

Congress of the United States
House of Representatives
Washington, DC 20515-5400


March 2, 2017

The Honorable Paul Ryan
Speaker
U.S. House of Representatives

Dear Speaker Ryan:

As Puerto Rico's sole representative in the Congress, I am writing regarding the Medicaid "cliff" that the territory faces this year and the need for the equal treatment of Puerto Rico with the States in a reform of the Medicaid Program.

"Obamacare" provided funding for the territory that was well short of equal treatment with the States, was not based on any actuarial analysis, and, critically, was not permanent. As a consequence of the law and its implementation under the Obama Administration, Puerto Rico will lose 80% of its approximately \$1.68 billion in Medicaid funding by the end of this year. This would require the end of services to more than 470,000 Americans. Many should be expected to move to a State, where the costs of Medicaid services is two to three times as high¹, where income eligibility levels are two to three times as high, and where they would also immediately qualify for benefits in other social programs.

The law enacted by the last Congress to address Puerto Rico's debt problem, PROMESA, recognized that the *current* unequal Medicaid funding was a major cause of the territory's deficit. It established a bicameral Task Force of Members of Congress chaired by Senator Hatch to make recommendations "on impediments . . . to economic growth in Puerto Rico including equitable access to Federal healthcare programs." The inequalities include a Federal cost share that is 55% whereas it would be 83% in a State (and 100% phasing down to 90% in a State for a Medicaid expansion population).

In its final report in December, the Task Force recommended, "equitable and sustainable funding" for Puerto Rico in Medicaid. Additionally, "to address the

¹ For an individual, maximum income eligibility in Puerto Rico is \$6,600 but in the state it is up to \$15,800 with the poverty level being \$11,500. For a family of four, in the territory it is \$10,200, in the States up to \$32,219, with the poverty level being \$24,300.

impending Medicaid cliff established by the ACA” it recommended that “Congress should begin to address the funding issue early in calendar year 2017.”


Among the reasons for these recommendations was to “reduce the incentive for migration” to the States “and the associated financial costs to State governments and the Federal government.” The incentive includes the territory’s Medicaid program not being able to provide seven of the 17 services that are mandatory² in Medicaid and not covering six of 14 other services commonly provided by States.

The Task Force recommended action early this year because contracts with managed care providers for territorial Fiscal Year 2018, which begins July 1st, will be more costly if funding for the fiscal year is not secured prior to contract negotiations.

The loss and uncertainty of Medicaid funding past this year has also been a serious problem for determining the fiscal adjustment plan for balanced territorial budget required by PROMESA.

For these reasons, “bridge” funding is essential to span the gap between Obamacare and Medicaid reform.

Further, in replacing Obamacare, Medicaid financing for Puerto Rico should be provided in the same manner that it is for the States, ending a disparity that is so problematic and unworthy of the Nation.



Additionally, Puerto Rico needs funding for a Medicaid fraud control unit. Under current law, monies for this important protection for taxpayers and Medicaid recipients alike are only granted to the States and to the District of Columbia, not territories. Our new Governor in Puerto Rico is already taking steps to fill in the gap but here, too, equal treatment with the States should be provided.

The repeal and replacement of Obamacare presents us with the opportunity to fix our Nation’s broken healthcare system once and for all. Low-income Americans in Puerto Rico should be covered equally by the new model - without having to move to a State.

We do not have the luxury of waiting until Medicaid is reformed or Obamacare is replaced, however, to address the Obamacare Medicaid territories ‘cliff.’ It needs to be avoided during the next three months.

² Nurse midwife services, birth center services, pediatric and family nursing services, home care for those entitled to nursing facility care, nursing facility services for adults, emergency services for certain aliens, and non-emergency transportation for medical care.

On behalf of your 3.4 million Americans in Puerto Rico, thank you for your consideration of this vital issue that threatens to become a crisis.

Sincerely,



Jenniffer Gonzalez-Colon
Member of Congress