



DEC 31 2001

Dear Tribal Leader:

This letter is to inform you of my decision in the distribution of \$49 million for the fiscal year (FY) 2002 contract health services (CHS) program. The recent increases for the CHS program have been significant and continue to reflect the successful advocacy of Tribal and Federal leadership efforts in addressing the health care needs of all American Indian and Alaska Native people. Despite these increases, the unmet need for CHS continues to be extremely large so we must continue our joint advocacy efforts.

In FY 2001, Congress appropriated a \$40 million increase for the CHS program. After Congressional earmarks for FY 2001, a balance of \$34.9 million from the \$40 million was distributed on a non-recurring basis to all the Areas. Because the \$34.9 million for FY 2001 was distributed non-recurring, it is available again in FY 2002 along with the FY 2002 \$15 million increase for a total of \$49.9 million.

Tribes have been advocating for a timely distribution this year to address acute patient care needs. Therefore, I have decided to distribute \$49 million on a non-recurring basis again using the FY 2001 blended formula which is based a blend of the CHS distribution methodology used since FY 1994 and the new CHS formula that was recommended by the FY 2001 CHS Allocation Workgroup. The balance of approximately \$900,000 is reserved for funding newly recognized tribes. I based my decision to distribute these funds non-recurring on the following considerations:

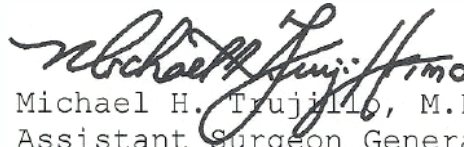
1. The User Population figures, an important variable in the current allocation formula, are being updated and will not be available until the third quarter. Because anticipated changes in user population are expected, a wide discussion of this updated information will be needed.
2. The relative unavailability of this important user population data would unnecessarily delay CHS funds distribution to the Areas.

3. By distributing funds now, consultation on a new recurring allocation formula can progress in a less time pressured environment without unduly burdening Tribes.
4. Early distribution of the funds promotes more effective use of the resources and this is critical where the large unmet need persists.

Patient care will be significantly enhanced by the early distribution on a non-recurring basis and the decision regarding recurring allocations can be deliberated more comprehensively with contemporary and agreed upon data. By using this approach, it is my hope that we will continue our dialogue on the outstanding issues related to the disparity between need and the resources available for CHS.

My goal is to develop an allocation formula that addresses as many of your concerns as possible and allows for timely distribution of future CHS funds. If a Tribal Workgroup is needed to address recurring FY 2003 allocations, I support the re-establishment of one.

Sincerely yours,



Michael H. Trujillo, M.D., M.P.H., M.S.  
Assistant Surgeon General  
Director

[Enclosure](#)