



Congressman Pedro R. Pierluisi
Five-Minute Floor Statement as Prepared for Delivery
“The Approaching Medicaid Cliff in Puerto Rico”
May 13, 2015

Mr. Speaker:

Earlier this week, I sent a letter to President Obama regarding an approaching problem that is unique to Puerto Rico and the other U.S. territories and that can be called the “Medicaid funding cliff.” This morning, I rise to advise my colleagues about this cliff, which each territory will reach by 2019 and which Puerto Rico could reach by 2018 or even 2017. My goal is to ensure that federal officials have advance notice of the problem, so we can begin working together now on a fair, thoughtful and bipartisan plan to address this problem before it arrives. Timely action is critical. Inaction would be unacceptable from a moral and public policy perspective.

Let me outline the problem. The territories are treated unequally under Medicaid, which is funded in part by the federal government and in part by the state (or territory) government. In the states and DC, Medicaid is an individual entitlement, meaning there is no limit on the amount of funding the federal government will provide so long as the state in question provides its share of matching funds. The federal contribution—known as an FMAP—can range from 50 percent in the wealthiest states to 83 percent in the poorest states.

By contrast, there is an annual “ceiling” on federal funding for the Medicaid program in each territory. When I took office in 2009, Puerto Rico—home to 3.5 million American citizens—was subject to a ceiling of \$280 million a year and had the minimum statutory FMAP of 50 percent. Indeed, because of the annual ceiling, our true FMAP was less than 20 percent a year. Puerto Rico was spending more than \$1.4 billion in territory funds each year to provide health care services to about 1.2 million low-income beneficiaries, and receiving only \$280 million from the federal government.

To place this in context, consider Mississippi, which has a 73 percent FMAP. In 2014, Mississippi—home to fewer people than Puerto Rico—paid \$1.3 billion in state funds and received \$3.6 billion in federal funds. Or take Oregon, with a 63 percent FMAP, which paid \$1.8 billion in state funds and received \$5.0 billion in federal funds. Again, Puerto Rico was receiving just \$280 million.

The *Affordable Care Act* provided a total of \$7.3 billion in additional Medicaid funding for the five territories, with Puerto Rico receiving \$6.3 billion of that amount. Each territory’s FMAP was also increased from 50 percent to 55 percent. The result is that, instead of receiving about \$300 million a year from the federal government, Puerto Rico now draws down about \$1.1 billion to \$1.3 billion annually.

This is a major increase, and I cannot adequately express how hard we had to fight for it. But let me be clear. Our funding is nowhere close to state-like treatment and remains deeply inequitable.

Moreover, this additional Medicaid funding for the territories expires at the end of the Fiscal Year 2019—the only coverage provision in the law that sunsets in this manner. The Puerto Rico government has less than \$3.6 billion of its \$6.3 billion in funding remaining. This is the cliff. It is coming, one way or the other; it is just a question of whether it will arrive in 2017, 2018 or 2019. If this pool of funding is not replenished, Puerto Rico will go back to receiving less than \$400 million a year.

In the coming months, I will continue to brief federal officials on this subject. I will explain how inaction will deepen the current health, migration and fiscal crisis in Puerto Rico, and why action is not only in Puerto Rico's interest, but also in the national interest. In short, I will fight as hard to continue this essential funding as I fought to obtain it in the first place.

Thank you.