

**RALPH DLG. TORRES**  
Governor

**ARNOLD I. PALACIOS**  
Lieutenant Governor

COMMONWEALTH of the NORTHERN MARIANA ISLANDS  
**OFFICE OF THE GOVERNOR**

April 23, 2019

GOV19-128

The Honorable Alex M. Azar II  
Secretary  
U.S. Department of Health and Human Services  
Hubert H. Humphrey Building  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

*Re: Medical Assistance for Uninsured, Medicaid and Medicare patients in the CNMI*

Dear Secretary Azar:

The Commonwealth of the Northern Mariana Islands (CNMI), like many of our Pacific Island neighbors, must mitigate the challenges brought by geographic remoteness, fragile economic health, and an overwhelming rise in the burden of chronic disease. For these reasons and others, our healthcare system has faced a relentless uphill struggle.

Despite operating in exceptionally tenuous economic environments, the CNMI and other territory health systems have largely been left out of reforms and improvements to the Medicaid and Medicare programs. The statutory prohibition from a territory hospital being classified as a “subsection (d) hospital”<sup>1</sup> is particularly damaging. The benefits of classification as a subsection (d) hospital are not only limited to better reimbursement rates under the Inpatient Prospective Payment System (IPPS). Exclusion from these hospital classifications also shut out territory hospitals from eligibility in other programs, such as the 340B Drug Discount Program and the Medicare EHR Incentive program, which refer to section 1886 of the Social Security Act to define eligibility.

In many cases, territory hospitals could otherwise be classified as sole community hospitals or disproportionate share hospitals if not for their location in a US territory rather than a state. Territory hospitals are often the only, or one of very few, inpatient care providers in their rural, isolated communities. These hospitals must also care for markedly high proportions of uninsured and low-income patients. This is unquestionably the case for our hospital in the CNMI. The Commonwealth Healthcare Corporation (CHCC) operates the sole hospital within our borders. Medicaid beneficiaries, Medicare beneficiaries, and uninsured patients made up more than sixty

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<sup>1</sup> Refers to Section 1886(d) of the Social Security Act, which defines eligible hospitals as being located in one of the fifty States or District of Columbia.

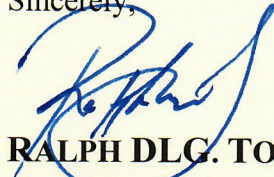
percent (63%) of all patient visits in 2018<sup>2</sup>, and Medicaid and Medicare payments made up more than seventy percent (72%) of all third-party payor revenue for the CHCC in FY 2018.

A unique facet of pacific island hospitals that often goes underappreciated is the rural character of the island communities in which they operate. The CNMI is geographically isolated, only accessible by air travel and nearly 6,000 miles away from the US mainland. Access to information, transportation and health and education services are low for our population which is spread across three islands. Preserving a robust workforce and forging resilient economies are challenges we share with other rural areas through the US. The CNMI is one square of the quilt that makes up rural America today.

Enhanced reimbursement models, drug discounts, and incentive payments for technological advancement and efficiency were put into place by the US government to benefit American hospitals located in low-income and rural areas. However, some of the poorest and most remote areas in the country, the territories, are barred from enhancing their health systems through these innovative mechanisms. In line with your vow to curtail the trend of rural hospital closures and to "...reconcile the needs of rural America from a hospital perspective"<sup>3</sup>, I ask that the Department of Health and Human Services contemplate routes to open these opportunities to territory health systems, and investigate other ways to assist the rural hospitals in the territories.

Your kind consideration of this request is very much appreciated.

Sincerely,



**RALPH DLG. TORRES**  
GOVERNOR

**cc:** Edward Heidig, Regional Director, U.S. Department of Health and Human Services, Region IX  
Jack Kalavritinos, Director of Intergovernmental and External Affairs (IEA), HHS Office of the Secretary  
Darcie Johnston, Director, Intergovernmental Affairs at Department of Health and Human Services  
Esther L. Muna, CEO, Commonwealth Healthcare Corporation

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<sup>2</sup> Rospel, Wilbert G. Report: Patient Frequency of Care at Commonwealth Health Center 2014-2018. Health and Vital Statistics Office, Commonwealth Healthcare Corporation

<sup>3</sup> Secretary Alex Azar II's comments in the Senate Appropriations Committee's Labor, Health and Human Services, Education, and Related Agencies Subcommittee hearing on President Trump's proposed FY20 budget for HHS. April 4, 2019.