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ASSESSING CURRENT CONDITIONS AND CHALLENGES AT THE LYNDON B. JOHNSON TROPICAL MEDICAL CENTER IN AMERICAN SAMOA

OVERSIGHT HEARING

BEFORE THE

SUBCOMMITTEE ON INDIAN, INSULAR AND ALASKA NATIVE AFFAIRS

OF THE

COMMITTEE ON NATURAL RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

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OVERSIGHT HEARING ON ASSESSING CURRENT CONDITIONS AND CHALLENGES AT THE LYNDON B. JOHNSON TROPICAL MEDICAL CENTER IN AMERICAN SAMOA

Tuesday, July 25, 2017
U.S. House of Representatives
Subcommittee on Indian, Insular and Alaska Native Affairs
Committee on Natural Resources
Washington, DC

The Subcommittee met, pursuant to notice, at 10:04 a.m., in room 1324, Longworth House Office Building, Hon. Doug LaMalfa [Chairman of the Subcommittee] presiding.

Present: Representatives LaMalfa, González-Colón, Radewagen, Bishop; and Sablan.

Also present: Representative Westerman.

Mr. LAMALFA. The Subcommittee on Indian, Insular and Alaska Native Affairs will come to order. The Subcommittee is meeting today to hear testimony on the topic of, "Assessing Current Conditions and Challenges at the Lyndon B. Johnson Tropical Medical Center in American Samoa."

I ask unanimous consent that the gentleman from Arkansas, Mr. Westerman, be allowed to sit in with the Committee and participate in the hearing.

So ordered, without objection.

Under Committee Rule 4(f), any oral opening statements at hearings are limited to the Chairman, the Ranking Minority Member, and the Vice Chair. This allows us to hear from our witnesses sooner, and helps Members to keep to their schedules. Therefore, I ask unanimous consent that all other Members' opening statements be made part of the hearing record if they are submitted to the Subcommittee Clerk by 5:00 p.m. today.

Without objection.

STATEMENT OF THE HON. DOUG LAMALFA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LAMALFA. Good morning. The Subcommittee is meeting to discuss the previously mentioned topic.

The islands of American Samoa joined the United States through Deeds of Cession back in the early 1900s, and thus their fate and well-being has been tied to that of our mainland for the last 117 years. During that time, American Samoa has had its struggles with maintaining and providing healthcare services for their growing population.

In 1966, President Lyndon Johnson gave remarks at the Tafuna International Airport in Pago Pago and his remarks acknowledged construction of the American Samoa Tropical Medical Center, the

territory's first and only hospital, "which will provide the finest hospital care in this part of the world."

Unfortunately, the President's hopes for the Tropical Medical Center did not come to fruition, as the hospital is in a state of disrepair, far below expectations. With this deteriorating infrastructure and the strain of rising healthcare costs that plague many of America's rural areas, the hospital administration is being forced to tackle an expanding list of challenges: shortage of qualified medical staff and the remoteness of the South Pacific.

It is, indeed, a struggle to provide this everyday treatment that is needed. Many have to journey 5 hours via airplane to Hawaii, instead, to receive proper care. The cost of travel is a burden for them, and places an incredible challenge in meeting these costs.

Congress has a responsibility to the territories, and to review the Federal policies and programs that affect the daily lives of the Americans living and working in these far-off places.

The testimony received today will be a crucial step forward for Congress to review and better understand how our policies are affecting these Americans at the local level in the Nation's most remote territories.

[The prepared statement of Mr. LaMalfa follows:]

PREPARED STATEMENT OF THE HON. DOUG LAMALFA, CHAIRMAN, SUBCOMMITTEE ON INDIAN, INSULAR AND ALASKA NATIVE AFFAIRS

Good Morning. The Subcommittee is meeting today to discuss a topic not many Americans are familiar with, in a place not many Americans are familiar with, the Lyndon B. Johnson Tropical Medical Center in American Samoa.

The islands of American Samoa joined the United States through Deeds of Cession back in the early 1900s and thus their fate and well-being has been tied to that of our mainland for the last 117 years. During that time, American Samoa has had its struggles with maintaining and providing healthcare services for their growing population.

On a visit in 1966, then-President Lyndon Baines Johnson gave remarks at Tafuna International Airport in Pago Pago. In his remarks, the President acknowledged the construction of the American Samoa Tropical Medical Center, the territory's first and only hospital, ". . . which will provide the finest hospital care in this part of the world."

Unfortunately, the President's hopes for the Tropical Medical Center did not come to fruition as the hospital is in a state of disrepair, far below expectations. With deteriorating infrastructure and the strain of rising healthcare costs that plague many of America's most rural areas, the hospital administration is being forced to tackle an expanding list of challenges.

A shortage of qualified medical staff and the remoteness of the territory's location in the South Pacific make recruitment of vital medical care providers a daunting task. The struggle to provide adequate medical treatment is an everyday fight for the hospital's limited staff and all too often a futile one, as many patients in need of advanced treatment are forced to journey 5 hours via airplane to Hawaii in order to receive proper care. The cost of this travel for healthcare only continues to overburden both the territory and the Federal programs that are in place to cover a portion of these enormous costs.

These challenges are ones that the hospital administration and local government cannot possibly tackle on their own and in today's hearing we will look at the role the Federal Government has played in this partnership and if there are ways for improvements to be made, both in infrastructure and under current Federal healthcare programs. Congress has a responsibility to the territories and to review the Federal policies and programs that affect the daily lives of the Americans living and working in these far-off places.

All too often, it is easy to leave the territories on the fringes of our Nation's collective dialogue, and what might seem like minor policy changes to folks here living in the mainland United States can have very major consequences to those living in our most remote districts.

I thank all the witnesses that made the roughly 7,000 mile journey from the South Pacific to be with us here today to share their valuable expertise and insight as to the conditions at the LBJ hospital. The testimony we receive here today will be a crucial step forward for Congress to review and better understand how our Federal policies are affecting the Americans at the local level in the Nation's most remote territory.

Mr. LAMALFA. With that, I would like to yield time to our colleague from American Samoa, Mrs. Radewagen.

STATEMENT OF THE HON. AUMUA AMATA COLEMAN RADEWAGEN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF AMERICAN SAMOA

Mrs. RADEWAGEN. Thank you, Mr. Chairman. I first want to thank you and the members of the Committee for holding today's hearing. It has been a long time coming, and I am glad to see us finally sitting down to tackle this issue that is so important to my home district of American Samoa.

I also want to welcome our witnesses, who have traveled halfway around the world to be here, including Taufete'e John Faumuina, CEO and Director of the LBJ Tropical Medical Center; Dr. Reese Tuato'o—do I see Dr. Reese Tuato'o?; and Sandra King Young, Medicaid Director for the territory. Thank you all for being here today. Your dedication to your work is much appreciated.

Welcome also to Mr. Tom Bussanich, from the Department of the Interior.

This hearing is the result of the CODEL that traveled to American Samoa in February, and I want to thank Chairman Bishop and the Members who were able to join us. During the visit, the Members were given a tour of LBJ Hospital, the only medical treatment facility on the island.

I want it in the record that our doctors and nurses who work there do an excellent job with the limited resources they have available, and they should be commended for their efforts to maintain the good health of our people.

LBJ is approximately a 150-bed facility which opened in 1968 and has since had only minor facelifts, such as new doors and fresh paint. The capabilities of the facility have largely remained the same.

Additionally, further adding to the applause we should be heaping upon our doctors and nurses is the fact that the facility is drastically under-staffed, as getting qualified medical personnel to the island has proven to be difficult, an issue that I hope we can find a solution to through this hearing and the work that will follow.

The American Samoa Government Operations account, which is included in the annual Interior appropriations bill, provides approximately $7 million annually for hospital operations. That account not only funds a portion of the local hospital, but also the local judiciary, the Department of Education and local community college—originated in 1974 at an amount of approximately $17 million, annually.

Since then, it has been increased only once, in 1986, to $22.75 million a year, where it sits today. And if one were to use the standard CPI formula, that amount would now be over $50 million

annually. Again, the hospital's take from this appropriation is approximately $7.5 million.

Compare that to any other facility of the same size here in the states, and the gap in equity becomes very clear. For example, this year's total budget for LBJ was about $51 million, while a hospital of the same size in Washington State has a 2017 budget of roughly $200 million.

The people of American Samoa need better access to care without having to take a flight. The fact is it is beyond time for a significant increase to the account. The reasoning provided in DOI's budget report for the lack of any increase to the ASG operations account over the years is to promote self-sufficiency on the island, which is all fine and well, but near impossible when, at the same time, the Federal Government has closed off large swaths of fishing grounds in the Pacific that our people have used for a millennium, and long before any relationship with the United States, and at the same time imposed federally mandated minimum-wage laws, irresponsibly putting the territory, which is both economically and geographically isolated, on the same playing field as the states.

Mr. LAMALFA. The gentlelady will have to come back to the rest of your statement a little bit later. Our time has expired.

Mrs. RADEWAGEN. Thank you, Mr. Chairman. I yield back.

[The prepared statement of Mrs. Radewagen follows:]

PREPARED STATEMENT OF THE HON. AUMUA AMATA RADEWAGEN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF AMERICAN SAMOA

Thank you Mr. Chairman. I thank my colleague for yielding her time.

I first want to thank you and the members of the Committee for holding today's hearing. It has been a long time coming, and I am glad to see us finally sitting down to tackle this issue that is so important to my home district of American Samoa.

I also want to welcome our witnesses who have traveled halfway around the world to be here including: Taufete'e John Faumuina, CEO and Director of LBJ Tropical Medical Center; Dr. Reese Tuato'o, Chief of Internal Medicine at LBJ; and Tofoitaufa Sandra Young, Medicaid Director for the territory. Thank you all for being here today. Your dedication to your work is appreciated.

This hearing is the result of the CODEL that traveled to American Samoa in February, and I want to thank Chairman Bishop and those Members who were able to join us. During the visit, the Members were given a tour of LBJ Hospital, the only medical treatment facility on the island. I want it in the record that our doctors and nurses who work there do an excellent job with the limited resources they have available, and they should be commended for their efforts to maintain the good health of our people.

LBJ is a 150-bed facility which opened in 1968, and has since had only minor facelifts, such as new doors and fresh paint. The capabilities of the facility have largely remained the same. Additionally, further adding to the applause we should be heaping upon our doctors and nurses is the fact that the facility is drastically under-staffed, as getting qualified medical personnel to the island has proven to be difficult, an issue that I hope we can find a solution to through this hearing and the work that will follow.

The American Samoa Government Operations account, which is included in the annual Interior appropriations bill, provides approximately $7 million annually for hospital operations. That account not only funds a portion of the local hospital, but also the local judiciary, the Department of Education, and local community college—originated in 1974 at the amount of approximately $17 million annually. Since then, it has been increased only once in 1986 to $22.75 million a year where it sits today. If one were to use the standard CPI formula, that amount would now be over $50 million annually. Again, the hospital's take from this appropriation is approximately $7.5 million.

Compare that to another facility of the same size here in the states, and the gap in equity becomes very clear. For example, this year's total budget for LBJ was $51 million, while a hospital of the same size in Washington State has a 2017 budget

of roughly $200 million. The people of American Samoa need better access to care without having to take a flight. The fact is, it is beyond time for a significant increase to the account.

The reasoning provided in DOI's budget report for the lack of any increase to the ASG operations account over the years is to "promote self-sufficiency" on the island, which is all fine and well, but near impossible when at the same time, the Federal Government has closed off large swaths of fishing grounds in the Pacific that our people have used for a millennium, and long before any relationship with the United States, and at the same time imposed federally mandated minimum wage laws, irresponsibly putting the territory, which is both economically and geographically isolated, on the same playing field as the states—a policy that has already forced one tuna cannery to leave the island for Thailand where they pay their workers a mere fraction of what ours are required to pay. I recently introduced legislation to resolve this issue, H.R. 3021, the American Samoa Job Protection and Expansion Act, and I look forward to seeing congressional action on it.

Regarding LBJ and any improvements to be made following congressional action, I will be introducing a bill shortly that calls for a GAO study in partnership with DOI, the VA and HHS to assess the feasibility of either a new or updated facility, and I encourage my colleagues to support the measure. It is high-time that we here in Congress recognize the issues happening in the insular areas, and I am encouraged by today's hearing and the action it will bring.

Again, I want to thank our witnesses for traveling so far to be here today. I know that the work they do on the islands is indispensable and I know that their testimony will provide even more insight into the issues we are facing on the island in regards to providing accessible and quality health care for our people. I look forward to their testimony and moving forward with some real solutions to improve the health care for the people of American Samoa.

Thank you Mr. Chairman, I yield back.

Mr. LAMALFA. Thank you. I would now like to recognize our Ranking Member, Mr. Sablan.

STATEMENT OF THE HON. GREGORIO KILILI CAMACHO SABLAN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF THE NORTHERN MARIANA ISLANDS

Mr. SABLAN. Thank you very much, Mr. Chairman, for agreeing to hold this important hearing. I welcome our witnesses, particularly those who traveled from American Samoa.

I had the opportunity to visit the LBJ Tropical Medical Center in American Samoa last year, led by Chairman Bishop and hosted by my friend, Congresswoman Radewagen. We got a firsthand look at the hospital, the deterioration of the physical plant, the lack of equipment and supplies, the difficulty of hiring and retaining staff. I look forward to hearing what ideas our witnesses offer, particularly the Office of Insular Affairs, on how we can make sure the people of American Samoa get the health care that all Americans have the right to and that all of us here in Congress enjoy.

But American Samoa is not the only insular area struggling with health care. As recently as last December, officials at the Centers for Medicare and Medicaid Services threatened to decertify the Juan F. Luis Hospital and Medical Center in the U.S. Virgin Islands, because the hospital failed to meet basic Federal standards.

In my own district, the Northern Marianas, our only hospital also faced CMS decertification in 2012. A team from the U.S. Public Health Service and funding from other Federal agencies came to the rescue and kept the hospital opened. But to this day, the hospital has not met all of the standards required to lift the threat of decertification.

And though the problems at the Marianas hospital were of long standing, the real catalyst was the decision by the Commonwealth government in 2008 to cut off funding and create a quasi-independent Commonwealth Healthcare Corporation. The corporation has struggled with the costs of delivering healthcare services to the people of the Marianas. Half are below the Federal poverty line and one-third have no health insurance, so patients are often unable to pay for care.

The only reason the hospital has been able to remain open, the corporation's Chief Executive Officer has said, is because of the extra Medicaid money that was provided by Obamacare: $109 million. As we all know, that extra money runs out at the end of Fiscal Year 2019 or earlier, depending on whether the Majority repeals Obamacare, as it has promised to do.

Mr. Chairman, 9 years ago the Inspector General of the Department of the Interior issued a report entitled, "Insular Healthcare at the Crossroads to Total Breakdown." Insular governments were unable to provide comprehensive healthcare services to their citizens, the report stated, because of shortages of supplies, medicines, specialty physicians, and because of inadequate, antiquated, or damaged infrastructure.

Sadly, little has changed. This is why any replacement of Obamacare, which the Majority has promised, must include the U.S. insular areas. At a minimum, Medicaid must be available to our areas in exactly the same way it is available to every part of the country. Beyond that, the federally funded tax credits that are being proposed in the Majority's Better Care Act, that will provide help to individuals and families to buy private insurance, must be available to Americans in American Samoa, Guam, the Marianas, and the U.S. Virgin Islands.

The President has promised "insurance for all." We are all waiting.

I look forward to working with you, Mr. Chairman, and all our colleagues, to fulfill the President's promise, and include the people of the insular areas fully and equally in our national healthcare programs.

Thank you, and I yield back.

[The prepared statement of Mr. Sablan follows:]

PREPARED STATEMENT OF THE HON. GREGORIO KILILI CAMACHO SABLAN, A DELEGATE IN CONGRESS FROM THE TERRITORY OF THE NORTHERN MARIANA ISLANDS

Thank you, Mr. Chairman, for agreeing to hold this important hearing. I welcome our witnesses, particularly those who traveled from American Samoa.

I had the opportunity to visit the LBJ Tropical Medical Center in American Samoa last year, led by Chairman Bishop and hosted by Representative Radewagen. We got a firsthand look at the hospital—the deterioration of the physical plant, the lack of equipment and supplies, the difficulty of hiring and retaining staff.

I look forward to hearing what ideas our witnesses offer—particularly the Office of Insular Affairs—on how we can make sure the people of American Samoa get the health care that all Americans have a right to and all of us here in Congress enjoy.

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In my own district, the Marianas, our only hospital also faced decertification in 2012. A team from the Public Health Service and funding from other Federal agencies came to the rescue and kept the hospital open. But, to this day, the hospital has not met all of the standards required to lift the threat of decertification.

Though the problems at the Marianas hospital were of long-standing, the real catalyst was the decision by the Commonwealth government in 2008 to cut off funding and create a quasi-independent Commonwealth Healthcare Corporation. The Corporation has struggled to meet the costs of delivering healthcare services to the people of the Marianas. Half are below the Federal poverty line and one-third have no health insurance. So, patients are often unable to pay for care.

The only reason the hospital has been able to remain open, the Corporation's Chief Executive Officer has said, is because of the extra Medicaid money that was provided by Obamacare—$109 million. As we all know, that extra money runs out at the end of Fiscal Year 2019—or earlier depending on whether the Majority repeals Obamacare, as it has promised to do.

Mr. Chairman, 10 years ago the Inspector General of the Department of the Interior issued a report entitled: Insular Health Care "at the crossroads to total breakdown." Insular governments were unable to provide comprehensive healthcare services to their citizens, the report stated, because of shortages of supplies, medicines and specialty physicians, and because of inadequate, antiquated or damaged infrastructure. Sadly, little has changed.

This is why any replacement of Obamacare, which the Majority has promised, must include the U.S. insular areas. At a minimum, Medicaid must be available to our areas in exactly the same way it is available to every other part of our country.

Beyond that, the federally-funded tax credits that are being proposed in the Majority's Better Care Act—that will provide help to individuals and families to buy private insurance—must be available to Americans in American Samoa, Guam, the Marianas, and the Virgin Islands.

The President has promised "insurance for all." We are all waiting.

I look forward to working with you, Mr. Chairman and our other colleagues, to fulfill the President's promise and include the people of the insular areas fully and equally in our national healthcare programs. Thank you.

Mr. LAMALFA. Thank you, Mr. Sablan. Again, I want to thank the witnesses who have made the 7,000-mile journey that you did to be here today and provide their expertise. So, let me introduce them.

We have Mr. Thomas Bussanich, Director of Budget at the Office of Insular Affairs, Department of the Interior; Mr. Taufete'e Faumuina, CEO of the Lyndon B. Johnson Tropical Medical Center; and Sandra King Young, a Medicaid Director, American Samoa Medicaid Agency, from the Office of the Governor.

Let me remind our witnesses that under our Committee Rules, they must have their oral statements limited to 5 minutes, but their entire written statement will appear in the hearing record.

Microphones are not automatic, you have to press the button to begin. The light will then turn green. When it turns yellow, you have 1 minute to go. When it is red, you know what that means, I ask you to complete your statement at that point.

I will also allow the entire panel to testify before questioning by our panel up here.

The Chair will now recognize Mr. Bussanich to testify.

You have 5 minutes.

STATEMENT OF THOMAS BUSSANICH, DIRECTOR OF BUDGET, OFFICE OF INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR, WASHINGTON, DC

Mr. BUSSANICH. Mr. Chairman and members of the Subcommittee, thank you for the opportunity to speak regarding the LBJ Tropical Medical Center, the primary healthcare facility in American Samoa.

The Office of Insular Affairs has been a partner with the American Samoa government for many years, providing supplemental funding for the operations and renovation of the hospital that was beyond the capacity of the local community.

The American Samoa government is a recipient of the significant share of the annual $27.7 million in capital infrastructure funding available from the Office of Insular Affairs. Historically, American Samoa has received at least one-third of the money in infrastructure funds set aside for the four flag territories.

For the American Samoa government, the allocation of its capital funds is conditioned on submission of 5-year capital improvement plans that outline local priorities for capital spending. For many years, American Samoa's top priority was health. And, therefore, the LBJ Tropical Medical Center received large shares of capital spending.

In the 5-year CIP plan for 2016 through 2020, priorities changed due to the fragility of the territory's main industry, tuna canning. The new 5-year plan elevates economic development to priority number one, and education to number two. Health is bumped to number three. The allocation decisions are made by the American Samoa government and are not set by the Office of Insular Affairs.

The LBJ Tropical Medical Center was constructed in the 1960s. During the past 15 years, CIP funding has been used to renovate much of the hospital to bring it into compliance with modern hospital standards. Currently, the labor, delivery, and surgical wings are under major renovation and expansion. Construction is ongoing, and when the renovation project is completed in 2020, approximately 60 percent of the hospital's physical plant will count as having been rebuilt.

The Office of Insular Affairs also provides operational funding for the LBJ Hospital from the annual American Samoa operations grant. In the current fiscal year, the grant totals $22.7 million. The actual use of the grant is proposed by the American Samoa government, which is using $7.9 million to support LBJ in this fiscal year. The remainder of the grant is used to support general education—$11.4 million; the community college at $1.4 million; and the high court, at $900,000.

Over the past 15 years, the Office of Insular Affairs has provided $132 million in operations funding and $30 million in CIP funding for the LBJ Tropical Medical Center. The Department of the Interior is proud to have been a partner with the American Samoa government in improving LBJ Tropical Medical Center. There is a great deal that still needs to be done, and we look forward to continuing to work to improve conditions and serve the people of American Samoa. Thank you.

[The prepared statement of Mr. Bussanich follows:]

PREPARED STATEMENT OF THOMAS BUSSANICH, DIRECTOR OF BUDGET, OFFICE OF INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR

ASSESSING CURRENT CONDITIONS AND CHALLENGES AT THE LBJ TROPICAL MEDICAL CENTER IN AMERICAN SAMOA

Chairman LaMalfa, Ranking Member Torres and members of the Subcommittee on Indian, Insular and Alaska Native Affairs, thank you for the opportunity to speak regarding the LBJ Tropical Medical Center in American Samoa.

The LBJ Tropical Medical Center is the primary healthcare facility in American Samoa. The Office of Insular Affairs (OIA) has been a partner with the American Samoa government for many years, providing supplemental funding for the operations and renovation of the hospital that was beyond the capacity of the local community. Although health care is not a primary function of OIA, our broad authorities make it possible to provide assistance in American Samoa.

In recent years, the primary goals of OIA has been to "Create Economic Opportunity," "Improve the Quality of Life," and "Promote Efficient and Effective Governance" in the U.S. insular areas. Our assistance for the LBJ hospital is in accord with these goals, as we provide both operational funding and capital improvement funding to help improve health care for the American Samoa community.

CAPITAL IMPROVEMENTS

American Samoa Government (ASG) is a recipient of a significant share of the annual mandatory $27.72 million in capital infrastructure funding available from the Office of Insular Affairs. Historically, American Samoa has received at least one-third of the $27.72 million in infrastructure funds set aside for the four smaller territories.

2012	$10,089,000
2013	$9,964,000
2014	$10,047,000
2015	$9,297,000
2016	$9,505,000
2017	$9,613,000
2018 (request)	$10,321,000

For the ASG, its allocation of capital improvement funds is conditioned on submission of 5-year capital improvement project (CIP) plans that outline local priorities for capital spending. For many years, American Samoa's top priority was health and therefore the LBJ Tropical Medical Center received larger shares of capital spending. Normally, between 15 and 24 percent of American Samoa's Federal capital improvement allotment have been devoted to phased construction at the LBJ hospital. In the 5-year CIP plan for 2016 through 2020, ASG priorities changed due to the fragility of the territory's main industry, tuna canning. The new 5-year plan elevates economic development to priority Number one and education to Number two. Health was bumped to Number three. The allocation decisions are made by the American Samoa government and are not set by the Office of Insular Affairs.

The LBJ Tropical Medical Center was constructed in the 1960s. During the past 15 years CIP funding has been used to renovate much of the hospital to bring it into compliance with modern hospital standards. Currently, the labor, delivery and surgical wings are under major renovation and expansion. Construction is ongoing, and when the renovation project is completed in 2020, approximately 60 percent of the hospital's physical plant will count as having been rebuilt.

The Office of Insular Affairs also provides operational funding for the LBJ hospital from the annual American Samoa Operations Grant. In the current fiscal year, the grant totals $22.75 million. The actual use of the grant is proposed by the ASG, which is using $7.9 million to support LBJ in Fiscal Year 2017. The remainder of the grant is used to support general education ($11.4 M), the community college ($1.4 M), and the High Court ($.9 M).

For a quick look at both operations and CIP spending over the past 15 years, please see below. It shows that the Office Insular Affairs has provided $132 million in operations funding and $30 million in CIP funding for the LBJ Tropical Medical Center in American Samoa.

Fiscal Year	Operations Funding to LBJ	Fiscal Year	CIP Funding to LBJ
2003	$7,721,000	2003	$1,710,000
2004	$7,675,938	2004	$2,000,000
2005	$7,664,000	2005	$1,545,000
2006	$13,264,000	2006	$1,800,000
2007	$13,264,000	2007	$1,736,842
2008	$13,039,906	2008	$1,902,684
2009	$7,652,000	2009	$1,473,684
2010	$7,657,000	2010	$2,000,000
2011	$7,642,000	2011	$7,094,737
2012	$7,645,000	2012	$1,368,421
2013	$7,657,000	2013	$2,631,579
2014	$7,900,000	2014	$2,632,000
2015	$7,900,000	2015	$168,421
2016	$7,900,000	2016	$1,789,474
2017	$7,900,000	2017	TBD
TOTAL	$132,481,844	**TOTAL**	$29,852,842

The Department of the Interior is proud to have been a partner with the American Samoa government in improving the LBJ Tropical Medical Center. There is a great deal that still needs to be done and we look forward to continuing the work to improve conditions and serve the people of American Samoa.

QUESTIONS SUBMITTED FOR THE RECORD BY REP. SABLAN TO THOMAS BUSSANICH, DIRECTOR OF BUDGET, OFFICE OF INSULAR AFFAIRS, DEPARTMENT OF THE INTERIOR

Question 1. Director Bussanich, as you know, Section 2005 of the Affordable Care Act provided a total of $6.3 billion in additional Federal funds to the territories. These funds were primarily used to augment the islands already meager Medicaid programs. Unfortunately, because the funding for the ACA was for budgetary reasons, only for a 10-year window, the additional Medicaid funding will expire in 2019.

Has OIA (Office of Insular Affairs) or the IGIA (Interagency Group on Insular Areas)—to your knowledge—been working with the Insular Areas and their representatives on a strategy for getting these funds extended? We know that there is a great deal of focus on the impact that the loss of these funds would have on Puerto Rico because of the affect it will have on their ability to successfully address their debt crisis—but it is no less of a big deal for the other islands as well.

Answer. Office ofInsular Affairs (OIA) officials have regularly discussed the healthcare challenges facing U.S. territories with the leadership of the insular areas, as well as within the Interagency Group on Insular Areas. OIA is aware of the shortage of resources for health care in the territories and would like to find a workable solution to address the growing healthcare needs of the territories. OIA continues to reach out and work with our colleagues at the Department of Health and Human Services (HHS), as the lead agency responsible for administering the Medicaid program, and will continue to work with HHS in a cooperative manner to reflect the priorities and needs of the territories.

Question 2. According to your statement, the LBJ Medical Center has received almost $30 million in CIP funding from OIA since 2003. Broadly speaking, can you tell us what these have primarily been used for?

Answer. Please see the following listing of Capital Improvement Project grants relating to the LBJ Hospital.

*****

CIP-Funded Projects at LBJ Tropical Medical Center (FY03-FY16)

FY	Project	Amount
2003	New Staff Housing	$ 227,071
2003	Electrical System Upgrade	$ 80,000
2003	Oxygen Generation Building and Maint. Shop	$ 2,850
2003	Construct Medical Ward Upgrades including A/C	$ 297,068
2003	Replacement Fluoroscopy	$ 367,511
2003	Life Safety Improvements	$ 650,000
2004	CAT Scan	$ 600,000
2004	Dialysis Machines	$ 140,000
2004	New Staff Housing	$ 480,000
2004	Medical Equipment	$ 350,000
2004	New Chiller and Cooling Tower	$ 180,000
2004	Design and Upgrade Electrical System Phase I	$ 150,000
2005	Old Morgue Renovation	$ 50,000
2005	Medical Equipment	$ 200,000
2005	Renovate Medical Ward	$ 700,000
2005	Renovate Medical Ward	$ 250,000
2005	New Cooling Tower/Chiller	$ 250,000
2005	Life Safety Improvements	$ 300,000
2005	Upgrade Electrical System	$ 250,000
2005	New Perimeter Road	$ 300,000
2005	New Staff Housing	$ 117,750
2006	Renovate Pediatric Ward	$ 350,000
2006	New Chiller/Cooling Tower Building	$ 550,000
2006	Life Safety Improvements	$ 200,000
2006	Medical Equipment	$ 400,000
2006	Electrical System Upgrade	$ 210,000
2007	Electrical System Upgrade	$ 1,400,000
2007	New Phone System	$ 250,000
2008	Medical Equipment	$ 407,550
2008	Life Safety Improvements	$ 400,000
2008	Design & Upgrade of Electrical System	$ 1,000,000
2009	Electrical System Upgrade	$ 953,000
2009	Medical Ward Renovation	$ 247,000
2009	Design Labor Delivery and OR Suite	$ 200,000
2010	Renovate OB/GYN Ward	$ 1,445,000
2010	Electrical System Upgrade	$ 455,000
2011	Forensic Psychiatric Unit	$ 3,200,000
2011	Design & Renovation of Dialysis Unit	$ 2,600,000
2011	Electrical System Upgrade	$ 500,000
2011	Ultrasound/Dialysis Phase II	$ 199,104
2011	New Dialysis Machines	$ 400,896
2012	LBJ Labor Delivery and OR Suite	$ 1,300,000
2013	CAT Scan/Ultrasound Machine	$ 1,000,000
2013	Forensic Psychiatric Facility	$ 1,500,000
2014	Labor Delivery and OR Suite	$ 2,500,000
2015	No CIP projects, just O&M set aside.	$ -
2016	LBJ Labor Delivery and OR Suite	$ 1,700,000

Project listing does not include 5% that is set aside each year for LBJ O&M.
It averages around $100,000 per year for O&M and that is matched by LBJ each year.

Major Projects	Cost
Electrical System Upgrade	$ 4,998,000
Renovate Medical Ward	$ 1,494,068
Life Safety Improvements	$ 1,550,000
New Cat Scan Machines	$ 1,600,000
Renovate OB/GYN Ward	$ 1,445,000
Dialysis Unit Expansion	$ 3,200,000
Forensic Psychiatric Facility	$ 4,700,000
Labor Delivary and OR Suite	$ 5,700,000

Mr. LAMALFA. Thank you.

The Chair will now recognize Mr. Faumuina to testify.

STATEMENT OF TAUFETE'E JOHN FAUMUINA, CEO-DIRECTOR, LYNDON B. JOHNSON TROPICAL MEDICAL CENTER, FAGA'ALU, AMERICAN SAMOA

Mr. FAUMUINA. Thank you for the opportunity to provide testimony on assessing current conditions and challenges at the Lyndon B. Johnson Tropical Medical Center in American Samoa. I am Taufete'e John Faumuina, the Chief Executive Officer of the LBJ Tropical Medical Center. I would like to also thank the congressional delegation, CODEL, who visited American Samoa earlier this year, and had the chance to tour our hospital facility.

In 1968, LBJ opened its doors to provide patient-focused, comprehensive, high-quality, and cost-effective health care and related services that addressed the health needs of the people. LBJ is the

sole hospital providing tertiary services to all of American Samoa, with a population over 60,000. In order for LBJ to keep its doors open, we need to retain Medicare certification through CMS. We must comply to the conditions of participation.

My testimony will focus this morning on four main areas of the challenges and needs of our hospital.

First, compliance with CMS standards. LBJ needs to adopt a suitable budget to address all non-compliance issues pertaining to medical staffing, nursing staffing, ancillary services, and supporting services across the board to meet the standard of care. The need to comply comes with substantial financial commitment, offer better compensations to recruit qualified doctors, nurses, certified technicians, and supporting staff, assign appropriate budget to properly provide maintenance for the aging facility, and schedule preventative maintenance and repairs for all equipment.

Second, staffing inequities and workforce development. With LBJ's 150 beds, we require 95 physicians; we only have 57. We are required to have 110 RNs; we only have 73. We are required to have 11 pharmacists; we only have 3. With the radiology department, we must contract off island services to read our diagnostics. We do not have a permanent radiologist. We also contract a nephrologist who visits American Samoa quarterly to treat the 167 patients with 36 staff to handle a workload of 1,900 treatments per month.

Third, our healthcare facilities. We have struggled to upkeep the aging facility, acquire new equipment, and to provide continuous preventative maintenance and repairs. We are grateful for the CIP funding from DOI that has allowed LBJ to conduct minor and major renovations to address CMS infrastructure citations.

Presently, 41 percent of the facility has been renovated to meet CMS standards. Upon completion of the current labor/delivery nursery expansion and renovation project, our facility will be 65 percent renovated. We continue to face the challenge of increased outpatient visits and high inpatient census. One of the solutions that we are presently exploring is a new 200-bed hospital to accommodate increase in population, as well as inpatient and outpatient visits. Space in the present location is severely limited, and we are unable to expand the existing building which, in turn, limits services.

And fourth, our financial conditions—our annual budget appropriations are quite inadequate. We need to increase Federal appropriations, explore other revenue sources, lifting the cap on Medicaid, restructure FMAP percentage favorable to American Samoa, and extend the expiration of the ACA funds beyond 2019.

We want to thank you for this rare opportunity given to us. We are humbled and extremely grateful to be able to share our challenges and needs with this honorable Subcommittee. And we hope for your favorable considerations to agree to fund a new hospital that will meet all quality of care. [Speaking native language.]

[The prepared statement of Mr. Faumuina follows:]

PREPARED STATEMENT OF TAUFETE'E JOHN P. FAUMUINA, CHIEF EXECUTIVE OFFICER, LYNDON B. JOHNSON TROPICAL MEDICAL CENTER

Mr. Chairman and members of the Subcommittee on Indian, Insular and Alaska Native Affairs,

Talofa lava ma fa'afetai lava. Thank you for the opportunity to provide testimony on, "Assessing Current Conditions and Challenges at the Lyndon B. Johnson Tropical Medical Center in American Samoa."

I am Taufete'e John Faumuina. I am the Chief Executive Officer (CEO) of the American Samoa Medical Center Authority doing business as Lyndon B. Johnson Tropical Medical Center (LBJTMC) in the U.S. Territory of American Samoa.

I would like to thank the Congress Delegates (CODEL) who visited American Samoa earlier this year and had the chance to tour our hospital facility. They dialogued with our staff about the limitations, woes and tribulations we face in providing quality and safe patient care to the people of our islands.

In 1968, LBJ opened its doors to provide patient focused, comprehensive, high quality, and cost effective health care and related services that address the health needs of the people. LBJ is the sole hospital providing tertiary services to all of American Samoa with a population over 60,000. In order for LBJ to keep its doors open we need to retain Medicare certification through the Centers for Medicare & Medicaid Services (CMS), we must comply with the Conditions of Participations.

My testimony will focus on four main areas of the challenges and needs of our hospital.

CHALLENGES

Compliance with CMS Standards

- LBJ needs to adopt a suitable budget to address all noncompliance issues pertaining to medical staffing, nursing staffing, ancillary services and supporting services across the board to meet the standard of care. The need to comply comes with substantial financial commitment, offer better compensations to recruit qualified Doctors, Nurses, Certified Technicians and supporting staff. Assign appropriate budget to properly provide maintenance for the aging facility and scheduled preventative maintenance and repairs for all equipment. For the record, LBJ is currently operating under a $50 million budget to sustain and provide the best health care for the people of American Samoa.

Staffing Inequities and Workforce Development

- With LBJ's 147 beds, we require 95 physicians, we only have 57. We are required to have 110 RNs, we only have 73. We are required to have 11 pharmacists, but we only have 3.
- With the radiology department, we must contract off-island services to read our diagnostics. We do not have a permanent radiologist.
- We also contract a nephrologist who visits American Samoa quarterly to treat the 167 patients with 36 staff to handle a workload of 1,900 treatments per month.

Healthcare Facilities

- Struggle to upkeep aging facility and acquire new equipment and to provide continuous preventative maintenance and repairs.
- We are grateful for the CIP funding from DOI that has allowed LBJ to conduct minor and major renovations, to address CMS infrastructure citations. The laboratory was expanded and renovated to provide proper space for new diagnostic lab equipment to accommodate the increase types of testing for patient care. The Diagnostic Imaging-Radiology Department was expanded and renovated to house more modern equipment such as the radiographic x-ray machines, CT scans, C-arm X-rays, portable x-rays, etc.
- Presently, 41 percent of the facility has been renovated to meet CMS standards. Upon completion of the current Labor/Delivery Nursery expansion and renovation project, our facility will be 65 percent renovated.
- With the completed expansion and extensions of existing infrastructure, we are still struggling to cut down on patient waiting time in ER and Clinical Services because of the overwhelming number of patient visits, with ER seeing an average of over 2,500 visits per month. Patient admission process is also delayed due to overflow and non-availability of beds in the wards because of constant high census.

- One of the solutions that we are presently exploring is a new 200-bed hospital to accommodate increase in population, as well as inpatient and outpatient visits. Space in the present location is severely limited, and we are unable to expand the existing building which in turn limits services.

Financials

- Annual Budget—Inadequate appropriation
  - —Increased Federal appropriation
  - —Explore other revenue sources
- Lifting the cap on Medicaid
- Restructure FMAP percentage favorable to American Samoa
- Extend the expiration of ACA funds

CONCLUSION

We want to thank you for this rare opportunity given to us. We are humbled and extremely grateful to be able to share our challenges and needs with this honorable Subcommittee, and we hope for your favorable consideration to our plea to fund a new hospital that will meet all quality of care.

Faafetai ma le faaaloalo lava. SOIFUA!

QUESTIONS SUBMITTED FOR THE RECORD BY REP. SABLAN TO TAUFETE'E JOHN FAUMUINA, CEO-DIRECTOR, LYNDON B. JOHNSON TROPICAL MEDICAL CENTER

Question 1. LBJ hospital is subject to certain standards and regulations mandated by CMS, the Centers for Medicare and Medicaid Services. You mentioned that "these Federal mandates place constraints and difficulties" on your operations, even though you welcome CMS' participation. Can you elaborate on those constraints? What are your biggest obstacle to addressing them—is it adequate funding?

Answer. The Lyndon B. Johnson Tropical Medical Center (LBJTMC) in American Samoa presently and continuously embraces CMS' Conditions of Participation (CoP) for our hospital to retain its eligibility for Medicare certification. To receive Medicare/Medicaid payment, hospitals are required to be in compliance with the Federal requirements set forth in the Medicare CoP. As the sole hospital in American Samoa, without this Medicare certification to operate, LBJTMC will not be able to fulfill its critical role in providing access to essential acute care services to the residents of American Samoa. Although we continue to face obstacles, difficulties and constraints meeting the CoPs set forth by CMS, but these requirements are what improve our standards of practice and allow us to offer quality and safe patient care to our people. We recognize the value as recipients of CMS.

I will elaborate more on some of the constraints and difficulties on the operation of our hospital. Please note the following four main areas of my written testimony from the July 25, 2017 hearing:

1. Compliance with CMS Standards
2. Staffing Inequities and Workforce Development
3. Healthcare Facilities
4. Financials

1. COMPLIANCE WITH CMS STANDARDS

Over the years, LBJ has faced continuous difficulties to be compliant with the requirements as a provider of services with the Medicare Program established under Title XVIII of the Social Security Act. However, we will continue to strive toward improvement as required by CMS CoPs. In the last year, the recent challenges we have faced with compliance are:

- In June 2014, we were documented non-compliance with nine (9) CoPs.
- A Medicare revisit survey on December 2015, documented nine (9) non-compliance CoPs.

- During our last revisit survey on January 27, 2017, with financial reserve and resources committed into operations, CMS identified six (6) areas of substantial non-compliance for LBJ. These deficiencies have an impact on the integral function of the four main areas identified in our written testimony.

2. STAFFING INEQUITIES AND WORKFORCE DEVELOPMENT

For staffing, human resources and workforce development, adequate staffing is required as part of CMS CoPs, yet we continue to experience staff shortages hospital-wide due to various reasons. Some causes for this inadequacy of staffing are: our inability to offer competitive salaries; our isolated and geographical location; our ability to recruit and retain; or lack of local pool of qualified, certified or credentialed prospects in American Samoa. The following critical areas continue to be a challenge to employ such as, but not limited to:

- Medical Staff
  - —On-site Radiologist
  - —Nephrologists
  - —Physicians
- Nursing Department/Patient Care
  - —Advanced Practice Nurses
  - —Anesthetist Nurses
- Ancillary
  - —Respiratory Therapist
  - —Occupational/Physical Therapist
  - —Registered Dietitian
  - —Medical Laboratory Technologist
- Other professionals such as:
  - —Infection Preventionist
  - —Health Information Technologist
  - —Bio-med Technicians

3. HEALTHCARE FACILITIES

As you may recall, this hospital was built in 1968 without the specification or mandates to meet CMS standards and life safety codes. While most hospitals in the United States currently have an "average age of plant," of just less than eleven (11) years, LBJTMC is well over 50 years old. The routine and preventive maintenance; safety and testing activities are all part of CoPs for CMS. Maintaining the hospital throughout the years has been extremely costly.

Although considered modern and state-of-the art at the time it was built, LBJ was not envisioned and constructed with CMS standards. As a result, it has become extremely costly to be in compliance with CMS Conditions of Participation. Therefore, understandably, to continue to provide quality healthcare services and be in compliance with CMS, a new hospital would be the most cost effective solution. CoP also requires that the LBJ hospital be constructed, arranged and maintained to ensure the safety of the patient and quality of care.

4. FINANCIALS

As depicted in our testimony, one of our continuous challenges and biggest obstacle in addressing our difficulties and constraints is funding. Many of the CMS CoPs require constant upgrades of facilities, increase of medical services, costs of resources to recruit and retain qualified professionals and overall hospital operations which all require financial support.

Question 2. You mentioned that 35 percent of your pharmaceutical budget is for dialysis medications. What is the percentage of your overall budget is for medications? And, since American Samoa is outside the customs area of the United States are you able to purchase drugs internationally, which should provide savings over U.S. sourced drugs?

Answer. The hospital's budget for FY2016 was $46 million. The LBJ pharmacy's pharmaceutical budget for FY2016 was $5.9 million which is approximately 12 percent of the overall hospital budget. In our report, 35 percent or approximately

$2.06 million of pharmaceutical budget was spent for our dialysis population in FY2016.

Although, American Samoa is outside of the U.S. customs area, we cannot purchase pharmaceutical drugs internationally or from foreign manufacturers as LBJTMC is regulated by the Centers of Medicaid and Medicare (CMS). The LBJ pharmacy accesses the VA Federal Supply Schedule (FSS) and PRxO Generic (Pharmacy Prescription Generic Contract) contract pricing with our pharmaceutical vendor, AmerisourceBergen Wholesaler (ABC), a U.S. distributor. By using the FSS program, which is available to Federal and state government, we are able to procure our pharmaceutical products at a lower cost and affordability therefore providing savings and best value for our dollars.

Also, we reached out to the pharmacy department at the Commonwealth Healthcare Corp (CHCC), Commonwealth of Northern Marianas Islands (CNMI) hospital to explore opportunities we could share as U.S. territories. Yet, we learned that we face similar deficiencies in meeting CMS mandates and difficulties in procuring and maintaining an inventory level especially with drugs listed on the national shortage. Furthermore, as regulated by CMS, all of CNMI's pharmaceuticals have to meet FDA rules and they also procure their drugs through Mckesson Wholesaler, a U.S. distributor.

As mentioned above, LBJTMC is regulated by the Centers for Medicaid and Medicare (CMS) and only FDA-approved medications are eligible for reimbursements. For patient safety, FDA's current position on the importation of prescription drugs from foreign entities or unknown sources cannot ensure the safety and effectiveness of products. These unknowns put patient's health at risk if they cannot be sure of the products identity, purity and source, therefore, FDA recommends ONLY obtaining medicines from legal sources in the United States. Drugs sold in the United States also must have proper labeling that conforms to the FDA's requirements, and must be made in accordance with good manufacturing practices. As part of the FDA's high standards, drugs can be manufactured only at plants registered with the agency, whether those facilities are domestic or foreign. If a foreign firm is listed as a manufacturer or supplier of a drug's ingredient on a new drug application, the FDA generally travels to that site to inspect it.

Here are some of the additional reasons why we cannot purchase from international manufacturers:

1. LBJ participates in the Medicaid Drug Rebate Program to help subsidize the cost of medication for the territory. This program includes CMS, State Medicaid Agencies and participating drug manufacturers that help to offset the Federal and state costs of most outpatient prescription drugs dispensed to Medicaid patients.
    - Approximately 600 drug manufacturers participate in this program (all U.S.-based drug companies).
    - Only FDA-approved medications are eligible for the Federal Medicaid drug rebate reimbursement program.
2. Benefits of a Closed System
    - Under the Food Drug & Cosmetic (FD&C) Act, the interstate shipment of any prescription drug that lacks required FDA approval is illegal. Interstate shipment includes importation—bringing drugs from a foreign country into the United States.
3. FDB (first databank) provides patient safety medication for FDA-approved medications ONLY
    - Hospital advantage with offered programs including drug-drug interactions, drug-allergy, drug-disease interactions and duplicate therapy flags.
    - Electronic Health Record and prescription labels are linked with FDB to incorporate all essential medication information for both patients and health professionals alike.
4. Early 2017—Drug Importation Bill being proposed to allow U.S. pharmacies to purchase medications from Canada (see details below)—*has not passed yet*, and when it does, it will definitely provide another avenue to procure medication if it is cost-effective.
    - The Affordable and Safe Prescription Drug Importation Act would instruct the Secretary of Health and Human Services, within 180 days after enactment of this Act, to issue regulations allowing wholesalers, licensed

U.S. pharmacies, and individuals to import qualifying prescription drugs manufactured at FDA-inspected facilities from licensed Canadian sellers. After 2 years, the Secretary would have the authority to permit importation from countries in the Organization for Economic Co-operation and Development (OECD) that meet specified statutory or regulatory standards that are comparable to U.S. standards.

Question 3. You indicate that the LBJ pharmacy is constantly faced with severe shortages of critical drugs and that because LBJ is the only hospital in American Samoa; you do not have the capability of reaching out to another facility to procure or acquire essential lifesaving drugs. What about the America Samoa VA clinic named after our former colleague Eni Faleomavaega? Do they have a pharmacy on site that you can utilize to obtain critical drugs?

Answer. This option has been already been explored by LBJ Pharmacy. At present, the Faleomavaega Fa'aua'a Hunkin Clinic does not have a pharmacy on site. The essential lifesaving drugs mentioned in our July 25, 2017, written response are the critical medications used in our hospital and intensive care units for patients who are in their critical stages and on life sustaining measures.

On the VA Pacific Island Health Care System website, the "Faleomavaega Fa'aua'a Hunkin Community Based Outpatient Clinic in American Samoa is to provide primary health care to eligible veterans. It is a non-emergent care for veterans with stable chronic health problems or minor acute illnesses. It is NOT equipped to provide emergency services, and veterans shall seek treatment to Lyndon B. Johnson Medical Center for emergency services."

The clinic ONLY stocks emergency medications in their crash carts to use in emergency resuscitations for life support. All of the military retirees and veterans' pharmaceutical needs and their prescriptions are sent from the VA hospital in Honolulu, Hawaii.

Question 4. What will it mean for LBJ if Congress does not to extend the 2019 ACA funds?

Answer. At the current LBJ expenditure rate for Medicaid services, we are only able to tap into ACA funds by the third quarter of the fiscal year. A new Medicaid methodology for the reimbursement model process may be an immediate option to assist LBJ and an extension of the ACA 2019 expiration date. Our current Medicaid state plan methodology severely limits our ability to exhaust ACA funds.

If the U.S. Congress does not extend the 2019 Affordable Care Act (ACA) funds expiration date, American Samoa stands the chance to lose out on optimizing opportunities to assist with a healthcare safety net to:

1. Insure the medically vulnerable people of American Samoa's low-income adults and children;
2. To fund long-term services and support for adults and children with serious disabilities or illnesses who are at risk of impoverishment as a result of their health.

Mr. LAMALFA. Thank you, Mr. Faumuina.

Let's now recognize Ms. Young for 5 minutes.

Thank you.

STATEMENT OF SANDRA KING YOUNG, MEDICAID DIRECTOR, AMERICAN SAMOA MEDICAID AGENCY, OFFICE OF THE GOVERNOR, PAGO PAGO, AMERICAN SAMOA

Ms. YOUNG. Thank you.

[Speaking native language]

Chairman LaMalfa, Ranking Member Sablan, and members of the Committee. Thank you for the opportunity to present testimony regarding the LBJ Hospital and the role the American Samoa Medicaid program plays in our healthcare system.

Medicaid is a very complicated Federal-State program, as it is administered in American Samoa. The American Samoa Medicaid program has remained unchanged, in terms of provider eligibility

and coverage, over its 35-year history, until the Lolo administration.

Unlike other states and territories, Medicaid is the only publicly available health insurance provider in our territory. And the LBJ Hospital has been the only Medicaid provider until this year.

Because Medicaid is a state-specific health plan, once we leave our territory we are no longer covered with a health insurance plan, should any medical emergency befall us, like when we are here for this hearing in DC.

As the Medicaid Director, my responsibility is to ensure that our Medicaid beneficiaries, the people of American Samoa, have access to medical services, as required under the Social Security Act. When it comes to challenges that our hospital faces, the Medicaid agency is most concerned about the hospital's compliance with the Centers for Medicare and Medicaid Services, conditions of participation, and compliance under the American Samoa Medicaid State Plan.

Non-compliance puts at risk Medicare and Medicaid funding for the LBJ Hospital. The biggest help that LBJ needs to ensure compliance is the construction of a new hospital. Thus, we respectfully recommend that the Committee should introduce authorizing legislation to provide funding for the construction of a new hospital for American Samoa.

American Samoa has already secured a potential site for this construction. The LBJ Hospital is a 50-year-old facility, and it sustained major damage in a 2009 earthquake and tsunami. While the facility was repaired after the tsunami, the hospital continues to struggle with infrastructure standards to maintain CMS certification. It would be more cost-effective to replace the current facility so that it meets the modern standards for CMS conditions of participation under a new hospital facility.

In terms of Medicaid funding, the priority of the Lolo administration and of the territory is to maintain the Medicaid revenue stream that helps support the LBJ and our entire healthcare system. Prior to the passage of the Affordable Care Act in 2011, the LBJ Hospital was insolvent and continually went into debt to keep the hospital in operation and maintain needed medical services.

The Medicaid funds under ACA helped to fully fund the Federal share of the Medicaid program. But, unfortunately, the expiration of these funds in 2019 weighs heavily over the territory. The American Samoa Medicaid Agency spent the last 3 years working with CMS to amend our state Medicaid plan to expand our Medicaid provider network. This year we received approval to make the federally qualified health centers a provider, and to enable the off-island medical referral services to be re-instated directly with off-island providers through our agency.

Access to the ACA Medicaid funds is critical to fully implement the Medicaid state plan. If the time to expand the Medicaid funds provided for in the ACA is not extended, this would cripple our LBJ Hospital and the rest of our healthcare system, potentially forcing the territory to cut or suspend medical services all together.

Looking long-term, after ACA funds are expended, it is necessary to increase the annual Medicaid block grant for American Samoa

in order to adequately sustain the provision of medical services, as required under the Social Security Act.

Thank you again for this auspicious opportunity to testify, and I am happy to take questions from the Committee.

[The prepared statement of Ms. Young follows:]

PREPARED STATEMENT OF SANDRA KING YOUNG, AMERICAN SAMOA MEDICAID DIRECTOR

Chairman LaMalfa, Ranking Member Torres and members of the Subcommittee, on behalf of American Samoa, I am honored to present testimony regarding our unique Medicaid program. Thank you for this prodigious opportunity to share with you the unique features of the Medicaid program in American Samoa.

American Samoa was granted a 1902(j) waiver in 1983 to administer a Presumptive Eligibility model for the Medicaid Program. Under this waiver, American Samoa is the only U.S. jurisdiction where there is no eligibility and enrollment of individual beneficiaries. Beneficiaries are presumed eligible for Medicaid if they fall within the 200 percent U.S. Federal poverty level.

In terms of Medicaid funds and its relation to LBJ hospital, the priority of the Lolo administration and of the territory, is to maintain the Medicaid revenue stream that helps support the LBJ and our whole healthcare system. First, the deadline to expend the Medicaid funds under ACA must be extended to allow American Samoa to increase access to medical services for beneficiaries. Second, we must have an increase of $15 million a year in the regular Medicaid block grant funds under the Social Security Act regardless of what happens to the ACA Medicaid funds. This will allow the Medicaid agency to adequately fund the needs of the American Samoa Medicaid program and avert the reduction or suspension of medical care services. If ACA is repealed or replaced without this increase in the regular Medicaid grant, the consequences would be devastating to the local government and our local economy, but most of all, it will cripple the LBJ hospital and our healthcare system so as to deny access to medical care for our people.

One of the most significant challenges that the hospital faces is the chronic deficiencies with CMS Survey and Certification putting at risk its Medicare and Medicaid funding. The LBJ hospital was built in 1968 and is located in a tsunami zone and sustained major damage during the 2009 tsunami. American Samoa needs a modern hospital outside of the tsunami zone. Continuing to do band aid solutions to renovate the 50-year old LBJ hospital is not cost effective. American Samoa needs from Congress an appropriation of $200 million for a state-of-the-art hospital that would be fully compliant with Medicare Conditions of Participation and CMS standards for infrastructure.

The Lyndon B. Johnson Tropical Medical Center has been the only Medicaid provider on island, until February 2017 when the American Samoa Department of Health's Federally Qualified Health Center (FQHC) became the second Medicaid provider in the 35-year history of the program. The 1902(j) waiver under the Social Security Act gives the American Samoa Medicaid agency flexibility to waive Federal regulations that are inappropriate and not relevant for its small Medicaid program. It however, cannot waive three things: (1) the Medicaid cap funding, (2) the Federal Medicaid Assistance Percentages (FMAP) for local and Federal match requirements, and (3) the mandatory health services required under the Social Security Act. All three of these provisions create inconsistent Federal objectives because (1) and (2) limit funding for American Samoa thus making number (3) unachievable. In essence, number (3) becomes an unfunded mandate that the American Samoa Medicaid program cannot comply with because of inadequate funding. Unlike the states unlimited access to Medicaid funds, American Samoa and the territories Medicaid programs operate as a capped block grant. Further, the FMAP percentage match rate was imposed arbitrarily on all five U.S. territories—45 percent local/55 percent Federal—and equivalent to the matching rates of wealthy states like California and Connecticut. By the third quarter of the fiscal year, American Samoa generally exhausts the territory's regular Medicaid funds under the Social Security Act.

The passage of the Affordable Care Act in 2011 provided an additional $181 million in Medicaid funding for American Samoa plus an additional $16 million intended for an insurance marketplace. American Samoa was not able to establish an insurance marketplace because it does not have health insurance providers on the island—except for Medicaid. The $16 million was added to the ACA Medicaid funds for a total of $197 million for American Samoa. The territory benefited from the additional Medicaid funds and the shortfall of the regular annual Medicaid block grant

was now covered by the ACA Medicaid funds. Unfortunately, the 2019 deadline to expend the ACA Medicaid funds was not rationale. The ACA was passed with no input from American Samoa, for us to explain that simply setting aside so much Medicaid funds with a deadline for expenditure by 2019 was not logical, as American Samoa only had one Medicaid provider. The LBJ provides limited medical services to a small population. Like any health insurance plan, Medicaid can only reimburse for allowable medical expenses that are actually incurred by patients seeking treatment at a hospital. Since ACA, the LBJ hospital remains the only provider on island that can expend Medicaid dollars, until our local government can appropriate local funds for our new providers.

The Medicaid agency does not expend Medicaid dollars but ensures that medical care costs are allowable and that funds for reimbursement of that care are disbursed to the healthcare providers—in this case LBJ—in a timely manner. Since ACA, LBJ has only been able to draw on average an additional $5 million dollars from the ACA account. In 2016, the LBJ hospital was able to draw $6 million. If we trend the LBJ's annual expenditures of ACA Medicaid funds, with a beginning balance of $197 million and an average draw of $5 million a year, it will take LBJ 39 years to draw all of the ACA Medicaid funds. To date our territory has only been able to draw about 20 percent of the ACA Medicaid funds because of our limited medical services. It is not possible for the LBJ to draw all the ACA Medicaid funds by 2019 without additional services or an expanded provider network. There are options that the Medicaid agency has successfully pursued to increase access to medical care that would be covered by the ACA Medicaid funds.

The Medicaid agency after nearly years of development and negotiations, submitted two major amendments to CMS to change our Medicaid state plan. The priority was to enable the Department of Health's FQHC to become a provider. This was approved February 2017. The second was the Off-Island Medical Referral program that the LBJ hospital could not implement due to cash-flow problems. This was approved recently in June. The Medicaid agency is waiting for the local budget process to be completed and should the agency receive local match funds, it will be able to draw down ACA Medicaid funds to reimburse the FQHC and providers of the Off-Island Medical Referral program.

The Children's Health Insurance Program (CHIP) is up for reauthorization and is an instrumental part of the funding that supports the health of the most vulnerable of our population—our children. We strongly support the reauthorization of this bill and further request that the cap on CHIP funding for the territories also be lifted.

I wish to thank you Chairman LaMalfa and the Subcommittee for this opportunity. Thank you also to our Representative Radewagen and the Representatives from all the U.S. territories for their support to strengthen Medicaid for the territories. It is not lost on me the importance of this opportunity to appear before this Committee and the attention being afforded to our small island territories. I am most grateful.

Thank you very much. Fa'afetai tele lava.

Mr. LAMALFA. Thank you, Ms. Young. And I want to thank, again, the panel for your testimony. I will remind the Members that Committee Rule 3(d) imposes a 5-minute limit on questions by the Members.

The Chairman will now recognize Members for questions. I will first recognize myself for 5 minutes.

Let me direct this to Mr. Bussanich. You spoke of promoting the efficient and effective governments in all island areas, and then, as it applies to American Samoa and the hospital.

It is designated as a high-risk grantee. So, requirements of these grantees to comply with special conditions for future or existing grants. How, so far, has this designation improved the accountability for Federal funds so that we know that further investment will be a positive?

Mr. BUSSANICH. Well, the high-risk designation, it sends signals in both directions. It sends a signal to the local government that it needs to focus on improvements in financial management and

practices, and it does serve, to a certain extent, I would suppose, as a warning. But, certainly, it is a warning to Federal agencies and others to make sure that the funds that they are granting are reported on and used appropriately.

I do think, though, in our case, we have done a lot of focus on working on audits, improving the outcomes of audits, and we are also aware that a recent Subcommittee report is also focusing on this issue.

We certainly believe that American Samoa has the ability to make the improvements to get itself off the high-risk designation list.

Mr. LAMALFA. Do you see this designation being revisited any time soon?

Mr. BUSSANICH. Yes. It is revisited, certainly, every year.

Mr. LAMALFA. Every year?

Mr. BUSSANICH. Yes.

Mr. LAMALFA. So, a new, comprehensive look at how performance is going, and——

Mr. BUSSANICH. Yes. And a lot of that depends on the contents of the annual single audits, which——

Mr. LAMALFA. Is there a criteria that is nearly being met for the designation to be removed?

Mr. BUSSANICH. Beg your pardon, sir?

Mr. LAMALFA. Is it nearing the point of meeting the criteria for the designation to be removed or revised?

Mr. BUSSANICH. I believe so, yes. We are certainly interested in taking whatever final steps are needed to do that.

Mr. LAMALFA. OK. I would like to yield the balance of my time to Mrs. Radewagen for questions.

Mrs. RADEWAGEN. Thank you, Mr. Chairman. I wondered if I might complete my opening statement, since we had a difference of opinion as to the time limit.

As I was saying, for example, this year's total budget for LBJ was $51 million, while the hospital of the same size in Washington State has a 2017 budget of roughly $200 million.

The people of American Samoa need better access to care without having to take an airplane off-island. The fact is, it is beyond time for a significant increase to the account.

The reasoning provided in DOI's budget report for the lack of any increase to the ASG operations account over the years is to promote self-sufficiency on the island, which is all fine and well, but near impossible when, at the same time, the Federal Government has closed off large swaths of fishing grounds in the Pacific that our people have used for a millennium, and long before any relationship with the United States, and at the same time imposed federally mandated minimum wage laws, irresponsibly putting the territory, which is both economically and geographically isolated, on the same playing field as the states—policy that has already forced one tuna cannery to leave the island for Thailand, where they pay their workers a mere fraction of what ours are required to pay.

I recently introduced legislation to resolve this issue: H.R. 3021, the American Samoa Job Protection and Expansion Act, and I look forward to seeing congressional action on it.

Regarding LBJ and any improvements to be made following congressional action, I will be introducing a bill shortly that calls for GAO study, in partnership with DOI, the VA, and HHS to assess the feasibility of either a new or updated facility, and I encourage my colleagues to support the measure.

It is high time that we here in Congress recognize the issues happening in the insular areas, and I am encouraged by today's hearing and the action it will bring. Again, I want to thank our witnesses for traveling so far to be here today. I know that the work they do in the islands is indispensable, and I know that their testimony will provide even more insight into the issues we are facing in the islands in regards to providing accessible and quality health care for our people.

Thank you, Mr. Chairman. I yield back my time.

Mr. LAMALFA. OK, thank you. We will now recognize the Ranking Member, Mr. Sablan.

Mr. SABLAN. Well, thank you very much, Mr. Chairman. Let me start with Mr. Bussanich.

According to your statement, the LBJ Medical Center has received almost $30 million in CIP funding from OIA since 2003. So, broadly speaking, can you tell us what these have primarily been used for? Has it been to renovate the facility?

Mr. BUSSANICH. Yes, sir, I can. And I can show you a list of all the different projects that we have done since 2003.

But the most significant ones have been a $5 million project to upgrade the electrical system. We are in the process of a $5.7 million project to improve the labor, delivery, and operation room suite. There was $4.7 million spent on a forensic psychiatry facility, and $3.2 million on a dialysis unit expansion, among other projects. These have been, I think, very significant and very useful projects.

Mr. SABLAN. Right, thank you. And could we get that information to the Committee, please?

Mr. BUSSANICH. Yes, sir.

Mr. SABLAN. I appreciate that, because in a previous hearing I made a statement that OIA should re-examine its criteria for the capital improvement project funds, and base it not on the financial criteria, but basically on the public health needs.

Like, say, for the Northern Marianas, it is the only municipality in the Nation that does not have 24/7 water, and there is a public health crisis that is growing from that. Thank you.

Ms. Young, if I may, you state also that, to date, our territory has only been able to draw 20 percent of the ACA Medicaid fund because of our limited medical services. The inability to draw down the additional ACA Medicaid funds is not unique to American Samoa. The other insular areas, except for Puerto Rico, face a similar challenge because of the 55–45 FMAP.

In the Marianas, however, the Commonwealth Healthcare Corporation, which operates our only hospital, and our Medicaid managers have been able to meet the FMAP challenge by using a statutorily-recognized Medicaid financial approach known as certified public expenditures, or CPEs. And current projections show that they are on track to use all or almost all of the Marianas' ACA Medicaid funds before the 2019 expiration date. I am not an expert

on the particulars of CPA accounting, but it looks like they are successfully using the ACA money.

I also understand, according to Medicaid and CHIP, an access commission, and a MACPAC, which is a non-partisan legislative branch agency that advises Congress, that American Samoa uses CPEs for your local match.

However, I am not sure why you have not been similarly successful in certifying the use of public funds to support the cost of providing Medicaid-covered services to allow you to access more of your ACA Medicaid dollars. Are you familiar with the approach the Marianas uses with CPEs to access our ACA Medicaid dollars?

Ms. YOUNG. Thank you, Congressman. Yes, I am. Our challenges with drawing down the additional ACA Medicaid funds is due to several factors. But the CPE methodology is probably not one of them.

CPE methodology is a very good methodology for our LBJ Hospital. The certified public expenditure methodology was approved by CMS some years ago, after the hospital had significant problems with over-billing. The CPE methodology allows the hospital to do a number of things. It stabilizes their annual funding, and it also allows them to forecast for their budgets.

The challenges of drawing down the Medicaid money that is provided for under ACA is, first, Medicaid dollars can only be used to reimburse for allowable medical care expenses.

Second, our hospital is the only Medicaid provider, and has been the only Medicaid provider for 35 years, until this February, when the FQHC became a Medicaid provider.

And third, we don't have enough medical services on island. We have not had off-island referral services for the last 10 years, and that normally has taken wind. It was being implemented, normally took up a lot of medical funds from the hospital, and it was not sustainable.

Mr. SABLAN. Thank you.

Mr. Chairman, my time is up.

Mr. LAMALFA. Thank you. We will now recognize Miss González, our Vice Chair, for 5 minutes.

Miss GONZÁLEZ-COLÓN. Thank you, Mr. Chairman, and thank you, the whole panel, for being here today.

I do understand what you are talking about, because I was part of the CODEL that traveled to American Samoa in February of this year, and I thank Mrs. Radewagen for making that one of the main purposes of the trip. But I have many questions. I will try to direct myself.

Ms. Young, you said in your testimony that a state-of-the-art replacement hospital in American Samoa will require Federal appropriation of $200 million. How do you arrive at this figure?

Ms. YOUNG. That is a number that we have thrown around amongst ourselves locally, talking about what it would take to build a new hospital on our wish list. But there is no official documentation.

I think that Congresswoman Radewagen has suggested a really great idea to do a report with GAO, DOI, and our local government to come up with a realistic estimate on how much it would take us to build a new hospital.

Miss GONZÁLEZ-COLÓN. So, we don't have any support that establishes that $200 million as the correct amount, correct?

Ms. YOUNG. Yes, that is an unofficial estimate that we came up with on our own.

Miss GONZÁLEZ-COLÓN. Thank you. As part of the territories, we face the same situation as Mr. Sablan stated with the Medicaid, so we understand what is going on in American Samoa. But in our case, we use the money that was allocated in 2012 with the Obamacare.

Ms. Young, American Samoa has so much money that remains unspent for so long, why? Can you tell us about it?

Ms. YOUNG. Sure. Since 2011, the hospital has been drawing down on the ACA Medicaid money, but just not as much as we would like to. Part of that is, like I mentioned earlier, Medicaid money can only be used to reimburse allowable medical care services.

And the history of the draw-down—LBJ Hospital is averaging about $5 million a year in draw-down. And the Medicaid agency can ask for as much money as we need for the LBJ Hospital. But through the certified public expenditure payment method, the way we pay the hospital is based on the Medicare cost report. The Medicare cost report is the financial statement that the hospital has to file every year, and it has to be settled and finalized by a certified CPA firm, and eventually with CMS.

Based on that Medicare cost report, we annualize the payments for the hospital. Right now, that annual payment averages about $1.6 million a month for the hospital. We run it through a calculation formula that is approved by CMS within our state plan. Usually, the hospital exhausts its regular Medicaid funding under the Social Security Act by the third quarter. That is a legal requirement. We have to exhaust our regular Medicaid funding first, before we can tap into the ACA funds.

Miss GONZÁLEZ-COLÓN. Question, Ms. Young. How much is remaining in that fund?

Ms. YOUNG. It is approximately about $150 million.

Miss GONZÁLEZ-COLÓN. One hundred and fifty? And it was allocated at $186 million?

Ms. YOUNG. I believe it was $181 million, with an additional $16 million from the health insurance marketplace.

Miss GONZÁLEZ-COLÓN. So, you still have more than $150 million in that account. In our case, in Puerto Rico, when we have those kind of problems, we fix it by making the changes, complying with the CMS, to try to get use of that money. I encourage American Samoa to do the same in the case you can do it.

Mr. Faumuina, you also touched in your testimony, that in your opinion, it will make more sense to replace LBJ entirely, rather than attempt to renovate when that facility is still in use. Why?

Mr. FAUMUINA. The renovation project is carried out in order for us to meet CMS standards. Every time they visit, they point out deficiencies for us to do certifications of participation. So, we are forced to do that.

Miss GONZÁLEZ-COLÓN. Thank you, Mr. Chairman. I yield back.

Mr. LAMALFA. Thank you. We will go ahead and recognize Mrs. Radewagen for 5 minutes.

Mrs. RADEWAGEN. Thank you, Mr. Chairman. You mentioned this earlier. My question is for Mr. Bussanich.

The Chairman mentioned OIA has designated American Samoa as a high-risk grantee. And I think you have more or less elaborated on how the failure to comply can have this impact on securing Federal funding. But providing that the Interior appropriations bill that just passed out of Committee gets signed into law, we will then see the first increase to the ASG operations account since 1986. It is my understanding that the bill report recommends that the increase be used to bring ASG into Federal compliance.

Can you assure me, Mr. Bussanich, that OIA will commit to working with ASG to use these funds to meet Federal standards?

Mr. BUSSANICH. Oh, absolutely. We saw that language and we were encouraged by it, as well, to be able to use the funds to work with the government to address specific problems to get that high-risk designation completely taken off the books.

Mrs. RADEWAGEN. How does this DOI subsidy work? You folks send it, or it is drawn down by ASG, and then you send it down to ASG? You don't send it to the hospital directly? Why not?

Mr. BUSSANICH. Well, generally, I am just checking to make sure. I am not exactly sure where the draw-down goes. But the grants are typically made to the government of American Samoa, and the Treasury there handles the actual draw-downs.

The payments are made on a regular basis, according to a schedule. As far as I know, there is nothing that has really gotten in the way of us actually passing money to the American Samoa government.

Mrs. RADEWAGEN. So, to your knowledge, nothing has been lost, nothing has been subtracted from that DOI subsidy that is intended for the hospital?

Mr. BUSSANICH. I certainly don't think——

Mrs. RADEWAGEN. So, the full amount or installment reaches the hospital directly. Is that what you are saying?

Mr. BUSSANICH. It has never been brought to my attention that it has gone elsewhere. We would certainly look into it and insist that it goes to the LBJ Hospital if it were brought to our attention that it was going somewhere else.

Mrs. RADEWAGEN. Thank you, Mr. Chairman. I yield back my time.

Mr. LAMALFA. Thank you. We will now recognize Mr. Westerman for 5 minutes.

Mr. WESTERMAN. Thank you, Mr. Chairman, for allowing me to join the hearing today. I thank the witnesses for being here, especially the ones who traveled so far. And my colleague, Mrs. Radewagen, for all the hard work you are doing, representing American Samoa.

Director Bussanich, in your testimony you list three primary goals of the Office of Insular Affairs: the first being to create economic opportunity and the second is to improve the quality of life. I, too, was on the CODEL that visited American Samoa, and I can testify it is a long ways from here to there. It is a very isolated part of the world.

In testimony submitted for the record by Governor Lolo Moliga, major issues are still lingering from policies of the Obama

administration. And the Governor described those as Federal over-regulation that has crippled the territory's ability to develop a strong economy, and thus have stymied local funding that would otherwise be directed toward the LBJ Hospital. Those are the Governor's words.

Two of those issues fall directly under the jurisdiction of this Committee: the national ocean monuments and sanctuary expansions, and prohibition placed on fishing in the high seas. I know that when we were there, the issue of fishing on the high seas was discussed, and there were questions about whether that was even doing anything to help the tuna population, as other countries were coming in and over-fishing those areas.

Do you agree with the Governor's claim that if the Federal over-regulations still lingering from the previous administration are left in place, that the territory will be unable to develop a sustainable economy, and thus will be forced to continue under-funding the LBJ Hospital?

Mr. BUSSANICH. Actually, sir, I think that is a question kind of beyond the view of my office. I mean the example you gave about fisheries, while it was certainly a subject of the Obama administration, was not part of the Office of Insular Affairs.

We certainly are an advocate for American Samoa within the current administration. And if tasked to look at this, we would certainly give our opinion.

Mr. WESTERMAN. Can you share with the Subcommittee any efforts that OIA has begun during this new Trump administration to review policies regarding marine monument expansion in American Samoa?

Mr. BUSSANICH. I would have to deflect that to the appropriate bureau or office, because the Office of Insular Affairs itself does not participate in those regulatory schemes.

Mr. WESTERMAN. OK. Shifting gears a little bit, we obviously visited a hospital while we were there, and also visited the VA facility. As an observer from far away, and I represent a very rural district in Arkansas, but I can probably count up at least a half-dozen hospitals in my district that have had a lot more capital put into them and are much more advanced than the hospital on American Samoa, as far as the infrastructure and facilities there.

But, obviously, there were some very dedicated healthcare professionals there doing the best they could with the facilities they have. In my district, there are a lot more hospitals, and there are much larger, nicer hospitals just a few hours away from some of these small, remote hospitals.

Also, at the VA facility, we saw that people were having to be air-evacuated to Hawaii for major health concerns. And it dawned on me, shouldn't the VA and the local hospital be working together, and maybe some of that money the VA is spending to airlift people could go toward having a better hospital there on the island that everyone could take advantage of.

Ms. Young, has there been any work between the VA and the hospital on the island, trying to coordinate and provide, or pool the efforts so you could provide better services?

Ms. YOUNG. I know that our agency does not get involved in those discussions. That is a high-level discussion usually done

between—I know that we have had cases in the past where our governor has been in touch with our Congresswoman to assist in triggering those types of services and assistance to the territory.

This is a followup to Congresswoman Colón's question—the Medicaid state plan has not been changed until now, and it took us almost 3 years in negotiations with CMS to make some of those changes. One of those changes, which is very key to the off-island referral program, is to allow our agency to reinstate the off-island medical referral program directly with our agency. That would allow my agency to contract directly with the air carriers, as well as hospitals in the United States, as well as in New Zealand.

Under the Medicaid state plan, the Medicaid funding can be used for transportation services. Currently, the hospital does use some of that for nominal transportation airfares. But because the LBJ Hospital has not implemented the off-island referral program for nearly 10 years, they cannot draw down transportation Medicaid funds.

We will be able to do that starting in the new fiscal year, once the local government provides local funding. When that is done, we hope that we can better resolve the issues of air transportation, including air ambulance services to the United States through the Medicaid program, which will also allow us to draw down our Medicaid additional ACA funding provided through the ACA law.

Mr. LAMALFA. Thank you, Mr. Westerman. I recognize Chairman Bishop for 5 minutes, if you so wish.

Mr. BISHOP. Thank you, I appreciate that. I appreciate you holding this hearing. I was with all of you—most of you, anyway—at this hospital. And it was an enlightening spot.

Mr. Westerman, I would actually like to follow up on where you were going with that. Would you like a couple minutes to continue on with that? The issue of VA spending especially, as we have the CHOICE Act—if indeed the services can be there at the island, or if everyone still has to fly, does the Medicaid you are talking about, does that solve this particular issue? Can I yield to you a couple of minutes to continue on with that?

Mr. WESTERMAN. Well, you are heading right down the line of questioning. And would you care to address that more?

Ms. YOUNG. Sure. We have approached that. Three years ago, when Governor Lolo came into the administration, his mandate to our office, as well as to the CEO and to the Director of the Department of Health, was for us to pursue every avenue to see how we can better improve the delivery of healthcare services in American Samoa, which included reaching out to the VA.

And we have done that, and it is something that—the Medicaid agency is under the purview of CMS and the HHS. So, as a separate department, it requires partnership at a higher level with the VA. I don't think we are precluded from continuing to pursue that, but it always comes down to funding, availability of resources, and the separate jurisdictions of our departments.

We came in February of 2015, and one of the initiatives that the Governor wanted us to pursue was to also approach the Uniformed Services University for health services to see what they could do to help us with our workforce development for the medical care workforce. And we——

Mr. WESTERMAN. Being mindful of the Chairman's time, one other issue I remember was—and correct me if I am wrong—but the VA clinic indicated that the hospital did not meet standards for the VA care, so the hospital would have to be brought up to standards before the VA could use the hospital. Is that correct?

Ms. YOUNG. That is my understanding. And I want to share the USU contact allowed the Governor and the President of the University to sign an MOU to allow graduate students of nurse practice to be located and assigned on TDY to the FQHC in American Samoa to help us with that. And the preceptors will come from both the LBJ Hospital and the FQHC. We hope that is a segue for us to develop an inroad to work more closely with the VA.

But you are correct, sir, in saying that the VA cannot at this time utilize the LBJ Hospital. But they may be able to utilize the FQHC for VA services.

Mr. WESTERMAN. I yield my time back.

Mr. BISHOP. Mr. Faumuina, can I have you address that same particular issue? Is Medicaid funding going to be the solution to this, or do we have to do other things—you have a whole bunch of veterans in Samoa—to make it possible for them to come back and stay?

Mr. FAUMUINA. I really don't have a clear answer for that, your honor.

Mr. BISHOP. Well, OK. I don't either.

Mr. FAUMUINA. I probably don't understand the question.

Mr. BISHOP. It was simply what we were talking about here, these two issues again, the ability of actually being able to provide services there at LBJ, and does an upgrade need to be there, and also does the upgrade need to take place?

And the second one was does Medicaid funding, if you are looking at those funds in the future, does that solve the problem of transportation back to Hawaii, or to the mainland?

Mr. FAUMUINA. At this point we are using our local funds to provide transportation only, and no medical care bills for outside providers.

Mr. BISHOP. My gut feeling is that Medicare or Medicaid, by itself, will not solve that problem, will not be enough to meet the need that is actually there. Am I wrong with that gut feeling? Either way, anybody? Westerman, you can answer that. Whomever.

[Laughter.]

Ms. YOUNG. Chairman——

Mr. FAUMUINA. With respect to Medicaid funding, we are really at the mercy of the local Medicaid office to determine what LBJ is eligible for and what LBJ is not eligible for. We do submit our report to them, and they will process it through the system, and we get reimbursed for what is due to us.

Mr. BISHOP. Thank you. My time is over. Once again, I do appreciate you being here, traveling this distance to come to talk about this issue. It is important.

Mrs. Radewagen has been continuously telling us how important it is, and it is. So, I appreciate her bringing this to our attention all the time, too.

Mr. LAMALFA. Thank you, Mr. Chairman.

All right, we will open it up for a second round of questions here. I would start off again, back to Mr. Faumuina.

In previous testimony, you did mention that there has been discussion about a new facility, a 200-bed facility. But I wanted to roll back to the staffing difficulties there has been. You mentioned the number of pharmacists—I think the numbers were—11 would be required, and you have 3. On the nursing ratio it was about, I think, 120 or so and you have about 70. And doctors, I cannot quite remember those numbers. But you have had a real challenge with staffing.

So, I guess relating—how would you get the staffing level up to what you have with the current facility, let alone a newer, larger facility? What is the magic, the silver bullet for getting that done? What do you see as the way to accomplish that?

Mr. FAUMUINA. The staffing is always a challenge for us because of the difficulty of recruiting the right or qualified personnel to take over the positions for doctors, nursing, and other technical assistants.

When the CMS comes to do their assessment of our patient care, they discover that there are times that we do not have enough physicians to attend to the needs of the patients. The same goes with our registered nursing staff. In those areas, when they go through the charts and the forms, they discover that we do not have enough staff.

And the problem with management, we cannot recruit when we do not have the resources to recruit them.

Mr. LAMALFA. Where is the recruiting, how far do you have to cast the net for recruiting?

Mr. FAUMUINA. We recruit from everywhere. We go as far as the Philippines, Fiji, and the Pacific, but most importantly we try to recruit from the United States. But it is so difficult for them to—they are interested to come to the Pacific, but at the end of the day, the salary issue becomes prohibitive for them to make a decision.

Mr. LAMALFA. Are there any other comments you would like to make, with the remaining time I have, on the issue in general? I again respect the amount of travel you had to be here. Are there any other issues you would like the time to cover a little bit?

Mr. FAUMUINA. [No response.]

Mr. LAMALFA. Sorry I caught you on the spot. Let me throw that to Ms. Young here, too.

What areas would you like to emphasize in front of this Committee today that we may have fallen short on for time?

Ms. YOUNG. Thank you, Mr. Chairman. I believe that in our testimonies we have laid out the priorities for our government and for the territory, which is the need to extend the timeline for us to expend the ACA money.

But also, because DOI is here—and this is not a comment that would help answer the question of why it is that we cannot draw down enough of the money, besides the fact that we only have a small population, we have limited medical services, we have only one hospital provider—I think what needs to also happen is the Department of the Interior—and this is my recommendation—is to provide technical assistance to the hospital to allow the hospital to

better capture, and more effectively capture, the cost of doing business in the hospital.

Capture the costs. Because only then can we help increase their draw-downs through their certified public expenditure payment method through the Medicare cost report. It would be very helpful for DOI to hear that, that LBJ Hospital would benefit greatly, but because the hospital has not had enough funding, and their cash-flow is a problem, they have been unable to consult with a Medicare cost report expert to better capture the cost of doing business, as a hospital. Thank you very much.

Mr. LAMALFA. Thank you. On my remaining time, Mr. Bussanich, is it realistic for OIA to expect the Samoan government to be able to promote efficient and effective governance while still Federal regulations are hindering, really, the growth of the territory?

Mr. BUSSANICH. Well, from our point of view, given that we are working under whatever statutes and regulations are in place throughout the United States, I think, we take those as a given. We also recognize, as we were speaking of, the relative isolation, kind of the economic isolation of a territory still makes it very difficult.

I think we are always in a dialogue with the governors, all of the territories, looking at similar problems, and trying to represent them in what Councils that we can to ensure that the environment that they work in for economic development is as suitable as possible.

Mr. LAMALFA. OK. I better stop there. Let me recognize Mr. Sablan for 5 minutes, thank you.

Mr. SABLAN. Thank you very much. Let me go back again.

Ms. Young, on the issue of the certified public expenditure—I know you are an attorney, and I am not an expert on the particulars, but the Northern Marianas have one hospital. You have 57 doctors, 93 RNs, and 3 pharmacists. I am envious, because you have more doctors than we do.

Yet, the cost of medical referral that is incurred by LBJ—and they are going to say hospitals in Hawaii that meet CMS standards. They are paying for it already. Then that cost should be used as the CPEs, the certified public expenditures, so that draw-downs on Medicaid could be done.

Are you doing it for LBJ?

Ms. YOUNG. That is a really good——

Mr. SABLAN. I need to ask this, because here we are, trying to find a way to continue funding after 2019 for the territories. And Puerto Rico at 2019 will spend 128 percent of its money. The Northern Marianas would have spent 93 percent.

And it hurts our effort when somebody points and says, "Wait," because they see this as a pot of money. And they said, "Look, you have"—the way we are going now means we would have spent 53 percent of the total pot of money. And they are going to say, "You have money left over on the table," because I need to protect the Northern Marianas, too. So, why aren't you using that public expenditure, since they are qualified as CPEs?

Ms. YOUNG. Very good question. American Samoa is very different from CNMI. American Samoa has no private providers.

CNMI, I talk with your Medicaid Director every year, and am always consulting with her to say how do you, how can we help ourselves expend our Medicaid funding more from ACA.

And the problem is, we only have one Medicaid provider, the LBJ Hospital. That means we can only pay LBJ.

Mr. SABLAN. Right.

Ms. YOUNG. We have no private doctors that are Medicaid providers and we don't do off-island referral. The off-island referral that we do right now over the last 10 years, is simply partial payment of airfare.

We do not do individual claims. The CPE is a monthly, one day, one sheet of paper that comes to our Medicaid agency that basically shows us, in aggregate, in line item, all the different departments of the hospital and what they expend. And that is what we pay. We don't pay individual claims, we don't track. We cannot track individual referrals off-island, because we don't do them.

When people go for off-island referral, the hospital simply captures that off-island airfare in the Medicare cost report, and then the patient is left on their own to pay out of pocket, so we have no way in our system to track the expenses of off-island referral patients that take themselves for off-island care in Hawaii or California.

And it is a problem. We recognize that. But it is going to take us a while to resolve those system issues. We have started doing that since the Lolo administration came in, but it has taken a number of years for us to negotiate those changes in our Medicaid state plan. It cannot happen and does not happen overnight, but we are getting there. We just got an FQHC approved, we have the off-island referral approved. And hopefully, in the next year, we will see a substantial draw-down in our ACA funds.

Mr. SABLAN. Let me ask, Mr. Faumuina, what will it mean for LBJ if Congress does not extend the 2019 ACA funds?

Mr. FAUMUINA. Well, the experience that we have now is that the present Medicaid appropriations, which LBJ is eligible for, is always exhausted on the third quarter of every fiscal year. So, on the fourth quarter of the fiscal year we kind of rely on this ACA fund. Without that, then, we have to be very creative in coming up with other revenue sources to make up for that loss.

Mr. SABLAN. Yes. Some people will tell me that you guys just have too much money, if you are leaving 80 percent on the table unspent.

Mr. Bussanich, I need to ask this. Either OIA or IGIA, to your knowledge, have they been working with insular areas and their representatives on a strategy for getting these funds extended? You said you are continually working with the territories. When is the last time you contacted a congressional office from the four insular areas on ACA?

Mr. BUSSANICH. Well, I must say I don't know the answer to that.

Mr. SABLAN. Well, Steve may. He is right behind you. When is the last time, because you said you continually work with us.

Mr. BUSSANICH. I don't think we have spoken about that, sir.

Mr. SABLAN. And you know it is a cliff, it is a funding cliff that will hurt critically needed—this is a public health issue. You are

our foremost advocate in the executive branch, and it is 2017. And you know that 2019 will be a funding cliff. And you have not raised a finger, as far as you are telling me, and yet you testify that you are continually working it.

I don't want to put you on the spot, but it is a matter of your testimony. Yet, you tell me that you don't remember.

My time is up, Mr. Chairman.

Mr. LAMALFA. Thank you, Mr. Sablan. Let's recognize Miss González for 5 minutes.

Miss GONZÁLEZ-COLÓN. Thank you, Mr. Chairman. We have a big problem here, and the treatment the territories are receiving in Medicaid. That is the bottom line of the problem.

And, of course, being American Samoa in the Pacific, that triggers a lot of extra problems to manage the VA facilities and the treatment, and the shortage of personnel to attend in that.

This House of Representatives filed in December of last year a Task Force Report on Puerto Rico. And one of the issues in that report was the Medicaid situation between the territories. I would like to refer to one of the lines in the report—By contrast, in Puerto Rico and the other territories, Federal Medicaid funding is subject to an annual cap pursuant to the Social Security Act. That cap increases annually according to the change in the Consumer Price Index for all urban consumers.

And the problem in the territories, once that Federal funding cap is reached, the territory government is responsible for the remaining cost of the Medicaid services. In our case, our cap in Fiscal Year 2016 was more than $335 million. In American Samoa, it was $11.1 million.

The situation with this is that FMAP territories are not based on the per-capita income, rather than the fixed in the Federal statute. So, we need to fix the problem itself, and the problem is the way we are treated in the Medicaid and Medicare.

In terms of the ACA, some may say that it helped us a lot, because they gave us some money, one-time money, one-time funding. But the problem, it was $7.3 billion, of which Puerto Rico got $6.4, and the rest of the territories just got the rest. But the problem is that was not a solution. We are still needing to have a permanent solution to the ACA or to the healthcare problem for the whole territories.

Once we finish or complete that kind of a task, then we don't have to be here every year asking for money for each of the territories in the Medicaid.

One of my concerns is that before 2011, we got 50 percent of the share of the FMAP. The reality is that the increase to just 55 percent is below the rest of the states, in terms of the per capita. And if we were managing the allocation of money for the territories, including American Samoa, in the per capita as the rest of the states, you could be having 83 percent. And that is part of the report.

So, I encourage this Committee to try to have a permanent solution on the Medicaid problem, looking for the inclusion of the territories, the whole territories, in a final solution regarding the cap, the FMAP, and the distribution of the funds. Because the ACA, I

mean the Obamacare, was not a solution, and is still hurting all territories, including American Samoa.

I want to thank the members of the panel for being here today, because I know how far it is to come here in this kind of Committee. And I would like to yield back the rest of my time to Mrs. Radewagen, if the Chairman allows that.

Mr. LAMALFA. Sure.

Mrs. RADEWAGEN. Thank you, Mr. Chairman.

Miss González, I keep going back to this—I am fascinated with your question that you asked earlier about this unspent money. And it just seems that my colleagues are still focusing on this unspent money, and they—I too want to understand. Because if this money became available in 2011, that is 4 years before I was even elected to Congress.

Now, the Medicaid Director here, I am looking at her statement, and she is extremely critical of the Obama administration, where she says the ACA was passed with no input from American Samoa, for us to explain that simply setting aside so much Medicaid funds with a deadline for expenditure by 2019 was not logical, as American Samoa only had one Medicaid provider, which she did explain.

And the point of it is, in my thinking, that this is about helping the local government. It is about helping our economy. But, most importantly of all, we are talking about the health of our people.

I mean I have tears in my eyes when I go to that hospital, people cannot get the services they need, and they have to struggle to find extra money they don't have to try to go up to Honolulu. This has been going on for years. And quite frankly, I am not convinced that the entire answer is right there, that it would take 3 or 4 years to negotiate all that was being negotiated in order to—I mean somebody should have gotten to Congress, somebody should have gotten to the CMS, the Secretary of HHS.

After all, isn't that where the money came from? The Secretary of HHS put this pot of money out there. I just fail to understand. Thank you.

Mr. LAMALFA. Miss González, time has expired, but yours is starting, Mrs. Radewagen, so I will recognize you for 5 minutes.

Mrs. RADEWAGEN. You have a comment? To the Medicaid Director, can you please comment on this?

Ms. YOUNG. Sure, thank you, Congresswoman. I think the Committee has made a really good point, and has raised this in your comments and questions, about some of the challenges that we face as a territory.

I do want to correct that I was not critical of the Obama administration. What I was criticizing is the nature of policy making at the Federal level, what oftentimes—and this goes to what Miss González had talked about—overlooks the input from the territories, which is why it is so valuable that this hearing is being held. When the 2011 ACA was passed, there was really no relevant consideration with the situation in the territories.

For example, in American Samoa we can barely spend this down because we have one hospital. But CNMI needs more money every year, because they have dozens and dozens of providers. Guam

needs more money. Puerto Rico needs more money. We have a problem spending our money.

And you are correct, Congresswoman. Part of the problem is also our own Medicaid program in American Samoa, because for 35 years nothing changed. And I came in 2013, 2014 was when we started to look at amending the state plan.

And it really did take us a few years to negotiate this, because before you can change anything with CMS, it requires a lot of documentation and financial impact analysis. So, we had to hire consultants to do the analysis. The procedures are in place already for CMS, and we have a very good relationship with CMS, and they understand the issues that we are going through.

Unfortunately, the changes are not happening as fast as we would like, but they are changing. So, I think, together with the Federal agencies and the Federal Government, having a better understanding of our local situations for all the territories, the need to make relevant policies that impact us, but also we recognize that internally, not only within LBJ, within the Medicaid program in American Samoa, and within our government, we also have problems that we have to take care of. But it does take time.

Mrs. RADEWAGEN. Thank you, Director. Thank you very much.

Yes, I can only refer to your statement, which is right here in front of me, where you seem to be very, very critical of the Obama administration.

At any rate, the next question has to do with the century-old water system. And I think I am going to just give this to CEO Faumuina.

Can you tell us what effect the water system has on the health in American Samoa? It has just come to my attention that we have lots of these pipes that are lead pipes and what not.

And does the island's water infrastructure problems interfere with your ability to maintain a sanitary environment for your patients at the hospital?

Mr. FAUMUINA. Yes. We have replaced the water lines to the LBJ Hospital with PVC pipings. Unfortunately, we continue to be on the watch by ASPA, on the boiling water alerts, which means to tell us that the water supplies that come to LBJ are still on a watch-out by ASPA.

So, despite the fact that we have PVC replacements, there are other areas of American Samoa that still have that lead piping that brings the water through LBJ.

Mrs. RADEWAGEN. Thank you, CEO. And let's see, I want to thank again the witnesses for traveling all this way, and thank you, CEO, in particular, for all you do to try to improve the health care of our patients.

Mr. FAUMUINA. Thank you.

Mrs. RADEWAGEN. Thank you, Director, on what you are doing with Medicare. We want to try to get that solved sooner, rather than later.

Thank you very much. I yield back the balance of my time.

Mr. LAMALFA. Thank you, Mrs. Radewagen. Thank you again for your effort in bringing this to the attention of the Committee, and helping to be the driving force on that.

This is not totally conventional, but, indeed, given the amount of travel you made to be here today, Mr. Faumuina, would you like to make any kind of a closing statement, or Ms. Young, on this issue before we adjourn?

Mr. FAUMUINA. Thank you, Mr. Chairman. I would like to take this opportunity to thank the Committee for extending these invitations to us. We continue to face the challenges until such time that we have resolved this CMS survey, as will continue to come down hard on us.

Fortunately, they are very lenient and understandable about our challenges. And, as they have cited in their latest reports, we have financial, infrastructure, staffing, and all of these challenges that we face. But we manage to stay afloat and be very creative in the use of our limited resources.

And we thank you for taking the interest in American Samoa. When the CODEL visits came down earlier this year, I took it as this is just another visit by the Congress. But, fortunately, I did not know that we would come this far, and for me to come and testify before your honorable Subcommittee.

Thank you very much, and may God bless all.

Mr. LAMALFA. Thank you.

Ms. Young?

Ms. YOUNG. Mr. Chairman and the members of the Committee, thank you very much for this opportunity to testify before the Committee. I consider it really invaluable that we are here before you today, and really wonderful that the Committee took notice of American Samoa, and to be able to hold this hearing to hear the challenges that we have.

I would also be remiss if I did not thank the Committee for visiting American Samoa in February. I am sorry that we were not there when you visited, as we were here for the NGA meeting for the governors. But it was extremely important to the Governor and to all of us who were not there that deal with the healthcare system of American Samoa.

Having said that, thank you very much for this opportunity, and I look forward to working with the Committee in the future, should you need any further information from our Medicaid agency.

Mr. LAMALFA. OK. Thank you. Mr. Bussanich, you don't get the travel award for being here today, but we appreciate your presence here as well.

With that, I just want to again thank you all and the members of the Committee that have participated today. If there are any additional questions for the witnesses, we will ask you to respond to those in writing. Under Committee Rule 3(o), members of the Committee must submit witness questions within 3 business days following the hearing. The hearing record will be held open for 10 business days for those responses.

If there is no further business, without objection, the Subcommittee stands adjourned. Thank you.

[Whereupon, at 11:26 a.m., the Subcommittee was adjourned.]

[LIST OF DOCUMENTS SUBMITTED FOR THE RECORD RETAINED IN THE COMMITTEE'S OFFICIAL FILES]

Rep. Bordallo Submission

—Letter addressed to the Subcommittee on Indian, Insular and Alaska Native Affairs from Representative Bordallo in support of the Subcommittee's Oversight Hearing on "Assessing Current Conditions and Challenges at the Lyndon B. Johnson Tropical Medical Center in American Samoa," dated July 25, 2017.

Rep. Westerman Submission

—Testimony of Governor Lolo Matalasi Moliga for the Subcommittee's Oversight Hearing on "Assessing Current Conditions and Challenges at the Lyndon B. Johnson Tropical Medical Center in American Samoa," dated July 25, 2017.

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