



FEB 25 2015

Indian Health Service
Rockville MD 20852

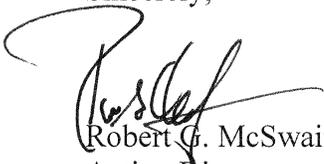
Ms. Carolyn N. Lerner
U.S. Office of Special Counsel
1730 M Street, NW
Suite 300
Washington, DC 20036

Dear Ms. Lerner:

I am responding to your May 29, 2014, letter transmitting your determination for Office of Special Counsel (OSC) File No. DI-13-3495 to the President. As requested, I am submitting the Indian Health Service (IHS) supplemental report that addresses the Agency's review of permissible uses of IHS funds appropriated for contract medical care.

I appreciate the opportunity to respond.

Sincerely,


Robert G. McSwain
Acting Director

Enclosure

U.S. OFFICE OF
SPECIAL COUNSEL
WASHINGTON, D.C.
2015 FEB 31 AM 8:02

Addendum to OSC File No. DI-13-3495 Report

The Indian Health Service (IHS) Purchased/Referred Care (PRC) Program, formerly known as the contract health services (CHS) program, reviewed existing policies governing the permissible uses of funds appropriated for contract medical care. Current IHS policies provide for the following uses:

- a. PRC funds are used to supplement and complement other health care resources available to eligible American Indian and Alaska Native (AI/AN) people. PRC funds are utilized in situations, where:
 - i. No IHS or Tribal direct care facility exists or the existing IHS or Tribal direct care element is incapable of providing required emergency and/or specialty care; and,
 - ii. All alternate resources are used prior to the expenditure of PRC funds.
- b. Hospital and Clinic funds, rather than PRC funds, must be used to support direct care whenever possible.
- c. PRC funds may be expended for services to support individuals receiving direct care in an IHS or Tribal facility to the extent the individual is eligible for direct services.
- d. PRC funds may be used to pay for travel costs of patients receiving health care services provided either directly by IHS, or under PRC. This includes to pay for qualified escorts and transportation by private vehicle (where no other transportation is available), specially equipped vehicle, ambulance or by other means required when air or motor vehicle transport is not available.
- e. PRC funds may be used for payment of services contracted to support direct care provided within the facility when patients are under the direct supervision of an IHS or Tribal physician or a contract physician practicing under the auspices of IHS or Tribal facility medical staff rules or regulations. The following services to be provided at a facility may be purchased with PRC funds only if they are required to maintain ongoing direct care activity that the facility has been unable to provide through direct hire.
 - i. Physician provider services in support of direct care (e.g., locum tenens),
 - ii. Non-physician medical care provider services that are required to maintain direct services.
- f. PRC funds may be used to purchase contract physician specialty services provided in the direct care setting (e.g., rheumatology, orthopedics).

Planned Revisions to Existing Policies

- g. IHS has determined that current policies governing the use of PRC funds to support direct care can be found in a number of separately issued discreet documents issued over a period of several years. The isolated nature of these policy issuances has likely contributed to confusion regarding the appropriate use of PRC funds to support direct care.
- h. IHS is updating the PRC chapter of the Indian Health Manual and intends to incorporate the approved uses into the revised and updated chapter to clarify permissible uses.
- i. IHS also intends to require IHS Area Offices and Service Units to seek approval for legally permissible uses that exceed revised policy limits. Any purchase of care using

PRC funding in support of direct care not consistent with the revised policies must be approved by the Director, Office of Resource Access and Partnerships 30 days in advance of the purchase.