



March 15, 2021

The Honorable Frank Pallone  
Chair  
Committee on Energy & 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 & 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: GRMC Testimony for “Averting a Crisis: Protecting Access to Health Care in the U.S. Territories”**

Dear Congressional Leaders:

We are pleased that you have scheduled a hearing for the Energy and Commerce Subcommittee on Health titled “Averting a Crisis: Protecting Access to Health Care in the U.S. Territories” this Wednesday, March 17, 2021, to address the Medicaid Funding Cliff that the five U.S. Territories will experience at the end of this fiscal year if the U.S. Congress and President are unable to provide a legislative remedy. We hope that a permanent solution, rather than another temporary fix, will be provided this time.

The Territories generally record the nation’s lowest per capita incomes and, therefore, should be eligible to receive the maximum Federal Medical Assistance Percentage (FMAP) rate of 83%. Instead, the FMAP rate in the Territories has been arbitrarily and unfairly pegged at 55%, which is equated to the nation’s highest per capita income states (e.g., California and New York). There should be parity and the FMAP formula should be applied in the Territories the same way that it is applied in all 50 states using per capita income. To make matters worse, federal Medicaid spending in the Territories is also subject to an annual cap (Section 1108) that does not apply in the 50 states or the District of Columbia.

The Guam Medicaid program has benefited from the limited-term supplemental Medicaid funding provided by the FY 2020 appropriations package (P.L. 116-94) and the Families First Coronavirus Response Act (FFCRA, P.L. 116-227), which raised Guam’s cap from \$18.4M to \$130.9M in FY 2020 and from \$18.8M to \$129.7M in FY 2021 while also raising the FMAP from 55% to 83%. However, if Congress does not provide additional funding, the annual cap will go back into effect on October 1, 2021 and will restrict federal Medicaid spending in Guam to only \$19.2M in FY 2022 after being \$129.7M in FY 2021, an 86% reduction of \$110.9M. The FMAP will also go back down to 55% from 83%, a 34% drop. We urge the U.S. Congress to permanently eliminate the annual cap and provide the same FMAP formula that is used in all 50 states. If nothing is done to assist the Territories, the FY 2022 impact will be catastrophic.

Prior to the recent increased cap and FMAP, the Government of Guam (GovGuam) was frequently unable to cover the local match requirement due to lack of funding. As a result, Guam healthcare providers, including GRMC, had to wait many months for payment for Medicaid claims. For this reason, most local clinics did not accept Medicaid patients. If nothing is done to prevent Guam from falling off the Medicaid Funding Cliff, Medicaid beneficiary access to healthcare will once again become severely restricted since it is likely that private clinics will stop accepting Medicaid patients again. This will result in patients not getting proper care in a timely manner and overutilization of hospital emergency rooms for nonemergency care due to lack of access to primary and urgent care.

There are only two civilian hospitals in Guam including Guam Regional Medical City (GRMC), a 130-bed private acute care hospital, and the Guam Memorial Hospital Authority (GMHA), a 161-bed government acute care hospital. Prior to GRMC opening, GMHA was consistently at 100% occupancy since it was the sole hospital supporting Guam's population of approximately 170,000. Even with GRMC and GMHA both serving the community now, there remains a shortage of beds to support the needs of the growing population. The bed shortage was even more pronounced during the COVID-19 pandemic. Guam's population is expected to increase by approximately 10% over the next five years due to the military buildup and relocation of 5,000 marines and their family members from Okinawa, Japan. Based upon historical audit reports for both hospitals, Medicaid has represented about 20-25% of the payer mix for each hospital. As a result of the recent reinstatement of Medicaid coverage for Compact of Free Association (COFA) nation citizens living in the U.S. or the Territories from the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau, we expect the number of Guam Medicaid beneficiaries to dramatically increase. Therefore, it is likely that GRMC and GMHA will see their Medicaid payer mix increase while their ability to get reimbursed from GovGuam greatly diminish if the U.S. Congress does not provide additional funding by FY 2022.

According to the Guam Department of Public Health and Social Services (DPHSS) 2020 4<sup>th</sup> quarter report, there were approximately 43,238 Medicaid beneficiaries on Guam. In addition, there were approximately 11,136 Medically Indigent Program (MIP) beneficiaries. Since COFA nation citizens in Guam that have been enrolled in the MIP program are now eligible for Medicaid if consent is provided by the Governor of Guam, approximately 75% of the MIP beneficiary population (8,352) may migrate over to the Medicaid program and bring the total Medicaid beneficiary population up to about 51,590 (a potential 19% increase). If the U.S. Congress does not eliminate the annual cap and provide the FMAP formula the same way that it is calculated for the 50 states (which would provide an 83% federal match), the Guam Medicaid program would likely have to consider reducing benefits, shrinking the network of providers, and reducing the number of people eligible for Medicaid by lowering the income qualifying criteria. This would be disastrous since the February 2021 MACPAC report for Guam indicates that Guam's current eligibility criteria caps the income of a family of four at only 61% of the 2021 Federal Poverty Level (FPL). It's hard to imagine that we may have to lower the income qualifying criteria even further if U.S. Congress does not provide additional Medicaid funding.

Congressional Leaders

March 15, 2021

Page 3

Following are some of the significant Guam Medicaid program improvements that would likely result from the U.S. Congress passing legislation that will eliminate the Medicaid annual cap and provide the FMAP based upon per capita income in the Territories:

- Increased income qualifying criteria to at least 133% of the Federal Poverty Level (FPL), currently at 61% of FPL.
- Increased enrollment in the Medicaid program, reducing our high uninsured rate that was estimated at 21% in the 2010 census.
- Increased payments to health care providers.
- Reduced time to reimburse health care providers.
- An expanded health care provider network on Guam and off-island.
- Increased covered benefits to include Automatic Implantable Cardioverter Defibrillators (AICDs), Hyperbaric Oxygen Therapy for advanced diabetic wound care, bariatric surgery, speech therapy, and home health physical therapy, to name just a few.

Thank you for holding this important hearing. We request the help of the U.S. Congress and President Biden to provide the necessary funding for the U.S. Territories and their respective Medicaid programs by eliminating the annual funding caps and implementing the FMAP formula using per capita income the same way that it is applied in all 50 states. We additionally request your consideration in approving an increase in funding for prescription drug coverage to low-income seniors and inclusion of the Territories in the Medicaid Disproportionate Share Hospital (DSH) program.

Sincerely,



Michael W. Cruz, MD, MBA  
President & CEO

cc: The Honorable Michael San Nicolas, Congressman, Guam  
The Honorable Gregorio Kilili Camacho Sablan, Congressman, Northern Mariana Islands  
The Honorable Lourdes Leon Guerrero, Governor of Guam  
The Honorable Joshua Tenorio, Lieutenant Governor of Guam