



GOVERNMENT OF PUERTO RICO

PUERTO RICO FEDERAL AFFAIRS ADMINISTRATION

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STATEMENT BY CARMEN M. FELICIANO, ESQ.
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before the

**U.S. House Health Subcommittee of the Committee on Energy and Commerce
On markup of H.R. 4406, the “Supporting Medicaid in the U.S. Territories Act.”**

Thursday, July 15, 2021

Chair Eshoo, Ranking Member Guthrie, and Members of the Health Subcommittee:

Governor Pierluisi is grateful to the Members who came together in proposing H.R. 4406 for their bipartisan leadership in crafting a solution to prevent what would otherwise be a devastating “Medicaid cliff” on October 1, 2021. Absent a bipartisan agreement before October 1, Puerto Rico would lose over eighty-five percent of federal funding for its Medicaid program, causing deep losses in enrollment, reductions in vital healthcare services, instability across our entire public health system, and potential cuts in other government programs. The five-year funding plan in H.R. 4406 provides a level of stability for our Medicaid program for the near-term.

While avoiding the Medicaid cliff is very welcome in the near-term, the only viable long-term solution to prevent future Medicaid cliffs and provide healthcare benefits to Medicaid recipients in Puerto Rico is equal to those available to their fellow Americans in the states and the District of Columbia is permanent state-like treatment.

Under current law and H.R. 4406, Puerto Rico will receive a capitated federal share for its Medicaid program and an FMAP that is below the FMAP it would receive if calculated under the rules that apply to the states. While the federal share under the bipartisan compromise is a great improvement over the precipitous drop



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that we otherwise would face on October 1, it forces Puerto Rico to make tough choices that the states and the District of Columbia do not face.

Essentially, those jurisdictions receive a fixed federal payment level for all Medicaid claims with no upper limit on the federal contribution. By contrast, in Puerto Rico, once the federal share is breached, there is no federal contribution, and any additional expenses must be borne entirely by us.

This disparity has meant that Puerto Rico historically has offered less than the full Medicaid services than are offered in the fifty states, the District of Columbia, and a smaller population. While Medicaid eligibility in some states covers essentially up 138 percent of the Federal Poverty Level, under current funding, coverage in Puerto Rico cannot exceed 85 percent of the FPL.

There is no public policy justification for this disparity. Medicaid is a national program, and Puerto Ricans are U.S. Citizens. And yet, while under the current funding scheme and H.R. 4406, an individual at 90 percent of the FPL in Puerto Rico would not be covered. That individual would be covered by simply moving to other jurisdictions. Equally, Puerto Ricans covered in our program do not receive the same benefit options available in the states and the District of Columbia.

The only way to end these disparities by extending state-like treatment to Puerto Rico is under state-like treatment, and that is what Governor Pierluisi's Medicaid program calls for; all Americans should be treated equally in Medicaid, regardless of where they live in the United States.

Recognizing constraints in the Congressional calendar and the impending Medicaid cliff, the Governor appreciates the short-term relief that H.R. 4406 will provide. But there is a moral imperative for Congress to abandon the temporary solutions as soon as possible in favor of state-like treatment, and the Government of Puerto Rico's efforts to achieve that result continue.

There is one aspect of H.R. 4406 that the Subcommittee could address immediately. The capitated federal share for the second to fifth years in the



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compromise is a flat amount below the first year's share, set several years ago, with no allowance for inflation, and as a result, Puerto Rico's ability to offer healthcare services to its Medicaid eligible population will be further constrained.

While in no way a substitute for state-like treatment, the Governor urges the Committee to adopt a living cost-of-living adjustment so that the capitated amount can account for inflation going forward.

In closing, the bipartisan work to reach an agreement to avoid the Medicaid cliff is appreciated and will provide stability. However, true fairness, equality, and long-term stability in our public health system can only be achieved with state-like treatment, and Governor Pierluisi urges Congress not to lose sight of that vital necessity and moral imperative.