



June 20, 2019

The Honorable Anna Eshoo
Chairwoman
Subcommittee on Health
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable Michael Burgess
Ranking Member
Subcommittee on Health
Committee on Energy and Commerce
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Dear Chairwoman Eshoo and Ranking Member Burgess:

On behalf of the Association of Asian Pacific Community Health Organizations (AAPCHO), I commend you for holding today's hearing on "Strengthening Health Care in the U.S. Territories for Today and Into the Future." AAPCHO supports the Subcommittee's work to improve health care access and delivery for the more than three million Americans who call the U.S. territories home.

AAPCHO is national association representing 35 community health organizations who serve 630,000 patients annually. Our members are dedicated to improving 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. Your leadership on these issues will have a direct impact on the patients and communities our members serve.

Today's hearing is important to addressing the unique challenges American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands face in administering their Medicaid programs. As you are aware, Medicaid in the territories operates differently than in the 50 states: territories are limited by insufficient 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 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, Bipartisan Budget Act, and other supplemental disaster relief packages provided the territories with additional funding to lift these caps, without Congressional action, this funding will expire at the end of the fiscal year, reverting the territories to pre-ACA cap levels.

Moreover, the territories are further constrained by their inequitable state match requirements. In the 50 states, the Federal Medical Assistance Percentage (FMAP) is established by the proportion of the state's low-income population. However, in the territories, the FMAP is set by federal law at 55 percent, with territorial governments required to provide the remaining 45 percent of Medicaid costs up to their annual cap, and 100 percent of costs that exceed the cap. This FMAP is comparable to the wealthiest states and does not reflect the economic and demographics realities in the territories.

This unique and inequitable structure has already caused significant challenges in the territories, particularly those in the Pacific, that will only be exacerbated if Congress fails to act by the end of

the year. Prior to the enactment of the Additional Supplemental Appropriations for Disaster Relief Act (H.R. 2157) on June 6, 2019, American Samoa and Guam were unable to provide adequate local matching funds to fully utilize its ACA Medicaid funding. The Northern Mariana Islands exhausted its additional funds and sent notice to its Medicaid providers that it would not reimburse adult and children outpatient primary care services, forcing providers to either stop providing services or absorb the full costs of these services.

AAPCHO encourages Congress to enact legislation that will remedy the shortcomings of the territories' current Medicaid programs. Congress should provide the territories with a path to transition their Medicaid programs in a way that recognizes the unique challenges of their island communities and provide them with long-term stability that recognizes the needs of their populations. The territories cannot continue to be hamstrung by annual caps that force their governments to divert limited local resources and inequitable matching requirements that are not required of the 50 states. We encourage that long-term solutions to the territories' Medicaid programs allow for state-like treatment by removing the annual caps, providing an FMAP that reflects their populations' needs, and provides the same range of services and meets the same administrative requirements that states are obliged to adhere to.

Again, we commend the Subcommittee for its leadership in bringing to light these challenging barriers. We hope that Congress will resolve these challenges before September 30, 2019 and avert the territories' "Medicaid Cliff" that will devastate the health and well-being of the millions of Americans residing in these islands. AAPCHO stands ready to work with you and your Congressional colleagues to improve Medicaid in the American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands in hope of creating a sustainable health infrastructure for the residents of these American island jurisdictions.

Sincerely,



Adam P. Carbullido
Director of Policy and Advocacy