

**Medicaid in the Territories –
Current Law Including those in Health Reform**

BACKGROUND

Medicaid is a joint federal-state program that finances health care coverage for certain categories of low-income individuals. To obtain federal matching funds, states and insular areas must operate their Medicaid programs within broad federal guidelines and under federally approved plans. American Samoa and CNMI, however, operate their Medicaid programs under federally approved waivers, which exempt them from federal eligibility requirements. The remaining insular areas have some flexibility in covering their Medicaid populations. Medicaid eligibility is generally limited to certain categories of individuals whose income does not exceed certain limits.

Medicaid Spending Caps:

- Total federal Medicaid spending in the insular areas is subject to an annual limit or cap as authorized under section 1108 of the Act. As a result, the federal government will match every Medicaid dollar spent by the insular areas up to each area’s limit, and any insular area spending above the limit is not matched.
- The American Recovery and Reinvestment Act of 2009 provided temporary increases to each insular area’s annual federal spending limits from the first quarter of fiscal year 2009 through the first quarter of fiscal year 2011. P.L. 111-226 extended the funding an additional six months through June 2011.
- The Patient Protection and Affordable Care Act (PPACA) provides further increases to each insular area’s annual federal spending limit, effective from the fourth quarter of fiscal year 2011 through the fourth quarter of fiscal year 2019.

Federal Medical Assistance Percentage (FMAP):

- The federal share of spending on services for the insular areas’ Medicaid programs—the Federal Medical Assistance Percentage (FMAP)—is statutorily set at 50 percent, the statutory minimum rate available to any state under the program.
- Beginning in the fourth quarter of fiscal year 2011, PPACA will increase the statutorily set FMAP for each insular area from 50 percent to 55 percent.

Insular Areas Federal Medicaid Funding Caps (Amount in Millions dollars) 2000-2011ⁱ

Year	American Samoa	CNMI	Guam	Puerto Rico	U.S. Virgin Islands
2000	\$3.2M	\$1.93M	\$5.41M	\$177.5M	\$5.59M
2001	3.32	2.01	5.62	184.4	5.81
2002	3.47	2.1	5.88	192.9	6.08
2003*	3.727	2.255	6.321	207.341	6.537
2004*	3.947	2.381	6.683	219.397	6.913
2005	3.95	2.38	6.69	219.6	6.92
2006*	6.120	3.48	9.48	241	9.72

2007*	8.290	4.58	12.27	250.4	12.52
2008	8.62	4.76	12.76	260.4	13.02
2009*	11.72	6.47	17.36	354.12	17.71
2010*	11.73	6.47	17.84	364.00	18.20
2011*	17.28	9.54	25.58	451.28	21.22

*The funding cap amounts in 2003 and 2004 were increased by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27); in 2006 and 2007 by the Deficit Reduction Act of 2005 (P.L. 109-171); in 2009, 2010 and 2011 funding caps were increased 30% by the American Recovery and Investment Act of 2009 (P.L. 111-5); and in 2011 they were further increased by the Patient Protection and Affordable Care Act (P.L. 111-148)

Estimates of the Insular Area Medicaid Populations, Fiscal Year 2011, provided by the respective State Medicaid Directors (with the exception of Puerto Rico and US Virgin Islands as noted below).

Insular area	Estimated enrollment	Estimated percentage of the population covered
American Samoa	57,982	88%
CNMI	14,700	25%
Guam	33,408	18%
Puerto Rico ⁱⁱ	888,370	23%
U.S. Virgin Islands ⁱⁱ	6,668	6%

ⁱ Source: The Centers for Medicare & Medicaid Services, February 2011; funding amounts do not include Federal Funds awarded under the Enhanced Allotment Program (EAP) or the Children’s Health Insurance Program (CHIP)

ⁱⁱ Source: “Medicaid and CHIP: Opportunities Exist to Improve U.S. Insular Area Demographic Data That Could Be Used to Help Determine Federal Funding” GAO, June 30, 2009 <http://www.gao.gov/new.items/d09558r.pdf>