IHS Business Principles & Goals

• Comply with mandate to pay full CSC need
• Improve Communication
• Improve business practices - consistency and fairness for all Tribes
• Continued progress on CSC past claims
• Implement long term solutions
IHS CSC Claims Settlement Progress

$1.5 million

November 2013
- Analyses: 80
- Offers: 60
- Settled: 3

February 26, 2016
- Analyses: 1459
- Offers: 1303
- Settled: 1120

$758 million
Status of Claims - CAO

• Claims filed = 159
• Offers = 135
• Settled = 111
• Amount = $56,657,917
Statutory & Congressional Mandates

• *Salazar v. Ramah Navajo Chapter* - Statutory Mandate under the ISDEAA:
  The ISDEAA “mandates that the Secretary shall pay the full amount of ‘contract support costs’ incurred by tribes in performing their contracts.” 132 S. Ct. at 2186.

• Congress Removed the Appropriations Cap in Fiscal Year 2014
  • All of Services account, absent several earmarks, is legally available to pay CSC.
  • IHS must pay full CSC from its Services appropriation in fiscal year 2014, based on the ISDEAA, appropriations law, and relevant case law; IHS must also pay full CSC in FY 2015.
CSC – Statutory Definition

- “[A]n amount for the reasonable costs for activities which must be carried on by a tribal organization as a contractor to ensure compliance with the terms of the contract and prudent management, but which—

  • (A) normally are not carried on by the respective Secretary in his direct operation of the program; or

  • (B) are provided by the Secretary in support of the contracted program from resources other than those under contract.” 25 U.S.C. § 450j-1(a)(2)

- CSC shall not duplicate activities funded in the Secretarial amount. 25 U.S.C. § 450j-1(a)(3)
What is CSC?

- 106(a)(1) funds – (Secretarial Amount)

- 106(a)(2) funds – (CSC)
CSC Calculation/Final

- Data
  - Rate changes
  - Pass throughs and exclusions
  - Changes in base funding
  - Review for reasonableness and duplication

- Communication with Tribes
  - Overpayments - Notice to Tribe
  - Share documentation used to calculate overpayment
  - Agreement on CSC need and payment
  - Follow up with appropriate amendments or modifications
<table>
<thead>
<tr>
<th>Tribe:</th>
<th>2015</th>
<th>Remarks to Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Program (Recurring) excl. Tribal Shares</td>
<td>0</td>
<td>Program Recurring amount, less retained</td>
</tr>
<tr>
<td>2. Total Area Tribal Shares</td>
<td>0</td>
<td>Less Retained amounts</td>
</tr>
<tr>
<td>3. Total HQ Tribal Shares</td>
<td>0</td>
<td>Less Retained amounts</td>
</tr>
<tr>
<td>4. Total Program (Non-Recurring)</td>
<td>0</td>
<td>Non-recurring paid amounts</td>
</tr>
<tr>
<td>5. Less IDC Funded through 106(a)(1)</td>
<td>0</td>
<td>Accounts for activities already funded through the 106(a)(1) amount (including the 80/20 split outlined in the policy)</td>
</tr>
<tr>
<td>6. 2014 DCSC Negotiated Need</td>
<td>0</td>
<td>Per DCSC Negotiation or last reported need</td>
</tr>
<tr>
<td>7. Inflation Factor</td>
<td>1.6%</td>
<td>Previous year's final rate</td>
</tr>
<tr>
<td>8. 2015 DCSC Negotiated Estimated Need</td>
<td>0</td>
<td>DCSC estimated need based on previous year's need and inflation factor OR if renegotiated, above inflation factors are not applied and newly negotiated amount is manually inserted here.</td>
</tr>
<tr>
<td>9. DCSC Funding Paid</td>
<td>0</td>
<td>Projected funding to be paid in CY 2015, should equal 100% of identified need. Or if during the year after initial payment, only enter current amount paid to Tribe.</td>
</tr>
<tr>
<td>10. DCSC Deficiency</td>
<td>0</td>
<td>Estimated deficiency, based on funding and estimated DCSC need</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>11. Program Base</strong></td>
<td>0</td>
<td>Program Recurring amount + Area Shares + HQ Shares + Non-Recurring - IDC Funded through 106(a)(1) Amount + DCSC Estimated Need = Program Base</td>
</tr>
<tr>
<td><strong>12. Less Other Exclusions and Pass-Thru</strong></td>
<td>0</td>
<td>Exclusions consistent with rate agreement and rate proposal information</td>
</tr>
<tr>
<td><strong>13. Direct Cost Base</strong></td>
<td>0</td>
<td>Program base less all exclusions and pass-thru</td>
</tr>
<tr>
<td><strong>14. Most current IDC rate</strong></td>
<td>0.00%</td>
<td>Current IDC Rate, as noted in box to the right</td>
</tr>
<tr>
<td><strong>15. Estimated IDC Need (Non-Recurring) Based on IDC Rate</strong></td>
<td>0</td>
<td>Direct Cost Base x IDC Rate</td>
</tr>
<tr>
<td><strong>16. Indirect CSC Type Costs Negotiated (Non-Recurring)</strong></td>
<td>0</td>
<td>N/A if an applicable IDC Rate is available. Enter current amount negotiated with Tribe (negotiated amount is only good for 4 years)</td>
</tr>
<tr>
<td><strong>17. IDC Funded through 106(a)(1)</strong></td>
<td>0</td>
<td>Already available for indirect costs</td>
</tr>
<tr>
<td><strong>18. Estimated Indirect CSC Need</strong></td>
<td>0</td>
<td>Estimated total IDC need less all duplicative costs</td>
</tr>
<tr>
<td><strong>19. Indirect CSC Funding Paid</strong></td>
<td>0</td>
<td>Projected funding to be paid in CY 2015, should equal 100% of identified need. Or if during the year, only enter the current amount paid to Tribe.</td>
</tr>
<tr>
<td><strong>20. Indirect CSC Deficiency</strong></td>
<td>0</td>
<td>Estimated deficiency, based on funding and estimated Indirect CSC need</td>
</tr>
<tr>
<td><strong>21. Total Estimated CSC Need</strong></td>
<td>0</td>
<td>Total estimated need for DCSC and Indirect CSC</td>
</tr>
<tr>
<td><strong>22. Total CSC Funding Available for CSC Need</strong></td>
<td>0</td>
<td>Projected funding to be paid when used during negotiations/amount already paid when used throughout the year, should equal 100% of identified need.</td>
</tr>
<tr>
<td><strong>23. TOTAL ESTIMATED CSC DEFICIENCY</strong></td>
<td>0</td>
<td>Total estimated CSC deficiency based on estimated CSC need and projected funding to be paid, should be $0. If positive number then the Tribe is owed more, if negative number is shown there will be an overpayment.</td>
</tr>
</tbody>
</table>
# Contract Support Costs (CSC) Negotiation Template

<table>
<thead>
<tr>
<th>Tribe: Example Tribe</th>
<th>Subtotals</th>
<th>Totals</th>
<th>Source of Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Program (Service Unit) Funding</td>
<td>$81,564.00</td>
<td></td>
<td>Recurring and Non-Recurring Eligible Funding for the T/TO’s Programs, Functions, Services, or Activities (PFSA) at the Service Unit Level (From Cell B65 of &quot;Funding Support&quot; Tab)</td>
</tr>
<tr>
<td>B Total Area Tribal Shares</td>
<td>$270,299.00</td>
<td></td>
<td>Recurring and Non-Recurring Eligible Funding for the T/TO’s PFSA at the Area Level (Area Office Tribal Shares, or AOTS) (From Cell C65 of &quot;Funding Support&quot; Tab)</td>
</tr>
<tr>
<td>C Total Headquarters Tribal Shares</td>
<td>$0.00</td>
<td></td>
<td>Recurring and Non-Recurring Eligible Funding for the T/TO’s PFSA at the Headquarters Level (Headquarters Tribal Shares, or HQTS) (From Cell D65 of &quot;Funding Support&quot; Tab)</td>
</tr>
<tr>
<td>D Total 106(a)(1)</td>
<td>$351,863.00</td>
<td></td>
<td>Items A + B + C (Total Recurring and Non-Recurring eligible funding awarded under 106(a)(1) of the ISDEAA)</td>
</tr>
<tr>
<td>E Indirect Costs (IDC) funded Through 106(a)(1)</td>
<td>$54,059.80</td>
<td></td>
<td>From Cell B3 of the Duplication tab. This represents PFSA funded in the 106(a)(1) amount, that T/TO put into their IDC pools. The amount of duplication should be calculated by identifying PFSA carried on by IHS and the corresponding activities in a T/TO’s IDC rate or through an IDC-type cost negotiation. This includes the calculation on AOTS and HQTS that is commonly known as the 80/20 split.</td>
</tr>
<tr>
<td>F Direct Costs Funded through 106(a)(1)</td>
<td></td>
<td>$297,803.20</td>
<td>Item D - E</td>
</tr>
<tr>
<td>G Prior Year Direct CSC (DCSC) Need</td>
<td>$51,194.00</td>
<td></td>
<td>Per prior-year agreement.</td>
</tr>
<tr>
<td>H Inflation Factor</td>
<td>1.8%</td>
<td></td>
<td>To be provided from IHS when final non-medical fiscal rate for previous year becomes available (usually in November). Final rate would be used to update this amount, and award tribe inflation on DCSC.</td>
</tr>
<tr>
<td>I Current Year DCSC Estimated Need</td>
<td>$52,013.10</td>
<td></td>
<td>E13 will automatically incorporate either the prior-year DCSC need (reflected in D12) or, if there is a current-year renegotiation, the renegotiated amount (reflected in D13, which is pulled from Cell D49 of the &quot;DCSC Negotiation&quot; tab).</td>
</tr>
<tr>
<td>J Total Direct Costs</td>
<td></td>
<td>$349,816.30</td>
<td>Items F + I</td>
</tr>
</tbody>
</table>

**SUMMARY WORKSHEET**

- Funding Support
- CSC Funding
- Direct Cost Base
- Duplication
- IDC Rate
- DCSC Negotiation
- Indirect - Type Cost...
IHS CSC Policy – Changes/Updates

• General Comments
  • Exhibits are not included, work in progress
  • Few areas require ongoing discussion – unresolved areas are noted by comments to the right in the Policy
  • Overall goal is to simplify and streamline the process
IHS CSC Policy – Changes/Updates

• P.4 Includes Guiding Principles
• P.6 Expanded on definitions to assure and support broad understanding and consistent application
• P.12 Determining CSC Requirements
  • P.13 Startup and Pre-Award – paid on one time basis
    • Paid during the initial 12-month period
    • Within 90 after the initial year or 12 months, the Awardee will certify that all funds were spent
    • Advance of the assumption, the Awardee will provide written notice of nature and extent of funds required (pre-award and start up)
• P.16 Determination of final amount of indirect CSC Need and Funding
  • Includes option for Awardee to close out 90 after the contract term
    • Current or one year old rate
    • Allows for grace period for 2014 - 2017
• P.14 Footnote, the Tribal workgroup members recommend the use of the medical information rate; verses the non-medical information rate.
IHS CSC Policy – Changes/Updates

• P.19 Alternate Methods for Calculating IDC Associated with Recurring Service Unit Shares
  • Alternative A – IHS and Awardee negotiate detail analysis
  • Alternative B – Awardee’s option to elect a simplified method and use 97% / 3%, 3% of the service unit funding will be considered IDC.
CSC Consultation – CSC Policy

- Share information at National and Regional meetings
- Distribute through National organizations (NCAI, NIHB, etc)
- Dear Tribal Leader Letter formally announcing consultation
- Distribute to seek the widest feedback
- Review Comments
- Implement Policy
- Training
Questions?

• Roselyn Tso, IHS CSC Lead
  • Roselyn.Tso@IHS.gov
  • 971-506-1928

• Ashley Metcalf, IHS CSC
  • Ashley.Metcalf@IHS.gov
  • 615-495-1297