

# Indian Health Service Contract Support Costs Update

# IHS Business Principles & Goals

- Comply with mandate to pay full CSC need
- Improve communication
- Improve business practices
  - consistency and fairness for all Tribes
- Continued progress on past claims for CSC
- Implement IHS CSC Policy

# IHS CSC Policy – Changes/Updates

- Overall goal is to simplify and streamline the process
- IHS CSC Policy – Posted on IHS Website
- Where necessary, the Workgroup agreed to reference: Code of Federal Regulations; 25 United States Code (U.S.C.) 450j-1(a)
- Where necessary, IHS and Tribes cited differences using footnotes
- Annual CSC Calculation Tool (ACC) Summary Page to be included as Exhibit

# IHS CSC Policy – Changes/Updates

- **P.3** Includes Guiding Principles
- **P.5** Expanded on definitions to assure and support broad understanding and consistent application
- **P.11** Determining CSC Requirements
- **P.12** Startup and Pre-Award – paid on one time basis
  - Paid during the initial 12-month period
  - Within 90 days after the initial year or 12 months, the Awardee will certify that all funds were spent for the negotiated purposes
  - Advance of the assumption, the Awardee will provide written notice of nature and extent of funds required (pre-award)
  - Acknowledgement of Tribe's request – Includes sample letter due within 10 days of receipt of request.

# IHS CSC Policy – Changes/Updates

- **P.12 Direct CSC**
  - Tribes recommend using the medical inflation rate – IHS is working on this request – if approved, IHS will implement without any delays. Request noted as a footnote
  - Apply the inflation rate by the end of the first quarter (final percentage issued in November)
- **P.14 Indirect CSC**
  - Determine if prior year funds were expended; verify that the total health care costs exceed the IHS funded amount.
  - Includes option for most Tribes to close out 90 days after the contract term
    - Use of indirect cost rates
      - Fixed w/ Carry Forward – current or one year old rate
      - Provisional/final – 2 year – final rate
    - Allows for grace period for 2014 - 2017

# IHS CSC Policy – Changes/Updates

- **P.17** Alternate Methods for Calculating indirect costs (IDC) Associated with Recurring Service Unit Shares
  - Alternative A – IHS and Awardee negotiate detailed analysis
  - Alternative B – Awardee’s option to elect a simplified method and use 97% / 3%, 3% of the service unit funding will be considered IDC.
    - Triggers identified for when ongoing Compactors/Contractors would need to renegotiate IDC associated with Recurring Service Unit Shares
- **P.19** Payments
  - Data reconciliation and payment will continue to be made on a quarterly basis.

# CSC Calculation/Final Closeout

- 90 Days after the contract term ends
- Data
  - IDC Rate changes – current or 1 year old (transition years)
  - Pass throughs and exclusions
  - Final base funding
- Communication with Tribes
  - Overpayments - Notice to Tribe
  - Share documentation used to determine overpayment
  - Agreement on CSC need
  - Follow up with appropriate amendments or modifications
- Bilateral Agreement

# Annual Contract Support Costs Calculation Tool

## The "ACC Tool"

Contract Support Costs (CSC) Negotiation Template (FY 20XX)			
<b>Check one box:</b>			
Estimate of CSC need	<input type="checkbox"/>		
Final CSC Reconciliation	<input type="checkbox"/>		
<b>Check one box:</b>			
FA Amendment	<input type="checkbox"/>	Number	# _____
FA CFR	<input type="checkbox"/>	#	# _____
<b>Date Completed:</b> _____			
Tribes: Example Tribe	Subtotals	Totals	Source of Inputs
<b>A</b> Program (Service Unit) Funding	\$655,943.00		Recurring and Non-Recurring Eligible Funding for the T/TO's Programs, Functions, Services, or Activities (PFSA) at the Service Unit Level.
<b>A.1</b> Expenditures from carryover funds for which CSC was not funded, net of pass-throughs and exclusions	\$0.00		Pursuant to Section 6-3.2(E)(1)(b)(1)(b)(i). This is determined not by how the tribe allocates funds in its accounting, but by how IHS calculates CSC in the year in issue.
<b>B</b> Total Area Tribal Shares	\$25,000.00		Recurring and Non-Recurring Eligible Funding for the T/TO's PFSA at the Area Level (Area Office Tribal Shares, or AOTS).
<b>C</b> Total Headquarters Tribal Shares	\$10,000.00		Recurring and Non-Recurring Eligible Funding for the T/TO's PFSA at the Headquarters Level (Headquarters Tribal Shares, or HQTS).
<b>D</b> Total 106(a)(1)	\$690,943.00		Items A + B + C (Total Recurring and Non-Recurring eligible funding awarded under 106(a)(1) of the ISDEAA)
<b>E.1</b> Identified Indirect Costs (IDC) Associated With Recurring Service Unit Shares	\$0.00		Negotiated and calculated pursuant to Section 6-3.2(E)(3)(a) case-by-case analysis or (b) 97-3 method.
<b>E.2</b> IDC Associated With Tribal Shares	\$7,000.00		Negotiated and calculated pursuant to Section 6-3.2(E)(4)(a) case-by-case analysis or (b) 80-20 method.
<b>E.3</b> Total IDC Associated With 106(a)(1)	\$7,000.00		This represents PFSA funded in the 106(a)(1) amount determined to be duplicative of T/TO IDC Costs.
<b>F</b> Direct Costs Funded through 106(a)(1)		\$683,943.00	Item D - E.3
<b>G</b> Prior Year Direct CSC (DCSC) Need	\$76,390.00		Per prior-year agreement.
<b>H</b> Inflation Factor	1.6%		To be provided by IHS when final inflation rate for previous year becomes available (usually in November). Final rate would be used to update this amount, and award tribe inflation on DCSC at the end of IHS's first quarter. See Section 6-3.2(D)(3), including footnote 3.
<b>I.1</b>	\$77,612.24		D21-22 will automatically incorporate either the prior-year DCSC need (reflected in D21) or, if there is a current-year renegotiation, the renegotiated amount (reflected in D22). Summarizes the negotiation for Nonrecurring Pre-Award and Startup costs for new or expanded PSFA's in the upcoming year.
<b>I.2</b> Current Year DCSC Need	\$0.00	\$77,612.24	
<b>I.3</b> Startup and Pre-Award Need		\$450.00	
<b>J</b> Total Direct Costs		\$762,005.24	Items F + I, but subject to Section 6-3.2, Section E.1.a, Estimate of Indirect CSC Need and Funding Prior to the Contract Year and E.1.b, Determination of Final Amount for Indirect CSC Need and Funding.
<b>K</b> Less: Passthroughs and Exclusions		\$14,262.29	The amount of passthroughs and exclusions funded by IHS.
<b>L</b> Direct Cost Base		\$747,742.95	Item J - K
<b>M</b> Most current IDC rate		25.12%	Current IDC rate. If T/TO has multiple IDC rates, enter blended rate and submit detailed calculation of the blended rate.
<b>N</b> IDC Need (Non-Recurring) Based on IDC Rate		\$187,833.03	Item L * M (Direct Cost Base x IDC Rate)
<b>O</b> Indirect Costs (IDC) Associated with 106(a)(1)		\$7,000.00	Item E
<b>P</b> Current-Year Indirect CSC Need		\$180,833.03	Item N - O (Total IDC need less IDC associated with 106(a)(1)).
<b>Q</b> IDC-Type Costs		\$0.00	As negotiated. Enter \$0 if the T/TO negotiates indirect CSC solely based on its IDC rate, pursuant to 6-3.2(E)(2) also Exhibit H, footnote 5.
<b>R</b> Current-Year Total CSC Need		\$258,445.27	Items I + P (Total need for DCSC and indirect CSC)
<b>S</b> Current-Year DCSC Need		\$77,612.24	Item I
<b>T</b> Total DCSC Paid Year-to-Date		\$0.00	Total DCSC funding paid to the tribe/tribal organization (T/TO) year-to-date.
<b>U</b> Current-Year Indirect CSC Need		\$180,833.03	Items P + Q
<b>V</b> Total Indirect CSC Paid Year-to-Date		\$100,000.00	Total indirect CSC funding paid to the T/TO year-to-date.
<b>W</b> Current-Year Startup and Pre-Award Need		\$450.00	Item I.1
<b>X</b> Total Startup and Pre-Award CSC Paid Year-to-Date		\$0.00	Total Startup and Pre-Award CSC funding paid to the T/TO year-to-date.

Note Regarding Sub -Awards: The template awards CSC on the direct cost base incurred by the T/TO. If the T/TO has an agreement(s) with a sub-awardee whose costs are eligible to be considered in the CSC need of the T/TO AND the T/TO treats sub-awards as a passthrough cost when determining its direct cost base, the total CSC negotiated can be adjusted to incorporate eligible costs specifically identified for each sub-awardee (while recognizing sub-awardee passthroughs and exclusions and the sub-awardee's indirect cost rate).



### Contract Support Costs (CSC) Negotiation Template

Tribe: Example Tribe	Subtotals	Totals	Source of Inputs
A Program (Service Unit) Funding	\$81,564.00		Recurring and Non-Recurring Eligible Funding for the T/TO's Programs, Functions, Services, or Activities (PFSA) at the Service Unit Level (From Cell B65 of "Funding Support" Tab)
B Total Area Tribal Shares	\$270,299.00		Recurring and Non-Recurring Eligible Funding for the T/TO's PFSA at the Area Level (Area Office Tribal Shares, or AOTS) (From Cell C65 of "Funding Support" Tab)
C Total Headquarters Tribal Shares	\$0.00		Recurring and Non-Recurring Eligible Funding for the T/TO's PFSA at the Headquarters Level (Headquarters Tribal Shares, or HQTS) (From Cell D65 of "Funding Support" Tab)
D Total 106(a)(1)	<u>\$351,863.00</u>		Items A + B + C (Total Recurring and Non-Recurring eligible funding awarded under 106(a)(1) of the ISDEAA)
E Indirect Costs (IDC) funded Through 106(a)(1)	<u>\$54,059.80</u>		From Cell B3 of the Duplication tab. This represents PFSA funded in the 106(a)(1) amount, that T/TO put into their IDC pools. The amount of duplication should be calculated by identifying PFSA carried on by IHS and the corresponding activities in a T/TO's IDC rate or through an IDC-type cost negotiation. This includes the calculation on AOTS and HQTS that is commonly known as the 80/20 split.
F Direct Costs Funded through 106(a)(1)		\$297,803.20	Item D - E
G Prior Year Direct CSC (DCSC) Need	\$51,194.00		Per prior-year agreement.
H Inflation Factor	1.6%		To be provided from IHS when final non-medical fiscal rate for previous year becomes available (usually in November). Final rate would be used to update this amount, and award tribe inflation on DCSC.
I Current Year DCSC Estimated Need	\$52,013.10	<u>\$52,013.10</u>	E13 will automatically incorporate either the prior-year DCSC need (reflected in D12) or, if there is a current-year renegotiation, the renegotiated amount (reflected in D13, which is pulled from Cell D49 of the "DCSC Negotiation" tab).
	\$0.00		
J Total Direct Costs		\$349,816.30	Items F + I

**SUMMARY WORKSHEET**

Funding Support

CSC Funding

Direct Cost Base

Duplication

IDC Rate

DCSC Negotiation

Indirect - Type Cost ...



# CSC Consultation – CSC Policy

## Consultation Period (60 days): April 12 - June 8

- Comments may be sent to [consultation@ihs.gov](mailto:consultation@ihs.gov) or directly to the IHS
- Includes three consultation sessions:
  - Thursday/Friday, April 14-15 (Phoenix, AZ): Region 9 HHS Consultation (California, Navajo, Phoenix and Tucson Areas)
  - Tuesday, April 26 (Orlando, Florida): Annual Self-Governance Conference - Plenary Session
  - Thursday/Friday, May 12-13 (Suquamish, Washington): Region 10 HHS Consultation (Alaska and Portland Areas)

# CSC Consultation – CSC Policy

## **Compile and Review Comments (30 days) – due August 8**

- Monitor and organize comments received electronically ([consultation@ihs.gov](mailto:consultation@ihs.gov)) or by mail.

## **Convene IHS CSC Workgroup** – mid-August (date TBD)

- Goal of Workgroup meeting is to: 1) report and review consultation comments, input and recommendations and 2) finalize policy and exhibits.

## **Publish updated Indian Health Manual, Part 6, Chapter 3 – Contract Support Costs – September** (date TBD)

- IHS Indian Health Manual will be updated on IHS website
- Letter to Tribal Leaders to close out consultation and share updated policy
  - Review Comments
  - Implement Policy
  - Training

# Questions?

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