



OCT 27 2016

Dear Tribal Leader:

Today I am pleased to announce that the Indian Health Service (IHS) has updated its Contract Support Costs (CSC) policy. It has been 10 years since the last CSC policy update. I want to extend my thanks and gratitude to Tribal Leaders and the CSC Workgroup for the hard work and collaboration that helped make this happen.

As part of this exciting news, I also want to inform you that the IHS will apply the medical inflation rate to calculate estimated annual increases to ongoing direct CSC. This provides Tribes with additional access to resources. This is a major accomplishment and has been a high priority for the IHS and for Tribes.

Another significant change I want to point out in the updated CSC policy relates to an option available to Tribes to reconcile and determine the full, final CSC expenditures within 90 days of the end of the annual performance period. In addition, the policy includes new tools, such as the CSC Negotiation Template, which provides a way to calculate CSC consistently and in a transparent manner. These updates are consistent with changes to the CSC appropriation, which allows the IHS to fully fund CSC.

The CSC policy serves as a guide for the IHS and Tribes in the preparation, negotiation, determination, payment, and reconciliation of CSC funding used to support new, expanded, and ongoing services provided through compacts and contracts pursuant to the Indian Self-Determination and Education Assistance Act (ISDEAA).

In accordance with the ISDEAA, CSC are costs associated with administering the compacts and contracts through which Tribes assume responsibility for the operation of IHS programs, services, functions, or activities (or portions thereof). CSC are the reasonable costs for activities that Tribes must carry on to ensure compliance with the terms of the contract and prudent management, but that normally are not carried on by the IHS in its direct operation of the program or are provided by the IHS from resources other than those under contract.

The IHS publishes its CSC policy in the IHS *Indian Health Manual* at Part 6, Chapter 3. Copies of the updated CSC policy will be mailed out soon. You may access the policy on the IHS Web site at: https://www.ihs.gov/ihtm/index.cfm?module=dsp_ihm_pc_p6c3.

Again, I extend my sincere appreciation to the IHS CSC Workgroup for all their hard work and dedication. The CSC Workgroup will continue its work on addressing policy issues that you will find footnoted in the updated policy. The CSC Workgroup will reconvene after the New Year to continue their work.

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If you have any questions, please contact Ms. Roselyn Tso, Acting Director, Office of Direct Service and Contracting Tribes, IHS, by telephone at (301) 443-1104 or by e-mail at roselyn.tso@ihs.gov.

Sincerely,

/Mary Smith/

Mary Smith
Principal Deputy Director