



GOVERNMENT OF GUAM

DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES  
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JUN 03 2019

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Raul M. Grijalva  
Vice Chairman for Insular Affairs  
US House of Representatives  
Committee on Natural Affairs  
Washington, DC 20515

RE: Insular Areas Medicaid Cliff Oversight Hearing Additional Questions

Dear Chairman Grijalva:

This is in response to your letter, dated May 29, 2019 regarding the additional questions given to each U.S. Territory representative to respond to after the "Insular Areas Medicaid Cliff" House of Natural Resources Committee oversight hearing held on May 23, 2019.

**Questions from Democratic Members**

**Question # 1.**

If the Congress finally treats the territories equitably and provides uncapped funding with federal match determined in the same was as states, what would Guam do to ensure that Medicaid beneficiaries have access to comprehensive services comparable to what states must provide?

**Answer:**

The Guam Medicaid Program will conduct a survey to analyze medical providers practices and perceptions to determine the reasons for not participating under the program.

Conduct a study to determine if Managed Care is more beneficial for Guam Medicaid Program.

Encourage program participation by conducting an island wide medical provider comprehensive informational outreach/conference or training.

Structure the Medicaid Program payment methodology to a capitated (prepaid) model.

Provide Medicaid incentives to providers if Medicaid patients seen is equal or more than 10% of their practice.

**Question # 1 a**

With the additional federal funding, what specific investments could you make to improve eligibility and benefits overtime?

**Answer:**

Guam Medicaid Program is in need of dramatic technology transformation. Currently, due to shortage of staff eligibility application processing is untimely, and influx of clients' inquiries on benefits and applications' follow-up is tremendous. Guam Medicaid program is going to leverage the use of digital technology to submit program application and inform or assist existing clients and new applicants regarding eligibility requirements, application status, scheduled appointments, etc. Thereby, improving client accessibility and customer service, streamlining application processing for a timelier receipt of benefits.

Though there is a separate funding for MMIS (90/10), we would like to add that we plan to enhance our existing customized automated system (PHPRO) to meet the MITA (Medicaid Information Technology Architecture) requirements for a certified MMIS (Medicaid Management Information System) and to be able to comply with TMSIS (Transformed Medicaid Statistical Information System). The local funding that we can save from increasing the Guam FMAP can be utilized as the 10% local funding match to enhance our current system.

**Question # 2 and 2a**

What improvements in your health care infrastructure would be needed? Would dedicated up-front funding be needed to make those changes?

**Answer:**

There is a need for a tertiary care facility and a hospital-based outpatient clinic facility to properly manage patients' condition and reduce hospital admissions. The only Government of Guam hospital is not well-equipped to treat critical patients. Due to TEFRA regulation the hospital Medicare and Medicaid reimbursement is very low to support and sustain the facility operation.

A dedicated up-front funding is needed to physically improve the facility that will make care accessible with trained staff and health care professionals. Additionally, funding is needed to procure new modernized medical equipment, medications, and other supplies.

**Question # 3**

Would provider payments have to be increased and to what extent?

**Answer:**

The health care cost in Guam is higher compared to the US mainland because of its geographic location, lack of tertiary facilities, and the limited number of health care professionals including specialists. An increase in provider payments would be beneficial in order to attract more provider participation and at the same time attract providers from the US mainland to come and stay in Guam. If CMS or the regulation will allow through a state plan amendment to increase the provider reimbursement beyond the Medicare Upper Payment Limit (UPL) up to 120% to 150% depending on providers specialty that would be helpful to ensure that our recipients have a medical home.

**Questions # 4**

Are there particular Medicaid eligibility, benefit or other requirements you wouldn't be able to meet within a reasonable time due to territory-specific limitations, and if so, what changes could Guam make to ensure residents get high quality health care in other ways that meets their needs?

**Answer:**

No, provided funding is available.

**Question # 5**

Overall, what do you see as the necessary steps to better ensure access to quality, comprehensive care for Guam residents and what would be a reasonable timeline to reach such a goal?

**Answer:**

Steps to ensure access to quality comprehensive care for Guam residents include: recruitment and retention of more physicians and specialists from the US mainland; increasing Medicaid provider participation; and creating an alternative payment models for a more coordinated primary care approach.

Timeline would be 5 to 6 years (depending on the recruitment and retention of physicians, specialists, and other healthcare professionals).

**Question # 6**

What will you have to cut if you go off the cliff?

**Answer:**

Medicaid would be forced to terminate 50% or more than 23,000 eligibles and remove some of the optional benefits such as dental services, some prescription drugs, clinic services, optometry services and eyeglasses, etc.

**Question # 7**

What will be the impact on individuals and the health care delivery system in the territory, when Obamacare funding ends this year?

**Answer:**

Currently, there are around 43,000 to 44,000 eligibles under Medicaid program. If Obamacare funding to the U.S. territories is not extended or replaced, Guam would be forced to reduced its current Guam Medicaid Poverty Level income guideline, which is 30% to 31% below the Federal Poverty Level for 48 contiguous states and DC, to terminate 50% or more than 23,000 of its current eligibles. This will further increase the estimated 24.8% uninsured population in Guam. The two hospitals (Government and private) in Guam will be inundated with a lot of self-pay patients because the facilities would not be able to refuse any patient that present to their door due to EMTALA and would eventually suffer huge losses and may end up filing bankruptcy.

## Questions from Republican Members

### Question # 1

You testified that Guam will be unable to spend the ACA funds before they are set to expire. Why is that? In addition to extending their expiration date, what would Congress need to do to help Guam spend these funds in healthcare services to its residents?

#### Answer:

Due to Guam's limited financial resources, the Government is unable to guarantee the 45% required local matching funds to drawdown the federal grant awards. Additionally, although Guam Medicaid expanded the program to include the childless adults to reduce the uninsured population, which was 24.8% of Guam population in 2017, the income guideline was reduced by 30% to 31% (based on household size) from the existing 100% Federal Poverty Level for the entire Medicaid population except the program for Old Age Assistance and Assistance to Permanently and Totally Disabled individuals because of the required 45% local match.

Congress needs to increase the FMAP to 100% and extend the expiration date of ACA Section 2005 and Section 1323 to help Guam spend all the funds and provide quality healthcare services to the disadvantage population in Guam.

### Question # 2

How will the overall healthcare system and the non-Medicaid population in Guam be affected if Medicaid funding is not increased for FY 2020?

#### Answer:

If Medicaid Funding is not increased, Guam Medicaid would be forced to terminate 50% or more than 23,000 of its eligibles by reducing the income guideline, which will further increase the uninsured population in Guam, or remove some of the optional services such as prescription and dental services. Guam's residents including the non-Medicaid population (COFAS) who cannot afford the needed healthcare will delay getting care at an early stage of their illness until they are forced to go to the hospital emergency room. This will further aggravate the operational and financial issues of the only government hospital even more, which is already struggling because of EMTALA (Emergency Medical Treatment and Labor Act). More providers will refuse to accept Medicaid patients and so the two Guam Federally Qualified Health Centers (Northern and Southern Region Community Health Centers) with limited healthcare practitioners will be inundated with patients. This will continue to heighten the financial problem of Guam.

### Question # 3

Currently, the Social Security Act provides for capped Medicaid funding for the U.S. Territories. For FY 2017, the cap in Guam was \$17.02 million. How much did the Medicaid program benefits actually cost?

**Answer:**

Guam Medicaid Program is a 100% fee-for-service delivery system. All mandatory and most of the optional services are covered. The income guideline is below the 100% of the Federal Poverty Level (FPL) and so there are no deductibles, nor co-payments except for minimal co-pays for childless adults.

In FY 2017, Guam Medicaid paid out \$108.6 million dollars to medical providers for services rendered to 43,749 program eligibles. The FY 2017 total IBNR (Incurred But Not Reported) expenditure was \$19.2 million dollars. The yearly expenditure is controlled by the budget appropriation and Guam's revenue.

**Question # 4**

Could you please provide the Committee actual examples of how the current statutory FMAP of 55% affects the provision of healthcare in Guam?

**Answer:**


The required 45% local match is a financial barrier to the provision of quality health care services on Guam. The Guam Department of Administration reimburses the providers based on cash flow. The providers have to wait 2 to 4 months or more depending on the revenue to receive payments for medical services rendered. As a result, providers on and off-island refuse to accept Medicaid patients. Thus, patients requiring treatment on island are forced to seek treatment at the hospital emergency room. Additionally, patients that need to be transported to an off-island facility (services unavailable on island) have to wait until the off-island provider receives payment and also agrees to accept them. Meanwhile, the patient's condition worsens because the needed immediate treatment is unavailable. Thus, with a debilitating medical condition, this translates to an even higher health care cost.

Furthermore, Guam Medicaid program's lack of prompt payment and its low reimbursement rate have cascading effects on Guam's only Government hospital in that GMH is unable to pay vendors timely for medication, laboratory supplies, facilities and maintenance, etc. Without the financial resources, the Government hospital cannot improve its facility and services, which in turn affects the quality of patient care.

Sincerely,



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