

**Medicaid in the Territories –  
Current Law and Changes Proposed in Health Reform**

**BACKGROUND**

Established in 1965, Medicaid is a joint federal-state program that finances health care coverage for certain categories of low-income individuals. To obtain federal matching funds, the 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 incomes do not exceed certain limits.

**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 lowest rate available to any state under the program.
- The American Recovery and Reinvestment Act of 2009, provided temporary increases to each insular area’s FMAP and annual federal spending limits from the first quarter of fiscal year 2009 through the first quarter of fiscal year 2011. The President’s FY 2011 Budget includes a proposal to extend by an additional six months, through June 2011, this temporary FMAP increase.

**Medicaid Spending Caps:**

- Total federal Medicaid spending in the insular areas is subject to an annual limit or cap. 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.

**Insular Areas Federal Medicaid Funding Caps (Amount in dollars) 2000-2010<sup>i</sup>**

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*	12.05	6.66	17.84	364.00	18.20

\*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); and in 2009 and 2010 were increased by 30% by the American Recovery and Investment Act of 2009 (P.L. 111-5).

**Congressional Research Service Estimates of the Medicaid Populations in Each Insular Area, 2008<sup>ii</sup>**

<b>Insular area</b>	<b>Estimated enrollment</b>	<b>Estimated percentage of the population covered</b>
American Samoa	60,864	88
CNMI	11,292	13
Guam	29,625	17
Puerto Rico	888,370	23
U.S. Virgin Islands	6,668	6

**HEALTH REFORM**

President Obama’s health reform proposal provides additional assistance to the Territories, raising the Medicaid funding cap by 35%.

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<sup>i</sup> Source: The Centers for Medicare & Medicaid Services, August 2009.

<sup>ii</sup> 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>