



Statement for Hearing on
“Strengthening Health Care in the U.S. Territories
for Today and Into the Future”

Submitted to the
House Energy and Commerce Committee
Subcommittee on Health

June 20, 2019

Medicaid is an essential part of American health care. It helps improve the health and financial security of approximately 74 million Americans every day. Two-thirds of Medicaid enrollees – about 55 million Americans – are served by Medicaid managed care. Many of AHIP’s members work closely with the states and U.S. territories to provide a health care safety net for vulnerable populations and implement innovative health solutions to improve health outcomes and lower costs.

AHIP Supports a Funding Extension for Puerto Rico’s Medicaid Program

Our statement for today’s hearing focuses on the need for legislative action to address the public health crisis that could result from the impending exhaustion of temporary federal funding of Puerto Rico’s Medicaid program. Recognizing that the territory’s high poverty rate and poor economic conditions were seriously exacerbated by Hurricanes Irma and Maria in September 2017 – and that the 3.7 million citizens of Puerto Rico are still experiencing the devastating

America’s Health Insurance Plans (AHIP) is the national association whose members provide coverage for health care and related services to millions of Americans every day. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers.

impact of these disasters – we believe it is important for Congress to pass legislation to avoid the loss of this federal funding. Such legislation is urgently needed to ensure that the program can continue to provide high quality health care services – with a strong focus on prevention, care coordination, disease management, and other vital services and supports – to the 1.6 million Puerto Ricans who currently rely on Medicaid to meet their health care needs.

Recognizing the problems Puerto Rico has faced under its current statutory financing structure, Congress has provided limited and temporary funding increases for Puerto Rico’s Medicaid program on several occasions. This includes enhanced funding provided by the Bipartisan Budget Act of 2018 that expires in September 2019 and enhanced funding provided by the Affordable Care Act that expires in December 2019.

In a recent report to Congress, the Medicaid and CHIP Payment and Access Commission (MACPAC) estimates that the expiration of these temporary funds will result in a federal funding shortfall for Puerto Rico’s Medicaid program of at least \$1 billion in fiscal year 2020.¹ To illustrate the impact of this loss in funding, MACPAC cautions that Puerto Rico could eliminate the Medicaid prescription drug and dental benefits currently provided to Medicaid beneficiaries as optional benefits and still not achieve the level of savings needed. Alternatively, if the temporary funding is allowed to expire and benefits are maintained at current levels, Puerto Rico would have to reduce enrollment by 36 to 53 percent to cope with the estimated funding shortfall. Losses in coverage and/or benefits of this magnitude could have devastating health impacts. Therefore, AHIP urges Congress to pass legislation to extend this urgently needed funding for Puerto Rico’s Medicaid program.

Medicaid Provides Value to Consumers and Taxpayers

Medicaid health plans have a long track record in improving health care for vulnerable populations and helping state and territorial Medicaid programs receive maximum value for their health care dollars. AHIP’s Medicaid members do this by coordinating care, placing a strong emphasis on preventive health care services, providing disease management services for chronically ill patients, and offering innovative programs to promote the health and well-being of Medicaid enrollees.

¹ Medicaid and CHIP Payment and Access Commission. *Report to Congress on Medicaid and CHIP*. June 2019. <https://www.macpac.gov/publication/june-2019-report-to-congress-on-medicaid-and-chip/>

The value of Medicaid health plans is demonstrated by a November 2018 AHIP study which found that individuals with asthma, diabetes or serious mood disorders who are enrolled in Medicaid have far superior clinical experiences than people without coverage.² Another recent AHIP study shows that Americans enrolled in Medicaid have far better access to health care and preventive services than those without coverage.³

For 1.6 million citizens of Puerto Rico, continued access to the benefits associated with Medicaid coverage through their Medicaid managed care plans depends heavily on Congress taking action to ensure a continuation of the enhanced federal funding for Puerto Rico's Medicaid program.

Conclusion

Thank you for considering our support for legislative action to provide a funding extension for Puerto Rico's Medicaid program. We look forward to working with the committee to address this important priority.

² America's Health Insurance Plans. *The Value of Medicaid: How Coverage Impacts the Care of Serious Chronic Health Conditions*. November 2018. https://www.ahip.org/wp-content/uploads/2018/11/IssueBrief_Medicaid.pdf

³ America's Health Insurance Plans. *The Value of Medicaid: Providing Access to Care and Preventive Health Services*. April 2018. https://www.ahip.org/wp-content/uploads/2018/04/ValueMedicaid_Report_4.4.18.pdf