



CONGRESSWOMAN JENNIFFER GONZÁLEZ-COLÓN

PUERTO RICO - AT LARGE

Opening Remarks
Natural Resources Full Committee Hearing on
The Insular Areas Medicaid Cliff
Rep. Jenniffer González-Colón (PR – At Large)
Thursday, May 22, 2019

Good morning, everyone. I thank you all for being here today to discuss one of the most critical issues currently affecting all of the U.S. Territories: the impending expiration of the additional Medicaid funds granted by the Affordable Care Act and the accompanying instability of our health care infrastructure.

In 2017, 1.6 million Americans living in the territories were enrolled in Medicaid. That breaks down to 79% of the population of American Samoa, 21% of the population of Guam, 33% of the population of the Northern Mariana Islands, 47% of the population of Puerto Rico, and 16% of the population of the U.S. Virgin Islands. The national average enrollment for the States and the District of Columbia was 21%.

During that same year, the Medicaid program spent an average of \$1,866 a year per territory enrollee. In contrast, the national average (excluding the territories) was \$7,654 per year per enrollee.

Medicaid in the territories is subject to a statutory Federal Matching Percentage (FMAP). The FMAP for the States varies annually relative to each State's per capita income. The FMAP for the territories, however, is permanently set by law at 55%. If the formula used to determine the FMAP for the States were applied to Puerto Rico, the federal government's matching share would increase to the 83% program maximum.

For the 50 States and DC, Medicaid provides a guarantee of federal matching payments with no pre-set limit. However, annual federal funding for Medicaid in the territories is subject to a statutory cap. Once a territory exhausts its capped federal funds, it no longer receives federal financial support for its Medicaid program during that fiscal year.

In 2011, the Affordable Care Act granted the territories an additional \$8.25 billion in federal funds for their Medicaid programs *in lieu* of establishing a health insurance marketplace. The additional funding for each territory ranged from \$109.2 million for the Northern Mariana Islands to \$6.325 billion for Puerto Rico and was available to be drawn down between July 2011 and September 2019.

Since 2011, federal Medicaid spending in Puerto Rico has exceeded the statutory cap by using the funds available under the Affordable Care Act. These funds were depleted by February 2018.

Last Congress, we acted to avert a crisis in Puerto Rico's Medicaid Program with a temporary increase in the federal cap of \$296 million for FY18-19 in the CONSOLIDATED APPROPRIATIONS ACT OF 2017. Moreover, as a result of the state of emergency caused by Hurricanes Irma and Maria in 2017, we again increased the federal cap to \$4.8 billion with 100% FMAP through FY19 to keep Puerto Rico's

Medicaid program operational. All these additional sources of federal funding for Puerto Rico's Medicaid program will expire by September 30, 2019.

For Puerto Rico, the Medicaid cap set by statute for FY20 will be approximately \$375 million, with no additional source of federal funding available. This means that Puerto Rico will exhaust its federal Medicaid allotment in the first three months of FY20, and will bear the expense in excess of 85% of the federal program, placing additional pressure on sparse territory resources.

Each territory is affected by this inequitable treatment in healthcare funding in their own way. However, all of our Medicaid programs— as currently conceived— are unsustainable. This underfunding contributes to larger systemic problems, including lower provider reimbursement rates and provider shortages.

To correct these challenges, I have introduced H.R. 2306, the *Puerto Rico Medicaid Act*, which seeks to strengthen the Medicaid program on the Island by increasing the cap and removing the statutory FMAP limitation. I am also an original cosponsor of H.R. 1354, the *Territories Health Equity Act*, legislation introduced by Congresswoman Plaskett of the Virgin Islands that addresses this fix for all five U.S. territories. Both bills are currently under the jurisdiction of the Energy & Commerce Committee. I will continue to work with my fellow delegates and the members of that Committee to advocate for the advancement of these bills.

I trust that today's testimonies will help my colleagues understand the urgent need for action. If we fail to act with the expediency that the situation requires, the provision of healthcare in all the territories will be severely affected, with far reaching repercussion for the rest of our Nation.

Although I recognize that this is not the Committee of jurisdiction, I would like to thank Vice Chairman Sablan and members of this Committee for this important hearing. Having the witnesses testify and be on the record on the impacts of the Medicaid Cliff will undoubtedly help us as we continue working on a long-term solution for this issue.

Thank you.