UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

JUL 9 1970

Dear Dr. Wilson:

This is to advise you that the General Accounting Office has completed reviews of selected activities of the Indian Health Service (IHS), Health Services and Mental Health Administration. The results of these reviews have been included in our report of April 10, 1970, to the Congress on the need for improved practices for obtaining equitable contributions toward the cost of constructing sanitation facilities for Indians, and in our earlier report of September 30, 1968, to the Secretary of Health, Education, and Welfare on opportunities for economies in the procurement of drugs.

In addition to the matters discussed in the two reports, our review covered the contract patient care program of IHS which provides for care of Indian patients in private and community facilities when health services cannot be provided in hospitals operated by IHS. Our work was directed specifically to determining whether IHS gave adequate consideration to the use of hospitals and medical services of other Federal agencies, before contracting for medical care, because of potential savings to be realized by the Government through the use of its own facilities. Following for your consideration are our observations resulting from this work.

Potential savings from use of other Federal hospitals

Our review indicated that certain Federal hospitals operated by the Veterans Administration, the Department of Defense, and the Public Health Service and located in or near the cognizant IHS Area could have been used to treat Indian patients instead of placing them in contract facilities. At four IHS Area Offices, we tested 766 selected cases of Indian patients, receiving short-term general medical or surgical care at contract hospitals during fiscal year 1968, and we were informed that about 400 of these patients would have been accepted at a Federal hospital. This information was obtained from officials of the Federal hospitals visited by us who told us that bed space and needed medical services were available and could be provided on a reimbursable basis.

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Comparing the charges for hospitalization and medical and surgical services provided to the patients receiving contract care, and the estimated incremental costs that would have been incurred by the Federal Government if these patients had been treated in a Federal hospital, we estimated that the saving to the Government would have averaged about $480 per patient for about 6 1/2 days of hospitalization and treatment. This estimate is based on the assumption that the Federal hospitals could provide the services without increasing staffs or facilities.

We recognize that the Bureau of the Budget had prescribed, at the time of our review, a billing rate of $27 a patient-day for medical services provided under interagency agreements. Our estimate, however, was concerned with the incremental cost actually incurred by the Government in providing the medical services in question.

Because of the lapse of time since our previous field work we sought to update the information on the availability of other Federal hospitals. We were informed that, due primarily to increased patient loads resulting from the war in Vietnam and shortages of hospital staff, Veterans Administration and Defense facilities could no longer readily accommodate Indian patients. However, our follow up was limited to general inquiries in two IHS Areas and the possibility exists that some Federal hospitals, especially in other IHS Areas, could accommodate Indian patients now placed in contract facilities.

In regard to providing medical care for Indians either at Federal or at contract hospitals, we note that the Indian Health Manual makes only general reference to the use of services provided by "alternate resource agencies" but does not specifically prescribe the use of facilities operated by other Federal agencies when medical care cannot be provided in IHS hospitals. We were told by IHS headquarters officials that the use of other Federal hospitals is left to the discretion of Area Offices and field personnel who authorize contractual arrangements for patient care.

In 1959, the Surgeon General entered into a cooperative agreement with the Chief Medical Director of the Veterans Administration enabling IHS to obtain specialized medical services from VA hospitals for Indian patients. According to instructions furnished by IHS headquarters this agreement was to be implemented by IHS Area Offices on an individual basis with managers of the VA hospitals located in the respective areas. Although our initial and follow up work showed that some Area Offices had made limited use of the 1959 cooperative arrangements, we noted that the arrangement has not been given the necessary degree of permanency by including implementing instructions in the Manual and by making headquarters reviews to ascertain proper implementation in the field.

Further, we have been informed that no similar cooperative agreement has been negotiated between IHS and the Department of Defense for the use of military hospitals, and that their use is left for individual arrangements between field officials of the two agencies.

Recommendation

We recognize that present conditions may not favor extensive use of Federal hospitals for medical care of Indians, in lieu of contracting out for such care. We believe, however, that because of the savings to be obtained by the Government from any increased use of Federal hospitals, every effort should be made to take advantage of such interagency arrangements. Accordingly, we recommend that formal instructions be included in the Indian Health Manual to seek maximum use of other Federal medical facilities for Indian patients, including appropriate implementation of the 1959 cooperative agreement with the Veterans Administration, whenever such use is practicable and consistent with the needs of Indian patients. We also suggest that the Director, IHS consider negotiating a similar cooperative service agreement with the Department of Defense.

We acknowledge the cooperation extended to our representatives during the review. We would appreciate being advised of any action taken on the matters here discussed.

Copies of this report are being sent to the Director, Indian Health Service and to the Assistant Secretary, Comptroller and the Director of the Audit Agency, Department of Health, Education, and Welfare.

Sincerely yours,

Frederick K. Rabel

Frederick K. Rabel
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Dr. Vernon E. Wilson, Administrator
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