



IHS CSC Policy Update

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What are contract support costs (CSC)?

- **Statutory definition** (25 U.S.C. § 450j-1(a)(2)):

[A]n amount for the reasonable costs for activities which must be carried on by a tribal organization as a contractor to ensure compliance with the terms of the contract and prudent management, but which—

(A) normally are not carried on by the respective Secretary in his direct operation of the program; or

(B) are provided by the Secretary in support of the contracted program from resources other than those under contract.



What are contract support costs (CSC)?

- **Differing interpretations** (Draft CSC Policy, § 6-3.2, Footnote 1)

IHS position: To be eligible for CSC funding, the underlying activity must be one that IHS does not normally carry on or provided from resources not transferred in the contract.

Tribal position: The ISDEAA expressly defines CSC to include both funds required for administrative and other overhead expenses and “direct” type expenses of program operation, and that in the event the Secretarial amount for a particular function, activity or cost proves to be insufficient in light of a contractor’s needs for prudent management of the contract, CSC funding is to be available to supplement such sums so that health services do not have to be reduced in order to pay for the insufficiency.



Types of CSC

- **Direct CSC** (§ 6-3.2D): pays for expenses directly attributable to the program, such as state unemployment insurance
 - Receive every year
 - As of FY 2017, increased by the medical inflation rate until renegotiated
- **Indirect CSC**(§ 6-3.2E): cover administrative and overhead costs; usually calculated according to a Tribe's indirect cost rate
 - Receive every year
 - Amount usually depends on your indirect cost rate
 - May be an offset for “duplication” (more below)

Types of CSC

- **Pre-award and startup costs** (§ 6-3.2C):
 - cover the expenses of planning, preparing for and assuming a new or expanded program
 - For expenses incurred before assumption and during the initial year of operation (25 U.S.C. § 450j-1(a)(5), (6))
 - One-time payment, must be negotiated

Where do I get CSC information?

**2012 Report to Congress on Funding Needs
For Contract Support Costs of Self-Determination Awards
(Based on Fiscal Year 2011 Data)**



**In Response to:
Section 106(c) of Public Law 93-638, as amended**

Prepared by the
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Where do I get CSC information?

- **IHS CSC Policy link:**

https://www.ihs.gov/IHM/index.cfm?module=dsp_ihm_pc_p6c3

- **IHS CSC Reports:**

<https://www.ihs.gov/newsroom/reportstocongress/>

- **IHS CSC Training Link:**

<https://www.ihs.gov/ODSCT/index.cfm/contract-support-costs/>



CSC Policy Background

- **CSC policies**

- 1992 Memorandum
- 1996, 2000, 2001, 2004 Policy Circulars
- Indian Health Manual Part 6, Chapter 3 (2007)
- October 27, 2016: Updated Manual

- **Timeline of full CSC funding**

- June 2012: Ramah decision
- FY 2014: Congress requires full CSC funding
- FY 2017: IHS updates CSC policy, now seeks to reconcile for 2014-2016



IHS Draft CSC Policy—Major Changes

- **Duplication** (§ 6-3.2E(3))
 - IHS historically imposed an 80/20 split for Area and Headquarters tribal shares
 - IHS’s new interpretation based on activities
 - 97/3 compromise for Service Unit shares
 - “triggers” that cause a duplication review
 - (1) assuming a new program or new staff from a Joint Venture; (2) new types of costs in the IDC pool; (3) request to renegotiate



IHS Draft CSC Policy—Major Changes

- **Duplication Example**

Type of Cost	Tribal Costs	Duplication in 106(a)(1) Amount	Tribal Position	IHS Position
Exec Director	200	0	200	200
Facilities	500	50	450	0
Finance	400	200	200	0
Human Resources	300	100	200	0
Procurement	200	100	100	0
Billing	400	0	400	0
Total	2000	450	1550	200



IHS Draft CSC Policy—Major Changes

- **Reconciliation** (§ 6-3.2E(1)(b))
 - CSC payments linked with expenditures
 - Incurred/actual cost method
 - Startup costs
 - Certification needed



IHS Draft CSC Policy—Major Changes Continued

- **Direct CSC renegotiation** (§ 6-3.2D(2))
 - Triggers:
 - Request to renegotiate
 - Cost funded as DCSC moved into IDC pool
 - Withdrawal
 - IPA/MOA employees converting to direct hire



IHS Draft CSC Policy—Major Changes Continued

- **Indirect cost rates** (§ 6-3.2E(1))
 - To estimate CSC at the beginning of the year, can be up to 3 years old
 - To close out contract years, must be up to 1 year old
- **Indirect-type costs** (§ 6-3.2E(2))
- **Overpayments** (§ 6-3.2E(1))



Calculating CSC Amounts

- **ACC template**

- Summary page (Manual Exhibit F)
- Supporting tabs not included
 - Some are controversial, e.g. 62% cap on salaries in DCSC calculation
 - Programs not included in CSC calculation (e.g. MSPI/DVPI)



Calculating CSC Amounts—ACC Template

Manual Exhibit 6-3-F

Check one box:
 Estimate of CSC Need
 Final CSC Reconciliation

Check one box:
 FA Amendment # _____
 FA Cumulative Funding Report (CFR) # _____

Date Completed: _____

Tribe/Tribal Organization (T/TO): _____ Example T/TO

	Funding/Costs	Subtotals	Totals	Source of Inputs
A	Program (Service Unit) Funding	\$655,043.00		Recurring and non-recurring eligible funding for the T/TO's programs, functions, services, or activities (PFSA) at the Service Unit level. Depending upon the structure of an awardee's indirect cost (IDC) rate, this may include buy-backs.
A.1	Expenditures from Carryover Funds (for which CSC was not funded previously), Net of Pass-throughs and Exclusions	\$0.00		Pursuant to Section 6-3.2.E.1.b.1.b.1. This is determined by whether the parties included the funds in the CSC calculation in the year awarded and not by how the T/TO allocates funding in its accounting records.
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).
C	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).
D	Total Secretarial Amount	\$690,043.00		Items A + B + C (Total recurring and non-recurring eligible funding awarded under the Secretarial Amount).
E.1	IDC Associated With -Recurring Service Unit Shares	\$0.00		Negotiated and calculated pursuant to Section 6-3.2.E.3 either: (a) case-by-case analysis, or (b) 97-3 method.

¹ This Template is a tool used by the Indian Health Service (IHS) for calculating and negotiating CSC. Neither this Template nor any other negotiation documents creates a contractual obligation on behalf of either IHS or a T/TO. The CSC amount that the parties agree is required under any Indian Self-Determination and Education Assistance Act (ISDEAA) agreement will be identified in the agreement itself.

Calculating CSC Amounts

Tribe: Example Tribe
 FY: 2015
 Identify Source Document(s) Used:

Table 1. Total Funding from IHS through the ISDEAA Agreement

Note: The funding entered into Table 1 should include all funding awarded or passed through the ISDEAA agreement (including retained services and buybacks, if identified on the funding document), except for indirect CSC or DCSC funding, which should not be included in this tab.

Categories	Service Unit	AOTS	HQTS	Total Funding
Hospitals & Clinics	\$655,943.00	\$25,000.00	\$10,000.00	\$690,943.00
Dental	\$0.00	\$0.00	\$0.00	\$0.00
Mental Health	\$0.00	\$0.00	\$0.00	\$0.00
Alcohol & Substance Abuse	\$0.00	\$0.00	\$0.00	\$0.00
Public Health Nursing	\$0.00	\$0.00	\$0.00	\$0.00
Health Education	\$0.00	\$0.00	\$0.00	\$0.00
Community Health Reps.	\$0.00	\$0.00	\$0.00	\$0.00
Direct Operations	\$0.00	\$0.00	\$0.00	\$0.00
Self-Governance	\$0.00	\$0.00	\$0.00	\$0.00
Immunizations	\$0.00	\$0.00	\$0.00	\$0.00
Purchase & Referred Care (aka CHS)	\$0.00	\$0.00	\$0.00	\$0.00
Purchase & Referred Care (FI)	\$0.00	\$0.00	\$0.00	\$0.00
Environmental Health Support	\$0.00	\$0.00	\$0.00	\$0.00
Facilities Support	\$0.00	\$0.00	\$0.00	\$0.00
OEHE Support (HQ Shares)	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance & Improvement	\$0.00	\$0.00	\$0.00	\$0.00
Equipment	\$0.00	\$0.00	\$0.00	\$0.00
H&C-Severance Pay, Dir Em	\$0.00	\$0.00	\$0.00	\$0.00
Self Governance	\$0.00	\$0.00	\$0.00	\$0.00
MSPI	\$0.00	\$0.00	\$0.00	\$0.00
DVPI	\$0.00	\$0.00	\$0.00	\$0.00
CHEP	\$0.00	\$0.00	\$0.00	\$0.00
GPRA	\$0.00	\$0.00	\$0.00	\$0.00
EPA	\$0.00	\$0.00	\$0.00	\$0.00
Private Insurance	\$0.00	\$0.00	\$0.00	\$0.00
Medicare	\$0.00	\$0.00	\$0.00	\$0.00
Medicaid	\$0.00	\$0.00	\$0.00	\$0.00
Sanitation Facilities Projects	\$0.00	\$0.00	\$0.00	\$0.00
Sanitation Facility - Housing	\$0.00	\$0.00	\$0.00	\$0.00
Sanitation Facilities - Regular	\$0.00	\$0.00	\$0.00	\$0.00
Other (List)	\$0.00	\$0.00	\$0.00	\$0.00
Other (List)	\$0.00	\$0.00	\$0.00	\$0.00
Other (List)	\$0.00	\$0.00	\$0.00	\$0.00
Total Funding (Less CSC)	\$655,943.00	\$25,000.00	\$10,000.00	\$690,943.00

Table 2: Less: Funding Ineligible for CSC

Note: Funding amounts for categories listed in Table 2 may be in other categories in Table 1. As a result, items highlighted in red in Table 2 may need to be entered manually if the funds are included in a different category in Table 1, since the amount will not automatically populate.

Categories	Total Service Unit	AOTS	HQTS	Total Funding
MSPI	\$0.00	\$0.00	\$0.00	\$0.00
DVPI	\$0.00	\$0.00	\$0.00	\$0.00
CHEP	\$0.00	\$0.00	\$0.00	\$0.00
GPRA	\$0.00	\$0.00	\$0.00	\$0.00
EPA	\$0.00	\$0.00	\$0.00	\$0.00
Private Insurance	\$0.00	\$0.00	\$0.00	\$0.00
Medicare	\$0.00	\$0.00	\$0.00	\$0.00
Medicaid	\$0.00	\$0.00	\$0.00	\$0.00
Sanitation Facilities Projects	\$0.00	\$0.00	\$0.00	\$0.00
Sanitation Facility - Housing	\$0.00	\$0.00	\$0.00	\$0.00
Sanitation Facilities - Regular	\$0.00	\$0.00	\$0.00	\$0.00
Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00
Retained Services	\$0.00	\$0.00	\$0.00	\$0.00
Other (List)	\$0.00	\$0.00	\$0.00	\$0.00

CSC Recommendations Moving Forward

- Do your own CSC calculations and “double check” IHS’s math
- Close out CSC calculations with IHS at the end of each year*
- Spend IHS funds first

