



JUL 19 2007

Dear Tribal Leader/Urban Program Director:

I am pleased to announce that on June 4 the Indian Health Service (IHS) and the Centers for Medicare & Medicaid Services (CMS) published the much anticipated final rule implementing "Medicare-like" payment rates. The "Medicare-like" payment rate will constitute payment in full to Medicare-participating hospitals that deliver services to American Indians and Alaska Natives referred through IHS-funded programs. The final rule, entitled "*Section 506 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003—Limitation on Charges for Services Furnished by Medicare Participating Inpatient Hospitals to Individuals Eligible for Care Purchased by Indian Health Programs*" (72 FR 30706), includes all IHS-funded health care programs, whether operated by the IHS, Tribes, Tribal organizations, or Urban Indian organizations. The effective date for the final rule was July 5. I have enclosed a copy of the rulemaking and a related press release for your review.

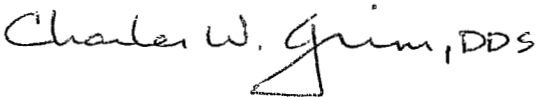
The June 4 final rule amends the regulations at Title 42, Code of Federal Regulations (CFR), Part 136, by adding a new Subpart D to describe the "Medicare-like" rate payment methodology. The payment methodology applies to all levels of care furnished by a Medicare-participating hospital, whether provided as inpatient, outpatient, skilled nursing facility care, as other services of a department, subunit, distinct part, or other component of a hospital (including services furnished directly by the hospital or under arrangements) that is authorized under Part 136, Subpart C by a contract health service (CHS) program of the IHS or authorized by a Tribe or Tribal organization carrying out a CHS program of the IHS under the Indian Self-Determination and Education Assistance Act, as amended, (Public Law 93-638) or authorized for purchase under Section 136.31 by an Urban Indian organization.

The "Medicare-like" rates regulations will reduce contract health expenses for hospital services and enable Indian health programs to use the resulting savings to increase services to their beneficiaries. To ensure that Tribal and Urban programs get the information needed to make the most of the new regulations, IHS Headquarters CHS staff have developed a Web site to explain the regulations and provide notices about training opportunities. The Web site is located at www.ihs.gov/nonmedicalprograms/mlri/. Training will also be available on "CMS Day" at the Annual National Indian Health Board Consumer Conference, scheduled for September 27, in Portland, Oregon.

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Please contact Ms. Brenda Jeanotte-Smith, Director, CHS, IHS, at (301) 443-2694 if you have questions or need additional information.

Sincerely yours,

A handwritten signature in black ink that reads "Charles W. Grim, DDS". The signature is written in a cursive style with a large, stylized "G" and "D".

Charles W. Grim, D.D.S., M.H.S.A.
Assistant Surgeon General
Acting Director

Enclosures