

CATASTROPHIC HEALTH EMERGENCY FUND

The following description of the Catastrophic Health Emergency Fund (CHEF) is excerpted from the Indian Health Manual Part 2-3-17.

Background. The Indian Health Care Amendments of 1988, P.L. 100-713 established the CHEF solely to meet the extraordinary medical costs associated with treating of victims of disasters or catastrophic illnesses who are within the responsibility of IHS and Tribal programs.

The Appropriations Act directs that the CHEF shall not be allocated, apportioned, or delegated to an Area Office, Service Unit, or any other basis.

Effective FY 1993, the Federal Medical Care Recovery Act (FMCRA) funds were returned directly to the Service Units, pursuant to Section 207 of the IHCA; the funds are no longer added to the CHEF.

The term “catastrophic illness” refers to conditions that are costly by virtue of the intensity and/or duration of their treatment. Cancer, burns, high-risk births, cardiac disease, end-stage renal disease, strokes, trauma-related cases such as automobile accidents and gunshot wounds, and certain acute mental illnesses are examples of conditions that frequently require multiple or prolonged hospital stays and/or extensive treatment post-discharge.

The IHCA Amendments of 1987, P.L. 100-713, authorizes the IHS CHEF program and requires the IHS to publish regulations governing the program. Until such time as regulations are published, the Headquarters CHEF guidelines currently in place will continue to serve as the interim policy governing the CHEF program for all CHS programs. For specific details on the CHEF, reference the current, annually issued CHEF guidelines.

Use of CHEF Funds. The CHEF resources are expended according to the CHS requirements and while CHEF funds are available they are to be used to partially reimburse IHS direct and tribally contracted programs for patient expenditures that would qualify for the CHEF program.

Obligations against the CHEF in excess of \$50,000 will be made only in cases where the local CHS management document that it is medically and fiscally inappropriate to transfer the patient to an IHS, Tribal, or less costly contract provider.

All requirements for alternate resources must be met before reimbursement can be made from the CHEF. The CHEF reimbursements shall be applied only to cases that have been reviewed and approved by the CHEF Manager; any amounts not used because of payments by alternate resources or cancellations must be returned to the Headquarters CHEF account. For specific details on the CHEF, reference the current, annually issued CHEF guidelines.

Cost Threshold. The CHEF threshold is adjusted by the Director, IHS, within

the range established by law. The Director, DCC, will provide instructions to the Director, IHS, regarding fluctuations in the CHEF cost threshold annually. Whether a case meets the CHEF cost threshold amount is determined by only including those costs remaining after payment has been made by Federal, State, local, private health insurance, or other applicable alternate resources.

In addition to the above, a potential CHEF case must also meet the following criteria:

- a. Must be above the current threshold, which for FY 2009 is \$25,000
- b. Prior year reimbursements will be made only for inpatient cases for costs incurred during the last month of the prior FY and limited to threshold. Outpatient or chronic care cases are not included since these expenditures are based on cumulative charges that are incurred from year to year and require meeting a new threshold annually.
- c. After the threshold is applied and while funds remain available: Reimbursement will be made at 100 percent level for complete cases; and 50 percent advance for incomplete cases pending alternate resource clearance and final payment. It is imperative that alternate resources and CMS Medicare –Like Rates are fully maximized.
- d. All cases must have medical summaries describing the medical treatment or service provided. Inpatient cases will require discharge summary and/or medical progress notes.
- e. All cases must have specific primary ICD diagnostic/procedure code and CHEF Code consistent with the case.

Potential CHEF cases must be accompanied by a CHEF Reimbursement Request Summary Sheet, signed by the health program Director, paid invoices, appropriate patient record notes, and documentation of alternate resource denial.

The signed Summary Sheet should be forwarded with the appropriate documentation to the California Area Office, attention: Chief Medical Officer.