

**Written Testimony of Representative Christina Sablan
Chair, Health and Welfare Committee
22nd House of Representatives
Commonwealth of the Northern Mariana Islands**

before the

**Committee on Natural Resources
U.S. House of Representatives**

on

***President Biden's FY 2022 Budget Priority in the Territories:
Medicaid, SSI, and SNAP Parity***

July 28, 2021

Introduction

Hafa Adai, Chairman Grijalva, Vice Chairman Sablan, Ranking Member Westerman, and members of the Natural Resources Committee. Thank you for conducting this important hearing on parity for the Territories in Medicaid, Supplemental Security Income (SSI), and the Supplemental Nutrition Assistance Program (SNAP).

We in the Commonwealth of the Northern Mariana Islands commend and thank President Biden for making parity for all Americans in critical federal programs a priority in his administration. And, we applaud his call to end our second-class citizenship. President Biden recognizes, as we do, that based solely on where we live, the people of the Northern Marianas, Guam, American Samoa, Virgin Islands, and Puerto Rico are second-class citizens of this nation.

Approximately 4 million people reside in the Territories of the United States; of those about 54,000 live in the Northern Marianas.¹ Although we are part of the American political family, we are not equals with our fellow Americans in the States. Our Delegates do not vote in Congress, our people cannot vote for President, and our access to vital federal programs is inferior.

There is no equity or consistency in these programs even among the Territories. The Northern Marianas and Guam are separated by a mere 35-minute flight across the ocean. SNAP applies in Guam, but not in the Northern Marianas. SSI applies in the Northern Marianas, but not in Guam. Why? There is no good reason.

A glaring disparity not specifically mentioned in the President's budget priority for the Territories but worth mentioning here is in the way the Department of Veterans Affairs (VA)

¹ 2010 U.S. Census data.

treats our veterans and their families. Veterans in the Northern Marianas and throughout the Territories must often get on a plane and travel many hours to access the VA healthcare and services they need. The Northern Marianas remains the only jurisdiction in the nation lacking some of the most basic entry points for VA care. There is no Community-Based Outpatient Clinic. There is no full-time VA doctor. There is no Vet Center. The family caregivers of Northern Marianas veterans do not qualify for VA caregiver benefits because of where they live: the VA does not provide the services to administer the caregiver support program in the Commonwealth.

For our most vulnerable citizens – our poor, our sick, our children, our elderly, our loved ones with disabilities - inequitable access to federal safety nets can be devastating, especially when drastic benefit cuts must be made, and have been made, as a result of arbitrary funding caps set forth in law.

Disparities in Federal Programs are Magnified by Disasters and Economic Downturns

Territorial incomes per capita are lowest on average compared to the States, and many of our citizens come from poor and struggling households.² In the Northern Marianas, more than half of our residents live below federal poverty levels, and the median annual household income is just shy of \$20,000.³ The costs of food, fuel, and utilities are high, and because the Commonwealth has yet to reach the goal of delivering safe, potable, 24-hour water from the tap, residents must bear the additional expense of buying bottled drinking water.⁴

We are also still recovering from multiple major typhoons that wrecked our islands in 2015 and 2018, including Super Typhoon Yutu, a massive Category 5 storm that ranked as one of the worst in recorded U.S. history.⁵ We never fully emerged from an economic slump that began more than a decade ago, and the fiscal health of the Commonwealth government has been precarious at best. As with the rest of the nation and the world, Covid-19 has impacted virtually every facet of life in the Marianas, and revealed stark vulnerabilities in our community.

Without the generous assistance of the federal government, we in the Northern Marianas would be in a far worse position today. We are immensely grateful for all the help we have received for disaster recovery since 2015, and all the aid that has flowed into the Commonwealth through the Covid-19 relief measures that Congress has passed, including the Families First Coronavirus Response Act; the Coronavirus Aid, Relief, and Economic Security Act; and the American Rescue Plan Act. So, we thank you, members of Congress. Your actions have saved

² 2010 U.S. Census data.

³ "2016 CNMI Household Income and Expenditures Survey (HIES) Report." CNMI Department of Commerce, Central Statistics Division. April 2017.

⁴ "Assessing the Feasibility of Implementing SNAP in the Commonwealth of the Northern Mariana Islands." USDA, Food and Nutrition Service. August 2016.

⁵ Super Typhoon Yutu made landfall in the Commonwealth on October 24, 2018 and tore through the islands of Saipan and Tinian, packing maximum sustained winds of 180mph. It was the strongest storm on Earth in 2018.

lives and given hope to people in the Marianas and across the nation. And there is still much work to do.

We are further encouraged by proposals in Congress to improve treatment of the Territories in key federal programs. H.R. 4406, the Supporting Medicaid in the U.S. Territories Act, extends Medicaid funding and improved federal matching rates for the Territories. For the Northern Marianas, this would mean \$483 million for Medicaid through 2029, and continuing the Federal Assistance Matching Percentage (FMAP) of 83%, the equivalent of what the Commonwealth would receive using the per capita income formula applied to any State. Congressman Sablan's H.R. 421, the Assuring You Uniform Dietary Assistance (AYUDA) Act, brings the Commonwealth closer to full inclusion in SNAP by directing the Department of Agriculture to treat the Commonwealth in the same manner as Guam, where SNAP already applies. And there is more funding for nutrition assistance in the President's FY 2022 budget, including \$30 million for the Northern Marianas - 2.5 times more than we currently receive.

Supplemental funding helps alleviate inequities in federal programs for a period of time, but what we need in the Territories is a permanent remedy. Covid-19 exposed and magnified pre-existing vulnerabilities, cracks in our systems through which people were falling. Covid-19 also opened pathways for long-term, morally just solutions. For citizens living in the Territories, we see opportunities to finally correct structural disparities in the way that federal safety nets are applied in our jurisdictions.

Medicaid, SNAP, and SSI are life-giving programs that help lift people out of poverty, reduce socioeconomic inequality, and secure the health and wellbeing of struggling communities. In the Territories, our access to these programs, and our abilities to build local capacities and develop innovative, robust systems that deliver services to people in need, are curtailed by statutory caps and exclusions, and recurring funding shortfalls that create uncertainty and instability.

We have experienced this uncertainty and instability many times in the Northern Marianas. In the States, funding for Medicaid and nutrition assistance is open-ended, based on need. But in the Marianas, funding for these programs is limited by statute. Medicaid is capped in Section 1108 of Title XIX, the Social Security Act, and the Nutrition Assistance Program (NAP) is funded by a fixed annual block grant. Time and again the Commonwealth has had to rely on Congress to provide supplemental funding, to avert fiscal cliffs and humanitarian crises.

Medicaid Enrollment Soars - While A Fiscal Cliff Looms, Again

Medicaid enrollment in the Northern Marianas has more than doubled during the pandemic, from approximately 16,000 residents before Covid-19 to nearly 33,000 this year.⁶ Medicaid now covers more than 60% of the Commonwealth's total population. The Consolidated Appropriations Act of FY 2020 and supplemental appropriations made it possible

⁶ CNMI Medicaid Agency enrollment data as of March 2021.

to meet this increased demand, providing the Commonwealth's Medicaid program with \$63 million in FY 2020 and \$62 million in FY 2021.

But, on October 1, a few months from now, if funding and the improved federal matching rate are not extended as proposed in H.R. 4406, Medicaid in the Commonwealth will revert to the \$7.2 million statutory cap, a 90% drop from current funding levels. The federal matching rate will also plunge to 55%. Once the Medicaid cap is reached, the Commonwealth government will have to assume the full cost of services to indigent Medicaid-eligible citizens, stop payments to providers, and suspend services.

In the Northern Marianas, we know what it is like to fall off the Medicaid fiscal cliff: in March 2019, halfway through the fiscal year, our Medicaid program ran out of money.⁷ This happened five months after Super Typhoon Yutu destroyed our islands. Medicaid beneficiaries and providers were notified that the program was broke and there was nothing left for reimbursements. People deferred care, stopped taking medications they could not afford, and prayed. Thankfully, Congress provided supplemental disaster relief funds for Medicaid by June that year, but the preceding months were filled with anxiety and suffering that could have been prevented had there been parity in the Medicaid program to begin with.

We also know the tremendous good that more and consistent Medicaid funding can do for a community's healthcare system. Medicaid is the single largest third-party payor for our Commonwealth Healthcare Corporation (CHCC), which runs our only public hospital in the Northern Marianas as well as ancillary clinics and health centers on the islands of Tinian and Rota. Medicaid accounts for approximately 30% of CHCC's annual revenue, or about \$17 million.⁸ Over the past decade, due in large part to increased and reliable funding made available through the Affordable Care Act and supplemental appropriations, CHCC has been able to expand clinical services, open an outpatient pharmacy, triple medical staff, establish an electronic health records system, and add specialty services that have greatly reduced costly off-island medical referrals.^{9,10} Moreover, CHCC demonstrated remarkable resilience and maintained services throughout our recent typhoon disasters, and has played an effective and indispensable role in leading the Commonwealth's response to Covid-19.

Food Insecurity in the Territories: NAP Block Grants Chronically Fall Short

In October 2020, after NAP enrollment in the Northern Marianas spiked 46%, our Governor Ralph Torres slashed food aid to thousands of struggling families – in the middle of the pandemic. The Commonwealth still had \$23 million for NAP, but was projected to expend

⁷ Written Testimony of Helen Sablan, CNMI Medicaid Director, at the U.S. House Committee on Natural Resources Hearing on the Insular Areas Medicaid Fiscal Cliff, May 23, 2019.

⁸ Testimony of Esther Muna, Chief Executive Officer, CHCC, at the U.S. House Committee on Natural Resources Hearing on the Insular Areas Medicaid Fiscal Cliff, May 23, 2019.

⁹ Muna, 2019.

¹⁰ "Financing Health Care in the CNMI: Options to Expand Health Insurance Coverage." Commonwealth Healthcare Corporation, April 2021.

all these funds within six months.^{11,12} For families out of work due to Covid-19, who had been waiting months for Pandemic Unemployment Assistance, the pain inflicted by the Governor's cuts was excruciating. They had no income, no PUA, and suddenly, less food.

Eventually, Congress did come through with additional funding last December, and NAP benefits were finally restored by February this year. But for five months before that happened, approximately 5,000 NAP families suffered cuts to their food.

Vulnerable Americans – regardless of where they live in the country – should not have to worry about federal safety nets like nutrition assistance running out of money, especially in times of crisis, when people need this help the most. In the Territories, Nutrition Assistance block grants are historically inadequate, and have been repeatedly supplemented by congressional appropriations.

We appreciate all the federal food aid that Congress has provided the Marianas over the years, but if we were fully included in SNAP, funding could adjust with need as it does in the States. We would not have to wait for Congress to act, and we could provide relief and security more quickly to citizens in distress. Absent full parity and inclusion in SNAP, the specter of funding shortfalls will continue to hang over our food aid program and the people they serve. Covid-19 has exacerbated food insecurity, and today, more than 12,500 Marianas residents are enrolled in NAP, about a quarter of our total population.¹³

Full Parity and Compliance Are Achievable in the Territories

I recognize there may be some notions that full parity and inclusion in federal programs for the Territories may not be possible or practical because of the challenges that Territorial governments may face in reaching full compliance with federal requirements that ensure program integrity. This viewpoint may be found not only among federal officials, but also within our own local governments. In the Northern Marianas, for example, our government has hesitated to transition to full SNAP in part because of the significant investments required to build the systems and infrastructure necessary to comply with program requirements.

To date, the Commonwealth's Nutrition Assistance Program is a manual operation that distributes paper coupons, which are cumbersome, subject to error, and more prone to fraud. There are many benefits to be had from modernizing our system and joining SNAP, including increased and stable funding for food assistance, more robust employment and training programs, increased efficiency, and improved program integrity.¹⁴

I am confident that the hardworking people who run the Nutrition Assistance Program are absolutely capable of helping the Commonwealth make the transition to full SNAP. We may

¹¹ Letter from Governor Ralph Torres to Congressman Gregorio Kilili Sablan, August 26, 2020.

¹² "NAP benefits cut by 25% on Oct. 1." [Press Release.] *Saipan Tribune*. September 30, 2020.

¹³ NAP enrollment data as of June 30, 2021.

¹⁴ USDA, 2016.

need technical assistance, more time, and a little more resolve from our own local leadership, but we can manage a full SNAP operation in the Northern Marianas, as all 50 states and our neighbors on Guam already do.

On the Medicaid front, the Commonwealth government has shown its commitment to achieving compliance with rigorous federal rules and requirements, and the CNMI Medicaid Agency has made significant progress. In May 2020, the Commonwealth Legislature unanimously passed, and the Governor signed into law, a bill that reorganized and established the CNMI Medicaid Agency in the Executive Branch. The law directed the Agency to develop and implement Medicaid Enterprise Systems, establish a claims and clinical data warehouse, and promote health information exchange.¹⁵ Our general appropriations act for FY 2021 created a government business unit specifically for Medicaid Enterprise Systems, and gave the CNMI Medicaid Director the flexibility to reallocate local funds as needed among the Medicaid budget categories.¹⁶ Earlier this year, the Legislature approved the CNMI Medicaid Agency's request for authorization to fill over a dozen critical, technical positions needed for Medicaid Enterprise Systems.¹⁷ The Commonwealth's Medicaid Agency is fully committed to compliance with federal program requirements, and has broad bipartisan support from both the Legislature and Administration to reach this goal.

Parity is a Moral Imperative

Disparities in crucial federal safety nets like Medicaid, SNAP, and SSI gravely impact the quality of life of Americans throughout the Territories. In the Marianas, we know from painful experience that fixed grants of funding do not respond to disasters or economic decline, and fail to adequately address the needs of our most vulnerable citizens. While supplemental funding helps mitigate these disparities, true equity requires more enduring solutions.

Congress can eradicate structural forms of discrimination in federal programs, and end our second-class citizenship in the Territories. Congress can ensure that federal programs treat Americans living in the Territories the same as Americans living in the States. Without full parity and funding that is based on need, there will always be insecurity and instability in these programs and corresponding harmful impacts on the citizens who depend on them.

Congress has a moral imperative to provide parity, and make equitable investments in the health and wellbeing of all Americans, no matter where we live in the nation.

Thank you for the opportunity to testify today.

¹⁵ CNMI Public Law 21-28.

¹⁶ CNMI Public Law 21-35.

¹⁷ CNMI House Joint Resolution 22-4.