

Medicaid and CHIP in the U.S. Virgin Islands

The U.S. Virgin Islands became a U.S. territory in 1917 (CMS 2016a). Its Medicaid program is administered by the U.S. Virgin Islands Department of Human Services as a component of the territory's broader government-operated health care system.

For the purposes of Medicaid and the State Children's Health Insurance Program (CHIP), the U.S. Virgin Islands is considered a state unless otherwise indicated (§1101(a)(1) of the Social Security Act (the Act)). However, its Medicaid program differs in many aspects from those in the 50 states and District of Columbia. This fact sheet summarizes the key requirements and design features of Medicaid and CHIP in the U.S. Virgin Islands, including eligibility and enrollment, benefits, financing and spending, data and reporting, and quality and program integrity measures.

Eligibility and Enrollment

Eligibility rules in the U.S. Virgin Islands' Medicaid program differ in some ways from those in the states. It is permitted to use a local poverty level to establish income-based eligibility for Medicaid, and is exempt statutorily from requirements applicable to states that extend eligibility to poverty-related [children and pregnant women](#) (§1902(l)(4)(B) of the Act), and [qualified Medicare beneficiaries](#) (§1905(p)(4)(A) of the Act). The Medicaid program currently provides coverage to individuals with modified adjusted gross income up to 133 percent of the U.S. Virgin Islands poverty level (USVIPL). This is \$13,452 monthly for a family of four, or approximately 55 percent of the federal poverty level (FPL), which is \$24,600 in 2017 (CMS 2016a, ASPE 2017).

The U.S. Virgin Islands elected to expand Medicaid to the new adult group under the Patient Protection and Affordable Care Act (ACA, P.L. 111-148, as amended) (CMS 2015a). Additionally, Medicaid covers the aged, blind, and disabled with incomes up to 177 percent USVIPL, or \$17,880 annually for a family of four, or 73 percent FPL (CMS 2016b).

The U.S. Virgin Islands uses CHIP funds as an additional source of funding for children in Medicaid after it has exhausted its Medicaid allotment. It does not offer eligibility to children at a higher income level than the eligibility threshold for Medicaid (CMS 2016a, CMS 2016c).

Approximately 22 percent of the U.S. Virgin Islands population (23,177 people) was enrolled in Medicaid and CHIP as of July 2016 (CMS 2017a).

A new integrated eligibility and enrollment system is currently under development and was targeted for completion in 2017 (CMS 2016b).



Benefits

Covered benefits

Although the federal rules for Medicaid benefits generally apply to the U.S. Virgin Islands, its program currently does not cover two **Medicaid mandatory benefits**: rural health clinic and freestanding birth center services (GAO 2016). Additionally, while Medicaid covers skilled nursing facility services, there is only one such facility, which has limited capacity (CMS 2016b). It does, however, provide certain **optional benefits**, including dental services and prescription drugs. Enrollees may obtain Medicaid-covered services outside of the territory in certain circumstances. Patients can be referred to out-of-territory facilities for laboratory, x-ray, or inpatient or outpatient hospital services with prior authorization, when medically necessary, and when services are not available in the U.S. Virgin Islands (CMS 2013a).

Enrollees under age 21 are provided with **Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services** (CMS 2016b).

Individuals in the new adult group between 100 and 133 percent USVIPL are enrolled in an **alternative benefit plan (ABP)**. The U.S. Virgin Islands has elected to use the Federal Employee Health Benefits Blue Cross Blue Shield Service Benefit Plan as its base benchmark plan (CMS 2015b).

There are currently no cost-sharing requirements for Medicaid enrollees, including the new adult group (CMS 2015a, CMS 2015b).

Delivery system

The Medicaid program is entirely fee-for-service, paying for most services at 100 percent of the U.S. Virgin Islands Medicare fee schedule (CMS 2014b).

Benefits for dually eligible beneficiaries

The U.S. Virgin Islands provides cost-sharing assistance to dually eligible individuals who are eligible for full Medicaid benefits. It does not provide Medicare cost-sharing assistance to individuals who may qualify as partial dually eligible individuals through Medicare Savings Programs in the states because these programs are not available in the U.S. Virgin Islands or the other territories (HHS 2013).¹ Medicaid covers Medicare Part B premiums for individuals dually eligible for Medicare and Medicaid (CMS 2016b).

No Medicare Part D plans are currently available in the U.S. Virgin Islands, but Medicaid pays all prescription drug costs for dually eligible individuals (CMS 2009, CMS 2016b). To help finance this, the U.S. Virgin Islands receives an allotment from the Enhanced Allotment Plan, also referred to as 1935(e) funding. The Enhanced Allotment Plan provides additional federal funding allotments to the U.S. Virgin Islands and the other territories to help low-income beneficiaries purchase prescription drugs.² The allotment is not countable toward the ceiling on federal financial participation and can only be used for this purpose (§1935(e) of the Act).



Financing and Spending

The federal government and the government of the U.S. Virgin Islands jointly finance the Medicaid program. The U.S. Virgin Islands must contribute its non-federal share of Medicaid spending in order to access federal dollars, which are matched at the designated FMAP, or matching rate. Unlike the states, for which federal Medicaid spending is open ended, the U.S. Virgin Islands can access federal dollars only up to an annual ceiling. The ceiling and match rate are described in more detail below.

Federal funding

Federal Medicaid funding to the U.S. Virgin Islands is subject to an annual ceiling on federal financial participation (FFP) specified in statute, which grows with the medical component of the Consumer Price Index for All Urban Consumers (CPI-U) (§1108(g)). The U.S. Virgin Islands' CHIP allotment is determined by the Centers for Medicare & Medicaid Services (CMS) based on prior year spending, the same methodology used for states. In fiscal year (FY) 2016, federal funding for Medicaid was \$16.8 million and federal funding for CHIP was \$5.3 million (Table 1). The U.S. Virgin Islands did not receive a CHIP allotment in FYs 2011–2013 because it did not report CHIP expenditures properly, which resulted in CMS adjusting its allotment to zero. CMS and territory officials have worked to correct these errors and restore the CHIP allotment (CMS 2016b).

In general, once the U.S. Virgin Islands exhausts its annual federal Medicaid and CHIP ceilings, it must fund its program with local funds. However, Section 2005 of ACA provided the territories with a total of \$6.3 billion in additional federal funds for their Medicaid programs. The U.S. Virgin Islands' funds under Section 2005 totaled \$273.8 million, which are available to be drawn down between July 2011 and September 2019.³ Section 1323 provided an additional \$1 billion to the territories, \$24.9 million of which was allocated to the U.S. Virgin Islands.⁴ These funds are available to be drawn down between July 2011 and December 2019, but only after Section 2005 funds are depleted.

In response to the impact of Hurricane Maria on the U.S. Virgin Islands health system, the Bipartisan Budget Act of 2018 (BBA 2018, P.L. 115-123) provided the U.S. Virgin Islands with an additional \$106.9 million. Another \$35.6 million is available if the U.S. Virgin Islands meets certain conditions related to data reporting and program integrity.

While the U.S. Virgin Islands must contribute a non-federal share to access federal funds, the additional funds provided by BBA 2018 are available at a 100 percent matching rate. Once these funds expire or are exhausted, the U.S. Virgin Islands generally will not be able to spend federal dollars beyond the ceiling for Medicaid, which was 17.3 million in FY 2017.⁵

Federal medical assistance percentage

The FMAP for the U.S. Virgin Islands and the other territories is set statutorily at 55 percent (§1905(b) of the Act), unlike those for the states, which are set using a formula on states' per capita incomes. The CHIP enhanced FMAP is 91.5 percent (§2101(a) of the ACA, MACPAC 2015a). Like the states and other territories, the federal matching rate for almost all program administration is set at 50 percent (§1903(a)(7) of the Act).



The territories cannot claim the newly eligible FMAP of 100 percent available to states expanding to the new adult group; however, the U.S. Virgin Islands is eligible for the expansion state FMAP for adults without dependent children that states were eligible to receive for expansions prior to the ACA, which is 87 percent in 2017 (CMS 2014a). It also received a 2.2 percentage point temporary increase in its regular FMAP between January 1, 2014 and December 31, 2015 (§1905(z) of the Act).

In response to Hurricane Maria, BBA 2018 provided Puerto Rico with up to \$142.5 million in additional federal funds available at a 100 percent matching rate.

Non-federal share

The U.S. Virgin Islands finances its portion of Medicaid program costs primarily through general funds (CMS 2016c).

Total spending

The U.S. Virgin Islands accounts for a small portion (3 percent) of Medicaid and CHIP spending in the territories. In FY 2016, its federal Medicaid spending was \$51.7 million, and its federal CHIP spending was \$6.2 million (Table 1).

TABLE 1. Medicaid and CHIP Spending in the U.S. Virgin Islands, FY 2011–2016 by Source of Funds (millions)

Year	Medicaid				CHIP			
	Federal ceiling	Federal spending	Territory spending	Total spending	Federal allotment	Federal spending	Territory spending	Total spending
FY 2016	\$16.8	\$51.7	\$27	\$78.7	\$5.3	\$6.2	\$0.6	\$6.8
FY 2015	16.5	27.6	18.1	45.7	5.0	3.8	1.7	5.5
FY 2014	16.1	22.4	16.9	39.3	4.0	4.0	1.7	5.8
FY 2013	15.8	15.4	12.3	27.7	-	-	-	-
FY 2012	14.9	21.5	17.5	39.0	-	-	-	-
FY 2011	14.5	17.6	16.1	33.7	-	1.8	0.9	2.7

Notes: FY is fiscal year. Federal Medicaid ceilings reflect the annual ceilings for federal funds that territories receive under Section 1108(g) of the Social Security Act, while the actual federal spending reflects utilization of the additional allotments provided by the ACA, as well as spending not subject to the ceiling on federal financial participation. Dashes indicate a true zero. Federal CHIP allotments are provided under Section 2104 of the Social Security Act. If states and territories exhaust their own available CHIP allotments, they may receive additional funding from unused state CHIP allotments. The U.S. Virgin Islands received these redistributed funds in FY 2011 and FY 2016.

Sources: MACPAC 2017 analysis of CMS-64 financial management report net expenditure data; CMS 2017b.



In FY 2014 through FY 2016, federal spending for Medicaid in the U.S. Virgin Islands exceeded the annual funding ceilings. This spending reflects the use of additional funds available through Sections 2005 and 1323 of the ACA. These funds, combined with the funds provided by BBA 2018 are expected to last the U.S. Virgin Islands through September 30, 2019. After this point, the U.S. Virgin Islands will generally only be able to spend up to the annual ceiling on FFP.⁶

Data and Reporting

The U.S. Virgin Islands reports data on Medicaid and CHIP enrollment, budgets, and expenditures using Form CMS-37, and on aggregate and category-specific spending using Form CMS-64 (CMS 2016c).

Like the other territories, the U.S. Virgin Islands is not required to submit quarterly statistical and program expenditure data for CHIP (42 CFR 457.740). In addition, it is not required to report use of EPSDT services via Form CMS-416 or data on upper payment limit payments (CMS 2016c).

The U.S. Virgin Islands has an operational Medicaid Management Information System (MMIS) for claims processing, which it implemented in partnership with West Virginia in 2013.⁷ The U.S. Virgin Islands contributes toward the cost of maintenance and operations and can access federal funds not countable toward the annual Medicaid cap at a 75 percent match for this purpose (GAO 2015, CMS 2016c). BBA 2018 provides an additional \$35.6 million in federal Medicaid funds to the U.S. Virgin Islands, if it makes reasonable and appropriate steps, as certified by and on a timeline specified by the Secretary of the U.S. Department of Health and Human Services, toward establishing methods of collecting and reporting reliable data to the Transformed Medicaid Statistical Information System (T-MSIS) and establishing a Medicaid fraud control unit (MFCU).

Quality and Program Integrity

The U.S. Virgin Islands has implemented several program integrity measures required for states and territories, including provider screening and enrollment measures, as well as provisions related to non-payment for health care-acquired conditions and provider-preventable conditions (CMS 2013b). It also conducts post-payment reviews of claims to detect improper payments using the Surveillance and Utilization Review Subsystem, which is a subset of the MMIS (GAO 2015).

Unlike the states, the U.S. Virgin Islands is statutorily exempt from the Payment Error Rate Measurement program, from facing repayments under the Medicaid Eligibility Quality Control program, and is not required to implement an asset verification system with a financial institution (42 CFR 431.954; §§1903(u)(4) and 1940(a)(4) of the Act). It has not developed a MFCU (CMS 2016c). As a condition of receiving an additional \$35.6 million in federal Medicaid funds, however, the BBA 2018 requires that the U.S. Virgin Islands make reasonable and appropriate steps towards establishing a MFCU. It also excludes expenditures for doing so from the annual ceiling on FFP beginning January 1, 2018.



Endnotes

¹ Unlike the states, the U.S. Virgin Islands and the other territories are not required to establish Medicare Savings programs (§1905(p)(4)(A) of the Act).

² Like the other territories, the U.S. Virgin Islands is not eligible for the Medicare Part D low-income subsidy (§1935(e)(1)(A) of the Act).

³ Section 1323 of the ACA also provided an additional \$1 billion to be allocated among territories electing to establish a health insurance exchange. Neither the U.S. Virgin Islands nor the other territories chose to establish an exchange.

⁴ With the funds from Section 1323, territories could choose to establish a health insurance exchange or supplement their available federal Medicaid funds. Neither the U.S. Virgin Islands nor the other territories chose to establish an exchange.

⁵ Federal funds for the Enhanced Allotment Plan, electronic health record incentive program payments, and the establishment and operation of eligibility systems and Medicaid Management Information Systems (MMIS), and – beginning January 1, 2018 – establishment of a MFCU do not apply toward the ceiling.

⁶ Federal funds for the Enhanced Allotment Plan, electronic health record incentive program payments, establishment and operation of eligibility systems, Medicaid Management Information Systems, and—since January 1, 2018—establishment of MFCUs, do not apply toward the cap.

⁷ West Virginia began allowing the U.S. Virgin Islands to use its MMIS in 2013 in a first-of-its-kind partnership. While West Virginia does not charge the U.S. Virgin Islands for the use of the system, the U.S. Virgin Islands does contribute towards maintenance and operating costs, which it pays directly to the fiscal agent. This arrangement allows the U.S. Virgin Islands to avoid having to construct a system from scratch and allows West Virginia to reduce its own contribution towards maintenance and operations (CMS 2016b).

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