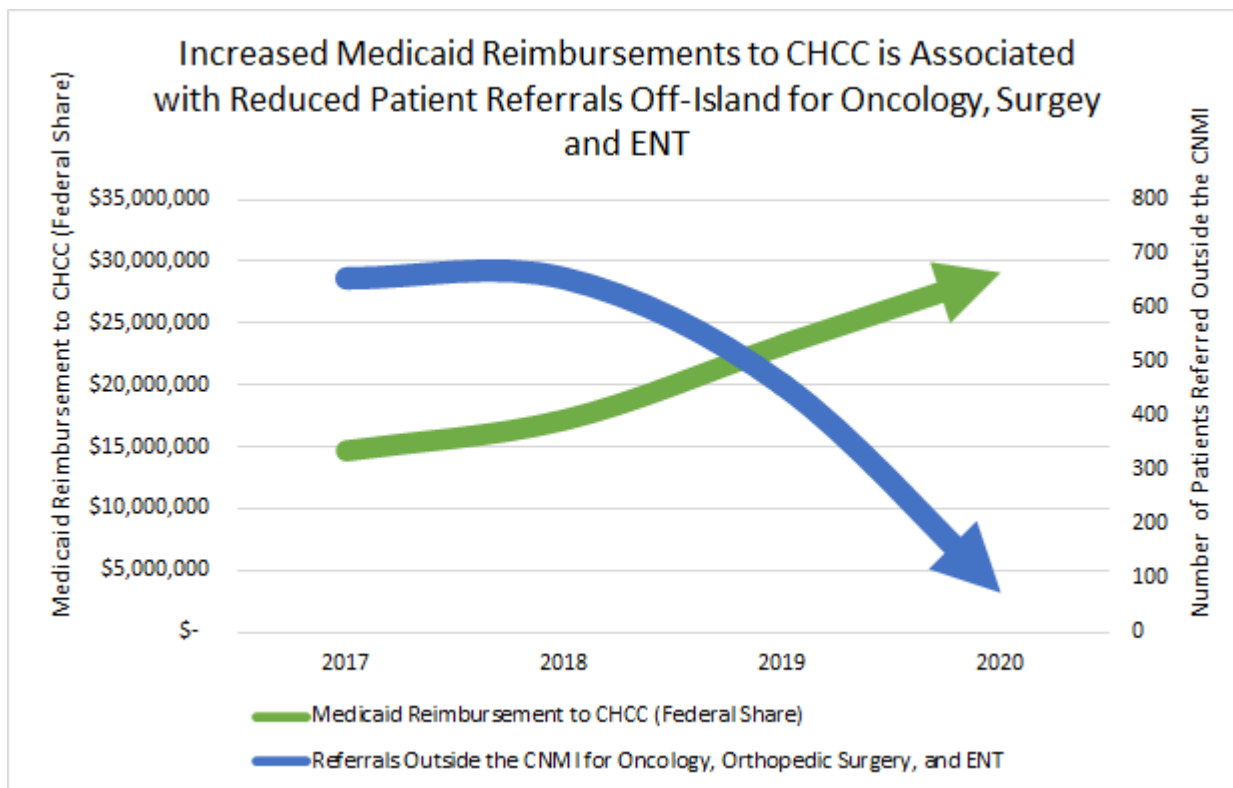
CNMI Section 1108 Medicaid Fund Ceiling and FMAP



Notes: Section 1108 allotments reflect the annual federal allotments (or caps) for federal funds that the CNMI receives under Section 1108(g) of the Social Security Act. P.L. 116-94 is the Further Consolidated Appropriations Act of 2020. FFCRA is the Families First Coronavirus Response Act (P.L. 116-127). Data source: This graph is adapted from data presented in Table 2 of a February 2021 MACPAC Factsheet titled, “Medicaid and CHIP in the Territories”.

Unlike U.S. states, U.S. territories face an arbitrary statutory cap on the total amount of federal funds for the program and a federal medical assistance percentage (FMAP) which does not consider the financial circumstances of a territory, unlike FMAP determinations for U.S. states. In 2019, Public Law 116-94 only *temporarily* expanded the section 1108 statutory cap for the CNMI from roughly \$7mil per year to \$60mil per year for FY 2020 and 2021 respectively, and increased the federal medical assistance percentage (FMAP) to 83% for each year. However, absent a long-term statutory solution, the CNMI government would need to pick up a huge gap in Medicaid funding next, likely upwards of \$50mil. In the CNMI's FY 2021 budget, the CNMI's estimated total resources for the year were just over \$100 million. The CNMI government is hurting. Despite successful containment of the virus on the islands, COVID-19 has eliminated its primary economic driver: tourism. The CNMI government cannot make up the huge gap between the arbitrary federal cap and the expenditures of the CNMI's Medicaid program.

Expansion of services in the CNMI is challenging, but significant gains have been made in recent years. In large part due to improved Medicaid reimbursements in recent years, the Commonwealth Healthcare Corporation has been able to establish podiatry, ENT, orthopedic surgery, and oncology services on Saipan, with these specialists also making visits to Tinian and Rota.



Data Sources: Referral data is from the CNMI Governor's Medical Referral Program. Data on the federal share of Medicaid Reimbursement to the CHCC is from the CHCC's revenue data.

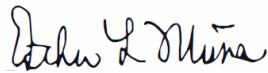
In 2017, when 14% of all referrals for off-island care through the CNMI Governor's Medical Referral Program were for orthopedic surgery, the CHCC was able to hire an orthopedic surgeon. Last year, in 2020, just 4% of total referrals were for orthopedic surgery. In 2018, 6% of total off-island referrals for the program were for ENT, and in 2020, ENT referrals made up just 1% of the total. In 2019, the CHCC was able to hire an oncologist who has led the establishment of an oncology center which opened in

2020. In 2019, 16% of all referrals were for oncology, and in 2020, this reason for referral was just 2% of the total.

Public Law 116-94 appropriately tied the expanded funding to stipulations that the CNMI make progress to establish a Fraud Control Unit, and to submit data to a Transformed Medicaid Statistical Information System (T-MSIS). Fulfilling these conditions will be a considerable challenge for the CNMI's Medicaid program, and the CHCC, as the largest Medicaid provider in the CNMI, stands in full support of the CNMI Medicaid program to make long-needed updates to claims collection and adjudication processes.

We ask that Congress stabilize Medicaid financing for the CNMI so that CNMI health care service providers can make long-term plans for improvements to the scope and quality of care that we provide. Help us maintain our progress in the CNMI.

Sincerely,



Esther L. Muña, PhD, FACHE

Chief Executive Officer

State/Territorial Public Health Official

Commonwealth Healthcare Corporation, the Territorial
Hospital & Health System