



May 23, 2019

The Honorable Raúl Grijalva, Chairman
The Honorable Rob Bishop, Ranking Member
The Honorable Gregorio Kilili Camacho Sablan, Vice Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman, Ranking Member Bishop, Vice Chairman Sablan, and Members of the Committee:

On behalf of the Association of Asian Pacific Community Health Organizations (AAPCHO), I commend the Committee for holding today's hearing on the Insular Areas Medicaid Cliff. AAPCHO is concerned with the deficiencies of the Medicaid program in the U.S. territories and the unique challenges American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands face in providing care to Medicaid beneficiaries.

AAPCHO is a national association representing 34 community health organizations who serve 630,000 patients annually dedicated to promoting advocacy, collaboration, and leadership that improve the health status and access of Asian Americans, Native Hawaiians, and Pacific Islanders in the United States, the U.S. territories, and the Freely Associated States. Since its inception in 1987, AAPCHO has advocated for policies and programs that improve the provision of health care services that are community driven, financially affordable, linguistically accessible, and culturally appropriate.

Today's hearing is important to addressing deep challenges the U.S. territories face in administering Medicaid in their jurisdictions. As you are aware, Medicaid in the territories operates differently than in the 50 states: the territories are limited by annual caps and have inequitable state match requirements.

This unique funding structure causes significant challenges to each territorial government and their ability to provide Medicaid services to their populations. The annual caps placed on the territories serve as a block grant that limit their access to federal funds and require territorial governments to fully fund Medicaid expenditures once the cap is met. While the Affordable Care Act provided each of the territories with additional Medicaid funding that lifted these caps, without Congressional action this funding will expire at the end of the year, reverting the territories to pre-ACA cap levels.

This will cause significant fiscal challenges in the territories: for American Samoa, in 2017 Medicaid spending with ACA funding was \$19.4 million, but without Congressional action will revert to pre-ACA levels of about \$11.5 million in 2020; for Guam, in 2017 Medicaid spending with ACA funding was \$53.8 million, but without Congressional action will revert to pre-ACA levels of about \$17 million in 2020; for the NMI, in 2017 Medicaid spending with ACA funding was \$17 million, but without Congressional action will revert to pre-ACA levels of about \$6.3 million in 2020.

The territories are further limited by inequitable state match requirements that is fixed in federal law. Unlike the 50 states, the Federal Medical Assistance Percentage (FMAP) in the territories is not determined by the proportion of their low-income population, but rather is fixed with the federal

government only funding 55 percent of Medicaid costs and the territories matching 45 percent of Medicaid costs up to their annual cap. This requires territorial governments to provide a local match at rates comparable to the wealthiest states.

This unique and inequitable structure has already caused significant challenges in the territories, particularly in the Pacific territories, that will only be exacerbated if Congress fails to act by the end of the year. Under the current structure, American Samoa and Guam are unable to fully utilize ACA Medicaid funding because of their local government's difficulty in meeting their state match requirements. The Northern Mariana Islands has already exhausted their ACA Medicaid funds and will be required to use local funds or providers will be forced to stop providing Medicaid services until next fiscal year.

AAPCHO recently joined national and state organizations in providing recommendations to Congress to immediately assist the Pacific territories and calling for long-term solutions for all territories. We commend Congress' past action in providing assistance to Puerto Rico and the U.S. Virgin Islands as they recover from their recent natural disasters. We believe that additional action must be taken for all territories, including:

- Providing the NMI with additional funding for 2019, and allowing American Samoa, Guam, and the NMI, which were also devastated by federally declared disasters, to draw down their remaining ACA funds without a state match, similar to Congressional relief provided to Puerto Rico and the U.S. Virgin Islands following their recent natural disasters.
- Immediately including in moving legislation critical Medicaid funds that American Samoa, Guam and the NMI need to continue providing health care to their residents this year.
- Providing longer-term adequate and sustainable funding for all U.S. territories to maintain their Medicaid programs and to serve their most vulnerable populations.

We commend the House for including remedies for the territories in recent disaster supplemental legislation, and we hope that this Committee will work with your Congressional colleagues to maintain those provisions in any discussions or negotiations with the Senate. We also encourage that long-term solutions to the territories' Medicaid programs will allow for state-like treatment by removing the annual caps, providing an FMAP that reflects their populations' needs, as well as providing the same range of services and meeting the same administrative requirements that states are obliged to adhere to.

Again, we appreciate the leadership of this Committee in holding this hearing and addressing the territories' Medicaid challenges. We look forward to continued discussions in the House and Senate to move this issue forward. AAPCHO stands ready to work with you and your Congressional colleagues to improve Medicaid in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands and improve health outcomes for the residents of these American island jurisdictions.

Sincerely,



Adam P. Carbullido
Director of Policy and Advocacy