



United States
Virgin Islands



Guam



Commonwealth of the
Northern Marianas
Islands



Commonwealth of
Puerto Rico

June 2, 2009

The Honorable Max Baucus
Chairman
Committee on Finance
SD-219 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510-6200

The Honorable Charles Grassley
Ranking Member
Committee on Finance
SD-219 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510-6200

Dear Mr. Chairman and Mr. Ranking Member Grassley:

We are writing to urge your support for fair and equitable treatment of the U.S. offshore areas on pending health care reform legislation before the Senate Finance Committee. We understand that the Finance Committee staff is currently working on a draft bill, based on the Committee's policy options paper released on May 14, 2009 (the "Policy Options Paper"), which we understand could be introduced as early as the end of this week, with hearings and mark-up scheduled for later this month.

This legislative initiative offers an historic opportunity to address and remedy current discriminatory treatment of U.S. citizens residing in the insular areas of the United States in the critical area of federal health care policy. While Congress has over the years legislated incremental improvements in the Medicaid and S-CHIP programs for our areas, including temporary improvements most recently in the American Recovery and Reinvestment Act of 2009, the quality and availability of health care in the offshore areas remain severely disadvantaged by the cap on federal Medicaid funds and the discriminatory matching requirements under the FMAP formula.

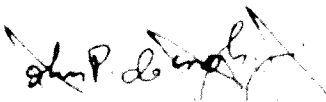
Current arbitrary treatment of the offshore areas by the federal government has, in fact, contributed to much of the dysfunction in many of the Territorial programs. Without parity of treatment with the States and fairer apportionment of federal health care funds, the Territories have not had, and will not have, the resources to develop State-like health care programs for the benefit of their citizens in full compliance with Medicaid and other federal health care law. Indeed, immediate elimination of the Medicaid cap and the discriminatory FMAP rate for the

Territories is an essential precondition to the development of full-fledged Medicaid programs in the offshore areas.

We understand that reform proposals that might be enacted by Congress will include a major expansion of the federal Medicaid program as a key element in the effort to expand health care coverage to the uninsured, including the possibility of extending eligibility to all households up to 100 percent of the federal poverty level. Because of the additional requirements that would be imposed on us under full State-like treatment, we believe that Congress should provide appropriate safeguards and additional resources to allow the offshore areas to comply with all of the new requirements.

This approach is consistent with the policy options for the offshore areas included in the Senate Finance Committee's Policy Options Paper. It balances the need for significantly expanded federal resources with the recognition that full State-like treatment will require significant changes at the Territorial level as well. Most importantly, it is a practical and realistic way to fulfill the President's stated commitment to provide equal treatment and ensure that federal health care benefits are available to all Americans, regardless of where they reside.

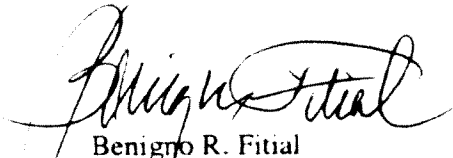
Very truly yours,



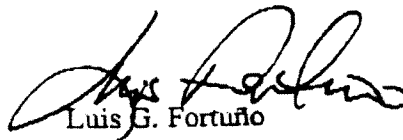
John P. de Jongh, Jr.
Governor



Felix P. Camacho
Governor



Benigno R. Fitial
Governor



Luis G. Fortuño
Governor

cc: Members, Committee on Finance