

In Major Development, USVI Gets Permanent Medicaid Funding at a Rate of 83 Percent, Making 'Funding Cliffs' a Thing of the Past

Health / **Published On December 21, 2022 07:10 AM /**

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A disastrous lapse in Medicaid funding for Puerto Rico has been averted by last-minute consensus in Congress, and funding levels for the USVI and other territories have been permanently boosted by the deal.

The federal Medicaid reimbursement program had been set a rate of 55 percent for U.S. territories with the occasional, temporary increases, while rates for the 50 states and the District of Columbia (D.C.) vary between 50 percent to 83 percent. According to the U.S. Government Accountability Office, "This means each territory gets 55 cents back from the federal government for almost every dollar the territory spends on its Medicaid program up to the federal funding limits."

The accomplishment this week makes the rate permanent at 83 percent and it represents a major milestone for those involved in the achievement, chief among them Delegate to Congress Stacey Plaskett.

"After weeks of late nights and early mornings, the Democrat-led House successfully passed H.R.2617, the Omnibus bill— with permanent Medicaid funding and Community Project Funding that will benefit the Virgin Islands and other territories," Ms. Plaskett said in a statement to the Consortium Wednesday morning. "I am pleased that through the hard work of my office, we were able to finally reach an agreement that would permanently extend the rate of federal funding for Medicaid in the Virgin Islands at 83 percent, the highest level of federal financial participation in Medicaid that any U.S. State may receive."

She added, "Thanks to this legislation, the Medicaid funding “cliffs” in the Virgin Islands will now be a thing of the past, as we finally move toward equity in Medicaid for the territories. This law will create the certainty of continued access to health care coverage for tens of thousands of Virgin Islanders, a third of our population, indefinitely."

Details of the yet-to-be published agreement are still scarce, but Senate Majority Leader Charles Schumer confirmed to the Washington Post that Puerto Rico’s Medicaid program will be funded for the next five years.

Apart from avoiding a devastating fall off the funding cliff ,which could have resulted in benefit cuts and a lower level of payments to hospitals, Mr. Schumer told the Post in his statement that, "The record levels of funding provided in the bill will allow us to expand access to care for our fellow American citizens on the island and ensure long-term stability for Puerto Rico's hospitals, providers and health care system."

Other U.S. territories, including the USVI, will now receive federal matching dollars for Medicaid at the rate of 83 percent permanently. The rate had been increased from the statutory rate of 55 percent through fiscal year 2021, and without this deal, local hospitals were set to revert to the lower reimbursement rate at the end of this week.

Low reimbursement rates for Medicare and Medicaid have been a drag on the finances of local health institutions. In September, CEO of the Schneider Regional Medical Center, Tina Comissiong, said that in 2021 the facility billed \$37.4 million for services to Medicare and Medicaid patients but received less than \$12.6 million in reimbursements.

The extra federal spending does come at a cost, however. Last September, the Biden administration interpreted recent laws to conclude that Puerto Rico must receive a minimum of \$2.9 billion annually for its Medicaid program. At the time, head of Puerto Rico's health insurance administration Jorge Galva called it an unexpected but "welcome addition."

That elevated level is now expected to end after 5 years without Congressional renewal, freeing up federal dollars to pay for the package that has just been agreed. The adjustment comes as part of a major, \$1.7 trillion spending bill that will fund the government until next September.

The package includes legislative compromises from both sides of the aisle. Democrats included a permanent extension of Medicaid postpartum benefits for 12 months, and a measure to prevent children from being disenrolled from Medicaid or the Children's Health Insurance Program (CHIP) for 12 months, notwithstanding family income fluctuations.

A measure to help the nation better prepare for the next pandemic also made the cut. For Republicans, language to allow states to begin re-evaluating who is still eligible for Medicaid was a key priority. Under the agreement, people could begin to be kicked off the program from April next year.

The Senate is expected to vote on the spending bill this week before sending it to the House for approval. Government funding is expected to expire on Dec. 23, making the measure a must-pass this week.

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