



# Panel Discussion: Current and Future Issues Facing the Territories

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**Medicaid and CHIP Payment and Access Commission**

Kacey Buder

March 4, 2021

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# Overview

- Background information
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  - Medicaid financing structure
  - Recent congressional action
  - Upcoming Medicaid fiscal cliff
  - Prior MACPAC work
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  - Panelists
  - Issues for discussion

# Background

# Medicaid in the Territories

- Territories are generally considered states for the purposes of Medicaid unless otherwise specified
- Guam, Puerto Rico, and the U.S. Virgin Islands have similar program structures as states
- The Commonwealth of the Northern Mariana Islands (CNMI) and American Samoa operate their Medicaid and CHIP programs under a unique Section 1902(j) waiver
  - allows Secretary to waive almost any Medicaid requirement
- Detailed fact sheets for each territory are available at <https://www.macpac.gov/publication/medicaid-and-chip-in-the-territories/>

# Financing Structure

- Capped allotment financing structure
  - Annual allotments specified in Section 1108(g) of the Social Security Act (i.e., Section 1108 cap)
  - Federal medical assistance percentage (FMAP) specified in statute at 55 percent
- Financing arrangement has historically been insufficient to fund territory Medicaid programs
- Territories rely on time-limited increases in federal Medicaid funds and FMAPs

# Temporary Increase in Federal Funds for FYs 2020 and 2021

- Congress provided additional federal Medicaid funds or enhanced FMAPs on several occasions between 2010 and 2020
- The Further Consolidated Appropriations Act, 2020 (P.L. 116-94) and the Families First Coronavirus Response Act (FFCRA, P.L. 116-127):
  - Substantially raised each territory's Section 1108 cap for FYs 2020 and 2021
  - Raised territory FMAPs for FYs 2020 and 2021: 76 percent for Puerto Rico and 83 percent for other territories (plus 6.2 percentage point bump during COVID-19 public health emergency)

# New Federal Requirements

- All territories are required to report to Congress on how they used additional funds and designate a program integrity lead within the Medicaid agency
- American Samoa, CNMI, and Guam are required to demonstrate reasonable progress towards reporting data to the Transformed Medicaid Statistical Information System (T-MSIS) and establishing Medicaid fraud control units
- Puerto Rico must comply with several new reporting requirements, develop plans to satisfy payment error rate measurement and Medicaid eligibility quality control program requirements, and develop a contracting reform plan

# Territory Section 1108 Allotments, FYs 2019–2022 (Millions)

Territory	2019	2020		2021		2022
		Without P.L. 116-94 and FFCRA	Current law	Without P.L. 116-94 and FFCRA <sup>1</sup>	Current law	
American Samoa	\$12.2	\$12.4	\$86.3	\$12.7	\$85.6	\$13.0
CNMI	6.7	6.9	63.1	7.1	62.3	7.2
Guam	18.0	18.4	130.9	18.8	129.7	19.2
Puerto Rico	366.7	375.1	2,716.2	383.7	2,809.1	392.5
USVI	18.3	18.8	128.7	19.2	127.9	19.6

**Notes:** FY is fiscal year. Section 1108 allotments reflect the annual federal allotments (or caps) for federal funds that territories receive under Section 1108(g) of the Social Security Act. P.L. 116-94 is the Further Consolidated Appropriations Act of 2020. FFCRA is the Families First Coronavirus Response Act (P.L. 116-127). CNMI is Commonwealth of the Northern Mariana Islands. USVI is U.S. Virgin Islands. In addition to the amounts shown, Puerto Rico was eligible to receive \$200 million per FY 2020 and FY 2021 provided that the Secretary certifies that Puerto Rico established a payment floor for physician services of at least 70 percent of the payment rates that would apply for such services under Medicare Part B. Puerto Rico implemented this increase in 2020 (ASES 2020a).

<sup>1</sup> Estimated by trending FY 2020 allotments (prior to enactment of the Further Consolidated Appropriations Act of 2020) by 2.3 percent (percent change in the medical component of the Consumer Price Index for All Urban Consumers for the 12-month period ending March 2019).

**Source:** Medicaid and CHIP Payment and Access Commission (MACPAC). 2021. Medicaid and CHIP in the U.S. territories. February 2021. Washington, DC: MACPAC.

<https://www.macpac.gov/publication/medicaid-and-chip-in-the-territories/>.



# Upcoming Fiscal Cliff

- Fiscal cliff will occur on October 1, 2021 absent congressional intervention
  - Section 1108 allotments to revert to lower levels
  - FMAP to revert to 55 percent
- Territories have faced fiscal cliffs on several prior occasions, including in 2017, 2018, 2019, and 2020
  - In most cases, fiscal cliffs were averted by last-minute infusions of federal funds; however, CNMI experienced a lapse in March 2019

# Prior MACPAC Work

- Chapter in June 2019 report to Congress on Medicaid in Puerto Rico (in response to congressional request)
- In anticipation of a funding lapse expected in October 2019, the Commission stated that “An additional infusion of temporary funds would keep the Medicaid program afloat. In the long-term, reliable, sustainable access to care for the Medicaid population will likely require changes to the existing financing arrangement that provide a higher level of federal investment than what is currently available under the Section 1108 cap, and over a longer period of time than past interventions”
- Commission noted implications for other territories

# Panel Discussion

March 4, 2021

# Issues for Discussion

- Unique features or circumstances affecting each territory Medicaid program
- Current and future priorities for program improvement
- Effects of new federal requirements
- Effects of COVID-19, and efforts to respond to those effects
- The upcoming Medicaid fiscal cliff and level of federal investment needed for FY 2022 and future years
- Other issues facing each territory program

# Panelists

- Sandra King Young
  - Medicaid Director, American Samoa Department of Medicaid
- Helen Sablan
  - Medicaid Administrator, Commonwealth of the Northern Mariana Islands State Medicaid Agency
- Jorge Galva Rodriguez
  - Executive Director, Puerto Rico Health Insurance Administration (ASES)
- Gary Smith
  - Medicaid Director, U.S. Virgin Islands Department of Human Services



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