



Indian Health Service Press Release

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FOR IMMEDIATE RELEASE
Contact: (301) 443-3593, newsroom@ihs.gov

IHS Implements New Regulation for Tribes to Negotiate Medicare-Like Rates

Regulation impacts services provided through Purchased/Referred Care.

The Indian Health Service (IHS) is implementing a new regulation that gives the IHS, Tribal and urban Indian health programs the ability to cap payment rates at a “Medicare-like rate” to physician and other non-hospital providers and suppliers who provide services through the Purchased/Referred Care program. These rates will be known as Purchased/Referred Care rates.

“For years Indian health programs have been paying higher rates than private health insurers and other federal programs. This new regulation offers Tribes the option to negotiate reasonable rates for non-hospital based services, as long as they are in the best interest of the program,” said IHS Principal Deputy Director Mary Smith. “Tribes are not required to take action based on this new regulation. It’s an opt-in rule, which allows flexibility for Tribes and exercises sovereignty and self-determination.”

The regulation applies to IHS-operated Purchased/Referred Care programs and urban Indian health programs, as well as Tribally-operated programs, but only to the extent the Tribally-operated programs opt-in to the requirements. The opt-in option does not apply to urban Indian programs because those are funded through contracts or grants with IHS.

The Purchased/Referred Care program funds primary and specialty health care services that are unavailable at IHS or Tribal health care facilities and are therefore 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 small market share of individual IHS, Tribal and urban Indian health programs has made it difficult for these programs to negotiate discounted rates with private providers, and these programs have therefore had to pay full billed charges that substantially exceed the rates paid by the Medicare program, Veterans Administration and Department of Defense. The Purchased/Referred Care rates now enable the IHS, Tribal and urban Indian programs to pay rates equivalent to other government payers for the services purchased from private providers.

The new regulation also establishes payment rates that are consistent across federal health care programs, aligns payment with inpatient services and enables the IHS, Tribal and urban Indian health programs to expand beneficiary access to medical care.

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