



OCT 5 2016

Dear Tribal Leader:

As you know, at IHS we have engaged a very substantial number of strategies to improve our performance over the past seven months. Today I am writing to let you know about a proposed realignment of IHS Headquarters offices and a 30-day comment period that is open for you to provide input. The Indian Health Service (IHS or Agency) honors the government-to-government relationship with Tribes, and, in accordance with our consultation policy, we value the input from Tribal leaders.

When I accepted the position of Principal Deputy Director, I was directed to focus on further strengthening the IHS in order to deliver on the mission of the Agency. The IHS mission is to raise the health status of American Indians and Alaska Natives to the highest level. To accomplish that, we must use resources efficiently and effectively to consistently provide high quality health care to American Indians and Alaska Natives across the country. While we are hopeful that the President's fiscal year (FY) 2017 proposed budget for IHS will be fully funded, our commitment is to ensure that we meet these expectations. To that end, for the past several months, IHS has reviewed its structure and lines of accountability, particularly in Headquarters.

In addition, Office of Inspector General (OIG) and Government Accountability Office reports have noted a lack of systematic Agency-wide oversight for ensuring compliance with various standards and requirements. After taking this into account and to achieve improvements in the Agency's performance, there are a set of changes that I am considering to better realign the Agency's structure and processes. I appreciate the opportunity to provide an overview of this proposed realignment with you and to obtain your feedback.

First, this realignment is intended to impact how Headquarters operates and accomplishes its oversight responsibilities, with clearer and more transparent lines of accountability. To improve efficiency and effectiveness of program operations, the realignment also moves some Division level components under different senior staff leadership. Specific changes include:

- Clearer lines of IHS Senior Leadership responsibility for administrative and/or programmatic functions that are readily apparent on the Agency's organizational chart. The new organizational chart depicts the senior leadership team members connected to the offices and functions for which they have responsibility. This is in contrast to all Deputy Director positions currently displayed in a single box at the top of the chart without connection to areas of responsibility. I want to be clear that the new depiction does not reflect a demotion. The new depiction does reflect the Chief Operating Officer, Chief Medical Officer, and the Associate Directors along with the Director and Deputy Director continuing to comprise the Agency's senior leadership team.

- Realigning specific functions under oversight of the Associate Director for Quality. Even though the Deputy Director of Quality currently oversees all quality functions at IHS, this responsibility is not reflected on the current organizational chart. The new chart reflects the functions that are relevant for the Associate Director of Quality from the Chief Medical Officer to the Associate Director for Quality, such as national credentialing. Additionally, the chart reflects the establishment of a permanent home for the Quality Framework responsibilities, a set of responsibilities that are crucial to being executed in order to further improve and sustain our performance in the delivery of high quality care. Strengthening our quality infrastructure is critical as noted by a recent OIG report that clearly noted that IHS is “missing opportunities to identify and remediate quality problems in its hospitals because it performs limited oversight activities regarding quality care. . .”
- Creating an Associate Director for Healthcare Workforce Development and realigning the Scholarships and Loan Repayment programs under this senior staff member. Moreover, based on clear challenges in fielding sufficient health care providers, there is much more we need to do to develop lasting strategies to build a pathway for an adequately sized workforce. Consequently, this organizational component also has responsibility for workforce strategy to ensure we are taking advantage of every authority available to us and ensuring a cadre of candidates for IHS positions for both the field or for our administrative and management positions.

In addition to these organizational changes, we are making management process changes as well to improve procurement planning and budget monitoring. This focus is critically important. For example, currently, Headquarters has limited knowledge of planned contracts to purchase goods and services in the Area Offices and service units and yet organizational leadership is rightly held accountable for procurement and budget. Consequently, we are implementing a process for reporting to Headquarters all planned procurements that cost more than \$25,000. This will also allow cross-Agency visibility into opportunities for better leveraging procurement expenditures.

There is a similar lack of visibility at the Headquarters level of service unit budget planning and monitoring. To improve fiscal accountability and promote efficient procurement across IHS, we are implementing a monitoring and reporting process in order for Headquarters to have comprehensive information about how funds are being spent at the Area and Service Unit levels. Neither of these new processes are intended to remove authority from the Area Directors, limit the Areas in what they can do, or create a roadblock for the Areas in accomplishing their work. Rather, these changes increase transparency, strengthen accountability and oversight and consequently will help IHS more effectively manage its limited resources.

Some tribal leaders have expressed concerns that these actions may have impacts on Tribes for example through impact Tribal shares funding and interactions with IHS. Let me assure you that the Headquarters budget as reflected on the Headquarters Tribal Shares tables is not impacted by this realignment and consequently does not change because of the realignment. Each Tribal

shares line will remain intact, though it may appropriately fall under the responsibility of a different senior leader.

While, some of you heard me describe this information on the realignment on an All Tribes conference call on Thursday, September 29, for those of you who were unable to participate, I appreciate the opportunity to share the features of this realignment with you through this letter. Once the realignment chart and functional statements are final, they will be published as a notice in the Federal Register with an effective date 30 days after the publication date.

To help with your review of this realignment, please find enclosed the current organizational chart and associated functional statements, as well as, the draft updated organizational chart and associated functional statements for the realignment. In addition, I included a copy of an interim organizational chart that depicts the realignment using current senior staff titles and Office names to show how existing organizational units are realigned in the new structure. Comments will be accepted through November 5.

In addition, an in-person session is scheduled on Sunday, October 9, from 5:00 – 6:00 p.m. in Room 102 AB at the Phoenix Convention Center located at 100 North 3rd Street, Phoenix, Arizona. This is the location of the National Congress of American Indians' 73rd Annual Convention & Marketplace.

Thank you for your interest in working with IHS in partnership to improve health care for Native Americans across the country, and I look forward to receiving your comments.

Sincerely,

/Mary Smith/

Mary L. Smith
Principal Deputy Director

Enclosures