

Oral Testimony of Ms. Maria Theresa Arcangel
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Division of Public Welfare- Guam Dept. of Public Health and Social Services
House Natural Resources Committee Oversight Hearing
“INSULAR AREAS MEDICAID CLIFF”
May 23, 2019

Hafa adai, Mr. Chairman and Ranking Minority Member, my name is Maria Theresa Arcangel, Chief Human Service Program Administrator for the Division of Public Welfare, Guam Department of Public Health and Social Services that oversees the administration of Medicaid. I am here with Ms. Linda Unpingco DeNorcey, Director of the Department.

On behalf of Governor Leon Guerrero and the people of Guam, we thank you for inviting us to testify regarding Guam Medicaid financial issues.

The cost of providing health care in Guam is quite high due to its unique geographic location, the lack of tertiary care facilities and other healthcare professionals. Some medical providers on and off-island refused to accept Medicaid patients due to delayed payments. Thus, clients are forced to seek treatment at the hospital emergency room, which is more costly.

Additionally, the cost of drugs is more expensive in Guam compared to the US mainland because there are only 5 – 6 wholesalers/distributors that ship drugs to Guam in comparison to the hundreds of companies available to the US mainland. These vendors tend to impose a higher price due to lack of competition. The high shipping costs and the risk of stocking drugs that have limited shelf life also contribute to this high cost.

Guam has been burdened for years by U.S. treaty obligations with the Compact of Freely Associated States (COFAS), which allows unrestricted immigration (often of quite ill individuals). One of the nearest accessible US soil for the COFAS to migrate and receive medical care is Guam. In FY 2017, Guam estimates that nearly \$147 million dollars was spent on education, public safety, health care, and social services for these migrants. Of the total amount \$38.5 million was for health care and welfare services.

Guam’s economy is heavily dependent on the tourism industry and U.S. military spending. The influx of Compact Impact of Free Association (COFA) created an additional hardship on Guam’s economy. As a result, the government is unable to guarantee the availability of local matching funds to drawdown the federal grant awards.

The U.S. territories administer the Medicaid under federal regulations that are different from those applicable to the fifty (50) states and the District of Columbia. Guam Medicaid’s Federal Medical Assistance Percentage (FMAP) rate is fixed in statute at 55%. In addition, the federal Medicaid funding to Guam is subject to an annual funding cap, which is \$17.97 million dollars for this fiscal year, unlike the states and DC that are open-ended. Beginning in 2014, the federal government funded the states that implemented the ACA Medicaid Expansion provision for childless adults at 100% of the coverage costs for the first 3 years; and phased down gradually to a permanent rate in 2020 at 90% FMAP. However, this is not applicable in Guam.

Section 2005 of ACA provided Guam with \$268 million dollars, which partly alleviated the financial shortfall not only of Medicaid, but also of Guam’s locally funded medical assistance

program where most of the COFAS citizens qualify. This additional funding allowed Guam to shift the cost of COFA migrants' emergency services to Medicaid. But the 45% required local match provides hardship in fully expanding the program to cover more uninsured population. Unfortunately, Guam would be unable to expend all the ACA funding, which will expire in September 30, 2019.

Guam and other territories received fewer federal dollars for low-income healthcare program than the US states due to long-standing regulations. There should be no disparity on the Medicaid funding distribution. The low-income U.S. citizens in Guam and other U.S. territories are no different from the U.S. citizens in the mainland and so their healthcare benefits and needs should not be viewed or treated differently.

Hence, Guam proposes to remove the expiration date of funding appropriation under Section 2005 and Section 1323 of ACA until it is fully expended; remove the Medicaid cap; and increase the FMAP of Guam and the other U.S. territories.

We applaud the committee for this oversight and for taking the necessary steps to evaluate the needs of Guam and the other territories. We hope that the committee will develop a solution to assist our fellow citizens.

Thank you for the opportunity to speak regarding this important issue.