

August 31, 2007
Via Facsimile: 202-228-2589

The Honorable Byron L. Dorgan
Chair
Senate Committee on Indian Affairs
838 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Lisa Murkowski
Vice Chair
Senate Committee on Indian Affairs
838 Hart Senate Office Building
Washington, D.C. 20510

Re: Request for Oversight Hearing on Contract
Support Cost Issues

Dear Chairman Dorgan and Vice Chairman Murkowski:

We write to once again call to your attention the grave crisis we face as a result of insufficient "contract support cost" appropriations which, together with Indian Health Service policies, have left our tribal organizations with annual shortfalls running from nearly \$2 million to over \$8 million. We respectfully request that the Senate Indian Affairs Committee convene an urgent oversight hearing this Fall, to review what has become a genuine crisis in Indian country, and a crisis that has seriously eroded the national policy of Tribal self-governance and the delivery of quality health services to Alaska Native people.

As you know, when Tribal organizations contract to run IHS clinics and hospitals, the Indian Self-Determination Act requires that monies to cover their fixed "contract support costs" must be added to the IHS services funds being turned over. These fixed costs are annually set by the government and are audited by the government, and they are necessary to operate healthcare programs in compliance with all governing federal laws and regulations. Since our Tribal organizations lack any independent source of revenue such as a tax base, when IHS fails to add "contract support costs" to our self-governance compacts, we are compelled to reduce our funding meant for services to cover the difference. There is no other choice. In a very real and practical sense, we are penalized -- and the Alaska Native people we serve are penalized -- by the very decision Congress has urged us to make to compact the administration of healthcare from IHS.

In 2005 the Supreme Court found IHS's underfunding of self-governance compacts to be unlawful. But ironically, since 2005 the funding situation has only worsened. IHS recently reported that at year-end FY2006, there was a national contract support cost shortfall of \$88.2 million. Of

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that amount, \$37.8 million (or 42.85% of the entire national shortfall) was shouldered by the Alaska Native healthcare providers. As bad as these numbers are, they do not include an additional \$10 million in "direct" contract support costs which IHS's report details but excludes from its shortfall calculations.

In 2005 the Supreme Court ruled that the government had a contractual obligation to pay full contract support costs. And yet, Indian Health Service appropriations to meet those obligations have only fallen further behind. "Contract support costs shortfalls" may sound like a complicated topic, but the issue is simply healthcare service dollars that are being massively diverted from their intended purpose.

We very respectfully and urgently request that the Committee convene an oversight hearing.

We also request that the Committee receive testimony concerning the ongoing litigation over past underpayments. We believe Congress could take action to either bypass the litigation or otherwise expedite its conclusion so that justice could finally be done to the hundreds of Tribes and Tribal organizations that were underpaid in precisely the same fashion as the two Tribes whose rights were vindicated by the Supreme Court in the *Cherokee Nation* litigation.

Very respectfully,

YUKON-KUSKOKWIM HEALTH
CORPORATION

By 

Gene Peltola
President/Chief Executive Officer

SOUTHCENTRAL FOUNDATION

By

Katherine Gottlieb
MBA, President/Chief Executive Officer

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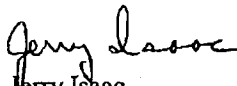

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SOUTHEAST ALASKA REGIONAL HEALTH
CONSORTIUM

By 
Mark Gorman
Interim President/Chief Executive Officer

TANANA CHIEFS CONFERENCE

By 
Jerry Isaac
President/Chairman

ARCTIC SLOPE NATIVE ASSOCIATION

By
Marie Carroll
President/Chief Executive Officer

ALASKA NATIVE TRIBAL HEALTH
CONSORTIUM

By
Paul Sherry
Chief Executive Officer


cc: David Mullon, Chief Counsel
Nathan Bergerbest (via electronic mail)

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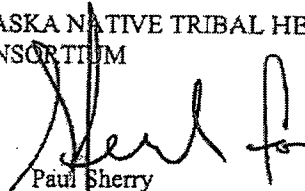
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