



Indian Health Service Press Release

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Indian Health Service Releases New Policy on Contract Support Costs

The Indian Health Service has released an updated IHS policy on contract support costs, a high priority topic for the agency and for tribes. The new policy clarifies and improves processes and will guide tribes and IHS in the preparation, negotiation, determination, payment and reconciliation of contract support cost funding transferred to tribes. Contract support costs, or CSC, are costs associated with administering the compacts and contracts through which tribes assume responsibility for the operation of IHS programs and services. CSC are the reasonable costs for activities that tribes must carry on to ensure compliance with the terms of the contract and prudent management, but that normally are not carried on by IHS in its direct operation of the program or are provided by IHS from resources other than those under contract.

“IHS shares with tribes the goal of providing quality health care to American Indian and Alaska Native patients. This policy underscores our commitment to supporting tribal self-governance and fully funding CSC costs, which is a priority for IHS,” said IHS Principal Deputy Director Mary L. Smith. “This new policy derives from the dedicated work of the CSC Workgroup and IHS staff working together in partnership. This policy is a significant step forward in facilitating the contracting process, and truly is a joint product with our tribal partners. We look forward to continuing to work to further improving the contracting process with tribal partners.”

Included in the updated CSC policy are two significant changes, among others:

- 1) At the request of tribes, IHS is pleased to announce the ability to utilize the medical inflation rate to calculate estimated annual increases to ongoing direct CSC. This provides tribes with additional access to resources and is a recognition that these costs support the delivery of health care.
- 2) The policy includes an option for most tribes to reconcile and determine the full, final CSC expenditures within 90 days of the end of the annual performance period and helps to streamline the process.

The Indian Self-Determination and Education Assistance Act directs that funding for CSC be added to the amount that IHS provides for the operation of the program, or the “Secretarial” amount. For many years, appropriations did not fully fund CSC, and IHS and other agencies

were unable in some cases to fully pay what was owed to tribes. With focused effort, IHS has addressed Contract Disputes Act claims for unpaid CSC in prior years, has also improved negotiation of CSC, improved CSC business practices throughout the IHS and provided training and technical assistance to tribes.

The [new CSC policy](#) and the [Dear Tribal Leader Letter](#) on the new CSC policy are posted on the IHS website.

In December 2015, the IHS CSC Workgroup, composed of tribal and federal staff, refocused its efforts on updating the IHS CSC policy, which was last updated in 2007. In April 2016, the IHS CSC Workgroup approved a draft CSC policy that was then shared widely for tribal consultation. This final version published today reflects that feedback, and is the culmination of years of work on the important priority of CSC.

The [proposed fiscal year 2017 budget for IHS](#) would fully fund CSC. The proposed budget maintains the indefinite appropriation for CSC provided by Congress in fiscal year 2016. This funding approach continues the policy to fully fund these costs. The proposed budget supports self-determination by fully funding the CSC of tribes operating programs previously operated by IHS.

The IHS, an agency in the U.S. Department of Health and Human Services, provides a comprehensive health service delivery system for approximately 2.2 million American Indians and Alaska Natives. For more information, visit <http://www.ihs.gov>. Follow IHS on [Facebook](#).

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