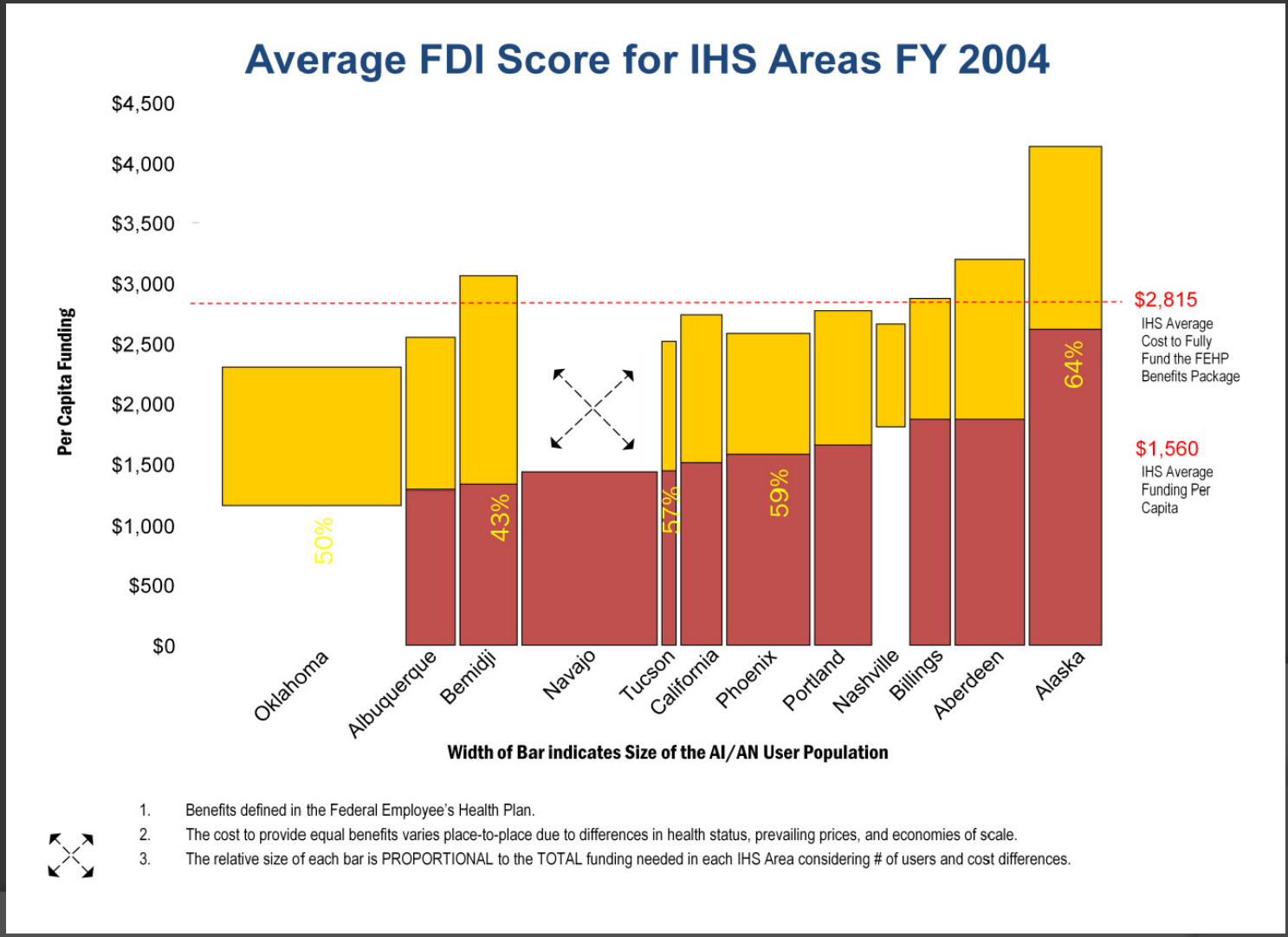
Jim Crouch, Executive Director
California Rural Indian Health Board

INDIAN HEALTH CARE IMPROVEMENT FUND OVERVIEW

IHS Resources are Distributed Inequitably



Rincon v. Harris Findings May 1980

- Most IHS funds are distributed on the basis of “base funding”
- 10% of Population got 1% of IHS funds
- This distribution created unequal access to services

Rincon Settlement

IHS Allocation Formulas need to be:

- reasonable
- rational
- defensible

IHS had to develop a plan to correct the discredited allocation processes

- Establish a special “Equity Fund”
- Or Distribute all new funds in a manner to achieve equity
- Or Reallocate “base” funding if the first two approaches were not sufficient to achieve equity

Why has the IHS failed to create equity?

- All IHS resource distributions are political
- Too few funds placed into the IHCIF
- IHS never considered “all new funds” approach
- IHS never considered even 5% base reallocation approach

Previous IHCIF investments

Year Initially Appropriated	$ Amount Initially Appropriated to IHCIF	Year First Allocated by Formula Among Sites	Cumulative Amount Appropriated each year	Included in Recipient Site's Base Budget in Years*
FY 2001	40,000,000	FY 2001	40,000,000	2002 - 2008
FY 2002	23,000,000	FY 2002	63,000,000	2003 - 2008
FY 2003	26,212,000	FY 2003	89,212,000	2004 - 2008
FY 2004	-	NA	89,212,000	2005 - 2008
FY 2005	11,093,710	FY 2005	100,305,710	2006 - 2008
FY 2006	-	NA	100,305,710	2007 - 2008
FY 2007	-	NA	100,305,710	2008 - 2008
FY 2008	14,000,000	NA	114,305,710	2008 -
Total Allocated by Formula in Year First Appropriated	114,305,710			
Cumulative Total Appropriated During 7 Year Period			696,646,840	

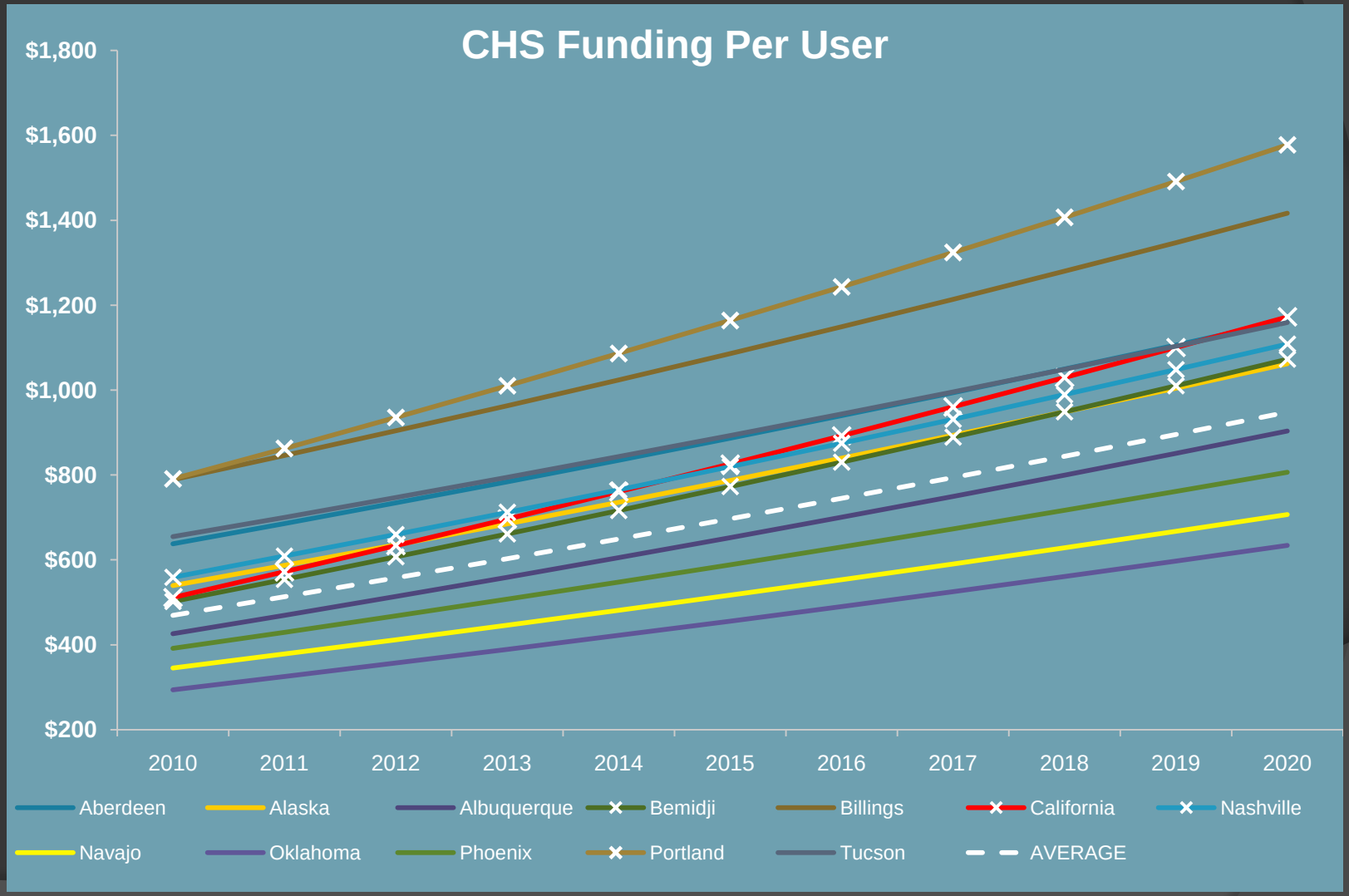
Hospitals vs. Clinics
The CHS Formula won't bring equity

FY 2010 CHS Program Increase Formula ($100,000,000) - By Area Units

Operating Units in Area	USERS-09	Cost Part (75%)			Access Part (25%)			Both Parts (rounded sum)
		Price Index	Cost Score (Users * Price Index)	Allocation ($48.70 per cost scrore pt)	Hosp. Access? No,Yes	Access Score (Users * Hosp. Access)	Allocation ($44.58 per access score pt)	
Grand Total	1,500,044		1,540,183	$ 75,003,000		560,695	24,997,000	$ 100,000,000
Aberdeen Area	121,903		123,801	$ 6,028,000		43,093	$ 1,921,000	$ 7,949,000
Alaska Area	138,298		180,605	$ 8,794,000		24,947	$ 1,113,000	$ 9,907,000
Albuquerque Area	85,946		83,789	$ 4,080,000		43,581	$ 1,943,000	$ 6,023,000
Albuquerque Area	85,946		83,789	$ 4,080,000		43,581	$ 1,943,000	$ 6,023,000
Bemidji Area	102,782		101,212	$ 4,927,000		83,098	$ 3,704,000	$ 8,631,000
Billings Area	70,863		71,688	$ 3,491,000		41,924	$ 1,869,000	$ 5,360,000
California Area	78,682		85,224	$ 4,154,000		85,224	$ 3,798,000	$ 7,952,000
Nashville Area	51,491		51,524	$ 2,509,000		31,160	$ 1,390,000	$ 3,899,000
Navajo Area	242,331		240,992	$ 11,735,000		16,225	$ 723,000	$ 12,458,000
Oklahoma Area	318,923		300,316	$ 14,625,000		33,391	$ 1,489,000	$ 16,114,000
Phoenix Area	159,166		157,956	$ 7,694,000		33,802	$ 1,506,000	$ 9,200,000
Portland Area	104,097		117,769	$ 5,733,000		117,769	$ 5,252,000	$ 10,985,000
Tucson Area	25,562		25,306	$ 1,233,000		6,482	$ 289,000	$ 1,522,000

Allocations rounded to $000.

CHS Distribution Projections



IHCIF Basic Formula

Benchmark price by IHS Area per person divided into IHS funds per person assigned to each Operating Unit plus 25% add on for non IHS inputs. (ie. Medi Cal and Medicare collections)

$$\frac{\text{IHS funds + CMS funds}}{\text{Bench mark cost of care}} = \text{LNF}$$

Why is this not working?

- Active User counts unduplicated by Area creates a 5% increase in Phoenix, Navajo, and Albuquerque Areas
- CMS inputs are not a uniform 25% of cost

KAA Research findings

Table 10. 2004 Comparison of IHS Allowances for Health Care Services to Medicaid Payments for AI/ANs
By Area Office of IHS

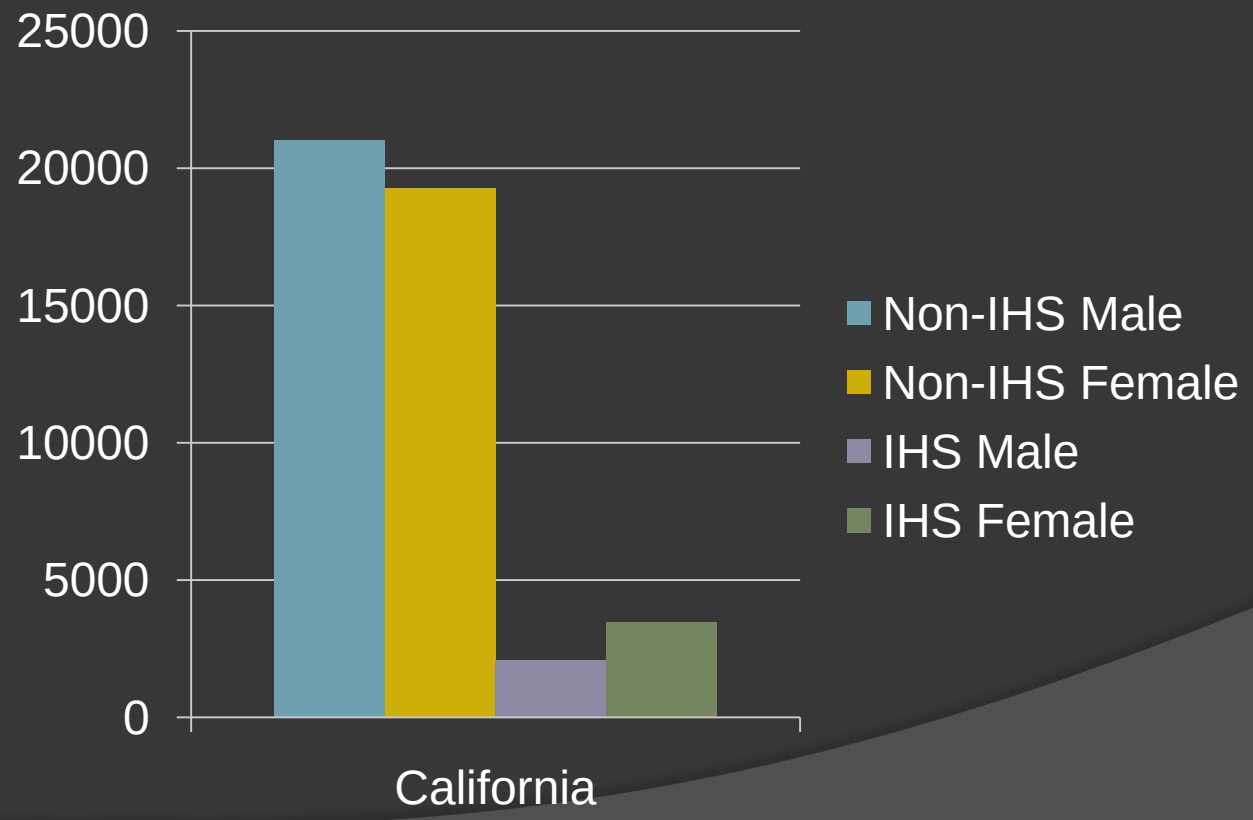
IHS Area	Medicaid Payments for IHS Users	IHS Allowances for Health Care Services	Medicaid as a Percentage of IHS Allowance
Tucson	$60,036,000	38,427,217	156.23%
Navajo	$419,865,000	307,030,302	136.75%
Phoenix	$209,266,000	221,540,291	94.46%
Alaska	$365,359,945	400,809,060	91.16%
Albuquerque	$107,573,000	121,532,318	88.51%
Billings	70,368,000	134,210,770	52.43%
Aberdeen	$100,167,000	$219,714,752	45.59%
Portland	$81,893,000	181,449,609	45.13%
Bemidji	$58,376,000	131,962,298	44.24%
Oklahoma	$94,891,000	344,864,621	27.52%
Nashville	$14,337,000	93,643,964	15.31%
California	$8,324,000	121,669,195	6.84%
	$1,590,455,945	$2,316,854,397	

CRIHB Research Findings

IHS Area		UNLINKED		Medicaid LINKED		Both	
		Number	Percent	Number	Percent	Number	Percent
1	Aberdeen	63,045	56%	49,903	44%	112,948	100%
2	Alaska	57,663	63%	33,857	37%	91,520	100%
3	Albuquerque	51,464	61%	33,378	39%	84,842	100%
4	Bemidji	54,675	65%	29,786	35%	84,461	100%
5	Billings	38,240	61%	24,485	39%	62,725	100%
6	California	45,454	71%	18,636	29%	64,090	100%
7	Nashville	25,499	78%	7,366	22%	32,865	100%
8	Navajo	104,536	51%	100,551	49%	205,087	100%
9	Oklahoma	186,360	74%	64,682	26%	251,042	100%
10	Phoenix	77,473	55%	63,193	45%	140,666	100%
11	Portland	48,150	66%	24,788	34%	72,938	100%
12	Tucson	10,614	49%	11,228	51%	21,842	100%
Unknown Area		13,024	87%	1,986	13%	15,010	100%
	All	776,197	63%	463,839	37%	1,240,036	100%

Medicaid Coverage will surge under health reform

- California population under 133% of Poverty – Uninsured AIANs



Health Reform: a chance to achieve equity

- If IHS can predict and measure the explosion of Medicaid coverage it can reallocate all new IHS funds to achieve equity without reducing the level of services in any given operating unit

Questions

Contact information:

Jim Crouch Executive Director
California Rural Indian Health Board
(916) 929-9761
james.crouch@crihb.net