



Medicare Like Rates for IHS and Tribes

Talking Points on H.R. 4843, The Native CARE Act of 2014

REQUEST: Co-sponsor H.R. 4843, The Native CARE Act of 2014, legislation that would enable the Indian Health Service and Tribes to purchase hundreds of thousands of additional services for American Indian and Alaska Native (AI/AN) patients annually, at no cost to the federal government.

ISSUE: Purchased/ Referred Care (PRC) (formerly Contract Health Services) programs operated by the Indian Health Service (IHS) and Tribes currently routinely pay full-billed charges for non-hospital care purchased for patients, including physician services. A 2013 Government Accountability Office (GAO) report revealed that this is up to 70% more than Medicare and other federal payers. This contributes in large part to the significant shortfalls the program experiences annually, leading to hundreds of thousands of denied and deferred services across Indian Country. The GAO report also found that that if the Indian Health System paid a "Medicare Like" rate for services purchased from non-hospital providers, IHS and Tribal PRC programs would save millions of dollars, resulting in an estimated 253,000 additional physician services annually.

The Native CARE Act amends the Social Security Act to expand the Medicare-Like Rate cap beyond hospitals to cover all Medicare-participating providers and suppliers. It will ensure that AI/ANs have continued access to health care providers by making it a requirement for all Medicare-participating providers and suppliers, including physicians, to accept this rate of payment as payment in full as a condition participating in the Medicare program. This payment reform is achieved without additional cost to the federal government

TALKING POINTS

More Services for AI/AN People

- AI/AN people continue to suffer disproportionately from a variety of illnesses, including heart disease, cancer, tuberculosis, and diabetes. On average, AI/AN life expectancy is 4.2 years less than the U.S. general population.
- Meanwhile, the Indian Health Service is funded at only 59% of need, with PRC programs frequently running out of funds prior to the end of the fiscal year (FY).
- In FY 2013, the IHS estimates it denied 147,000 necessary services due to lack of funds.
- By imposing a Medicare Like Rate cap on all payments to providers, IHS and Tribal PRC programs are projected to save millions of dollars annually, resulting in an estimated 253,000 additional services each year.

No Cost to the Federal Government

- In its evaluation of the Administration's legislative request to expand Medicare Like Rates, the Office of Management and Budget (OMB) projected that this change is budget neutral.

Parity between the Indian Health System and other Federal Payers

- Medicare, the Veterans' Administration, and the Department of Defense all pay vastly lowered rates for the care purchased on behalf of their patients.
- The Native CARE Act simply brings the Indian Health Service in line with the rates paid by other federal entities, a more efficient and effective use of federal dollars.

Continued Access to Care

- Since all Medicare participating providers and suppliers must accept the Medicare Like Rate from the Indian Health System under the Native CARE Act, AI/AN access to care is preserved.
- Because AI/ANs make up less than two percent of the total demand for care nationally, and because most providers and suppliers are currently accepting Medicare rates for many services, the proposed legislation is not likely to impact existing providers and suppliers in a significant way.