

Congress of the United States
House of Representatives
Washington, DC 20515-5401

February 10, 2009

The Hon. Harry Reid
Majority Leader
S-221, the Capitol

The Hon. Max Baucus
Chairman, Committee on Finance
219 Dirksen Senate Office Building

The Hon. Daniel K. Inouye
Chairman, Committee on Appropriations
S-131, the Capitol

The Hon. Charles E. Grassley
Ranking Member, Committee on
Finance
219 Dirksen Senate Office Building

The Hon. Thad Cochran
Ranking Member, Committee on
Appropriations
S-131, the Capitol

Dear Conferees:

As you prepare to reconcile the House and Senate Recovery bills, I want to convey my gratitude for your efforts to ensure the equitable treatment of Puerto Rico, and to respectfully ask that you consider the following issues of concern to my constituents.

Medicaid Spending Cap: Puerto Rico's current fiscal crisis is attributable in significant part to inadequate federal Medicaid funding, and President Obama has pledged to work to phase out the spending cap entirely. However, both the House and Senate bills would further widen the gap in treatment afforded Puerto Rico and the states under Medicaid. Puerto Rico should receive an effective FMAP increase equal to a state. At a minimum, I respectfully request that the final bill raise the current spending cap by 30%. While this might seem large in the abstract, it represents a mere 5% increase in Puerto Rico's effective FMAP and a tiny fraction of 1% of the legislation's total funding for Medicaid relief.

The rationale for this request is as follows. Because Puerto Rico is subject to a low federal spending cap, the Island's effective FMAP is roughly 17%, a startling figure when one considers that the wealthiest states receive 50%—and the poorest states upwards of 75%—of their Medicaid funding from the federal government. The House bill would raise the spending cap by 20% and the Senate bill by 15.2%. While these increases are a considerable improvement over earlier proposals in both chambers, they translate into an increase in Puerto Rico's effective FMAP that is substantially less than the increase provided to any state. The Senate bill would raise the Island's effective FMAP by roughly 2.5%, well below the minimum 7.6% FMAP increase provided to all states. The House bill would raise Puerto Rico's effective FMAP by about 3%, compared

to the minimum 4.9% provided to all states. Indeed, the actual disparity is even greater than these numbers suggest: despite having the highest level of unemployment in the country, and among the highest increases in unemployment since January 2006, Puerto Rico (unlike similarly-situated states) would not receive any additional Medicaid funding under either bill's "bonus" provision, which is designed to provide additional relief to states where unemployment has risen sharply.

Medicaid and the Unemployed: H.R. 1 would authorize states and territories to enroll certain unemployed individuals and their families in Medicaid, with the federal government paying 100% of the cost. While included in theory, Puerto Rico and certain other territories are excluded in fact, because the 100% federal contribution will simply spend down the Medicaid cap. Ms. Bordallo, Ms. Christensen and I have therefore requested that this provision be amended so that, in the territories, federal spending to cover these enrollees would not count towards the cap. This modification will transform a provision that would otherwise have no effect on our constituents' lives into one certain to have a genuine and positive impact.

SSI: Section 2102 of H.R. 1 provides SSI recipients with assistance equal to one extra month benefit. As noted in a January 30th letter from Ms. Bordallo, Ms. Christensen and myself, Section 2102 will provide critical aid to the most vulnerable citizens in the states, the District of Columbia, and the CNMI, but it will not help the equivalent population in Puerto Rico, Guam, or the USVI, since we participate in AABD, the predecessor to the SSI program. We have therefore proposed that the AABD grant to our territories be increased so as to provide equal assistance to our needy aged, blind and disabled residents.

TANF: Although both bills would establish an "emergency fund" for TANF programs, in practice only the Senate bill would provide any assistance to Puerto Rico's TANF program. Unlike the House bill, the Senate bill contains a clause that explicitly exempts any funding provided under this section from the spending cap contained in 42 U.S.C §1108, which limits the total amount of federal funding that Puerto Rico can receive annually from the federal government for certain aid programs. I respectfully urge you to adopt the Senate clause so that the neediest residents of Puerto Rico can benefit fully from the TANF provision.

I thank you for your consideration of these important issues affecting Puerto Rico.

Sincerely,



Pedro R. Pierluisi
Member of Congress