

U.S. House of Representatives Committee on Energy and Commerce

Subcommittee on Health Virtual Hearing

“Averting a Crisis: Protecting Access to Health Care in the U.S. Territories”

March 17, 2021

Hon. Michael F.Q. San Nicolas Member of Congress, Guam

Energy and Commerce Committee Chairman Frank Pallone, Ranking Member Cathy McMorris Rodgers, Health Subcommittee Chairwoman Anna Eshoo, and Ranking Member Brett Guthrie, let me open by expressing my thanks for your graciousness in inviting Guam to testify at today’s hearing and for your grace in receiving our testimony.

I would also like to begin by thanking all of you for your leadership in passing P.L. 16-127, which opened the door for today’s hearing by temporarily increasing the Federal Medicaid Assistance Percentage (FMAP) for Guam to its current temporary rate of an 83% federal match to a 17% local match. Prior to the enactment of this legislation, our FMAP was limited to a 55% Federal / 45% Local Medicaid matching formula grossly insufficient for communities like Guam with among the highest per capita poverty levels in the country.

In addition to the matching formula, the reach of Medicaid is further determined by the pool of federal matching funds afforded under the program's Medicaid Cap. Prior to P.L. 16-127, the pool of available matching funds for Guam was limited to approximately 18 million dollars, and with the sunset of these laws, it will revert to 19.2 million \$ in FY 2022. In the interim, P.L. 16-127 has increased the pool of available funds to approximately 130 million dollars.

The whole point of FMAP and a proper pool of federal matching funds is to enable a formulaic basis for our federal government to be able to support the Medicaid program as it is intended; to provide help with healthcare costs for people with limited income and resources, including adults, children, pregnant women, our elderly and our people with disabilities. Common sense would assume that if the Medicaid program is intended to help those with limited resources, similar logic would be applied to the FMAP and Medicaid Cap in communities with limited resources to fund Medicaid itself.

With P.L. 16-127, common sense prevails, and such basic equity for our United States Territory of Guam has been transformative in our Medicaid program and its ability to reach Americans as intended under the law.

The current yet temporary \$130MM pool at an 83/17 match translates into a Medicaid Program funded at approximately \$156MM for Guam, which is a healthy \$3,612 per

Guam Medicaid Enrollee based on our FY 2020 levels of enrollment at 43,185. Assuming a static level of enrollment and a reversion to FMAP and Cap levels in FY 2022, the amount available per Guam Medicaid Enrollee drops precipitously to \$757 – a drop of more than 79%. As evidently unsustainable as this is, a drill-down of the implications of this bleak outlook only prove it moreso.

First, even at the current elevated levels, Guam's per Enrollee amount of \$3,612 is still lower than the 2018 figures afforded to the next lowest Per Capita expenditure estimate for states with a high level of data usability at \$5,356. In other words, our elevated levels today are still more than 32% lower than our next lowest high data usability jurisdiction. Even today's elevated levels under P.L. 16-127 do not reflect per capita equity.

Second, the 2022 reversion means greater local funding needs to be expended for less federal match under current circumstances. In 2022, local funds of approximately \$8MM will only translate into less than \$18MM in program healthcare, whereas the same \$8MM would result in more than \$47MM in program healthcare - a difference of over 62%. These aren't just dollars and percentages; these are resources that directly reflect how much care is available for our Medicaid eligible.

Third, the 2022 reversion means a return to medical cannibalism for Guam, with lower Caps and lower FMAP leaving Guam to fund Medicaid at a higher matching rate with a smaller pool and ultimately picking up 100% of the tab of costs beyond \$757 per enrollee. With Guam's coffers strained due to present pandemic circumstances and high pre-pandemic poverty levels, medical cannibalism materializes in deferred maintenance of our facilities and equipment, which today have ballooned our Army Corp of Engineers estimates for a suitable hospital to over 700 million dollars due to systemic underfunding of our healthcare system because Guam has been picking up the tab of Medicaid inequity for decades. Medical cannibalism also rears its ugly head in delayed vendor payments, with an underfunded healthcare system stretching vendor payments to 90 days and beyond, depriving the system of better pricing available with net 30 payments and resulting in exponentially higher risk based pricing. Further, payment uncertainties implode the Medicaid service provider environment, with private healthcare operators unwilling or unable to accept Medicaid eligible patients due to unsustainable delays in Medicaid and indigent receivables.

And finally, let us not forget that historic Medicaid inequity is but one of many federal inequities that have exacerbated healthcare in Guam. We do not have SSI, leaving our disabled without a basic level of support and depriving our community of a pool of resources to fund the operations of medical service providers for those SSI eligible. We do not have the Affordable Care Act and its corresponding federal subsidies, leaving many of our people uninsured and underinsured. We must work to also remedy these healthcare gaps for our Americans on Guam to truly build an equitable healthcare system, but today that work focuses on Medicaid.

The only solution equitable for our Americans in Guam is actual equity. FMAP levels concurrent with the rest of the country, and a lifting of the Medicaid Cap also concurrent with the rest of the country.

Honorable Members of the Committee, thank you deeply for the temporary reprieve of P.L. 16-127. Let us now make whole Medicaid for Americans in an American healthcare system by simply applying to Guam what is applied throughout the rest of America.

Thank you, and God Bless the United States, Tribes, and Territories of America.