



PAYMENT PARITY FOR INDIAN HEALTH CARE PROVIDERS

Clarifying facts and challenging misconceptions of 100% FMAP for urban Indian organizations (UIO)

Endorsement

Seattle Indian Health Board supports
H.R. 6533 – Urban Indian Health Parity Act.

What is Federal Medical Assistance Percentage (FMAP)?

The Federal Medical Assistance Percentages (FMAP) are reimbursement rates set by the federal government for state—and some tribal expenditures—on certain programs including Medicaid.

FMAP rates are determined by formulas set in the Social Security Act (SSA) 1905(b) and updated periodically through statute or annual review. In 2017, Centers for Medicare & Medicaid Services (CMS) stated that they would not attempt an administrative fix because the SSA is a statute requiring a legislative fix. This means that SSA 1905(b) would have to be amended by Congress and signed by the President into law.

Background on FMAP Coverage for the Indian Healthcare System

Since 1976, Congress has authorized 100% FMAP for American Indian and Alaska Native (AI/AN) Medicaid encounters at tribal and Indian Health Service (IHS) facilities to address the chronic underfunding of the Indian health care system, and to fulfill its trust and treaty obligations to AI/AN citizens.

Despite being Indian health care providers as stipulated by section IV of the Indian Health Care Improvement Act (IHCIA), UIO facilities are the only part of the Indian healthcare system² that are not eligible for 100% FMAP payment.

Expected Impact of Extending 100% FMAP to UIOs

Increased funding for UIOs: The extension of 100% FMAP to UIOs would cover gaps in Medicaid costs to support the delivery of healthcare services. The average UIO³ grant, or contract from IHS, is \$281,128. As a result, many UIOs rely on third-party reimbursements from Medicaid, Medicare, and private health insurance to provide basic services.

State savings: Extending 100% FMAP will benefit states by assisting with stabilizing the healthcare economy, generating savings for the state general fund, and encouraging innovation with CMS.

Federal budgets: FMAP is administered by CMS. FMAP eligibility is not a factor in formulating the IHS budget or existing mandatory spending for Medicaid encounters at IHS and tribal facilities.



A Success Story: 100% FMAP Savings Used to Reopen Seattle Indian Health Board's Thunderbird Treatment Center

The American Rescue Plan Act (ARPA) of 2021 temporarily extended 100% FMAP to urban Indian organizations (UIOs) for two years. Washington State's Indian Health Reinvestment Account captured the state's cost savings from 100% FMAP, totaling \$22 million, and reinvested them into Washington's two UIOs—including SIHB. In October 2022, SIHB was awarded \$11 million from the reinvestment account and will be using these funds to support the expansion and re-opening of Thunderbird Treatment Center—our 92-bed, in-patient facility.

References

1. There are 41 urban Indian organizations (UIO) authorized by Title V of IHCIA as amended and designated by IHS. UIOs operate 74 health facilities in 22 states and approximately 45% receive Medicaid reimbursement as Federally Qualified Health Centers.
2. The Indian healthcare system refers to the hundreds of Indian Health Care Providers at IHS Direct, Tribal 638, and Urban Indian Health Program facilities providing healthcare to 2.5 million American Indian and Alaska Native citizens nationwide.
3. Indian Health Services fiscal year 2021: Justification of estimates for appropriations committee. *HHS*. 2021.