



NOV 25 2011

Dear Tribal Leader:

The purpose of this letter is to inform you of my decisions on issues related to our consultation on the Indian Health Care Improvement Fund (IHCIF) and its formula. I sent you a letter on December 30, 2010, requesting input on this issue. My decisions are based on careful consideration of the input you have provided since I initiated this formal consultation. I also considered the reauthorization of the Indian Health Care Improvement Act (IHCIA), which contains a provision that reauthorizes the IHCIF and includes several modifications to the IHCIF as described in my December 30, 2010, letter.

The IHCIF is important because it measures the resources needed by Federal and Tribal health care programs. The IHCIF formula calculates a level of need percentage relative to health insurance costs for the Federal Employees Health Benefits Program (FEHB). If the Congress appropriates additional funding for the IHCIF, we use the formula to increase funding for programs with the greatest unmet needs. **I have decided not to change the IHCIF formula until all programs reach at least 55 percent of their estimated level of need, which was the original agreement.** Although the key factors in the formula will not change, we will continue to improve the data and refine calculations of resource deficiency.

As a part of continually improving the data to measure resource deficiency, a joint Tribal/Indian Health Service (IHS) data technical workgroup recommended some updates to data used in the IHCIF formula and some technical improvements to its calculations. I requested input on these recommendations and they were included as an attachment to my December 30, 2010, letter. The Tribal input indicated general agreement to adopt technical improvements related to counting procedures for users; making updates to the FEHB benchmark, the price and productivity measures, and the guidance on data collection; and evaluating the health status measures. The Tribal input indicated that there is less certainty about replacing the existing flat 25 percent alternate resource factor with new data that has emerged since 2001. **I have decided to approve the data and technical improvements to the formula and to continue to evaluate whether a prototype Medicaid spending index would be a possible replacement for the existing 25 percent alternate resource factor.** I would like to extend my sincere appreciation to the technical workgroup members who considered the myriad of technical details, addressed the difficult issues, and emerged with helpful recommendations for my consideration.

The last issue is related to expanding the IHCIF formula to include new types of services authorized in the IHCIA. The IHCIA updates the list of health care services that the IHCIF may support. The IHCIA did not include additional funding for the health care services, such as long term care, which is one of the new services listed. In general, the Tribal input on this issue indicated it is premature to expand the formula for unfunded authorities. **I have decided to defer expanding the IHCIF formula until funding is made available for newly authorized health services.** The implementation of new services would be a significant event and would require Tribal consultation.

Thank you for providing your input, which was obtained through multiple forums including submissions at consultation@ihs.gov, listening sessions, conferences, and meetings. I continue my commitment to carrying out the IHS mission in partnership with you, following the IHS Tribal Consultation Policy, and working on the priority to renew and strengthen the Agency's partnership with Tribes. Please feel free to visit the Tribal Consultation Web site on my Director's Corner at www.ihs.gov, where you can also access my [December 30, 2010, letter](#).

Sincerely,

/Yvette Roubideaux/

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