

## FY 2009 Qs and As

\$15,000,000 is allocated to severely under funded service units (both tribal and IHS operated) in the IHS system from the FY 2009 Indian Health Care Improvement Fund (IHCIF). According to authorizing legislation, the purpose of the IHCIF is for: (1) eliminating the deficiencies in health status and resources of all Indian tribes, (2) eliminating backlogs in the provision of health care services to Indians, (3) meeting the health needs of Indians in an efficient and equitable manner.

The IHCIF is allocated with a formula using deficiencies measured by the Federal Disparity Index (FDI) – an index of comparability with the Federal Employees Health Plan. The IHCIF formula, which was adopted after extensive national tribal consultation, allocates funds to sites which score below a threshold which, in recent years, has been specified by the Congress. The formula allocates to qualifying sites in proportion to funding deficiency. The FY 2009 IHCIF funds appropriated are sufficient to raise all sites to 40%. Conditions, such as costs and users, will change sufficiently between 2007 and 2009 that we anticipate some sites may slip back below 40%.

## Questions and Answers

1. ***What is the Indian Health Care Improvement Fund?***  
The IHCIF are funds appropriated by the Congress to reduce disparities and resource deficiencies among units with the IHS system.
2. ***How is the IHCIF distributed to IHS and tribal health care units?***  
This is the 8th year since the IHCIF formula was developed at the direction of the Congress in 2000. The formula targets funding deficiencies measured by the Federal Disparity Index (FDI) model. The FDI model was developed with national tribal consultation by a tribal/IHS workgroup working with health economists and actuaries. The approach used for the FDI is specified in law in section 1621 of the Indian Health Care Improvement Act.
3. ***What factors are in the FDI methodology?***  
Resource and health status deficiencies for IHS and tribal health care units are determined considering numerous factors that impact on health care needs and costs:
  - a. User population
  - b. Health status deficiencies (using indices of mortality, life expectancy, morbidity, and poverty)

- c. Benchmark costs for mainstream plans (FEHP) adjusted annually for medical inflation.
  - d. Geographic variations in cost of medical care including isolation and remoteness
  - e. Size of unit (correlated with operational economies and efficiency)
  - f. Current funding available from IHS
  - g. 25% factor for coverage by third parties such as Medicare, Medicaid, and private/employer insurance.
4. ***Describe how the IHCIF formula works?***  
The FDI model is applied to factors described in #3 using a mix of national, regional, Area, and local data. Each IHS or tribal site is scored on a scale from 0% to 100% , e.g., a score of 50% means the site has ½ of the resources from the IHS that would be necessary to afford health services comparable to those in the federal employees health plan. A 100% score means the unit has achieved parity with the FEHP benchmark, not that all necessary or desirable services are readily available. The formula allocates funds to qualifying sites in proportion to funding deficiency.
5. ***FDI Website***

FDI on the IHS internet web site Link:

<http://www.ihs.gov/NonMedicalPrograms/Lnf/index.cfm>