



Commonwealth of the Northern Mariana Islands
State Medical Agency
Office of the Governor

Oral Testimony of Helen Sablan, Medicaid Director
Commonwealth of the Northern Mariana Islands

May 23, 2019

Honorable Chairman Raúl M. Grijalva, Ranking Member Robert W. Bishop, and Members of the United States House of Representatives Committee on Natural Resources:

Thank you so very much for holding a hearing on the Insular Areas Medicaid Fiscal Cliff and for providing the Commonwealth of the Northern Mariana Islands (CNMI) the opportunity to present information on what the “Fiscal Cliff” means for the U.S. Citizens of the CNMI.

I am requesting that my written testimony be included in the record and will rely on parts of it during this oral testimony.

We recognize that we are the smallest of the U.S. territories in terms of population and geographic size. While World War II has long past and memory and knowledge of the Americans that died on Saipan or remembrance of the Enola Gay, the bomber that dropped the nuclear bomb on Japan, flew from the island of Tinian in the CNMI, may have faded, we believe the CNMI remains a location of strategic value in the Asia-Pacific region. Our citizenry appreciates becoming a U.S. territory in 1978 and a participant in the Medicaid program since 1979. The CNMI and its U.S. citizens value their U.S. citizenship and the Medicaid program.

Dire Situation for CNMI Medicaid Program

To summarize the dire situation of the CNMI Medicaid program, I would like to highlight some important facts from my written testimony.

First, the CNMI Medicaid lives under Section 1108 budget caps that are totally inadequate. The ACA recognized the problem and temporarily adjusted the budget caps. The Federal Medical Assistance Percentages (FMAP) was also adjusted to 55-45% when calculations give the CNMI income would be higher than almost all states. What does this mean for the CNMI today and tomorrow?

Second, in Fiscal Year 2018, the CNMI Medicaid Program expended over \$53 million to provide care for the 15,138 eligible Medicaid Medical Assistance Program (MAP) and Children’s Health Insurance Program (CHIP) populations. This does not include an Accounts Payable estimated at around \$18 million for FY 2018. The total of these amounts is \$72 million. Today the number of enrolled Medicaid Beneficiaries has increased to 16,206 following the two typhoons in 2018, including the Category 5 Super Typhoon Yutu.

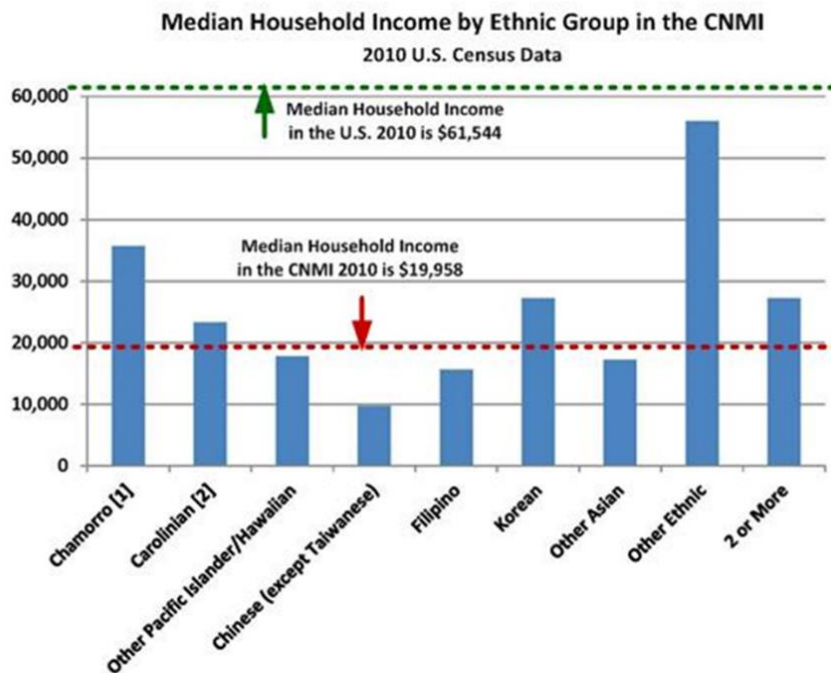
Third, in March 2019, the CNMI Medicaid program completely exhausted its Medicaid Medical Assistance Program funding, including the final amounts made available through the ACA. ***The CNMI is not at the fiscal cliff but is in free fall.*** There is about \$8 million provided through the reconciliation for payments to the Commonwealth Healthcare Corporation (CHCC). However, this has already been

allocated to cover CHCC payments under the Certified Public Expenditure methodology where CHCC public expenses as a government entity are treated as a local match.

For FY 2020, Region IX has informed us that our allotment will be \$6.85 Million for MAP and \$11.2 for the CHIP. This is not much of a change in the cap and means that the shortfall between the actual Medicaid expenditures for FY 2018 v. CMS FY 2019 allotment will be around \$50 million when the Accounts Payables from 2018 and any additional Accounts Payable amounts from FY 2019 are accumulated.

As shown in Table 1 of my written testimony, the median income for a family of 4, based on data provided by the U.S. Census in 2010, shows that the CNMI family earned \$19,958 in the same year that the average U.S. family earned \$61,564.

Table 1



If we just step back for a minute and think about just this basic information, we can clearly understand why so many residents in the CNMI rely on Medicaid for healthcare or are uninsured. The more than 16,206 individuals in the Medicaid program constitutes 46% of the U.S. citizens in the Commonwealth of the Northern Mariana Islands.

Impacts

The CNMI Government, the Medicaid program, Medicaid beneficiaries, and the CNMI health system is in a dire situation following the end of additional funding provided under the Affordable Care Act and the devastating impacts of Typhoon Mangkut in 2018 and Super-Typhoon Yutu in 2018.

I am here to plead the U.S. Congress to provide Medicaid Disaster Assistance and to address the inequities in the Medicaid program for the territories, specifically the Section 1108 budget caps under Title XIX and the Federal Medical Assistance Percentages (FMAP).

The People Behind the Numbers

It is important to keep in mind, as Judge Gladys Kessler, in the Salazar v. District of Columbia precedential Medicaid case, once stated:

“... let there be no forgetting the real people to whom this dry and bloodless language gives voice: anxious, working parents who are too poor to obtain medications or heart catheter procedures or lead poisoning screens for their children, AIDS patients unable to get treatment, elderly persons suffering from chronic conditions like diabetes and heart disease who require constant monitoring and medical attention. Behind every "fact" found herein is a human face and the reality of being poor in the richest nation on earth.”¹

Impacts on the U.S. Citizens in the Commonwealth of the Northern Mariana Islands

I have worked in the CNMI Medicaid Program since 1986, over 32 years ago. In all these years, I have never been more emotionally affected than I have been in the past year.

We are currently in the process of *severely curtailing services, limiting choice of providers in the program*, and are making decisions knowing full well the adverse short and long-term consequences our decisions will have. It has been a very emotional and difficult time for our office.

I am frightened and saddened at each step in our undertaking because I understand the effects on our people and our health system. While we are doing our very best to determine what might be intellectually characterized as the so-called “best interests” given the “limited resources” – decisions regarding what services should be continued, what should be curtailed or dropped, and what providers can be paid, are and will continue to be made. We very clearly understand the consequences to each decision on the health of the people that we serve and I am frightened for the short and long-term impacts that will occur.

It is even more of an emotional toll because in our small territory, we know many people that are Medicaid beneficiaries. We have relatives and friends through extended familial or community connections that are Medicaid beneficiaries. It is unavoidable that we, the Medicaid program, not see them at the grocery store, at churches, or the checkout clerk or the restaurant server, the laborer fixing roads, and everywhere else in the community. It is difficult not to know, as I see them, that decisions we are making in the Medicaid program are directly affecting their access to healthcare and the impacts that very lack of care will have on them, if not immediately, then, very certainly over the long-run.

It is very hard to explain to those that come to our office asking whether the health services that they are receiving will be cut. It is very hard to listen to their stories. What should we do with the patient that has been in an off-island hospital in another state that may be dying? Should we now inform the patient and parents that we are sorry, but we will no longer pay for any of their medical bills? It is impossible for me, not to see the faces of the people behind the numbers and the impacts that each decision made will have.

- Should we deny a patient costly off-island cancer services because our territory cannot provide advanced on-island tertiary cancer care and expenses would use too much of our limited resources to pay for the patient on Guam, Hawaii, or elsewhere?
- What drugs should we drop from coverage and how will any of this affect patient outcomes?

¹ <https://www.courtlistener.com/opinion/2468509/salazar-v-district-of-columbia/>

- Should we stop preventive dental services knowing that it will lead to further tooth decay and perhaps an emergency room visit where a service has to be provided?
- Should we simply reduce the rates for Dialysis services for the Medicaid or Medicare/Medicaid Dual Eligible population in order to experiment whether the private provider will continue to provide the services with no Medicaid payments?

The CNMI Medicaid program is struggling with all of these questions, and many more.

Summary

In summary, the CNMI is in a desperate and dire situation; and, the U.S. citizens in the Northern Mariana Islands deserve equity in healthcare. As such, we are humbly pleading for the U.S. Congress to please help to treat the U.S. citizens of the U.S. Commonwealth of the Northern Mariana Islands equitably, and if I may humbly ask, quickly.

Thank you once more for taking the time to hear this issue.