



AUG 17 2018

Dear Tribal Leader:

I am writing to provide you with my decisions on the fiscal year (FY) 2018 Indian Health Care Improvement Fund (IHCIF) formula. The Indian Health Service (IHS) is grateful for the \$72 million that the IHCIF received in FY 2018. The IHS and Tribal programs will be able to use these funds to reduce deficiencies in health status and health resources in Tribal communities.

On June 8, 2018, I initiated a Tribal Consultation on the recommendations made by the IHCIF Workgroup. I want to thank all of the Tribal Leaders and Tribal Organization Leaders who submitted input through the IHS Tribal Consultation meetings, letters, and e-mails to consultation@ihs.gov.

Based on the comments received during the Tribal Consultation period, I have decided to accept two of the workgroup recommendations and modify the third recommendation:

- I am approving changing the benchmark from the Federal Employee Health Benefits Program to the National Health Expenditure (NHE) with an emphasis on Categories 1-4. The IHCIF Workgroup indicated this change was needed to more accurately reflect currently authorized programs, both funded and unfunded.
- I am also approving the IHCIF Workgroup's recommendation to revise the standard user population factor (user count) from regionally unduplicated users to nationally unduplicated users, and adding non-Purchased/Referred Care Delivery Area users (formerly known as non-Contract Health Service Delivery Area users) to the national unduplicated user population. This change provides a more accurate user population, as an individual American Indian or Alaska Native user is only counted once in the IHS system. This change will also include American Indian or Alaska Native individuals who were previously not counted, due to living outside a Purchased/Referred Care Delivery Area.

The IHCIF Workgroup also recommended changing the 25 percent estimate used for alternate resources to a site-specific coverage value (percent) based on IHS site-level coverage data, adjusted for program weighting, coverage gaps, payment gaps, and program component enrollments. For sites with missing or outdated enrollment data, the State average would be used. For sites with a coverage value that exceeds the State average, the value would be capped at the State average.

The IHS received many comments from Tribes and Tribal Organizations expressing their concerns about this proposed change to the formula. There were concerns about the accuracy of the data; use of statewide averages for missing or outdated data; Tribes or Tribal Organizations not having the ability to review or validate the data; and the inclusion of Medicare for sites that do not bill Medicare. Additionally, the IHS could not retain the current 25 percent alternate resources calculation, as it did not reflect differences in the availability of alternate resources that have taken place since the formula inception.

Based on these factors, I have decided that for FY 2018 only, using statewide averages for sites for the alternate resource calculation will improve the accuracy of the current formula calculation and acknowledge the impact of Medicaid differences.

I also concur with the IHCIF Workgroup to distribute funds on a recurring basis to sites with the greatest need (the lowest Level of Need Funded percentage scores) as has been done in the past, with no maximum or minimum funding amounts per site. The final FY 2018 allocation is provided as an Enclosure.

With the time constraints on the IHCIF Workgroup to provide recommendations and the Agency to complete Tribal Consultation and distribute the FY 2018 funding, the IHCIF Workgroup indicated that a Phase II Workgroup would be needed to address additional issues and concerns in FY 2019. I concur with that recommendation. Phase II will begin in late August 2018 and the IHCIF Workgroup will review the impact of the current formula decisions and consider additional potential revisions.

Information about the IHCIF Workgroup and Tribal Consultation activities, as well as the FY 2018 funding allocation is available online at <https://www.ihs.gov/ihcif/>. If you have any IHCIF-related questions, please contact CAPT Francis Frazier, Director, Office of Public Health Support, by telephone at (301) 443-0222 or by e-mail at francis.frazier@ihs.gov.

Thank you for your partnership with the IHS in support of our mission.

Sincerely,

/Michael D. Weahkee/

RADM Michael D. Weahkee, MBA, MHSA
Assistant Surgeon General, U.S. Public Health Service
Acting Director

Enclosure: 2018 Indian Health Care Improvement Fund Allocations by Site