Statement of Congresswoman Stacey Plaskett (VI)
House Committee on Energy and Commerce
Subcommittee on Health
Hearing: "Averting a Crisis: Protecting Access to Health Care in the U.S. Territories"
March 17, 2021, at 1:00 p.m. via Cisco WebEx

Thank you Chairwoman Eshoo, Ranking Member Guthrie, members of the subcommittee, for allowing me the opportunity to present a brief statement of views on the health care concerns of the U.S. Virgin Islands, as it relates to the work of this committee in the 117th Congress. The Virgin Islands will need significant investments in health care in this session.

Even before our severe hurricane disasters of 2017, and the COVID-19 pandemic, the health care systems in the territories were under great stress. Specifically, regarding Medicaid, the arbitrarily high local match required of U.S. territories by federal law imposed severe and unsustainable financial demands on the territories. Each of the territories tried earnestly to resolve this with little success until, beginning in 2018, in the wake of unprecedented disaster, more equitable matching rates were allowed on a temporary basis.

In addition, while overall federal Medicaid funding to the States and the District of Columbia is open-ended, Medicaid in U.S. territories is unfairly subject to annual federal funding caps. Once the cap is reached, the territory must assume the full cost of Medicaid services.

While the capped federal funding has been supplemented by additional block grants since 2011, beginning with the Affordable Care Act, and continuing through the Further Consolidated Appropriations Act, 2020 and the Families First Coronavirus Response Act, the Virgin Islands and all other territories face yet another "fiscal cliff" on September 30th of this year, when these allotments will expire and the rate of federal matching funds ("FMAP") will drop precipitously by over 20 percentage points.

Tens of thousands of residents of my district could lose access to health care unless Congress takes action to eliminate the Medicaid fiscal cliff in the territories once and for all. Congress must act to prevent to this potential calamity before September 30th.

I am grateful that this committee has taken action to address the Medicaid cliff in the past to provide an additional stream of Medicaid funds for the Virgin Islands and the other territories through this current fiscal year. For my district, the Virgin Islands, the Medicaid cap, normally only about $19 million, was increased to $128.7 million in fiscal year 2020 and $127.9 million in fiscal year 2021. The FMAP for Medicaid in the Virgin Islands, normally capped at an abysmally low 55% in statute, was also temporarily adjusted to an equitable rate of 83% for both fiscal years 2020 and 2021.

Without this additional funding stream, and another waiver of the otherwise applicable local match, the resulting Medicaid cuts would put health care delivery at risk; not only for Medicaid recipients on our islands, but also for the population at large.

Due to the relatively large number of individuals on Medicaid, our hospitals and other systems depend on Medicaid revenue. Therefore, the loss of Medicaid revenue resulting from the fiscal cliff would hurt health care providers in private practice as well. For the Virgin Islands, going over the cliff in real numbers would mean that Medicaid funding would go from roughly $127.9 million in fiscal year 2021 to just $19.6 million in fiscal year 2022. The islands cannot suffer cuts like that and continue to deliver services.

Significantly more funding will be needed, and at a far more equitable matching rate than the permanent statutory rate of 55%, which is the same as that of the wealthiest mainland States. The territories need to continue to have sufficient funding to be able to build capacity to deliver care; because ultimately, the goal is not just to have the same funding as the States. What we need is for medical care for those who need it in American territory to be every bit as good as care in the States.

The fact is that Virgin Islanders and the more than 3 million other American residents of U.S. territory are no less American than those residing in the 50 States and the District of Columbia. It is my strong belief that they ought to receive equitable treatment by the federal government in the Medicaid program. The pre-2017 55% percentage cap on the rate of federal matching funds is nearly 30 percentage points below what it would be if the rate was determined like it is on the mainland United States, where it is based on income per capita. If the Virgin Islands were to be funded in that same way, the territory would be able to make significant inroads towards our goal of equity.

Furthermore, the territories also have important federal health care program needs that fall outside of the Medicaid funding cliff. Equitable treatment in health care financing should not end with general Medicaid funding. It should include recognition that the territories also have challenges resembling many stateside areas, with provisions that aim to reduce the burden of those difficulties, such as providing our hospitals, which serve large numbers of Medicaid and uninsured patients, the same disproportionate share hospital ("DSH") payments that similar hospitals in the 50 States and the District of Columbia receive.

Even prior to recent natural disasters and the COVID-19 pandemic, the Virgin Islands' two hospitals, publicly owned, have been excluded from the DSH program, despite the disproportionate amount of care provided to low income patients. The exclusion of all of the U.S. territories from Medicaid DSH, and the small territories from Medicare DSH (Puerto Rico receives Medicare DSH), has been a major health issue in the territories for many years. This has resulted in significant uncompensated care cost burdens on providers, hospitals, and local government finances across all of the islands.

These uncompensated care costs, in many ways, were a major reason why the hospitals experienced the extent of their destruction in the event of disaster. For a very long time, the hospitals have been forced to make choices like whether to pay doctors and nurses or to fix a roof. The hospitals in the Virgin Islands still rely on modular structures to come online, while doing triage care, and having people evacuated out for long-term care. Both hospitals remain in a very precarious situation more than three years after back-to-back hurricanes in 2017.

I have sponsored legislation, the Territories Health Equity Act (H.R.1354 in the 116th Congress), joined by my colleagues from the territories, and others, to correct inequities faced by the territories across numerous federal health programs. The bill eliminates the Medicaid funding cap, the Medicaid FMAP limit, and provides for fair inclusion of the territories in the Medicaid and Medicare DSH programs. It also improves the treatment of the territories in the Medicare prescription drug benefit program, and addresses their exclusion from the health insurance exchange program under the Affordable Care Act. I plan to be reintroducing that legislation in the weeks to come, with our Senate partners.

Regarding the Affordable Care Act, I have long been dismayed that it was underinclusive of U.S. territories. The Territories Health Equity Act would allow residents of the territories (where there are no Affordable Care Act insurance marketplaces) who lack employer-provided health care to access marketplace insurance plans offered to Members of Congress and congressional staff.

We must confront the difficult reality that Americans living in the territories are U.S. citizens that have been neglected and allowed to fall behind. I trust that this committee sees the importance of this and is willing to work with us to resolve these issues. Thank you.