



MEMORANDUM

January 11, 2017

TO: CONTRACT SUPPORT COST CLIENTS
FROM: HOBBS, STRAUS, DEAN & WALKER, LLP /s/
RE: ***IHS CSC Workgroup Holds Teleconference, Will Meet in March***

Yesterday, the Indian Health Service (IHS) convened a teleconference of its Contract Support Cost (CSC) Workgroup. The purpose of the call, from the federal perspective, was to schedule an in-person meeting and lay out a rough agenda. The meeting was scheduled for March 6-7, 2018, at a location to be determined. But tribal representatives also took the opportunity to express their displeasure at IHS's unilateral revocation of the "97/3" option for calculating a duplication offset when tribes receive new or expanded base funding.

In addition to the 97/3 issue—discussed in detail in our memos of December 27, 2017 and January 3, 2018—the Workgroup meeting will address the following:

- Delays in indirect cost rate negotiation by the office of Cost Allocation Services in the Department of Health and Human Services;
- IHS's response to a tribal request that IHS reconsider its refusal to pay CSC on Catastrophic Health Emergency Fund (CHEF) funding;
- IHS's response to a tribal request that IHS reconsider its refusal to pay CSC on Domestic Violence Prevention Initiative and Substance Abuse and Suicide Prevention funding;
- Establishment of a tribal-federal sub-workgroup to develop CSC budget projections; and
- Ongoing review of the CSC Negotiation Template.

On the call, IHS acknowledged receipt of the January 3 tribal letter (attached to our January 3 report) criticizing the sudden revocation of the 97/3 option and requesting the data on which the decision was based. IHS was not prepared to respond to the letter, but pledged to do so prior to the March meeting. We plan to attend that meeting, so please let us know your views on the issues above, or on other issues you would like to see addressed.

If you have any questions about this memorandum, please do not hesitate to contact Joe Webster (jwebster@hobbsstrauss.com or 202-822-8282), Geoff Strommer (gstrommer@hobbsstrauss.com or 503-242-1745), or Steve Osborne (sosborne@hobbsstrauss.com or 503-242-1745).