



Department of Health and Human Services

DEC - 6 2002

Dear Tribal Leader:

In the past several months, the Department received numerous views from Tribes regarding the implementation of the Medicare Outpatient Prospective Payment System (OPPS) outlined in the Balanced Budget Act of 1997. As a result of this communication, the Centers for Medicare & Medicaid Services (CMS) and the Indian Health Service (IHS) have worked diligently to find a resolution to tribal concerns.

The CMS and IHS agree that, to preserve access to quality care for the American Indian and Alaska Native Medicare beneficiaries, IHS and Tribal hospital-based outpatient programs will maintain their current OMB-approved All-Inclusive Rate reimbursement methodology.

Specifically, this agreement represents the understanding, jointly by CMS and IHS, that IHS and Tribal programs will continue to be exempt from OPPS, consistent with the existing CMS regulation published in the *Federal Register* on November 30, 2001 (66 FR, 59856, 59922). It is CMS' intention to uphold this current regulation of exemption of IHS and Tribal programs.

CMS recognizes the challenge of health care delivery to a population that is in critical need, and believes that upholding the current exemption will facilitate access to essential patient care services for the American Indian/Alaska Native population.

Additionally, IHS and CMS will collaborate to improve patient payment information systems and collect cost data to inform operations of IHS hospitals. Both agencies are committed to engaging in joint consultation with Tribes to accomplish these goals.

Sincerely yours,

Tom Grissom
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