Director's Workgroup on Improving Purchased/Referred Care (PRC)

Formerly Contract Health Services (CHS) Workgroup

California Representatives

Primary Tribal Representative
Chris Devers, Tribal Representative
Pauma Yuima Band of Mission Indians

Primary Technical Representative
Jess Montoya, CEO
Riverside/San Bernardino County Indian Health, Inc.

Alternate Technical Representative
Inder Wadhwa, Executive Officer
Northern Valley Indian Health, Inc.

IHS Consultant
Toni Johnson, PRC Officer
California Area Indian Health Service

- 2015 Tribal Leaders Meeting: Discussion on Changing the PRC Formula

- Tribal Leaders: Established a Committee to study issue and report back to the Tribal Leaders

- Committee Members:
  - California Representatives to National PRC Workgroup
  - Tribal Health Program Leadership and Staff

- Support Function
  - CRIHB
  - Dr. Mark LeBeau, CEO, CRIHB

Background

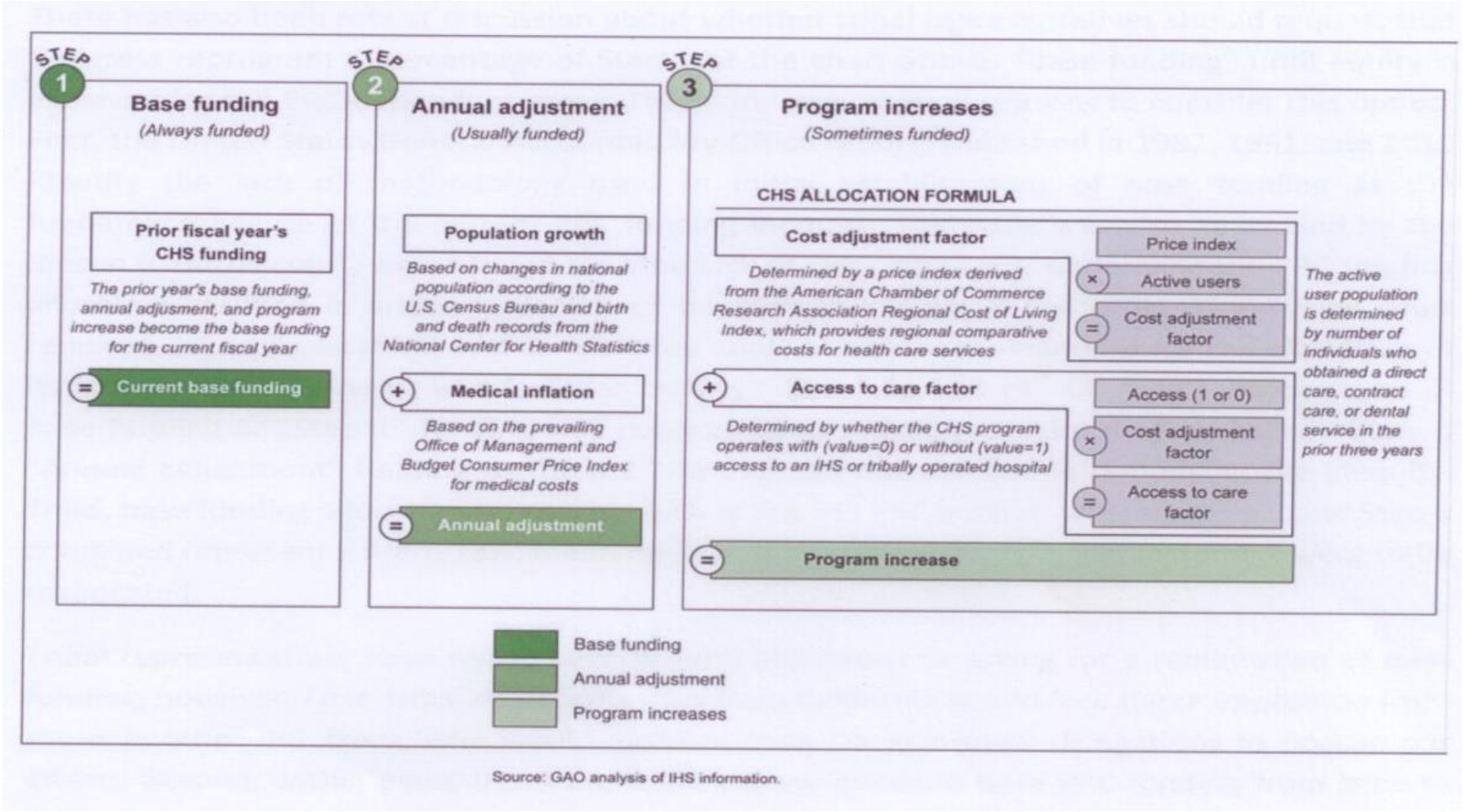
- Government Accountability Office (GAO) reports for 1982, 1991,and 2012 indicated the PRC Formula was not equal across all 12 areas (GAO 12-446)

- Reason base funding accounted for 82% of total PRC Funding (Step 1)
  - Cost Adjustment Factor
    - 18% through Step 2 and Step 3 is used to achieve equity

- Legally under Rincon vs. Harris court case required IHS to “establish and consistently” have a reasonable standard for limited health services and facility budget.

Background cont'd.

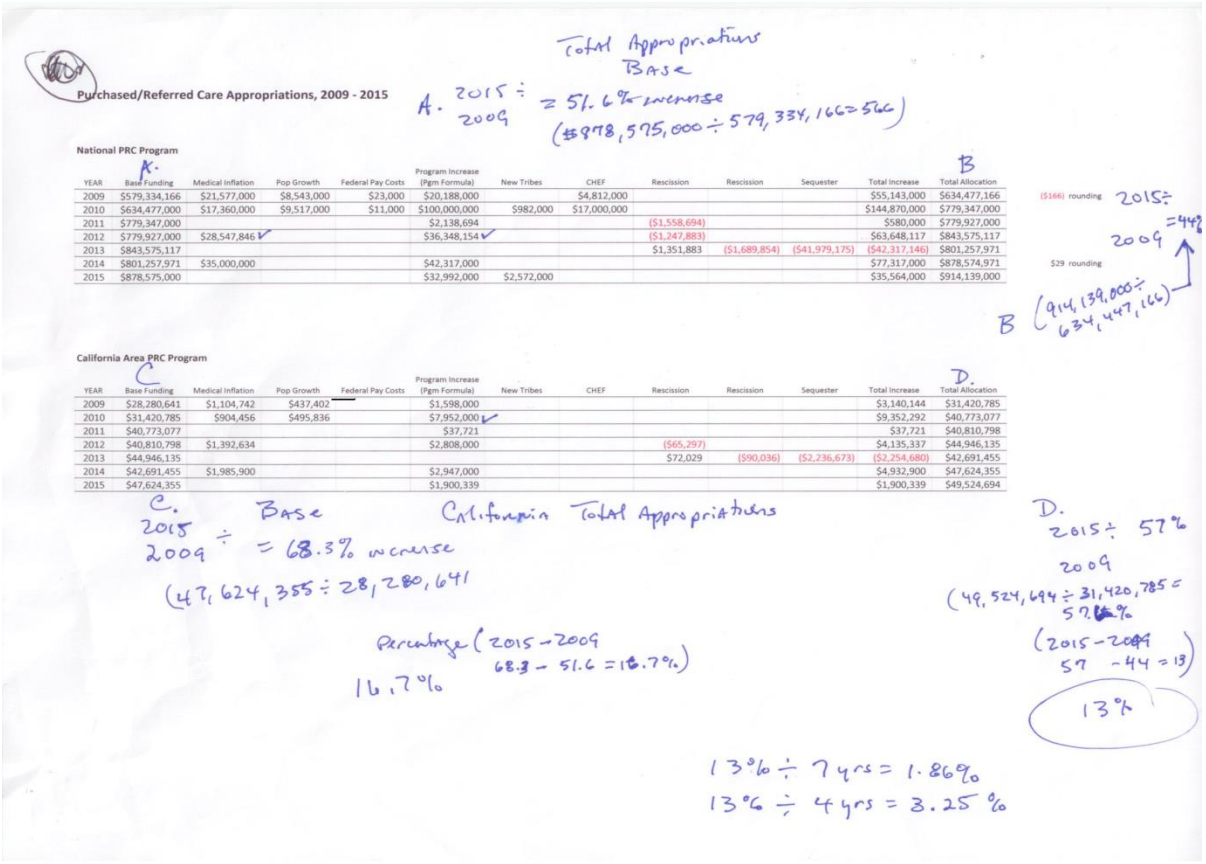
- In 2009 the PRC workgroup recommended to not change the formula because of anticipated increases in 2010 PRC formula, specifically Tier 2 and Tier 3.
- In January 2016 the National PRC Committee voted to not change the formula.
- See Chart (next slide)



Source: GAO analysis of IHS information.

Purchased/ Referred Care Appropriations, 2009-2015

- Below is a schedule which shows our analysis:



Purchased/Referred Care Appropriations, 2009 - 2015

National PRC Program

YEAR	Base Funding	Medical Inflation	Pop Growth	Federal Pay Costs	Program Increase (Pgm Formula)	New Tribes	CHEF	Rescission	Rescission	Sequester	Total Increase	Total Allocation
2009	$579,334,166	$21,577,000	$8,543,000	$23,000	$20,188,000		$4,812,000				$55,143,000	$634,477,166
2010	$634,477,000	$17,360,000	$9,517,000	$11,000	$100,000,000	$982,000	$17,000,000				$144,870,000	$779,347,000
2011	$779,347,000				$2,138,694			($1,558,694)			$580,000	$779,927,000
2012	$779,927,000	$28,547,846			$36,348,154			($1,247,883)			$63,648,117	$843,575,117
2013	$843,575,117							$1,351,883	($1,689,854)	($41,979,175)	($42,317,146)	$801,257,971
2014	$801,257,971	$35,000,000			$42,317,000						$77,317,000	$878,574,971
2015	$878,575,000				$32,992,000	$2,572,000					$35,564,000	$914,139,000

California Area PRC Program

YEAR	Base Funding	Medical Inflation	Pop Growth	Federal Pay Costs	Program Increase (Pgm Formula)	New Tribes	CHEF	Rescission	Rescission	Sequester	Total Increase	Total Allocation
2009	$28,280,641	$1,104,742	$437,402		$1,598,000						$3,140,144	$31,420,785
2010	$31,420,785	$904,456	$495,836		$7,952,000						$9,352,292	$40,773,077
2011	$40,773,077				$37,721						$37,721	$40,810,798
2012	$40,810,798	$1,392,634			$2,808,000			($65,297)			$4,135,337	$44,946,135
2013	$44,946,135							$72,029	($90,036)	($2,236,673)	($2,254,680)	$42,691,455
2014	$42,691,455	$1,985,900			$2,947,000						$4,932,900	$47,624,355
2015	$47,624,355				$1,900,339						$1,900,339	$49,524,694

Total Appropriations
Base
A. 2015 ÷ 2009 = 51.6% increase
($878,575,000 ÷ 579,334,166 = 51.6%)

($166) rounding
2015 ÷ 2009 = 44%
$29 rounding
B ($914,139,000 ÷ 634,447,166)

C. 2015 ÷ 2009 = 68.3% increase
Base
California Total Appropriations
($47,624,355 ÷ 28,280,641
Percentage (2015 - 2009
68.3 - 51.6 = 16.7%)
16.7%

D. 2015 ÷ 2009 = 57%
($49,524,694 ÷ 31,420,785 = 57.6%
(2015 - 2009
57 - 44 = 13)
13%

13% ÷ 7 yrs = 1.86%
13% ÷ 4 yrs = 3.25%

PRC Findings 7 - Year Trend (2009-2015)

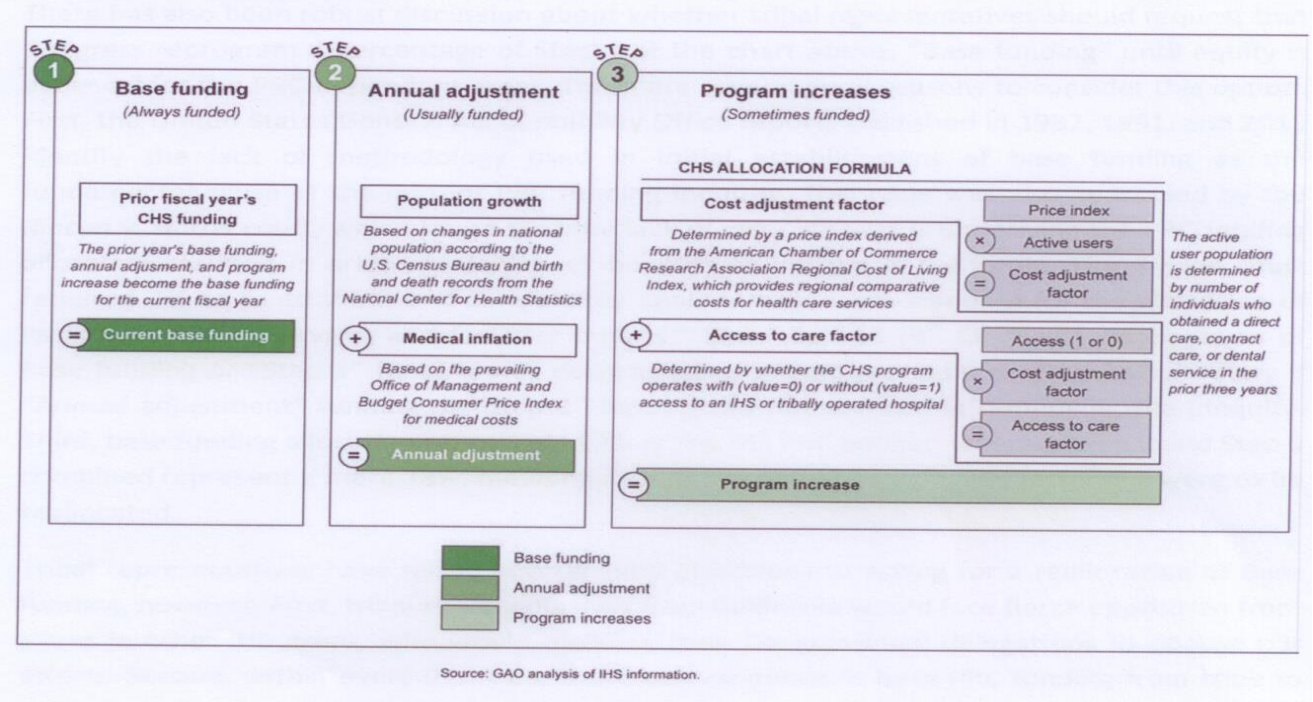
	National	California	CA Compared to National	Comments
PRC Base Funding Increase (Year 2009-2015)	51.60%	68.30%	16.70%	
PRC increase in Total Allocation of funding	44%	57%	13%	Difference due to 2013 Sequestration
Net Average Annual Growth (7 Years)		2%		Including Sequestration years
Average Annual Growth (4 Years)		3.00%		Excluding Sequestration Years
Tier 3 Distribution in Year 2012		$2.8 Mn		
PRC Increase in Year 2014		$2.95 Mn		

Other Observations

California is not major benefactor of CHEF currently	
Other areas receive PRC tier 3 who do not have close access to hospitals.	There was some thought we had to reach $70,000,000 in order for PRC to hit tier 3 or no access to hospitals
Tier 3 is not determined by Area, but by access to hospitals	

Recommendation

- Continue to monitor issue
- Recommend no change to formula (at this time)
- Focus on Step 2 & 3 as formula "Northwest Portland Area" has done on medical inflation category and health price index
- Work on Step 2 "Annual Adjustment" in order to receive PRC equity (1st priority)
- See Chart



Issues on the Horizon

- States who have not implemented Medicaid Expansion are discussing changing the PRC formula (Oklahoma)
- Premise: By generating 3rd party revenue (Medicaid and Affordable Care Act) this can be used to offset PRC costs
- State which did not implement Medicaid have less funding to pay for all levels of care under PRC
- We will need to monitor this issue
- We are not maximizing CHEF Funds

Summary

- We are recommending the following:
  - No change to PRC Formula at this time
  - Advocate for increased in Step 2 & 3 PRC Formula
    - Medical Inflation
    - Price Index
    - Access to Hospitals
  - Monitor discussion on the Medicaid question (Medi-Cal)
  - Improve CHEF claims
    - $44 million allocated annually
    - California accesses on average less than ½ million