

# National Indian Health Board



October 16, 2012

Dr. Robert Petzel, M.D.  
Under Secretary  
Department of Veterans Affairs  
810 Vermont Avenue  
Washington, D.C. 20420

Dr. Yvette Roubideaux, M.D., M.P.H., Director  
Indian Health Service  
Room 448, The Reyes Building  
801 Thompson Avenue  
Rockville, MD 20852

**RE: National All Inclusive Reimbursement Rate Agreement**

Dear Dr. Petzel, and Dr. Roubideaux:

On behalf of the National Indian Health Board (NIHB), I respectfully submit the following recommendation contained in this letter regarding the Department of Veterans Affairs' (VA) implementation of the reimbursement requirements under Section 405(c) of the Indian Health Care Improvement Act (IHCIA).<sup>1</sup> Tribes see the implementation of reimbursement rates as a top priority that remains to be fulfilled.

**NIHB recommends that all Tribal facilities and Indian Health Service (IHS) operating programs receive reimbursement from the VA for services provided to our Native American Veterans based upon the Medicaid All-Inclusive rate rather than the Medicare Fee Schedule cost reimbursement rate that is applicable to a Federally Qualified Health Center (FQHC).** This important issue will play a critical role in allowing AI/AN access to quality health care, especially as Tribes enter into negotiations with the VA for terms and conditions for reimbursement rates for ambulatory services.

In the April 5, 2012, "Final Consultation Draft" of the "Draft Agreement between the VA and IHS for Reimbursement for Direct Health Care Services" (Draft National Reimbursement Agreement), additional detail on the agreed upon payment methodologies was included. Included was Section VII Reimbursement for Direct Care Services, which further articulated VA's policy that reimbursement would be based at the Medicaid All-Inclusive Rate for outpatient hospital services. Initially, Tribes were pleased with the decision by VA to rely on the Medicaid All-Inclusive Rate approved by the IHS Director and published in the *Federal Register* as the basis of reimbursement.

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<sup>1</sup> Section 405(c) requires the VA to reimburse the IHS, an Indian Tribe or Tribal Organization "where services are provided through the Service, an Indian Tribe or a Tribal Organization to beneficiaries eligible for services from the [VA], notwithstanding any other provisions of law."



Now there appears to be confusion among the Tribes about the rate of reimbursement that Tribal health facilities and IHS will receive from the VA for services provided to AI/AN eligible veterans. Tribes had the opportunity last month at the NIHB Annual Consumer Conference in Denver, Colorado to discuss with the VA securing reimbursement for health care services provided to AI/AN eligible veterans. Following these discussions and a brief period of tribal consultations where the reimbursement rate was not an issue, the VA has now stated that the reimbursement rate will be the Medicare Fee Schedule as opposed to the original understanding by Tribes that the Medicaid All-Inclusive Rate would apply, which was contained in the VA's previously-published Draft Agreement with IHS.

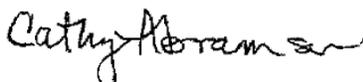
Reimbursement rates vary by payer source. For example, the Medicaid reimbursement rate is significantly higher than the Medicare FQHC rate for the same service. NIHB recommends that the reimbursement rate under the VA Agreement for all tribal health facilities be based upon the All-Inclusive Rate rather than the Medicare Fee Schedule reimbursement rate as an FQHC in order to cover the costs of care at these facilities to the eligible beneficiaries. Any proposed reductions in reimbursement rates could result in revenues to the facilities below the costs of providing the care to the AI/AN veterans.

As you already know, many of the Alaska Tribal Health Programs (ATHPs) have collectively negotiated and entered into agreements with the VA under which they will be reimbursed for health care services provided to AI/AN veterans based on the Medicaid All-Inclusive Rate. This historic agreement expands access to health care to Alaska's veterans. Already, enrollment efforts have been redoubled and the number of enrolled AI/AN veterans is increasing in Alaska. Similar to the successfully negotiated agreements between ATHPs and the VA, NIHB believes the Medicaid All-Inclusive Rate to be the appropriate reimbursement rate for all Tribes throughout Indian Country.

I respectfully ask that you consider our recommendation outlined above, specifically that all tribal health facilities and IHS receive the Medicaid All-Inclusive reimbursement rate from the VA for services provided to eligible AI/AN veterans instead of the Medicare Fee Schedule rate as an FQHC.

Thank you in advance for consideration of these recommendations as we jointly work to advance the health status of AI/AN individuals and communities across the United States.

Yours in Health,



Cathy Abramson  
Chairperson  
National Indian Health Board

