



NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
HOUSE OF REPRESENTATIVES
P.O. BOX 500586 SAIPAN, MP 96950

March 16, 2021

The Honorable Frank Pallone
Chair
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable Anna Eshoo
Chair
Subcommittee on Health
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable Brett Guthrie
Ranking Member
Subcommittee on Health
Committee on Energy and Commerce
U.S. House of Representatives

RE: Support for the Insular Area Medicaid Parity Act (H.R. 265)

Dear Congressional Leaders:

Thank you for conducting this important hearing, “Averting A Crisis: Protecting Access to Health Care in the U.S. Territories.” We, the undersigned members of the 22nd House of Representatives, Northern Marianas Commonwealth Legislature, strongly support H.R. 265, the Insular Area Medicaid Parity Act, introduced by our Northern Mariana Islands Delegate to the U.S. Congress, the Honorable Gregorio Kili Camacho Sablan.

The citizens of the Commonwealth of the Northern Mariana Islands (CNMI), and millions of fellow Americans residing across the U.S. insular areas, have long faced chronic underfunding of Medicaid; and now an impending Medicaid “fiscal cliff” jeopardizes access to critically needed health care. H.R. 265 begins to correct that serious inequity by lifting the cap on general Medicaid funding to the Territories that is set forth in Section 1108 of Title XI, the Social Security Act.

The major disparity between Medicaid in the Territories and Medicaid in the States is in the financial treatment, as highlighted in recent reports to Congress by the Medicaid and CHIP Payment and Access Commission (MACPAC). Unlike the States, statutory annual ceilings apply to Medicaid funding in the Territories regardless of changes in enrollment or services. The Section 1108 caps have resulted in historically insufficient resources to meet the health care needs of our Medicaid eligible citizens. Another statutory inequity lies in the Federal Medical Assistance Percentage (FMAP), or the matching rate, which for the Territories is fixed at 55% Federal to 45% Non-Federal share for most Medicaid expenses.

Thus, in addition to supporting the removal of the Section 1108 caps, we recommend that Congress apply to the Territories the same FMAP formula that is used for the States and that takes into account the relative income and poverty levels of our jurisdictions. Eliminating the Section 1108 caps *and* applying an equitable method of determining the FMAP will enable the Medicaid programs in the Northern Marianas and the other Territories to provide the same level of care that Medicaid eligible citizens receive in the States, ensure that health care providers are reimbursed appropriately for the services delivered, and allow the Territories to plan and manage the Medicaid programs as the States do.

We are keenly aware of the vital importance of the Medicaid program to the health and welfare of the people we represent, especially over the past several years as our communities in the Northern Marianas have grappled with back-to-back typhoon disasters, the depletion of federal supplemental budgeted amounts for Medicaid under the Patient Protection and Affordable Care Act, and the ongoing impacts of the Covid-19 global pandemic. We are committed to ensuring that our Commonwealth Medicaid Agency is equipped to implement and further develop the program to provide high-quality care to Medicaid eligible citizens, while responsibly managing the costs of the program.

We understand that the Commonwealth, like other U.S. insular areas, is expected to administer the Medicaid program as the States do. In May 2020, the Commonwealth Legislature unanimously passed, and the Governor signed into law, a bill to reorganize and establish the CNMI Medicaid Agency (Agency) in the Executive Branch of the government; to direct the Agency to plan, design, and implement Medicaid Enterprise Systems (MES); to establish a claims and clinical data warehouse and promote health information exchange; and to provide a community health record system to enable beneficiaries to see their medical information. That bill became CNMI Public Law 21-28. Monitoring the effective implementation of the new law is one of the top priorities of the leadership in the 22nd CNMI House of Representatives.

Further, the Commonwealth's general appropriations act for fiscal year 2021 specifically established a "Compliance and Medicaid Enterprise Systems (MES)" business unit in the Medicaid budget to highlight the importance of compliance and the need to make reasonable and appropriate progress to implement the MES. The Legislature also granted authority to the CNMI Medicaid Director to reallocate funds as needed among the budget categories for Administration, Reimbursements, and Compliance and MES, to provide flexibility given the austere budget resulting from the economic impacts of Covid-19.


But we need the help of Congress to provide enduring solutions to the inequities and chronic funding shortfalls and uncertainties affecting Medicaid in the Northern Marianas and throughout the insular areas. In 2019, MACPAC reported to Congress that while "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 [...], 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.”¹

MACPAC’s findings remain true today. Parity in financing is key to protecting access to care for millions of Americans living in the Territories, and ensuring the long-term sustainability of our Medicaid programs. Parity is especially crucial now, as we work with limited resources to respond to the Covid-19 pandemic. We urge Congress to rectify the long-standing inequities that threaten to push the Commonwealth and other island communities off the Medicaid fiscal cliff, by removing the Section 1108 budget caps and enabling the FMAP to be calculated for the insular areas in the same way as the States.

Thank you for your consideration of the health care needs of the people of the Northern Marianas and all the Territories.

Sincerely,



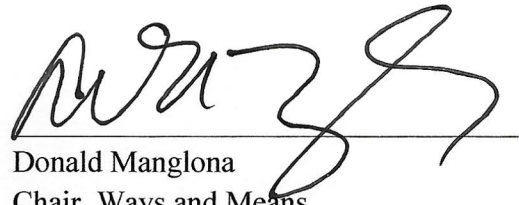
Edmund Villagomez
Speaker



Christina Sablan
Chair, Health and Welfare



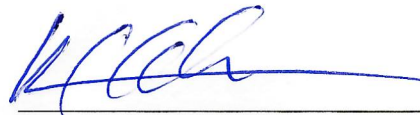
Blas Jonathan Attao
Vice Speaker



Donald Manglona
Chair, Ways and Means

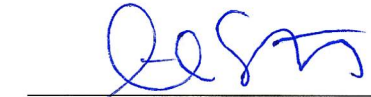


Ralph Yumul
Floor Leader




Vicente Camacho
Chair, Federal and Foreign Affairs

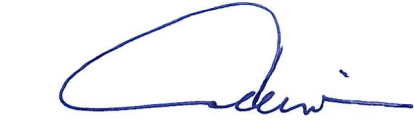
¹ Statement of Anne L. Schwartz, PhD, Executive Director, Medicaid and CHIP Payment and Access Commission before the Health Subcommittee Committee on Energy and Commerce, U.S. House of Representatives, June 20, 2019.



Leila Staffler
Chair, Education and the Workforce



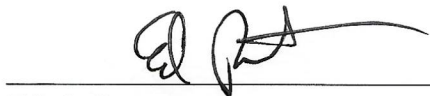
Denita Yangetmai
Chair, Commerce, Tourism, and Cannabis




Celina Babauta
Chair, Judiciary and Governmental Operations



Sheila Babauta
Chair, Natural and Cultural Resources



Edwin Propst
Chair, Gaming



Richard Lizama
Chair, Public Utilities, Transportation, and
Communications

cc: The Honorable Gregorio Kilili Camacho Sablan, 117th U.S. House of Representatives
Ms. Helen Sablan, CNMI Medicaid Agency