

**American Academy of Pediatrics  
Dedicated to the Health of All Children**

January 14, 2015

Yvette Roubideaux, MD, MPH  
Acting Director  
Indian Health Service  
U.S. Department of Health and Human Services  
801 Thompson Avenue  
TMP STE 450  
Rockville, MD 20852

Dear Director Roubideaux:

On behalf of the American Academy of Pediatrics (AAP), a non-profit professional organization of 62,000 primary care pediatricians, pediatric medical sub-specialists, and pediatric surgical specialists dedicated to the health, safety and well-being of infants, children adolescents and young adults, we appreciate the opportunity to provide input on the Indian Health Service's (IHS) proposal to apply Medicare payment methods to all physician and other health care professional services and on-hospital-based services financed through the Purchased and Referred Care (PRC) program.

The AAP applauds this IHS proposed rule to apply Medicare payment methods to all physician and other health care professional services and on-hospital-based services that IHS, Tribal, and Urban Indian (I/T/U) programs finance with PRC funds. Harmonizing PRC payment with Medicare rates will improve the capacity of the PRC program and expand patient access to care. This policy change is important to improving access to care for children, particularly for specialty care. Improving access within the PRC program through Medicare-like rates is particularly important given the significant health disparities American Indian and Alaska Native (AI/AN) children face.

**Current Payment Methods Limit Access to Care**

The U.S. Government Accountability Office (GAO) has determined that the IHS PROC program would have saved \$32 million in 2010 just on physician services through the use of Medicare payment methods. GAO found that more than 80 percent of the time physicians billing PRC received their billed charges rather than a negotiated rate, and that these rates were generally double what Medicare paid.<sup>i</sup> In FY 2013, IHS and tribal PRC programs denied approximately \$761 million for 146,928 needed contract health services. Given the significant demonstrated need for PRC-funded services, it is essential to maximize the value of the limited funding IHS has within the PRC program in a way that ensures children have access to needed health services.

## **Medicare-Like Rates are Consistent with Other Federal Health Programs**

The use of Medicare payment methods for physician, other health care provider; and other non-hospital services would make PRC consistent with other federal health programs, including TRICARE and the U.S. Department of Veterans Affairs.<sup>ii</sup> This proposal would also establish internal consistency within the PRC program, as hospital services already receive payment rates on Medicare in maintaining access to care while improving the stewardship of limited federal resources.

## **Exceptions Are Essential to Ensuring Access to Care**

The AAP supports the option IHS raised for comment regarding the establishment of exceptions to this rule to allow payment above Medicare levels in some circumstances. It is essential that this new policy not reduce children's access to needed health services. To that end, IHS should allow for payments above the rates Medicare would pay in instances where not doing so would create a barrier to accessing health services. This exception should account for both the type of specialty care and the geographic distance to other providers who would accept permissible payment rates.

## **Prioritization of Services Should Promote Child Access**

The PRC program plays an important role in ensuring child access to needed health services. As IHS considers models for prioritization within the PRC program, it is important to ensure that it appropriately reflects the needs of children. Children are not little adults, and adverse experiences in childhood can have health effects across the life span, making early interventions critical. Investing in health services for children – including preventative, behavioral health and early intervention – is an important part of promoting lifelong health.

## Conclusion

The APP strongly supports this proposed rule as a means to improve access to needed health services for AI/AN children. The current physician payment methods with the PRC program do not maximize the value of the extremely limited resources IHS has to finance health services. This issue will only grow as the trend away from comprehensive onsite inpatient services continues. While this rule is important to improving access, it must contain exceptions to ensure that children do not face barriers in accessing care based on specialty or geographic remoteness.

Thank you again for the opportunity to provide input on this proposal to transition to Medicare payment methods within the PRC program for physician and other non-hospital services. The AAP is committed to ensuring that AI/AN children have access to quality health care. If the AAP can be of any further assistance, please do not hesitate to contact Ami Gadhia in our Washington, D.C. office at 202/347-8600 or [agadhia@aap.org](mailto:agadhia@aap.org).

Sincerely

/Sandra Hassink/

Sandra Hassink, MD. FAAP  
President  
SH/zml

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<sup>i</sup> U.S. Government Accountability Office. *Indian Health Service: Capping Payment Rates for Nonhospital Services Could Save Millions of Dollars for Contract Health Services*. Report to Congressional Addressees. April 2013.

GAO-13-272.

<sup>ii</sup> *ibid*