

is totally false. The truth is that the Federal Government bears tremendous responsibility for the crisis in Puerto Rico, and so Congress and the president must be part of any solution.

The root cause of Puerto Rico's crisis is our political status, a subject that is within the jurisdiction of the Senate Energy and Natural Resources Committee, but a topic that I hope every U.S. Senator comprehends and considers with care, because the Constitution vests Congress with nearly unlimited power over its territories.

Because Puerto Rico is a territory, my constituents fight for this country in the armed forces but cannot vote for their President and Commander-in-Chief, are not represented in the Senate, and have a single non-voting delegate in the House. In this position, I can introduce bills and vote on my committees, but I cannot vote on the House floor. Accordingly, Puerto Rico has limited capacity to use the political process to protect and promote its interests, which is the essence of our democratic system of government. Simply stated, Puerto Rico's status cannot be reconciled with the principles the United States strives to uphold at home and promotes abroad.

Moreover, because Puerto Rico is a territory, Congress has a license to treat Puerto Rico worse than the States under Federal spending and tax credit programs, and Congress often uses that license.¹¹ This is not a partisan critique; both Republicans and Democrats, acting over the course of many years, are to blame.

Some of the worst disparities that Puerto Rico confronts are under Federal programs within the jurisdiction of the Finance Committee. For example:

- *Medicaid* is the Federal-State health insurance program for the poor. Federal funding for a State Medicaid program is open-ended, but capped for Puerto Rico. The Federal Government currently provides about \$1 billion a year in Medicaid funding for Puerto Rico. In comparison, the Federal Government provides annual Medicaid funding of \$3.6 billion for Mississippi (which has the lowest per capita income of any State) and \$5 billion for Oregon (which has a similar population size to Puerto Rico). Federal law also requires Puerto Rico to pay a much larger share of the cost of operating its Medicaid program (45 percent) than a similarly-situated State would pay (17 percent). Finally, due to a defect in Federal law, at some point within the next several years, Federal funding for Puerto Rico's Medicaid program will fall from about \$1 billion a year to about \$400 million a year unless Congress takes action.
- *Medicare* is the Federal health insurance program for the elderly. Employers and employees in Puerto Rico pay the same Federal payroll taxes and Medicare beneficiaries in Puerto Rico pay the same monthly premiums as their counterparts in the States, and these payroll taxes and premiums fund a significant portion of the Medicare program. Nevertheless, Puerto Rico patients, doctors, hospitals and health insurance providers are treated unequally in key respects under Medicare Part A (inpatient hospital care), Part B (physician care and outpatient hospital care), Part C (Medicare Advantage) and Part D (prescription drug coverage).¹²
- *Health Insurance Exchanges*: Under the central provision of the 2010 Affordable Care Act, many individuals and families can purchase health insurance through an exchange or "marketplace" operated either by the Federal Government or a State government, with the Federal Government providing subsidies to those households with annual incomes below a certain level. The Congressional Budget Office projects that, within a few years, 25 million Americans will receive health insurance coverage through the exchanges and the Federal Government, over the next decade, will spend over \$1 trillion on exchange subsidies and related expenditures. Puerto Rico and the other territories were unable to establish State exchanges and territory residents are not eligible to participate in a Federal exchange.

¹¹See "Puerto Rico: Information on How Statehood Would Potentially Affect Selected Federal Programs and Revenue Sources," U.S. General Accountability Office (GAO-14-31; March 31, 2014), available at www.gao.gov/products/GAO-14-31; see also Pedro R. Pierluisi, "Statehood Is the Only Antidote for What Ails Puerto Rico," *N.Y. Times* (July 10, 2015), available at www.nytimes.com/2015/07/11/opinion/statehood-is-the-only-antidote-for-what-ails-puerto-rico.html?r=0.

¹²For an in-depth discussion of the disparities that Puerto Rico faces under Medicaid and Medicare, see the section-by-section summary of H.R. 2635, *Improving the Treatment of the U.S. Territories Under Federal Health Programs Act of 2015*, available at <http://pierluisi.house.gov/>.