



May 9, 2008

To: Director

From: Senior Operations Research Analyst  
Office of the Director

SUBJECT: Allocation FY 2008 Indian Health Care Improvement Fund – ACTION

### ISSUE

After deducting rescissions, \$13,781,600 remains in the Fiscal Year (FY) 2008 Indian Health Care Improvement Fund (IHCIF). This memo recommends allocating the IHCIF among Areas as specified in the attachments.

### DISCUSSION

The IHCIF formula was developed in 2001 by an IHS/tribal workgroup following specifications in the Indian Health Care Improvement Act. The formula was adopted after extensive consultation. When the Congress appropriates IHCIF funds, calculations are revised to account for changing user counts, escalating health care prices and costs, evolving Indian health status, and updated IHS funding. The current calculations are based on the most recent data available – FY 2007.

The IHS Area Offices submitted FY 2007 data for 269 operating units (local sites) to calculate funding deficiency by the Federal Disparity Index (FDI) model. Site data were cross-checked and verified to the extent practical. Due to inherent random variation in small area samples, small area data are more variable than for larger sites or groups. Our quality control practices remedy questionable data by collapsing to higher verifiable level or group. The quality control process is intended to assure overall confidence in the national level results. We also permit Areas, after consulting with affected parties, to further refine allocations produced by the national model using local level data that were not part of national calculations.

The \$13,781,600 IHCIF appropriated in FY 2008 is 62 percent of \$22 million that would be necessary raise all sites to at least 40 percent. Instructions from the Congress that accompanied the appropriations specified that IHCIF allocations in FY 2008 are limited to sites scoring less than 40 percent if IHCIF funds provided are insufficient to raise all sites to at least 40 percent. These instructions differ somewhat from FY 2005 instructions which allowed a 2-tier qualifying threshold -- one-half of 2005 IHCIF funds went to sites scoring below 40 percent and one-half to sites scoring less than 60 percent.

RECOMMENDATION

I recommend acceptance of the FY 2008 IHCIF allocations listed in the attached table: "FY 2008 IHCIF Allocations." Please indicate your approval by initialing on the "Approved" line that follows:

DECISION

Approved s/ R. McSwain Disapproved \_\_\_\_\_ Date 5-09-2008

Cliff Wiggins

2 Attachments:

A: FY 2008 IHCIF Allocations

B: Allocation & Expenditure Guidance