

Opening Statement  
Chairman Frank Pallone, Jr.  
Committee on Energy and Commerce  
Subcommittee on Health  
Hearing on “Strengthening Health Care in the U.S. Territories for Today and Into the Future”  
June 20, 2019

Today, our Committee continues its efforts to ensure that all Americans have access to health care, whether they live in one of the 50 states or one of the five territories.

The territories are on the verge of a financial and humanitarian crisis. Experts predict that unless Congress acts, none of the territories will have enough federal funds to support their Medicaid programs next year. Puerto Rico could potentially spend all its federal funds in a matter of months, facing a shortfall of billions of dollars for the year.

It’s no secret how we got here. For years, the territories have been operating their Medicaid programs under federal funding caps that haven’t kept up with the needs of the people who live there. The Affordable Care Act provided increased funding that’s helped the territories for the past decade, but that expires at the end of this year. Natural disasters in the territories have also put increased strain on their Medicaid programs that required Congress to provide additional support to ensure people didn’t lose access to care.

Medicaid in the territories doesn’t operate like it does in the states. Each territory only receives a certain amount of federal funds that’s supposed to last them the whole year. It’s essentially a block grant. In the states, increases in state Medicaid spending are matched with an increase in federal Medicaid funding. This means that in times of economic downturn, or in the period following a natural disaster, when state Medicaid spending increases, the state receives an automatic increase in federal Medicaid dollars. That’s not how it works for the territories. Once they spend their annual allotment, they have to pay for their Medicaid costs using local funds. This outdated system forces the territories to pay a substantial amount out of their own pockets to ensure the people there have access to health care. It’s also a stark reminder of why block grants for Medicaid simply don’t work.

The federal funding shortfall means most of the territories aren’t able to provide the full range of benefits that state Medicaid programs are required to cover. Payments to doctors and hospitals are so low that providers are leaving the islands for the states. While Congress has provided some time-limited increases to the territories’ Medicaid funding, we need a longer-term solution. Doling out federal funds in dribs and drabs has led to uncertainty about the financial future of the programs and calls into question the long-term sustainability of the territories’ Medicaid programs if Congress fails to act.

That’s why we are here today – to discuss the Medicaid cliff facing the territories and what we can do to avert a catastrophe. As we will hear today, without additional funds, hundreds of thousands of people in the territories could lose their health care coverage. Some territories have

said they would have to stop covering prescription drugs, dental care, durable medical equipment, and community health centers. Others have said they expect to lose even more providers.

None of this has to happen. We can all see the cliff coming, but if we work together, we can stop the territories from going off it. We can ensure that they can continue to provide care to the people who need it the most. We can stop the flight of doctors and providers from the islands. And we can provide the certainty and sustainability that the territories deserve.

Several members recently introduced legislation that would provide Puerto Rico with both the amount of federal funds requested by the Governor, and establish a path to help transition its Medicaid program to a full, state-like program. This would provide sufficient funds to Puerto Rico to ensure its people receive the health care services they need. I want to thank the Members for their hard work on this bill, especially Rep. Soto on our Committee. I hope this can potentially be a roadmap to help strengthen the Medicaid program in other territories.

I also want to thank the witnesses for being here today, particularly those that traveled long distances to share your expertise with us.

Thank you.