



JULY 18 2016

Dear Tribal Leader:

The Indian Health Service (IHS) is requesting your comments and recommendations on a draft Circular that the IHS has created to address the purchase of health care coverage, which is commonly referred to as Tribal Premium Sponsorship (Sponsorship). Sponsorship occurs when a Tribe pays health insurance premiums on behalf of IHS beneficiaries. As you know, when Tribal members enroll in coverage they are able to improve their access to care through increased options for health care. In turn, revenue collected by Tribal and IHS providers goes back into the facility to meet conditions of participation and provide additional funds to hire staff and purchase services and new equipment. In addition, with greater alternate resources, Purchased/Referred Care (PRC) funds go farther as more patients have coverage. The purpose of this draft Circular is to provide further detailed guidance to IHS Area Offices regarding the current IHS policy if a Tribe, Tribal organization, or Urban Indian organization wishes to purchase coverage for IHS beneficiaries with Indian Self-Determination and Education Assistance Act (ISDEAA) funding or other IHS-appropriated funds. Per Section 402 of the Indian Health Care Improvement Act (25 U.S.C. § 1642) Indian Tribes, Tribal organizations, and Urban Indian organizations may use federally appropriated funding, to the extent it is available under law, to purchase health insurance for IHS beneficiaries.

The draft Circular is needed as many Tribes across the country have created Sponsorship programs. Tribes have reported success stories as their members enroll in health benefits coverage and access care. Tribes have also reported increased revenues tied to these Sponsorships, which often result in additional revenue that lets them supplement operations, procure services and new equipment, and allows them to hire more providers. Tribes have also reported savings in PRC programs, which has led to PRC funds lasting longer and facilitated payment for lower priority services. The IHS is pleased to hear of this success and is committed to supporting and encouraging Tribes in their efforts to enhance access to care for their members, improve third party collections, and cost savings. Tribes have primarily used their own funds to pay premiums and some now seek to use appropriated funds.

The draft Circular provides guidance to IHS Area Offices regarding eligible beneficiaries and funding sources, along with recommended language to be included in new or existing contracts, compacts or funding agreements between Tribes, Tribal organizations, and the IHS. The draft Circular also addresses PRC Residual Responsibility and Coordination of Benefits when a Direct Service Tribe (DST) decides to take a portion of their PRC funds to purchase insurance for some or all of their Tribal members, and leaves a residual of funds in the DST PRC program to provide care for PRC-eligible patients who do not have alternate resources, and when a premium sponsorship program is self-funded in part or whole with ISDEAA funds. Finally, the draft Circular provides guidance on when a plan self-funded in part or whole with ISDEAA funds will be considered eligible for reimbursement from the Catastrophic Health Emergency Fund.

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I hope that you will find the draft Circular to be useful in understanding IHS's views on the purchase of health care coverage and that it will be helpful in any planning and implementation efforts to provide health benefits coverage to IHS beneficiaries. The IHS is committed to working with all Tribes to improve access to care for American Indians and Alaska Natives.

The IHS will consult with Tribal Leaders from July 18 through August 17. Written comments by Tribal Leaders or Tribal organizations can be e-mailed to [consultation@ihs.gov](mailto:consultation@ihs.gov) by COB August 17.

Please participate on a telephone Tribal Consultation and Urban Confer Call that will provide an overview and discussion of the draft Circular.

**Telephone Tribal Consultation and Urban Confer Call:**

Call date: July 25, 2016 (Monday)  
Call time: 3:00 p.m. – 4:00 p.m. (Eastern Time)  
Call In Number: (888) 323-5260  
Passcode: 5432202

Thank you for your support and partnership. I look forward to hearing your input on this purchase of health care coverage draft Circular.

If you have any questions about this draft Circular, please contact Ms. Terri Schmidt, Acting Director, Office of Resource Access and Partnerships at (301) 443-4973 or by e-mail at [terri.schmidt@ihs.gov](mailto:terri.schmidt@ihs.gov).

Sincerely,

/Mary Smith/

Mary Smith  
Principal Deputy Director

Enclosure