



MAY 24 2016

Indian Health Service
Rockville, MD 20852

Provider
Address 1
Address 2
City, State, and Zip Code

Dear [Provider]:

I am writing to inform you that on March 21, 2016, the Indian Health Service (IHS) published a final rule implementing the ability of health programs operated by the IHS, an Indian Tribe or Tribal Organization pursuant to a contract or compact with IHS under the Indian Self-Determination and Education Assistance Act (ISDEAA), and Urban Indian organization pursuant through a contract or grant under Title V of the Indian Health Care Improvement Act (IHCA) (collectively I/T/U) to cap payment rates to physicians and other non-hospital providers and suppliers who provide services through the Purchased/Referred Care (PRC) program, formerly contract health services. These rates will be known as Purchased/Referred Care Rates. The effective date of the final rule is May 20, 2016. Enclosed is a copy of the rulemaking for your review.

The final rule amends the regulations at Title 42, *Code of Federal Regulations* (CFR), Part 136, by adding a new Subpart I that applies the Medicare payment methodologies to all physician, and other health professional services and non-hospital based services purchased by IHS/Tribal PRC programs, or Urban Indian organizations.

The PRC program funds primary and specialty health care services that are not available at IHS or Tribal health care facilities and are purchased from private health care providers. This includes hospital and outpatient care, as well as physician, laboratory, dental, radiology, pharmacy, and transportation services, and durable medical equipment.

The new regulation establishes payment rates that are consistent across Federal health care programs, aligns payment with inpatient services, and enables I/T/U health programs to expand beneficiary access to medical care. To ensure that Tribal and Urban health programs get the information needed to make the most of the new regulations, the IHS is providing outreach through a mass mailing to PRC administrators, as well as participating providers and suppliers.

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IHS clarified the term “referral” in the regulation for the purpose of administering PRC. A PRC referral is an authorization for medical care by the appropriate ordering official in accordance with Title 42 CFR part 136 subpart C. Distinct from a medical referral, acceptance of a referral issued pursuant to Subpart I means claims for authorized services will be processed in accordance with PRC rules, including alternate resource requirements. Pursuant to Federal law, patients may not be charged for authorized services.

Please submit all claims for authorized services to I/T/U health programs in accordance with the processing requirements and payment methodologies set forth in 42 CFR Subpart I.

If you have any questions regarding how to meet the requirements of the regulation, please contact [Insert PRC Officer's Name] by telephone at [Insert Phone Number].

Sincerely yours,

/Elizabeth A. Fowler/

Elizabeth A. Fowler
Deputy Director for Management Operations

Enclosure