



# Indian Health Service Press Release

IHS-6-2006  
April 28, 2006

**FOR IMMEDIATE RELEASE**

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## **Two HHS Agencies Publish Proposed Rule for Medicare-like Rates for Health Care Services to American Indians and Alaska Natives**

The Indian Health Service (IHS) and the Centers for Medicare & Medicaid Services (CMS), agencies in the Department of Health and Human Services (HHS), published a proposed rule in the Federal Register on April 28, 2006, that will establish regulations requiring Medicare participating hospitals that provide inpatient hospital services to accept Medicare-like rates as payment in full when delivering services to American Indians and Alaska Natives who are referred to them by programs funded by the IHS.

“Indian health programs will now benefit from Medicare’s ability to set its payment rates lower than a provider’s highest billing rate,” stated Dr. Charles Grim, IHS Director. “The financial savings from this new payment system will extend much-needed contract health-care services to American Indians and Alaska Natives.”

"The Indian Health Service will no longer be paying top dollar for healthcare provided outside its own network," said Dr. Mark B. McClellan, Administrator of the CMS. "This proposed rule ensures that Indian health programs will pay reasonable rates for the care their beneficiaries need. The money the system saves will go to providing even more health care to the families that depend upon this system for their health and well-being."

This proposed rule would establish regulations required by Section 506 of the Medicare Prescription Drug Improvement and Modernization Act of 2003. The Act requires public or private hospitals that furnish inpatient hospital services payable under Medicare to participate in the contract health services program funded by the IHS whether operated by the IHS, Tribes or Tribal organizations, and any health programs operated by Urban Indian organizations that are funded by the IHS with respect to any medical care furnished under those programs. The comment period is 60 days from the date of publication in the Federal Register.

This proposed rule amends the IHS regulations by adding a new Subpart D to describe the “Medicare-like rate” payment methodology. The IHS is proposing in these regulations that when Medicare-participating hospitals provide services to IHS beneficiaries authorized by IHS, Tribal, or Urban Indian organizations, that the “Medicare-like rate” payment methodology and maximum rates paid to these Medicare-participating hospitals, including Critical Access Hospitals, will be no greater than the interim rates for applicable services as calculated in the same manner as CMS Medicare Fiscal Intermediaries without adjustments or retrospective settlements. Adjustments will be made only to correct billing or claims processing errors. The IHS anticipates that Medicare-participating hospitals will not face any major problems under the approach proposed. These regulations do not impose any new information collection requirements.

In the development of this proposed rule, the IHS consulted with the CMS Tribal Technical Advisory Group consisting of elected Tribal Leaders of Tribal Governments, as well as representatives of the National Indian Health Board, the National Congress of American Indians, and the Tribal Self-Governance Advisory Committee, which are national Indian organizations designated by Tribal Leaders to act on their behalf.

The IHS operates a comprehensive health service delivery system for approximately 1.8 million American Indians and Alaska Natives who belong to more than 560 federally recognized Tribes in 35 states. The IHS is a national program composed of 12 regional offices with a system of hospitals, health centers, health stations, Alaska village clinics, and urban projects.



*NOTICE TO EDITORS:* For additional information on this subject, contact the IHS Public Affairs Office at 301-443-3593. Additional information about the IHS is available on the IHS website at <http://www.ihs.gov> and <http://info.ihs.gov>

