Medicare-Like Rates for Non-Hospital Services

National Indian Health Board

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Background

- Purchased/Referred Care (formerly Contract Health Services), like the rest of the IHS budget, continues to be underfunded.

- Limited funds lead to the denial/deferral of necessary care:
  - FY 2013: PRC denied an estimated 146,928 services to eligible AI/AN, approx. $760,855,000

- 2003: Congress amended Medicare law to cap what IHS/Tribal PRC Programs must pay to hospitals

2013 Government Accountability Office Report

- IHS/Tribes routinely pay artificially-inflated full-billed charges for non-hospital PRC services—up to 70% more than Medicare and other payers.

- If IHS/Tribes paid a "Medicare-Like" Rate for the same services, could provide an estimated additional 253,000 services annually

- GAO Recommendation: Congress should pass legislation capping the rates that IHS/Tribes pay for non-hospital services at the Medicare level

Legislative Effort

- NIHB/USET, T/TO partner to seek the introduction of legislation to implement Medicare-Like Rates for non-hospital services.

- Main Talking Points:
  - More services for AI/AN people
    - Savings from lower rate must be returned to Indian Health System
  - No cost to the federal government
  - Parity for the Indian Health System
  - Continued access-to-care

Legislative Effort *Cont.*

- 113th Congress: H.R. 4843, Native Contract and Rate Expenditure (CARE) Act
  - Introduced by Reps. Betty McCollum (D-MN) and Tom Cole (R-OK)—Diverse, bi-partisan co-sponsors
  - Amends Social Security Act to expand Medicare-Like Rate Cap to all Medicare-participating providers and suppliers
  - Ensures continued access-to-care by making acceptance of the rate a condition of Medicare participation
    - Opposition from the American Medical Association
  - Introduction of legislation with enforcement provision stalled in Senate

Regulatory Effort

- December 2013: IHS Consults on whether to expand Medicare-Like Rate cap to non-hospital services

  – Tribes and Tribal Organizations: Favor expansion via legislation to preserve access-to-care
    - Need change in law to make acceptance of lower rate a condition of Medicare participation
    - Openness to considering interim measures

Regulatory Effort *Cont.*

- December 2014: IHS Requests Comments on Proposed Medicare-Like Rate Regulation
- Concern that regulation as written will create access-to-care issue
    - Tribal Red-Line Modifications:
        - "safety valve" to allow Tribes to negotiate higher rate with providers who cannot accept MLR
            - » Rate cannot be higher than the lowest rate the provider would accept from a private insurer for the same service
        - "opt out" provision for Title I Tribes and Tribes that have higher negotiated rates with providers
- Outside Provider comments
    - Oppose:
        - American Medical Assoc.
        - American Ambulance Assoc.
    - Support:
        - American Academy of Pediatrics

Next Steps

- Urge IHS to complete rulemaking on regulation
  - Tribal consultation
- Urge Congress to re-introduce Medicare-Like Rates legislation with “Condition of Participation” provision
- Educate AMA and other physician groups on the need for Medicare-Like Rates legislation

Thank You

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