

Congress of the United States

Washington, DC 20515

May 7, 2012

The Honorable John A. Boehner
Speaker
H-232, the Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
H-204, the Capitol
Washington, DC 20515

The Honorable Eric Cantor
Majority Leader
H-339, the Capitol
Washington, DC 20515

The Honorable Steny Hoyer
Democratic Whip
H-148, the Capitol
Washington, DC 20515

Dear Speaker Boehner, Leader Pelosi, Majority Leader Cantor, and Minority Whip Hoyer:

As the House considers proposals to meet spending reduction targets required by Section 201 of the House Budget Resolution, H. Con. Res. 112, the Congressional Hispanic Caucus, the Congressional Black Caucus, and the Congressional Asian Pacific American Caucus jointly write to express our strong opposition to legislation recently approved by the House Energy and Commerce Committee that would cut total federal Medicaid funding to the U.S. territories by 65 percent over the next decade. Specifically, this legislation would repeal a provision in the *Affordable Care Act* (ACA) that sought to improve the unjust treatment that the 4.1 million Americans in the five U.S. territories have historically endured under the Medicaid program. If enacted, these cuts would have a devastating impact in the territories.

As you know, in the 50 states and the District of Columbia, the federal government's contribution to the cost of providing Medicaid services, known as an FMAP, ranges from 50 percent in wealthier states to upwards of 80 percent in poorer states. There is no limit on the amount of federal Medicaid payments for eligible services, as long as the state in question meets its local match.

The territories, by contrast, are subject to annual spending caps on federal Medicaid funding. Once a territory exhausts its annual federal allocation, the cost of providing care to Medicaid beneficiaries must be borne entirely by the territorial governments. Moreover, in order to draw down even its limited federal funding, the territories must meet a local match that is set by statute and that is far higher than it would be if based on the same formula utilized for the states.

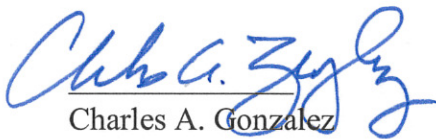
Prior to the ACA, each of the territories had a statutory FMAP of 50 percent, notwithstanding the fact that they would have had FMAPs in the 70 to 80 percent range if accorded state-like treatment. This does not adequately capture the extent of the disparity that existed prior to enactment of the ACA, however. Because the annual federal spending caps for the territories were so low, the actual contribution that the federal government made to Medicaid programs in the territories—the real FMAP—was far below even the inequitable statutory FMAP of 50

percent. For example, in Puerto Rico in Fiscal Year 2009, the federal spending cap of \$272.4 million suppressed the territory's true FMAP to about 20 percent of Puerto Rico's total Medicaid annual costs. This was 30 percentage points below the wealthiest states and about 60 percentage points below the FMAP that Puerto Rico would receive if accorded equal treatment. In a 2005 report, the GAO found that annual per capita federal Medicaid spending in the five territories was only \$50, compared to \$565 in the U.S. as a whole and over \$800 in our poorest states.

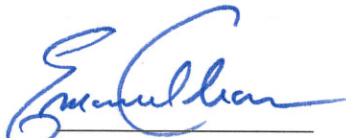
In the ACA, Congress sought to address the truly shocking way in which the territories were treated under Medicaid. The legislation provided \$6.3 billion in additional Medicaid funding to the territories for Fiscal Years 2011 through 2019, and modestly increased the territories' statutory FMAP from 50 percent to 55 percent. While the importance of this funding cannot be overstated, it should not be exaggerated either; the ACA narrowed the inequality gap between the states and the territories, but it did not come anywhere close to eliminating that gap.

Nonetheless, the House will soon vote on legislation that would, in a single swipe, undo all of the progress that has been made to provide the territories with equitable, if not yet equal, treatment. We urge you, in the strongest possible terms, to work together to ensure that no bill containing a repeal of this funding is ever enacted into law.

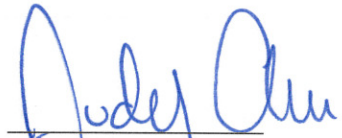
Sincerely,



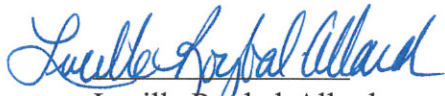
Charles A. Gonzalez
Chair
Congressional Hispanic Caucus



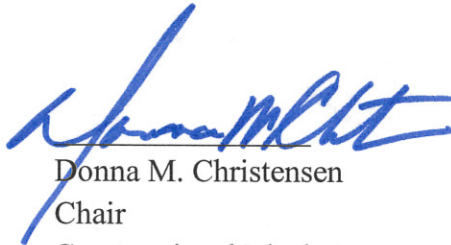
Emanuel Cleaver
Chair
Congressional Black Caucus



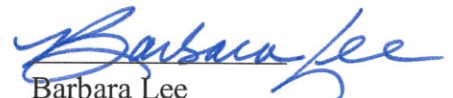
Judy Chu
Chair
Congressional Asian
Pacific American Caucus



Lucille Roybal-Allard
Chair
Congressional Hispanic Caucus,
Health Care Task Force



Donna M. Christensen
Chair
Congressional Black Caucus
Health Braintrust



Barbara Lee
Chair
Congressional Asian
Pacific American Caucus
Health Care Task Force

cc: The Honorable Fred Upton, Chairman, House Committee on Energy and Commerce
The Honorable Henry A. Waxman, Ranking Democratic Member, House Committee on
Energy and Commerce