AMERICAN SAMOA MEDICAID STATE AGENCY
OFFICE OF THE GOVERNOR
AMERICAN SAMOA GOVERNMENT

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Honorable Raul M. Grijalva
Chairman
U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

Dear Chairman Grijalva and Ranking Member Bishop:

On behalf of Governor Lolo Matalasi Moliga and Lt. Governor Lemanu Peleti Mauga, we wish to express our gratitude to you, Vice Chairman Sablan and the Natural Resources Committee for holding the hearing on the Territories Medicaid Cliff on May 23, 2019. Highlighting the needs of the territories in such hearings helps us to elevate the conversation on critical issues facing the territories to the national level.

We further appreciate the opportunity to provide answers to additional written questions shared by the committee. Included here are those Q&A's as requested.

Medicaid is critical to the sustainability of our health care system and Congress holds the key to resolving the statutory barriers that burden the territories. We look forward to working with you and the Natural Resources Committee on addressing the Medicaid needs of American Samoa and the territories.

Sincerely,

Sandra King Young

cc: Governor Lolo Matalasi Moliga
Lt. Governor Lemanu Peleti Mauga

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Questions from Rep. Gregorio Kilili Camacho Sablan of CNMI:

1. If Congress finally treats the territories equitably and provides uncapped funding with federal match determined in the same way as states, what would the American Samoan Government do to ensure that Medicaid beneficiaries have access to comprehensive services comparable to what states must provide?
   The only acute care hospital facility that serves our people is located on the island of Tutuila (the largest island). There are five community health centers, three in the outlying islands of Ta'u, Ofu and Olosega. Residents of these outlying islands must either travel by boat or airplane to access medical care services for severe illnesses or major healthcare challenges. Air travel to the Manu'a islands is sporadic given our dependence on a foreign airline to provide transportation between Tutuila and the outlying islands. The residents of these islands are considered severely underserved. It is abundantly clear that we need to improve the quality of healthcare services to these outlying islands, but the demands for improving the main acute care hospital facility on Tutuila continue to dwarf and overshadow the needs of this population. Additional federal funding support would go a long way for us to address this inequity. As a start, American Samoa would increase service providers to expand the delivery of comprehensive healthcare services including to the outlying islands. We will attract private healthcare providers to set up operations in American Samoa as the full actual cost of rendering healthcare services will be captured and be reimbursed. These would include Long Term Support Services, home health services, nursing facility services, rural health clinic services, plus expanded pharmacy services, drug and tobacco cessation services and other mandatory and optional health benefits currently not being supported due to the cap and unsustainable FMAP. While this pathway is being pursued, the American Samoa Government would immediately invest in attracting Board Certified Doctors and specialists to render the same quality of service available in the United States. Moreover, the American Samoa Government will increase the diagnostic abilities of our only acute medical care facility—the Lyndon Baines Johnson Tropical Medical Center. We would invest in purchasing state of the art diagnostic equipment along with ensuring that qualified Radiologists and technicians are on site to facilitate optimization of the equipment's effectiveness. Unlike CNMI, the nearest U.S. Medical Institution for medically necessary care not available on island is Hawaii and the cost of travel is cost prohibitive. The frequency of flights is twice (2) weekly, throughout the year except for an added third flight during the Christmas Holiday and summer. The remoteness of American Samoa and the limitation of only one airline and two flights a week to the U.S. contributes to the high cost of providing healthcare services compared to the States and some of the territories.

2. With the additional federal funding, what specific investment could you make to improve eligibility and benefits over time?
   AS would engage in a full-scale re-assessment of our presumptive eligibility program which does not do individual enrollment. This is the way our Medicaid program was set up when it was first established in 1982 under our 1902(j) Waiver. It is important to know that AS continues to support our presumptive eligibility program as it is

relevant to our environment. We would continue to strengthen our collaboration with our providers to invest in the improvement of their operational and financial systems to better manage health care costs and provide more equitable access to services. Ultimately, we hope that with additional financial resources, our Medicaid program will be able to provide comprehensive health care services to our people.

3. What improvements in your health care infrastructure would be needed?
   We would need major investment in upgrading our hospital facility and major investment to build new or upgrade our existing community health clinics. In particular, a tremendous gap is the lack of diagnostic equipment that would better diagnose patients to provide more effect treatment plans for patients. The American Samoa Government has been working to elevate the quality of services and the appropriate medical environment to facilitate compliance with Joint Commission on Accreditation of Healthcare Organizations (Joint Commission) standards demanded of all U.S. Medical facilities in the United States. In addition, the current physician and nursing shortage requires a more targeted focus on investment in our local nursing program and as well as inspiring and motivating enrollment in medical schools through the provision of scholarships.
   a. Would dedicated up-front funding be needed to make changes?
      Yes, absolutely this would be very helpful. The current effort to waive the Medicaid local match reflects the financial inability of the American Samoa Government to address not only the myriad of territorial needs but also to invest in the repair and rehabilitation of aged facilities. Up-front funding would greatly help facilitate immediate attention to mitigate our aging facilities and acquire diagnostic equipment that would help improve patient treatments.

4. Would provider payments have to be increased and to what extent?
   With a small number of providers and with our presumptive eligibility (PE) formula, payments to providers are simple to administer. Payments are based on our population numbers that is calculated on an annual basis and the PE can either go up or go down tied to population increase or decrease. Payment methods are provider-specific and based on actual costs from prior year Medicare Cost Reports, actual costs for off-island referral and encounter rates for the FQHC community health clinics--but they are all still based on the PE formula. I cannot comment on any increase on provider payments except to state that we do have the authority to accept or deny any increases that would make provision of services cost prohibitive for the Medicaid program.

5. Are the 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 the American Samoa make to ensure residents get high quality health care in other ways that meets their needs?
   The immediate option that AS has to provide high quality health care to meet the needs of our patients is the off-island program to New Zealand. We would like to expand this program to Hawaii or to other states in the US, but we are unable to do this under our existing block grant and the FMAP we have. As to other ways, it would

be to increase services at our local hospital, invest in diagnostic equipment, increase physician services, increase community base health care providers, etc.

6. Overall, what do you see as the necessary steps to better ensure access to quality, comprehensive care for American Samoa residents and what would be a reasonable timeline to reach such a goal?
   The U.S. Army Corps of Engineers recently completed its assessment of American Samoa's healthcare facilities under an engagement by the U.S. Department of the Interior responding to the Congressional Directive calling for this healthcare infrastructure assessment. This report would provide the most current information on the condition and status of American Samoa's healthcare facilities. In addition, I refer the committee to the State Innovation Model Report that was issued by American Samoa through the Medicaid State Agency that identifies the gaps, recommendations and lays out a pathway to improve the health care services system in the territory. This report will be forthcoming under a separate cover. Briefly however, the necessary steps to better ensure access to quality, comprehensive care for our residents is, (1) the lifting of the Medicaid cap and adopting a fairer FMAP for the territories. Our biggest barrier to access to quality and comprehensive health care is the lack of financial resources; and (2) increasing medical care and other services providers under the Medicaid program.

7. What will you have to cut if you go off the cliff?
   If AS goes off the cliff with the expiration of ACA funds and without a replacement source of funding, we will have to cut all the new services and new providers approved during the Lolo administration—(1) the Off-island medical referral program to New Zealand; (2) the Department of Health Federally Qualified Health Center's community clinics; (3) the Durable Medical Equipment, Prosthetics, Orthotics and Supplies; and the Medicare Dual-Eligible Co-Pay assistance program. Our block grant can only afford to cover services for our only hospital and this is the priority of our government, to keep the hospital open.

8. What will be the impact on individuals and the health care delivery system in the territory, when Obamacare funding ends this year?
   The impact would be devastating. People would not have access to life saving services. For example, children who need rheumatic heart disease surgeries would not get them, people who need cancer treatment would not get them, any heart surgery would not be available and all other medically necessary care that are not available on island would not be accessible to our people.

Questions from Rep. Jennifer Aydin González-Colón of Puerto Rico:

1. American Samoa will end this fiscal year with an unused balance of $153 million in ACA funds. You have explained to us the reasons for this balance but, from your testimony, extending the expiration date on these funds will not get you very far.
   It will not get us far because we cannot come up with sufficient local match.

a. What are the most important restrictions for the use of these funds that Congress must change in order for American Samoa to effectively use them to improve the provision of healthcare to its residents.
In terms of the $153 million, the President recently signed the Disaster Supplemental bill that gives AS 100% FMAP through September 30, 2019. Our territory would not be able to expend these funds by that date. It would be ideal if AS is allowed to use these funds past September 2019 until fully expended using a less burdensome FMAP or to be to obligate these funds for services delivered by this deadline. In addition, it would be helpful for AS if these funds were made available for infrastructure improvement and workforce development. Currently, it is allowable only for medical care, but the major gaps in our health care system that impacts the delivery of quality medical care, deal with inadequate workforce, poor facilities and lack of medical diagnostic equipment that could better diagnose our patients in order to better provide proper clinical response and prompt treatment strategies.

2. How will the overall healthcare system and the non-Medicaid population in American Samoa be affected if Medicaid funding is not increased for FY2020?
Overall, it would be devastating as we would have to cut back on the new services the territory implemented. As for the non-Medicaid population which is nominal, they would not be affected as they are not eligible for Medicaid and they pay out-of-pocket for medical services. However, the term non-Medicaid population is not generally used because all residents in American Samoa are presumptively covered under the Medicaid program. Because of the cap on AS Medicaid funding and the burdensome FMAP rate, health care services are limited to the extent of funding available.

3. Currently, the Social Security Act provides for capped Medicaid funding for the territories. For FY2017, the cap in American Samoa was $11.51 million.
    a. How much did the Medicaid program benefits actually cost?
    Based on actuals contained in the Medicare Cost Report for allowable Medicaid costs for the hospital and expenditures from the private providers we have, program benefits cost approximately $17 million in federal Medicaid funds only. Because we are only two years into our new services, this number is expected to increase based on the increase in patient utilization patterns as a result of increased public outreach on the availability of these new services.

4. Could you please provide the Committee actual examples of how the current statutory FMAP of 55% affects the provision of healthcare in American Samoa?
The 55% FMAP greatly limits our territory's ability to provide comprehensive health care services to our people. Basically, it limits the provision of mandatory and optional services that the Medicaid program can provide under the Medicaid State Plan. The LBJ Tropical Medical Center receives locally generated revenues to provide medical care services and uses a certified public expenditure method that provides predictable funding and does not require actual cash match. The issue for the hospital is the capped funding which is not enough to cover the hospital's service

for the year. Further, there are many services that are not available at the hospital for any number of reasons—no equipment, no physician specialists, no diagnostic equipment, etc. The Medicaid program to address this gap added new services which do require actual local cash match. Because the FMAP is so high comparable to the wealthy states in the U.S., the territory which generates very limited local revenues, is unable to provide any substantial local dollars for the local match. The Medicaid program only receives $2 million in local match dollars a year for the off-island referral program. When this is exhausted in the second quarter, we suspend all reimbursements to providers and effectively suspend services.

Questions from Rep. Aumua Amata Coleman Radewagen of American Samoa:

1. Given service utilization and the historical issues with generating local matching funds, what is the minimum FMAP that American Samoa's Medicaid system needs if the annual allotment is raised to $30 million?
   American Samoa would like to need the maximum FMAP that it is eligible for under the standard poverty formula used by the states to determine their FMAP. Currently, the American Samoa government can only put up $2 million for local match. It would be unable to come up with the match for the additional $13-$10 million we are requesting. AS thus requests an initial FMAP of 90/10 for the next 2 years, to increase to 85/15 in year 3 and 4 and then to 80% in year 5.

2. The Senate version of the disaster relief bill in addition to temporarily increasing American Samoa's FMAP to 100% from January 1 – September 30 for FY19, requires American Samoa to submit a plan on how the territory will collect and report reliable data to the Transformed Medicaid Statistical Information System (T-MSIS). American Samoa is currently exempt from many data reporting requirements. If passed, what is the projected cost of implementing such a system.
   American Samoa does not have a T-MSIS system because that would not make sense for American Samoa whose annual cap is $12 million. A traditional T-MSIS system is estimated to cost over $20 million and even a smaller version would not be financially feasible for American Samoa. The Medicaid agency keeps internal data on expenditures and patient utilization and is able to report this data to CMS.

3. American Samoa's Medicaid program covers 14 of the 17 mandatory benefits and some optional benefits. What is the projected cost and timeframe it would take for American Samoa to become 100% compliant?
   I cannot comment on this timeframe because we would need to do a full-scale evaluation and cost-benefit analysis together with CMS to plan this out. The territory's existing work force, education pipeline to train new medical providers, local and federal regulations would all need to be reviewed to come up with the projected cost and timeframe for full compliance. It is not possible for AS to be compliant under the current capped funding and heavy FMAP requirement.

4. In the 2016 GAO report on Medicaid in the Territories, American Samoan Health Officials stated they planned to use some of the new ACA funds to expand services. Please explain in detail what these new services are and what suspending them may mean for American Samoa.
   The new services added during Governor Lolo Matalasi Moliga and Lt. Governor Lemanu Peleti Mauga's administration are the (1) Off-island medical referral program to New Zealand, (2) the Department of Health Federally Qualified Health Center's community clinics, (3) the Durable Medical Equipment, Prosthetics, Orthotics and Supplies, and (4) the Medicare Dual-Eligible Co-Pay assistance program. Suspending all the four services would put people's lives at risk of permanent disability or worse, loss of life. Our people would not have access to medically necessary care that is not available on island.

5. GAO reported they "found little assurance that territory Medicaid funds are protected from fraud, waste, and abuse" – A discussion area that will be discussed as the Congress debates a greater Territorial Medicaid solution. Could you please tell us about the current efforts and its successes?
   In American Samoa, there has only been one Medicaid provider until 2017. CMS in 2011, put in place the certified public expenditure payment method for the hospital significantly reducing any risk of fraud, waste and abuse. Now with the four new services added since 2017, CMS continues to work closely with our Medicaid office to improve policies and procedures to implement tight controls and checks on all approvals for expenditures of Medicaid funds. AS Medicaid is working with the CMS Program Integrity Contractor Qlarant to improve and implement program integrity procedures in all Medicaid activities. It is not feasible to establish a full scale Medicaid control fraud unit for American Samoa because it would cost disproportionately more than what AS actually receives in a block grant.

6. The Federally Qualified Health Centers (FQHCs) do not operate on the certified public expenditure method. Relative to LBJ Hospital, how much spending do FQHCs account for annually?
   The FQHC just became a Medicaid provider in 2017. They utilize an encounter rate payment method and incurred $1,128,741.95in federal funds and $711,424.67 in local funds in FY2018. Medicaid anticipates transitioning the FQHC to the CPE payment method once they have a couple of years of audited financial statements available.

7. States currently do not have capped federal Medicaid contributions and they have FMAP based on the average per capita income for each State relative to the national average. You mentioned in your testimony that given a lifting of the cap and a better FMAP, American Samoa would be able to attract more providers, but there are States that still struggle to attract providers despite not having these same statutory burdens. How exactly would removing the federal cap and raising the FMAP, allow American Samoa to attract providers?
   We would be able to have the financial resources to hire board certified doctors to serve in the LBJ hospital. We would also be able to encourage the development of the

private sector health care providers with the availability of more Medicaid funding and lessening the burden on the FMAP. Because the local match must come from the government, the FMAP is key to expanding the private sector health care providers. No matter how much federal Medicaid funds we receive, drawing these funds down are subject to the local match. Without the local match, we cannot draw federal ufnds and this is when we suspend all services.
Would you raise reimbursement rates?
Only in so much as cost of living increases because reimbursement rates for American Samoa are based on actual costs and on the CMS Medicare Fee Schedule.

8. Would raising the FMAP and the federal cap allow American Samoa to attract private insurers?
   Highly unlikely, because Medicaid is essentially the universal health care provider for American Samoa. The majority of the population that fall within the poverty line threshold for the presumptive eligibility program in American Samoa is covered under Medicaid. The high poverty rates, high risk population and unsustainability of local revenues to cover private insurance premiums and deductibles would continue to be a great deterrent to the attraction of private insurers.

9. Has there been any efforts to investigate or adopt a Kaiser Health Care model – the creation of an internal nonprofit insurance plan managed by the facility that delivers care – for LBJ hospital?
   That is a question best addressed to the LBJ hospital. Medicaid does not have the authority to investigate or adopt the creation of an internal nonprofit insurance plan to be managed by the facility that delivers care for LBJ hospital. Medicaid did however, engage Kaiser Permanente at the beginning of the Lolo administration, regarding off-island services using their facilities in Hawaii. Kaiser was not prepared at the time to engage AS in that area without an identifiable and guaranteed source of long-term local funding from the American Samoa Government.

10. What behavioral health services and or programs designed to address top public health priorities such as obesity and hypertension, if any, are currently covered under American Samoa's Medicaid program?
    All behavioral health services are covered under the AS State Plan—the challenge is not having sufficient numbers of behavioral health providers to provide these services and not having sufficient financial resources to support these services—due to the capped funding and unsustainable local match.