



FEB 9 2011

Indian Health Service  
Rockville MD 20852

Dear Tribal Leader:

I am writing to update you about the progress of our ongoing Tribal consultation to improve the Indian Health Service (IHS) Contract Health Services (CHS) program and share with you the recommendations from the Director's Workgroup on Improving the Contract Health Services Program (Workgroup).

To date, the Agency has continued our efforts to seek your input and guidance, formed a workgroup focused exclusively on improving the CHS program, and held two listening and best practices sessions to evaluate and recommend changes to this important program that pays for referrals for services that our health care facilities cannot provide.

I established the Workgroup in March 2010, with the following charge: (1) to review Tribal input to improve the contract health services (CHS) program; (2) evaluate the existing formula for distributing new CHS funds; and (3) recommend improvements in the way CHS business operations are conducted within the IHS and the Indian health system.

Since March 2010, the Workgroup has convened three meetings and two CHS Listening and Best Practices Sessions. Building on the input received from Tribes and the feedback from these meetings, the Workgroup began their work to develop recommendations for improving the CHS program. The Workgroup's third meeting was held on October 12 and 13, 2010. It focused on finalizing recommendations to improve the CHS program. The Workgroup made the following four recommendations:

#### **RECOMMENDATION (1)**

##### Define the CHS Unmet Needs for IHS and Tribal Facilities

**The Workgroup recommends creating a technical subcommittee charged with calculating total current CHS need and estimates of future CHS need.**

These factors take into consideration the existing difficulties in developing accurate data to quantify CHS unmet needs; limitations in capturing CHS referrals, denials, and deferred care; and ongoing operational changes that may occur as a result of recent legislative actions and the enactment of the Affordable Care Act and permanent reauthorization of the Indian Health Care Improvement Act (IHCIA).

The Workgroup also discussed the potential impact of the Indian Catastrophic Health Emergency Fund (CHEF) amendments detailed in the IHCIA that lower the CHEF threshold to the fiscal year (FY) 2000 level of \$19,000, down from \$25,000. After a thorough discussion of available options, Workgroup members voted to recommend lowering the CHEF threshold to \$19,000 after CHEF regulations are published in the *Federal Register* and approved; however, members note the need to continue to study additional costs associated with lowering the threshold.

## **RECOMMENDATION (2)**

### Improve and Promote Current CHS Business Practices

**The Workgroup recommends convening 12 Area Work Sessions to review current CHS policies and procedures and develop recommendations on specific measurable changes that will improve CHS business practices, including IHS and Tribal Best Practices by March 30, 2011.** Each Area will be responsible for coordinating their respective Work Session and selecting Tribal and Federal participants. Representatives will include Tribal leaders, clinicians, CHS staff, and patients. Workgroup members will help lead these sessions.

These recommendations will be used to revise the CHS Chapter of the *IHS Manual* (Part II, Chapter III, CHS). Workgroup members will assist in facilitating these Area Work Sessions to ensure the recommendations that follow are addressed.

The Workgroup recommends each Area develop standardized methods and strategies to:

- enhance staff training in customer service;
- improve patient outcomes;
- conduct case management review;
- review and update medical priorities;
- evaluate best practices;
- evaluate the current cost of care;
- evaluate the return on investment for providing preventive medical services;
- promote community oriented primary care (Public Health Model); and
- communicate CHS program requirements, revisions to the *IHS Manual*, strategic plans to modernize CHS, and efforts to measure the effectiveness of these changes.

## **RECOMMENDATION (3)**

### Evaluate Parity of Current CHS Formula

**The Workgroup recommends using the existing CHS formula for funds distribution during FYs 2011 and 2012.** The formula only applies to new CHS funding increases and IHS only began receiving substantial increases in the past two years. The Workgroup felt the full impact of these

increases needed to be reviewed before making recommendations to change the formula. They also recommend a second subcommittee be created to review the CHS distribution formula for equity across Indian Country.

**RECOMMENDATION (4)**

IHS Budget Formulation Workgroup for CHS

**The Workgroup recommends that the IHS Budget Formulation Workgroup apply the true medical inflation index (Inpatient and Outpatient components from the Consumer Price Index) for new CHS increases within the current services Agency Budget line item for FY 2013 and beyond.**

I concur with the Workgroup recommendations and am pleased with their accomplishments in such a short period of time. I encourage you all to participate fully in Area Work Sessions and make your recommendations on ideas to improve the CHS program. The Workgroup's subcommittees will continue their discussions and provide a report to the full Workgroup, which plans to reconvene in the Spring of 2011. If decisions are required on any of these recommendations, they will be made after your input at the Area Work Sessions.

For your information, I have enclosed a copy of the Workgroup's charge, vision, aim statement, guiding principles, and priorities. I look forward to updates on their progress as we go forward.

If you have any questions, please contact Mr. Carl Harper at (301) 443-1553, or by e-mail at [carl.harper@ihs.gov](mailto:carl.harper@ihs.gov).

Sincerely,

/Yvette Roubideaux/

Yvette Roubideaux, M.D., M.P.H.  
Director

Enclosure

# **Director's Workgroup on Improving Contract Health Services**

## **I. CHARGE OF THE WORKGROUP**

The charge of the Director's Workgroup on Improving Contract Health Services (Workgroup) is to provide recommendations to the Director, IHS, on strategies to improve the Agency's contract health services (CHS) program. The Workgroup will review input received to improve the CHS program; evaluate the existing formula for distributing CHS funds; and recommend improvements in the way CHS operations are conducted within the IHS and the Indian health system

## **II. VISION**

To deliver culturally relevant, patient-centered, and medically appropriate CHS services to eligible American Indian and Alaska Native (AI/AN) patients.

## **III. WORKGROUP AIM STATEMENT**

To implement Workgroup recommendations to improve CHS operations, data, oversight, and transparency.

Agency policies will ensure that CHS program services are:

- Reliable and accessible;
- Fully funded;
- Delivered in a culturally sensitive environment; and
- Coordinated and integrated across all elements of the Indian health system.

## **IV. GUIDING PRINCIPLES**

- No Workgroup actions or decisions will have the effect of waiving any Tribal Governmental rights, including treaty rights, sovereign immunity, or jurisdiction, nor absolve the United States of its Federal trust responsibility to provide and fully fund health care services for AI/AN people.
- Each Workgroup member makes a commitment to the Workgroup's charge and makes the time to engage in developing recommendations that will address the needs of eligible AI/AN patients in a fair and equitable manner.
- Each Workgroup member makes a commitment to be informed of all applicable CHS statutes, rules, regulations, and policies.

- Workgroup members pledge to build unity within the group for the benefit of eligible AI/AN people and overcome Area differences, including challenges related to CHS disparities.
- Workgroup recommendations will apply only to future formula funding distribution decisions and will not apply to the current CHS funding base.
- Each Workgroup member makes a commitment to reform that takes into consideration the reasons behind current policies and practices and the potential impact of future health reform changes.
- Each Workgroup member recognizes that future decisions may challenge traditional CHS practices.

**V. OUTLINE OF PRIORITIES FOR IMMEDIATE AND LONG-TERM EFFECT**

- Commission a study to quantify the unmet CHS need.
- Recommend a reporting process to document CHS referrals, denials, and deferred care to support justification of unmet need.
- Recommend data capture improvements that include capturing the cost burden for patients.
- Evaluate the effect of the fiscal year (FY) 2010 CHS funding increase on CHS unmet need in terms of return on investment for CHS direct services and investment into preventive services.
- Evaluate potential changes to the CHS program as a result of recent legislative actions and the enactment of the Affordable Care Act and permanent reauthorization of the Indian Health Care Improvement Act.