



June 19, 2019

The Honorable Anna Eshoo
Chairwoman
House Committee on Energy and Commerce
Health Subcommittee
Washington, DC 20515

The Honorable Michael Burgess, MD
Ranking Member
House Committee on Energy and Commerce
Health Subcommittee
Washington, DC 20515

Dear Chairwoman Eshoo and Ranking Member Burgess:

The American Academy of Family Physicians (AAFP), representing 134,600 family physicians and medical students nationwide, in collaboration with the Guam Academy of Family Physicians, the Puerto Rico Academy of Family Physicians, and the U.S. Virgin Islands Academy of Family Physicians, write today to express our concerns over the impact of the impending Medicaid “fiscal cliff.” If Congress fails to act, family physicians and the patients they treat in all U.S. territories that operate Medicaid programs, will face significant reduction in resources, which will require reductions in services for thousands.

Unlike states’ Medicaid funding mechanisms, financing for territorial Medicaid programs is capped and the federal medical assistance percentage for the territories is set by statute at 55 percent, significantly less than that of the states. Because of the demographic and health circumstances unique to the territories, these Medicaid programs have been chronically underfunded. To address this, the Affordable Care Act (ACA), passed in 2010, included a provision that provided \$6.3 billion in additional Medicaid federal funding to the territories through September 30, 2019. The Bipartisan Budget Act of 2018 allowed for an additional \$5.2 billion for Puerto Rico and the U.S. Virgin Islands only. The Congressional Research Service’s report on [Medicaid Funding for the Territories](#) found that the territories are increasingly relying on the ACA funding for their Medicaid programs as the current funding system is insufficient.

Congress must act quickly to address the expiration of the territories’ temporary ACA Medicaid funds, as all five territories will otherwise experience severe federal funding shortfalls beginning FY 2020. According to the Medicaid and CHIP Payment and Access Commission (MACPAC), territories may be forced to either reduce benefits for Medicaid recipients or restrict coverage, further adding to confusion for beneficiaries and providers alike. Unfortunately, territory Medicaid programs could be affected even earlier than October 1 as “uncertainty about the availability of funds could affect providers’ willingness to participate given that Medicaid may not be able to guarantee payment after a certain date.”¹ Significant time and resources would be required to notify beneficiaries and providers of any changes ahead of any expiration of funds.

¹ Medicaid and CHIP Payment and Access Commission (MACPAC). (2019). “When Will the U.S. Territories Exhaust Federal Medicaid Funding?” Web.

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While Congress must address the short-term needs of the territories' Medicaid programs, it also must reconsider the territories' long-term Medicaid financing mechanisms. The current Medicaid funding system is unfair to the territories and leads to more stringent Medicaid eligibility limits, less comprehensive Medicaid benefits to participants, and inadequate payments to health care providers.

One of the AAFP's [Core Principles of Medicaid](#) calls for federal financial participation in territorial assistance programs to be equitable. Medicaid beneficiaries, as well as the providers who care for them, are United States citizens and are deserving of the same benefits and access to care as those in the states. It is imperative that Congress act to address the short-term and long-term Medicaid financing challenges in the territories.

Thank you for your consideration. If you have questions or would like additional information, please contact Shelby King, Manager, Center for State Policy, at sking@aafp.org.

Sincerely,

A handwritten signature in black ink that reads "Michael Munger MD". The signature is written in a cursive style with a large, stylized "M" at the end.

Michael L. Munger, MD, FAAFP
Board Chair