

June 6, 2024

The Honorable Ron Wyden
Chair
Senate Committee on Finance
Washington, DC 20515

The Honorable Cathy McMorris Rodgers
Chair
House Committee on Energy and Commerce
Washington, DC 20515

The Honorable Mike Crapo
Ranking Member
Senate Committee on Finance
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce
Washington, DC 20515

Dear Chair Wyden, Chair Rodgers, Ranking Member Crapo, and Ranking Member Pallone:

Strong, sustainably funded Medicaid and Children's Health Insurance Programs (CHIP) are crucial to addressing healthcare challenges in the U.S. territories. On behalf of the Association of State and Territorial Health Officials (ASTHO) and the National Association of Medicaid Directors (NAMD), we urge Congress to ensure the fiscal stability of the territories' Medicaid programs by lifting the annual [Section 1108\(g\) allotment cap](#) for all territories and authorizing a permanent 83% Federal Medical Assistance Percentage (FMAP) for Puerto Rico. Robust Medicaid and CHIP are critical components of strong and resilient territorial health systems.

The five U.S. territories—American Samoa, Guam, the Commonwealth of the Northern Mariana Islands (CNMI), Puerto Rico, and the U.S. Virgin Islands (USVI) – vary dramatically in population, healthcare system capacity, and Medicaid program structure. Despite these differences, they share common challenges, including significantly higher rates of poverty (ranging from [16.8 percent in Guam](#) to [54.6 percent in American Samoa](#) in 2019, compared to [10.5 percent](#) in the United States), [higher rates of chronic health conditions](#), and [a lack of health care infrastructure](#). Medicaid and CHIP programs [are crucial to addressing these challenges](#).

Chronic underfunding has impaired territories' capacity to serve their residents, who are U.S. citizens or U.S. nationals. Historically, the territories have faced two statutory funding challenges: 1) A low, fixed FMAP rate that is not tied to per capita income (as is the case in the states), and 2) Annual funding caps. Prior to FY 2023, Congress supplemented low annual funding amounts with short-term additional investments. The short-term nature of this funding limited territories' ability to plan, undertake large investments, and efficiently deliver services. **In the [Consolidated Appropriations Act of 2023](#), Congress permanently increased the FMAP for American Samoa, Guam, USVI, and CNMI to 83% and authorized a 76% FMAP for Puerto Rico through 2027. NAMD and ASTHO applaud and fully support this structural means of addressing longstanding needs. Congress should continue to build on this foundation by extending the permanent 83% FMAP to Puerto Rico to ensure all U.S. territories have access to sustainable Medicaid and CHIP funding.**

Over and above this FMAP adjustment, Congress must also address the constraints caused by the allotment cap on the territories' Medicaid and CHIP funding, established by [Section 1108\(g\) of the Social Security Act](#). When a territory reaches this cap, they are responsible for funding their Medicaid agency solely with local dollars. Due to challenges generating sufficient local funds, [many territories](#) have been forced to [cut services](#) after reaching these allotment caps, drastically limiting their ability to offer services and destabilizing local health care providers. For example, CNMI expects to hit its FY 2024 cap by July, leaving the CNMI government with more than two months of unmatched Medicaid costs. **Congress should eliminate the annual [Section 1108\(g\) allotment cap](#) to ensure sustained access to high-quality public health and health care services in the U.S. territories.**

Sustainable, equitable funding will allow territorial programs to make long-term, cost-effective investments that support high-quality and innovative Medicaid programs. The [Consolidated Appropriations Act of 2023](#) directed American Samoa, Guam, CNMI, and USVI to develop four-year strategic plans focused on workforce, program integrity, systems development, and financing. The four territories developed comprehensive plans with ambitious goals, including developing electronic eligibility and enrollment, MMIS, and T-MSIS systems, launching initiatives to expand local provider workforces and territory administrative capacity, and strengthening program integrity processes. These plans are evidence of the momentum and energy that territory leaders bring to their reform agendas.

Technical assistance from CMS and other agencies will remain a critical resource for capacity-building efforts in the territories. In addition to lifting the statutory allotment cap and providing Puerto Rico with a permanent 83% FMAP, **Congress should also consider providing the territories with targeted, project-specific enhancements to their administrative match rates to facilitate necessary technical assistance and change management.** These structural improvements will strengthen the impact of Medicaid dollars allotted to the territories.

Thank you for your previous support of the Medicaid programs in the U.S. territories and your ongoing attention to this important issue. If you have any questions or require additional information, please reach out to Jeffrey Ekoma (senior director of government affairs at ASTHO, jekoma@astho.org) and Jack Rollins (director of federal policy at NAMD, Jack.Rollins@MedicaidDirectors.org).

Sincerely,

Joseph M. Kanter, MD, MPH
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Kate McEvoy, Esq.
Executive Director, NAMD

CC:

Gretchen Sierra-Zorita, Director for Puerto Rico and the Territories, White House Office of Intergovernmental Affairs

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Senate Energy and Natural Resources Committee
House Natural Resources Committee
Esther Muña, CEO, Commonwealth Healthcare Corporation, CNMI
Justa Encarnacion, Commissioner, USVI Department of Health
Carlos Mellado, Secretary, Department of Health, PR
Peter John Camacho, Acting Director, Department of Health and Human Services, Guam
Tui Nua, Director, Department of Health, American Samoa
Basil Ottley, Director of Policy, Department of the Interior Office of Insular Affairs
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