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Opinion | The Road to Medicaid Equity for the Virgin Islands

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During the past few months there has been an increased discussion on what has been called “The Medicaid Cliff”. I’d like to explain what this is and why is it important to every Virgin Islander.

Medicaid is a joint federal and state program that provides free or low-cost health coverage to millions of Americans - including some low-income people, families and children, pregnant women, the elderly, as well as people with disabilities. The federal government provides a portion of the funding for Medicaid and sets guidelines for the program; then states and territories provide the other percentage and set their own guidelines. In essence, the federal government along with states and territories split the costs of Medicaid. The portion (or percentage) that the federal government will pay to the states is based on socio-economic demographics of the states. Until recently, the federal government has set an arbitrary percentage for the territories. In addition, for

the 50 states, the federal government pays their agreed percentage for as many people in the state who qualify for the program. There is no ceiling on the amount the federal government will put in, just the percentage for all qualified individuals. For the territories however, there is a cap (or ceiling) placed on the amount of money provided by the federal government; there is a fixed amount given to the territories no matter how many people may meet the criteria for the program.

Today, 29,847 Virgin Islanders receive healthcare coverage through Medicaid. However, experts believe that another 20,000 are eligible but not enrolled. As stated above, U.S. territories such as the Virgin Islands are subjected to a cap on the overall amount of federal funding available for Medicaid services in a fiscal year, and a cap on the percentage of total Medicaid spending that the federal government funds. As a result of the latter cap, the territories must pay a greater percentage of total Medicaid spending than comparable States, and must contribute their share up front in order to receive the federal funding. The percentage cap was permanently raised from 50-50 to 55% federal share, 45% local share by the Affordable Care Act (ACA), also known as Obamacare.

After the hurricanes of 2017, we were able to persuade Congress that the local government would not be able to provide its 45% share of each federal Medicaid dollar up front, and thus would no longer be able to access any federal Medicaid funding. Consequently, in 2018, Congress provided additional federal funds for the Virgin Islands at a 100% federal match. That

100% federal match has been extended until December 20, 2019. Without a change in the federal share of costs and raising or removal of the cap, by approximately March of 2020 the Virgin Islands will be unable to support those Virgin Islanders on Medicaid – putting the territory in a perilous state. Hundreds of millions of dollars will be needed to provide health services to almost 30 thousand Virgin Islanders on Medicaid. The loss of funding is the Medicaid Cliff. This level of service, however, is not all that we should strive to retain. Until the Virgin Islands has the ability to enroll the near 50,000 persons who are eligible for Medicaid, and has the capacity to provide Virgin Islanders with the full range of services and quality of healthcare available on the U.S. mainland, our goal is unmet.

In July, through much effort, the US House of Representatives agreed on the REACH Act which if it were to become law, would increase the Medicaid cap by \$756 million over 6 years. Keeping a 100% federal cost share in fiscal year 2020, an 83% cost share from fiscal year 2021-2024 and 76% cost share in fiscal year 2025. We are waiting for the US Senate to agree to a comparative fix to the Cliff.

Virgin Islanders are no less American than those residing in the 50 States, and it is my strong belief that they ought to receive equitable treatment by the federal government in the Medicaid program. The pre-2017 55% percentage cap on the rate of federal matching funds is nearly 30 percentage points below what it would be if the rate was determined like it is on the mainland United States, where it is based on income per capita. If the Virgin Islands were to be funded in that way, the territory would be able to make significant inroads towards our goal.

In addition, equitable treatment in health care financing should not end with general Medicaid funding. It should include recognition that the Virgin Islands has unique challenges, along with provisions that aim to reduce the burden of those difficulties, such as providing our hospitals, which serve large numbers of Medicaid and uninsured patients, with the same disproportionate share hospital payments that similar hospitals in States receive. It should also include Medicare reimbursement rates that match the reasonable cost of services provided, which currently far

exceed the reimbursement rates that were set for our hospitals decades ago.

Allowing the Virgin Islands to pay providers at current costs on the islands will make the territory more attractive to health care professionals. Equitable treatment would also enable the Virgin Islands to improve the quality of care, increase the availability of mental and behavioral health services, and expand long-term care services to the elderly and disabled members of our community.

Virgin Islanders should finally be able to be cared for on island knowing that they are receiving the highest level of care. That is the goal and it is what we deserve.

Submitted on Friday by Delegate to Congress Stacey Plaskett.

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