



9/24/2021

Gary A. Smith,
Medicaid Director
Department of Human Services
1303 Hospital Ground
St. Thomas, United States Virgin Islands 00802

Dear Mr. Smith:

We have received a number of questions from officials in U.S. territories and other stakeholders regarding the amount of Medicaid funding that will be available for the territories for the next fiscal year (FY). As each fiscal year approaches, the Centers for Medicare & Medicaid Services (CMS) calculates annual allotments under section 1108(g) of the Social Security Act, and then issues grant awards to the territories containing that allotment funding. In anticipation of the start of Federal Fiscal Year 2022 (FY 2022), CMS staff began work calculating the federal allotments for each of the territories based on the statutory language.

Given the multiple amendments to section 1108(g) in recent years, this letter provides an overview of the statute's requirements regarding the FY 2022 allotments, as well as the FY 2022 allotments for your territory. We hope the information below is helpful as you plan for your Medicaid program.

Calculating territorial federal allotments: Applying the flush language following section 1108(g)(2)(E)

To calculate territorial federal allotments for FY 2022 and beyond, the flush language (i.e., language in the statute that is not clearly part of a numbered paragraph) that follows section 1108(g)(2)(E) says:

For each fiscal year after fiscal year 2021, the total amount certified for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under subsection (f) and this subsection for the fiscal year shall be determined as if the preceding subparagraphs were applied to each of fiscal years 2020 through 2021 without regard to clause (ii) of each such subparagraph.

The application of the flush language following section 1108(g)(2)(E) regarding the calculation of allotment amounts for fiscal years after FY 2021 for the four territories that are not Puerto Rico results in those territories receiving an allotment for FY 2022 that is modestly higher than their allotments for FY 2021. Specifically, in applying the growth formula without regard to the

allotment amount for the year that is specified in clause (ii) (that is, section 1108(g)(2)(B)(ii) for the U.S. Virgin Islands; section 1108(g)(2)(C)(ii) for Guam; section 1108(g)(2)(D)(ii) for the Commonwealth of the Northern Mariana Islands (CNMI); and section 1108(g)(2)(E)(ii) for American Samoa), FY 2021 remains as the base year for the calculation under clause (i) to determine the allotment for FY 2022.

For Puerto Rico, clause (ii) of section 1108(g)(2)(A) does not specify an allotment amount for a year but instead provides a cross reference to section 1108(g)(6)(A); one needs to follow the cross-reference to section 1108(g)(6)(A) to locate the allotment amount for the year that is to be disregarded in applying the growth formula under section 1108(g)(2)(A)(i). This leaves the allotment amount for Puerto Rico for FY 2020 that is specified in section 1108(g)(6)(A)(i) as the base year for the calculation under section 1108(g)(2)(A)(i) to determine Puerto Rico’s allotment for FY 2022.

Summary of allotment caps for FY 2022, by territory

Below are the allotment caps for FY 2020, FY 2021 and FY 2022 under section 1108(g) for each of the territories. For the four territories of American Samoa, Commonwealth of the Northern Mariana Islands, Guam, and U.S. Virgin Islands, for FY 2022, CMS multiplied the territory’s FY 2021 cap by the percentage increase in the medical care component of the Consumer Price Index for All Urban Consumers (CPI-U) for the twelve-month period ending in March preceding the beginning of the fiscal year. For FY 2022, this figure is 2.7 percent. For Puerto Rico, CMS multiplied the FY 2020 cap by the medical care component of the CPI-U for the twelve-month period ending in March preceding the beginning of FY 2021 (5.5 percent). Then CMS multiplied this result by the CPI-U for medical care for the twelve-month period ending in March preceding the beginning of FY 2022 (2.7 percent).

	FY 2020	FY 2021	FY 2022
American Samoa	\$86,325,000	\$85,550,000	\$87,860,000
Guam	\$130,875,000	\$129,712,500	\$133,210,000
CNMI	\$63,100,000	\$62,325,000	\$64,010,000
USVI	\$128,712,500	\$127,937,500	\$131,390,000
Puerto Rico	\$2,716,188,000	\$3,009,063,000	\$2,943,000,000

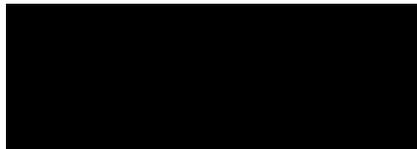
As a note, clause (i) of each territory’s subparagraph under section 1108(g)(2) (that is, subparagraphs (A)(i), (B)(i), (C)(i), (D)(i), and (E)(i)) requires that, for FY 2023 and thereafter, the territory’s allotment will be determined based on the territory’s allotment amount for FY 2022, increased by the medical care component of the CPI-U for the twelve-month period ending in March preceding the beginning of the FY and rounded to the nearest \$10,000 (or, for Puerto Rico, the nearest \$100,000, as provided in section 1108(g)(2)(A)(i)).

Additional notes

The allotment calculation described above does not affect your territory's Federal Medical Assistance Percentage (FMAP). Beginning October 1, 2021, your territory's FMAP will revert to 55 percent, absent further Congressional action. In addition, your territory will continue to qualify for the temporary 6.2 percentage point increase under section 6008 of the Families First Coronavirus Response Act (FFCRA) through the end of the quarter in which the public health emergency ends, as long as your territory continues to meet the requirements specified in section 6008(b) of the FFCRA.

We are happy to discuss these matters with you and your staff. Please reach out with any questions.

Sincerely,



Daniel Tsai
Deputy Administrator and Director