STATEMENT OF
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BEFORE THE
COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES
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Good morning Chairman Sablan, Ranking Member Bishop, and Members of the Committee. I bring to you greetings from our Governor Lolo Matalasi Moliga and our Lt. Governor Lemanu Peleti Mauga. On behalf of our government and our people, thank you for the opportunity to appear before you today to provide information on the impact of the September expiration of the Medicaid funding for American Samoa and the other territories contained in the Patient Protection and Affordable Care Act (ACA) of 2011. I'd like to recognize that today with me, is our Medicaid Finance Analyst, Mrs. Faiilagi Poufa-Faiai.

Since Governor Lolo Matalasi Moliga and Lt. Governor Lemanu Peleti Mauga came into office in January 2013, we have been very concerned about the need to address the expiration of the ACA funds. Over the past 6 years, we have consistently shared our concerns with the Administration through the Centers for Medicare and Medicaid Services as well as Congress to either extend the availability of the ACA funds or to increase the territories Medicaid block grants. Although grateful for the additional Medicaid funding provided by ACA, due to several challenges, our government was never going to be able to expend the full *$197,800,000* million made available to American Samoa within the timeframe of the ACA law. At the time that Governor Lolo and Lt. Governor Lemanu began their administration in 2013, our territory had only spent *$10,357,446.17* million of the ACA funds. Currently, we have a remaining balance of *$152,338,473* million in our ACA Medicaid account *(See, Table 1. American Samoa ACA spending history.)*

The ability of our territory to expend the ACA funds is constrained by a number of factors. First, we cannot access the ACA funds until we first spend our regular annual block grant which is currently at $12 million a year. Our regular annual block grant is usually exhausted by the 3rd quarter of the fiscal year and only then, is our territory able to tap into the ACA funds. Our territory's historical spending of ACA funds has averaged only *$ 5.4 million* a year. Further, ACA funding can only be spent for eligible allowable Medicaid

expenditures. It cannot be used for construction or renovation of hospital facilities or any other non-medical services not allowed for under the Medicaid State Plan.

Table 1. American Samoa ACA spending history

YEAR	ACA	ACA Expenditures	
2011	4,032,265.00	3,957,205.00	75,060.00
2012	7,135,836.00	6,400,241.17	735,594.83
2013	5,000,000.00	4,321,067.67	678,932.33
2014	5,000,000.00	4,795,911.88	204,088.12
2015	6,773,371.00	6,773,371.00	-
2016	5,000,000.00	4,919,305.97	80,694.03
2017	6,230,000.00	6,047,825.78	182,174.22
2018	6,590,000.00	6,502,193.02	87,806.98
2019	6,722,000.00	1,744,405.44	4,977,594.56
TOTAL	**52,483,472.00**	**45,461,526.93**	7,021,945.07
ACA Award		181,800,000	
Marketplace insurance		16,000,000	
		197,800,000	
ACA Expenditures	2011-2019	-45,461,527	
ACA Remaining Balance		**152,338,473**	

Up until 2017, we were unable to add any new Medicaid providers because our local government did not have the local revenues to provide the local match for new providers. The government-owned hospital utilizes a certified public expenditure payment method that does not require direct cash match, but any new providers or services outside of the hospital would require direct cash match. In 2017, our government was able to provide $2 million in the Governor's special programs budget to launch new Medicaid services such as the off-island referral program to New Zealand.

Second, American Samoa's small population only incurs a certain level of expenditures per annum based on medical care services delivered by providers; and third, our government does not have enough Medicaid providers that could increase reimbursement claims. Adding new Medicaid providers to deliver services outside of the hospital can never be done unless our government can identify sources of revenues to provide Medicaid local match. Currently, the hospital receives government subsidies from the general fund to support hospital operations. Based on the hospital's annual final settled Medicare Cost Report, Medicaid is able to provide stable monthly reimbursement funds to the hospital. The new providers outside of the hospital is supported by the Governor's Special Programs budget that also comes from the government's general fund.

One oft-misunderstood facet of American Samoa's Medicaid program is our consistent inability to spend our allotted ACA funds each year. There seems to be a fundamental misunderstanding of the root causes that explain American Samoa's unspent ACA monies to date. Only the medical providers can incur "allowable eligible" Medicaid expenses to draw down federal Medicaid dollars— the Medicaid office does not spend the Medicaid funds. The Medicaid program also cannot advance Medicaid dollars—it is a reimbursement program wherein the medical providers must first provide services that are eligible "allowable" expenses payable under Medicaid. The Medicaid office is simply the administrating office that pays out Medicaid funds. Because of ACA funding, our government was able to significantly improve delivery of medical care services to our people with the addition of new Medicaid services and providers to the Medicaid program. The new providers have helped our territory draw a little more of the ACA funds, but it will always be limited by the availability of local matching dollars. Without more local match funds to serve more patients and add more services, spending the ACA funds will always be a challenge.

As the territory faces the looming ACA expiration deadline this September, it will again be unprepared to absorb the loss of nearly $152 million in unspent ACA funds. Absent an ACA funds extension or without an increase in the statutory cap placed on the territories, American Samoa will be forced to suspend all new Medicaid benefits. We will suspend our off-island program to New Zealand that has been a life-saving program for many of our patients who otherwise would not be alive today had it not been for the ACA funding.

ACA funding has allowed us to save and improve lives by providing a direct pipeline for residents to medical services and care that is not available at the local hospital.

Consider the case of a young 30-year old mother and nurse of five who is alive and fully functioning today after experiencing a traumatic brain hemorrhage—she is alive today because ACA funds paid for the Air Ambulance and nearly $300,000 of medical treatment costs to save her life and rehabilitate her so she can still live life to the fullest as a mother. Although no longer working as a nurse, she is fully able to care for her children and her family. ACA made a difference to residents, young and old, adults and children alike, who live on because they received off-island, life-saving medical treatment not available at our local hospital. Amputees, diabetics, orthopedic and cancer patients have benefited from our off-island referral program, gaining critical medical treatment they otherwise would not have access to. People whose lives have been transformed, living life with less pain and an overall higher quality of life—all because of ACA Medicaid funding. All of these success stories hinge on the presence of ACA monies. Viewed in this light, failure to act by Congress before the September expiration deadline would be disastrous for our people. It literally will mean the loss of lives and permanent disabilities for people who will lose access to medically necessary care. All of these new services will have to be suspended in the new fiscal year—*if there is no solution provided to increase our annual Medicaid block grant.*

This point cannot be overstated: Medicaid is the only health insurance program that is available to the general population in American Samoa, including government workers, cabinet Directors and other government officials from the legislative and judicial branches. Cannery workers. Children. Working folk from the private sector and service industries. All of them rely on U.S. Medicaid. As a Medicaid Director here in the US, I have no health insurance coverage unless I buy travel insurance. My Finance Analyst, Mrs. Faiilagi Poufa-Faiai, also sits before this committee without health insurance coverage as an American Samoa government employee and as U.S. nationals. Why only Medicaid? Because for decades in spite of efforts by our government to recruit health insurance providers, health insurance companies refuse to serve a community that is high risk and low income.

In the worst-case scenario that Congress fails to act before September, the American Samoa Government is prepared to:

1) Suspend all new services implemented by the Lolo Administration and preserve the regular annual Medicaid funding for the LBJ hospital – all funds would be exhausted in the third quarter; or
2) Support all Medicaid services, in which case Medicaid funds will be exhausted in the second quarter, then suspend all new services while the local government pursues options to continue the operations of the hospital.

Clearly, neither option is ideal. Both represent what would objectively be a devastating blow to American Samoa's health care delivery system and substantially harm hard-working families of American Samoa. Medicaid is the lifeline for the people of American Samoa and without additional funds in the new fiscal year, we face an unconscionable medical crisis that could have been prevented by Congress.

Given what we know, the best long-term, sustainable fixes are ones that only Congress can provide at this point and do so in ways that are sustainable and address long-term and systemic concerns. Northern Marianas, Guam, Puerto Rico, Virgin Islands, and American Samoa—all of us since the launch of Medicaid in the territories have operated under what is essentially a block grant system of payments. Before the ACA, the territories' annual Medicaid block payments under the statutory cap were, by and large, insufficient. Moreover, in American Samoa's case, the recent increase in additional ACA monies were ostensibly negated by demographics and the local government's inability to make the required annual dollar match. In order to mitigate the loss of monies that will occur when ACA funding expires at the end of September 2019, we recommend that Congress undertake the following steps:

First, extend the ACA expiration date for ACA monies for American Samoa. It is long overdue for Congress to increase the cap on block grants to give the territories more equitable access to the benefits of the Medicaid program and to ensure essential monies are not left on the table because of the match requirements.

Second, the territories' FMAP formula must also be adjusted in order to align with that of the states. The FMAP formula for the states is based on the federal poverty level. However, the territories are subjected to an arbitrary percentage that makes no sense, since the territories are some of the poorest jurisdictions in the nation. The territories FMAP formula is similar to the wealthiest states in the country. If the FMAP formula were applied the same way as the states, American Samoa would have an 88 percent federal FMAP rather

than the current 55 percent. This would greatly assist American Samoa with the local match requirements which it currently cannot meet to access more ACA funds.

Finally, while adjusting the territories' FMAP formula so it aligns with the current formula in use by the States is important, it is only a partial and first step. The cap on the territories' block grants must also be raised. These two steps are complementary and must be taken in conjunction together in order for them to truly be effective in the long term. Either of those two fixes in isolation without the other simply means American Samoa's Medicaid block grant funding will be exhausted faster. In that scenario, the territory is left with having to either take out a loan or find new public revenues to offset the financial shortfall. Receiving the FMAP at 100% under the disaster supplemental going through Congress now would provide much needed relief to our Medicaid program that has suspended new services due to the exhaustion of the local match share.

Thank you again Mr. Chairman and the members of this committee for this opportunity to appear before you today. We appreciate the time and attention given to the territories Medicaid issues. I would be happy to answer any questions that you may have. Thank you.