PURCHASED / REFERRED CARE

ISSUE

In January 2014, the Consolidated Appropriation Act of 2014 renamed the Contract Health Services program to the Purchased/Referred Care (PRC) program. All of the policies and practices remain the same. The PRC funds are used to supplement and complement other health care resources available to eligible American Indians and Alaska Natives (AI/AN).

BACKGROUND

The PRC program funds primary and specialty health care services not available at Indian Health Service (IHS) or tribal health care facilities and purchased from private health care providers. This can include hospital and outpatient care, as well as physician, laboratory, dental, radiology, pharmacy, and transportation services.

The combination of limited funding, medical inflation (particularly for providing services in rural and remote locations), an increasing AI/AN population, and limited competitive pricing and options requires strict adherence to specific guidelines to ensure the most effective use of PRC resources. These guidelines apply to qualifying factors such as medical priorities of care and eligibility requirements.

STATUS

The IHS uses a medical priority system to budget PRC program resources so as many services as possible can be purchased from private providers. The IHS requires patients to exhaust all health care resources available to them from private insurance, state health programs, and other federal programs before the IHS can pay through the PRC program. The IHS PRC program continues to negotiate contracts with providers to ensure that competitive pricing for the services are provided, in spite of the limited number of providers available in many rural communities.

OPTIONS / PLANS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 requires Medicare participating hospitals that provide inpatient hospital services to accept Medicare-like rates as payment in full when providing services to IHS beneficiaries referred for services. The small market share of individual IHS, tribal, and urban (I/T/U) health programs has made it difficult for these programs to negotiate discounted rates with private hospitals, and I/T/U health programs have had to pay full billed charges that substantially exceed the rates paid by the Medicare program. The Medicare-like rates now enable the I/T/U programs to realize more savings for the services purchased from private providers.

ADDITIONAL INFORMATION

For referral to the appropriate spokesperson, contact the IHS Public Affairs Staff at 301-443-3593.