STATES AGAIN SHOULD THE COST OF AN UNMET FEDERAL TRUST RESPONSIBILITY

Congress Must Reauthorize 100% FMAP for Urban Indian Health Care
EXECUTIVE SUMMARY

The federal government has a trust responsibility to provide “[f]ederal health services to maintain and improve the health of the Indians.” Medicaid plays a critical role in fulfilling this trust responsibility to American Indians and Alaska Natives (AI/ANs). A 2020 report from the Medicaid and CHIP Payment Access Commission (MACPAC) found that, in 2018, over 1.8 million AI/ANs were enrolled in Medicaid, including 36% of AI/AN adults under the age of 65.

Medicaid is especially vital for AI/ANs living in urban areas because of gaps in financial resources in these communities. Approximately 20.3% of AI/AN families in all urban Indian organization (UIO) service areas lived in households with income below the federal poverty level, almost four times that of their non-Hispanic white counterparts. UIOs are critical to serving AI/AN Medicaid beneficiaries in urban areas, with Medicaid beneficiaries making up 46% of the UIO AI/AN patient population.

In March 2021, Congress passed the American Rescue Plan Act (ARPA) of 2021. Section 9815 of ARPA amended Section 1905(b) of the Social Security Act to provide for 100% Federal Medical Assistance percentage (100% FMAP) for services provided to Medicaid beneficiaries at UIOs for eight fiscal quarters starting on April 1, 2021. Section 9815 finally required the federal government to bear the cost of Medicaid services provided to AI/ANs no matter which facet of the Indian health system they utilized, as is required by the trust responsibility. It also temporarily eased the financial burden on states by allowing states to be reimbursed by the federal government for the full cost of providing care to Medicaid beneficiaries at UIOs.

As a result, some states were able to utilize the provision to increase funding to UIOs. ARPA’s 100% FMAP provision expired on March 31, 2023, meaning that states once again are responsible for covering a portion of the cost of Medicaid services provided at UIOs, and the federal government is failing to meet its trust responsibility. Without Congressional reauthorization, states will continue to shoulder the cost of the federal government’s failure to fulfill the trust responsibility. The following report highlights the need to reauthorize ARPA’s authorization of 100% FMAP for Medicaid services provided at UIOs.

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Next Steps and Opportunities for Reauthorization

NCUIH requests your support for 100% FMAP legislation and informing leadership of the importance of permanent 100% FMAP for UIOs and the need to include it as part of any moving legislative vehicle.

Background on Urban Indian Organizations and the National Council of Urban Indian Health

UIOs were created in the 1950s by American Indians and Alaska Natives living in urban areas, with the support of Tribal leaders, to address severe problems with health, education, employment, and housing caused by the federal government’s forced relocation policies. Congress formally incorporated UIOs into the Indian healthcare system in 1976 with the passage of the Indian Health Care Improvement Act (IHCIA).

The Declaration of National Indian Health Policy in IHCIA states that: “Congress declares that it is the policy of this Nation, in fulfillment of its special trust responsibilities and legal obligations to Indians to ensure the highest possible health status for Indians and urban Indians and to provide all resources necessary to effect that policy.” In fulfillment of the National Indian Health Policy, Congress appropriates funding for a three-part Indian health system consisting of the IHS, Tribally operated health programs, and UIOs (referred to as the I/T/U system).

UIOs play a critical role in fulfilling the federal government’s responsibility to provide health care for AI/ANs and are an integral part of the Indian health system. UIOs work to provide high-quality, culturally competent care to AI/ANs living in urban settings. The IHS-contracted UIOs operate over 85 facilities, providing critically important healthcare services to AI/ANs living in urban areas, including primary care services, mental and behavioral health services, and traditional medicine. UIOs are more than just healthcare providers, they provide support services that address social determinants of health like housing, nutrition, and domestic violence and also serve as cultural hubs for AI/ANs living in urban areas.

The National Council of Urban Indian Health (NCUIH) is the national representative of the 41 UIOs receiving grants under Title V of IHCIA and the AI/ANs they serve. Founded in 1998, NCUIH is a 501(c)(3) organization created to support the development of quality, accessible, and culturally sensitive health care programs for AI/ANs living in urban communities.

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Current State of 100% Federal Medical Assistance Percentage for UIOs – States are Footing the Bill Again

The federal government has a trust responsibility to provide “[f]ederal health services to maintain and improve the health of the Indians.” The federal government owes that duty to all AI/ANs, no matter where they live, and Congress has declared it the policy of the United States “to ensure the highest possible health status for Indians and urban Indians and to provide all resources necessary to effect that policy.” When Congress first authorized 100% FMAP for the Indian healthcare system in 1976, it did so because it recognized that “Medicaid payments are . . . a much-needed supplement to a health care program which has for too long been insufficient to provide quality health care to” AI/ANs and because “the Federal government has treaty obligations to provide services to Indians, it has not been a State responsibility.”

Unfortunately, UIOs were not included in this initial authorization and therefore, services provided at UIOs were not eligible for 100% FMAP. UIOs have been advocating for decades to extend 100% FMAP to Medicaid services provided at UIOs, introducing the first bill on this issue in 1999 (full legislative history can be found in Appendix D).

In response to UIO advocacy and support of Tribal partners, Congress, through Section 9815 of ARPA, amended Section 1905(b) of the Social Security Act, to temporarily extended 100% FMAP for services provided to Medicaid beneficiaries at UIOs for eight fiscal quarters. Section 9815 temporarily eased the financial burden on states by allowing states to be reimbursed by the federal government for the full cost of providing care to Medicaid beneficiaries at UIOs. As a result, some states utilized the provision to increase funding to UIOs. ARPA’s 100% FMAP provision expired on March 31, 2023, meaning that states once again are responsible for covering a portion of the cost of Medicaid services provided at UIOs. Without Congressional reauthorization, states will continue to bear the cost of the federal government’s failure to fulfill the trust responsibility.

11 42 U.S.C. § 1396d(b).
13 42 U.S.C. -§1905(b).
Success Stories from ARPA’s 100% FMAP Provision

The eight fiscal quarters provision allowed some states to increase funding to their UIOs through increased reimbursement rates or a grant program to pass on the state-realized savings due to 100% FMAP. This in turn allowed those UIOs to utilize these increased financial resources to expand services for AI/AN Medicaid beneficiaries. The report includes case studies of two states that successfully utilized the 100% FMAP provision to increase support for their UIOs: Washington and Montana.

Washington and Montana are just two examples of the nation-wide improvement to urban Indian healthcare that could be afforded by continuing 100% FMAP funding for Medicaid services provided at UIOs. The provision not only gives states the necessary financial support and flexibility to work with UIOs to improve the Medicaid program for AI/ANs living in urban areas, but it also saves state resources that can be prioritized for other services. According to NCUIH research, continuing the 100% FMAP provision would result in savings of $53.4 million and $7.1 million for Washington and Montana, respectively.14

WASHINGTON

$22 Million Reinvested into Indian Health

<table>
<thead>
<tr>
<th>Seattle</th>
<th>Spokane</th>
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<td>Seattle Indian Health Board</td>
<td>The Native Project</td>
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29 UIOs serve American Indians/Alaska Natives from the 29 federally recognized Tribal Nations in Washington.

59,806 Estimated American Indian/Alaska Native population in the Seattle and Spokane service areas.

25% of AI/AN Medicaid beneficiaries live in the counties served by Washington UIOs.

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In 2019, the state of Washington created a Tribal Investment Fund in order to reinvest the state’s savings from 100% FMAP. The state included a UIO sub-fund in the event that 100% FMAP was extended to UIOs. This allowed Washington to provide their two UIOs, the Seattle Indian Health Board and the NATIVE Project, $11 million for each program. This investment has been critical to expanding services for Washington’s urban AI/AN population. Among the 82,722 AI/AN Medicaid beneficiaries in Washington state, 21,225 AI/AN Medicaid beneficiaries live in King and Spokane County, the counties the two UIOs in Washington serve.

The NATIVE Project used this funding to break ground in May 2022 on a Children and Youth Services Center, which is a drug and alcohol mental health service facility. This new building will provide behavioral and mental health resources, such as therapy and wellness practices, as well as space for traditional Indigenous practices. “100% Urban FMAP funding is not just a necessity, but a demonstration of the commitment to fulfilling the United States’ sacred trust responsibility towards providing essential healthcare services to our relatives. As healthcare costs soar, our resources are stretched thin, and every dollar makes a difference in saving lives. The funds we received were critical to building our new center for Children and Youth Services which offers substance abuse treatment, mental health counseling, prevention and culture programs. This would not have been possible without the vital support of the Washington State legislature and the Washington State American Indian Health Commission,” said The NATIVE Project CEO, Toni Lodge (Turtle Mountain Chippewa Tribe).

The Seattle Indian Health Board used the increased funding to purchase a facility and expand services. On March 9 2023, at the House Interior and Environment Subcommittee American Indian and Alaska Native Public Witness Hearing, Esther Lucero (Diné), President & CEO of the Seattle Indian Health Board, highlighted their utilization of these funds by stating, 


17 Challenges and Opportunities for Improving Healthcare Delivery In Tribal Communities: Hearing before Subcommittee on Indian and Insular Affairs, 118 Cong. (2023) (Statement of Maureen Rosette).
"We were able to purchase 92 bed treatment facility where, for the first time in the State of Washington, we'll be serving pregnant and parenting people with medically assisted treatment. There is a clinic that will be right on the same site and that way, we'll be able to provide wraparound services. That way, we're not losing generations of our families to foster care systems. So, we recognize our role and responsibility. What we need from you is continued investment so that we can meet those needs." ¹⁸

The work UIOs do is critical not only to their communities and their patients but also to their Tribal neighbors. Many UIOs work in partnership with neighboring Tribes to care for Tribal citizens who live away from the Tribe's reservation or who may not otherwise be able to receive care from Tribal facilities. Andrew Joseph Jr., a member of the Colville Tribe, the Health and Human Services Chair for the Colville Business Council and Co-Chair of the IHS Tribal Budget Formulation Workgroup, has repeatedly praised the NATIVE Project for taking care of his Tribal citizens.

The funds provided by 100% FMAP have been instrumental for Washington UIOs, and should the 100% FMAP funding continue, they intend to expand services to include programs the community has desperately requested, including adult behavioral and mental health services and a youth STI treatment center.

MONTANA

Reimbursement Rates Increased by 61%

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<th>Billings</th>
<th>Butte</th>
<th>Great Falls</th>
<th>Helena</th>
<th>Missoula</th>
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<td>Native American Development Corporation</td>
<td>Butte Native Wellness Center</td>
<td>Indian Family Health Clinic</td>
<td>Helena Indian Alliance–Leo Pocha Clinic</td>
<td>All Nations Health Center</td>
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³¹,⁶⁵⁹ Estimated American Indian/Alaska Native population in the Billings, Great Falls, Missoula, Helena, and Butte service areas.

¹⁸ Public witness day 2, morning session – American Indian and Alaska native (2023) YouTube. Available at: https://www.youtube.com/watch?app=desktop&v=HYn8Zg75SOo&ab_channel=HouseAppropriationsCommittee
Montana has the second highest number of UIOs, with five UIOs providing quality and culturally comprehensive services for AI/ANs living in urban areas in Montana. The five counties in which the UIOs are located contain approximately 31% of the Montana AI/AN population. Additionally, as of January 2023, Montana had 54,900 AI/AN Medicaid beneficiaries, with 16,070 AI/AN Medicaid beneficiaries residing in a county with a UIO. This means that approximately 30% of AI/AN Medicaid beneficiaries are within the service area of a Montana UIO.

As a result of Montana UIOs extensive Medicaid work, they worked with the Governor and State Medicaid office to submit a disaster-relief State Plan Amendment (SPA) that increased reimbursement rates for Montana UIOs by 61% beginning January 1, 2021 and continuing through the end of the COVID-19 Public Health Emergency. The Centers for Medicare & Medicaid Services (CMS) approved this SPA on August 10, 2022. Ultimately, the increased reimbursement rates authorized by the SPA provided Montana UIOs with over $500,000 in additional funding, which is being used to construct a new clinic and establish a new behavioral health unit.

Need for Permanent 100% FMAP for Medicaid Services at UIOs

Unfortunately, many states did not utilize the temporary authorization of 100% FMAP for Medicaid services provided at UIOs to increase financial resources at their UIOs. Various states cited the short-term authorization as a reason for not doing so, believing that any improvements made to the Medicaid program would leave the state with an increased financial burden following expiration of the Section 9815 100% FMAP provision. Permanent 100% FMAP for Medicaid services provided at UIOs will provide states with the necessary stability to work with UIOs to ensure that permanent improvements can be made to state Medicaid programs to better serve AI/AN Medicaid beneficiaries living in urban areas. UIOs provide vital health care services to AI/ANs living in urban areas, and 100% FMAP will give states the necessary stability and flexibility to support UIOs in their efforts to provide comprehensive care to AI/ANs living in urban areas by expanding services and maintaining sustainable staffing.

“I appreciate the Montana Department of Health and Human Services efforts and their willingness to work with Montana's Urban Indian Organizations to enhance our Medicaid reimbursement rates. This collaboration has led to more resources that are helping sustain the services that we provide to our communities.”

Leonard Smith (Assiniboine Sioux Tribe), Chairman of Montana Consortium for Urban Indian Health and CEO of the Billings Urban Indian Health & Wellness Center

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22 Id.
Who Supports UIO 100% FMAP?

Extension of 100% FMAP for UIOs has broad support across Indian Country. On March 17, 2023, the CMS Tribal Technical Advisory Group (TTAG) sent a letter to CMS with a list of its legislative priorities. The letter included a request for 100% FMAP for Medicaid services provided at UIOs.23 TTAG is comprised of 17 representatives: 12 elected Tribal leaders, or appointed members, from the 12 IHS delivery system areas, along with representatives from IHS and National Indian organizations, including the National Indian Health Board (NIHB), National Congress of American Indians (NCAI), NCUIH, and the Tribal Self-Governance Advisory Group (TSGAC). The group provides invaluable expertise to CMS on policies, guidelines, and programmatic issues affecting the delivery of health care for AI/ANs served by Medicare, Medicaid, CHIP, or any other health care program funded by CMS.

In 2017, the National Indian Health Board passed resolution 17-06, "Support of Legislative and Administrative Efforts to Extend 100% FMAP to Urban Indian Health Programs" which states the "trust responsibility for the provision of health care to AI/AN is one which by law is assigned to the federal government, not the states, which renders the inadequate FMAP for [UIOs] wholly inconsistent with the federal government’s solemn obligation."

In 2015, the National Congress of American Indians passed resolution SD-15-070 which requested an extension of 100% FMAP for UIOs and stated, "The IHS system was first authorized to bill the Medicaid program in 1976 in order to ensure that States did not have to bear the costs associated with such services."

Support for 100% FMAP in Indian Country

- Albuquerque Area Indian Health Board
- California Rural Indian Health Board (CRIHB)
- Great Lakes Area Tribal Health Board
- National Council of Urban Indian Health (NCUIH)
- National Congress of American Indians (NCAI)
- National Indian Health Board (NIHB)
- Northwest Portland Area Indian Health Board (NPAIHB)
- Self-Governance Communications and Education Tribal Consortium
- United South and Eastern Tribes Sovereignty Protection Fund (USET SPF)

Partner Organization Support for 100% FMAP

- America’s Essential Hospitals
- American College of Obstetricians and Gynecologists
- American Dental Education Association
- American Network of Community Options and Resources (ANCOR)
- American Academy of Pediatrics
- Association for Community Affiliated Plans
- Associations of Clinicians for the Underserved
- Catholic Health Association of the United States
- Children’s Hospital Association
- Easterseals
- Families USA
- Jewish Federations of North America
- Medicaid Health Plans of America
- National Association of Counties
- National Association of Pediatric Nurse Practitioners
- National Association of Rural Health Clinics (NARHC)
- National Council for Mental Wellbeing
- National Health Care for the Homeless Council
- National Rural Health Association
- National Association of Community Health Centers
- National Hispanic Medical Association
APPENDIX A

What is the Federal Medical Assistance Percentage?

In general, the cost of services provided to Medicaid beneficiaries is shared between the federal government and the state Medicaid program in which the individual is enrolled. The share of covered services provided to Medicaid beneficiaries which is covered by the federal government, is referred to as the Federal Medical Assistance Percentage (FMAP). The Social Security Act sets forth a formula by which the FMAP and state share are determined; as a baseline a FMAP cannot be less than 50 percent of the cost. Therefore, 100% FMAP means the federal government covers 100% of the Medicaid services provided to Medicaid beneficiaries. The FMAP formula is based on a state's average personal income – states which have lower average personal incomes receive a higher FMAP.
APPENDIX B

100% FMAP Legislative Text

- [Section 1905(b) of the Social Security Act (42 U.S.C.1396d(b)) is amended in the third sentence—
  - by striking "for the 8 fiscal year quarters beginning with the first fiscal year quarter beginning after March 11, 2021,"; after "(as defined in Section 4 of the Indian Health Care Improvement Act)." And
  - by striking "title V" after "that has a grant or contract with the Indian Health Service"
APPENDIX C

History of 100% FMAP for Health Services at IHS and Tribal Facilities

In 1976, Congress passed the IHCIA, which significantly changed how healthcare is provided to AI/AN people in the United States. Among the changes, Congress added Section 1911 of the Social Security Act (SSA) to authorize reimbursement by Medicaid for services provided to AI/AN Medicaid beneficiaries in IHS and Tribal health care facilities. Notably, in addition to providing for reimbursement, the IHCIA also amended section 1905(b) of the SSA setting FMAP at 100% for Medicaid "services which are received through an Indian Health Service facility whether operated by the Indian Health Service or by an Indian tribe or tribal organization." When Congress first authorized 100% FMAP for the Indian health system in 1976, it did so because it recognized that "Medicaid payments are . . . a much-needed supplement to a health care program which has for too long been insufficient to provide quality health care to" AI/ANs and because "the Federal government has treaty obligations to provide services to Indians, it has not been a State responsibility."

Unfortunately, UIOs were not included in the IHCIA’s amendments to the SSA and therefore, services provided at UIOs were not eligible for 100% FMAP. UIOs have been advocating for decades to have UIOs be included in the 100% FMAP provision, with the first legislation introduced to extend the provision introduced in 1999.

29 42 U.S.C. § 1396d(b); P.L. 94-437 (Sep. 30, 1976); CMS, Indian Health Care Improvement Act.
31 42 U.S.C. § 1396d(b).
APPENDIX D

History of Legislation for 100% FMAP

- 2/2/1999 - H.R 470 - To amend title XIX of the Social Security Act to extend the higher Federal medical assistance percentage for payment for Indian Health service facilities to urban Indian health programs under the Medicaid Program.
- 3/19/1999 - S. 672 - A bill to amend title XIX of the Social Security Act to extend the higher Federal medical assistance percentage for payment for Indian Health service facilities to urban Indian health programs under the Medicaid Program.
- 11/30/2001 - S. 1753 - Urban Indian Health Medicaid Amendments Act of 2001
- 11/16/2017 – H.R. 4443 - Urban Indian Health Parity Act
- 11/16/2017 – S. 2146 - Urban Indian Health Parity Act
- 4/12/2019 – H.R/ 2316 - To amend title XIX of the Social Security Act to require a Federal medical assistance percentage of 100 percent for urban Indian organizations, and for other purposes introduced by Rep. Ben Ray Lujan
- 4/11/2019 - S. 1180 - Urban Indian Health Parity Act introduced by Sen. Tom Udall
- 2/28/2019 H.R. 1425 - Patient Protection and Affordable Care Enhancement Act
- 3/23/2020 H.R. 6379 - Take Responsibility for Workers and Families Act
- 10/20/2020 - S. 4819 Health Equity and Accountability Act of 2020
- 2021- H.R. 5376 - Build Back Better Act (temp)
- 4/26/2022 – H.R. 7585 Health Equity and Accountability Act of 2022
- 6/23/2022 - S. 4486 Health Equity and Accountability Act of 2022