

GAO Highlights

Highlights of [GAO-22-104742](#), a report to congressional requesters

Why GAO Did This Study

IHS provides care to American Indians and Alaska Natives (AI/AN) through a system of federally and tribally operated facilities. In addition to receiving appropriated funds, IHS relies on funding from third-party collections to procure services, supplies, and pharmaceuticals needed for its operations. Ensuring AI/ANs have access to quality health care requires IHS to effectively manage its resources such as third-party collections and procurement processes, including those procurements made under the Buy Indian Act.

GAO was asked to review IHS's oversight of third-party collections and its procurements. Among other things, this report examines recent trends in, and IHS's processes to oversee, third-party collections and the extent to which IHS uses the Buy Indian Act when procuring services and products, such as medical supplies. GAO reviewed agency documents, including policies, and interviewed IHS officials from headquarters and the nine area offices with two or more federally operated facilities—area offices are responsible for monitoring federally operated facilities' operations and finances. GAO also reviewed data on third-party collections at IHS federally operated facilities for fiscal years 2015 through 2021 and analyzed contracting data from the Federal Procurement Data System for fiscal years 2015 through 2020, the most recent data available at the time GAO began its review.

View [GAO-22-104742](#). For more information, contact Michelle B. Rosenberg at (202) 512-7114 or RosenbergM@gao.gov.

March 2022

INDIAN HEALTH SERVICE

Information on Third-Party Collections and Processes to Procure Supplies and Services

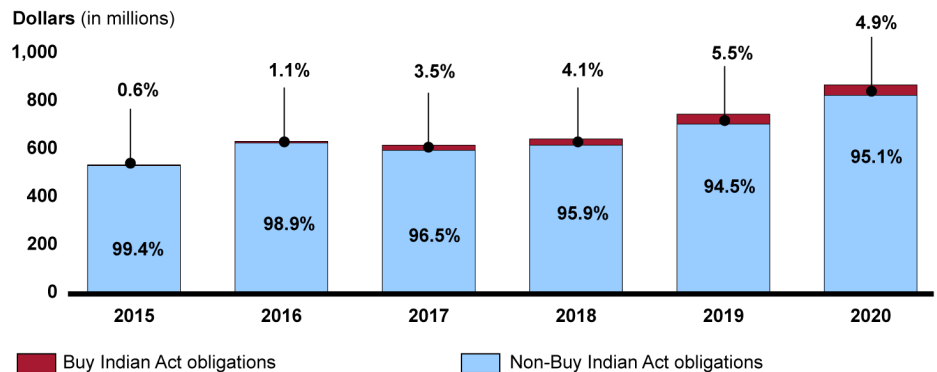
What GAO Found

The Indian Health Service's (IHS) third-party collections—that is, payments for patients' medical care received from public programs such as Medicaid and Medicare or from private insurers—increased from about \$943 million in fiscal year 2015 to about \$1.15 billion in fiscal year 2019 at its federal facilities. In fiscal year 2020—which included the beginning of the COVID-19 pandemic—collections decreased by about 4 percent to \$1.10 billion, but they rebounded to about \$1.26 billion in fiscal year 2021. According to IHS, these collections are increasingly important, as they represent a significant portion of facilities' health care delivery budgets. As a result, even a modest decline can affect facility operations.

While IHS headquarters conducts some oversight of third-party collections—including reviewing facilities' biannual data submissions—the agency has delegated much of the responsibility for this oversight to its area offices. Area office officials told GAO they oversee these funds by (1) taking steps to ensure facilities determine and verify whether a patient has or is eligible for insurance from a third-party payer at each patient visit, (2) regularly communicating with and providing training to facility staff, and (3) regularly reviewing facility information, including facilities' biannual data submissions before they were sent to headquarters. IHS headquarters officials used these data submissions to identify any concerns that need to be addressed by facilities in a corrective action plan—such as a backlog in billing. GAO's review of the two most recent submissions showed all facilities within the nine area offices submitted these data to headquarters.

When procuring products and services needed for its operations, IHS may use the Buy Indian Act to give priority to Indian-owned and -controlled businesses without using a competitive contracting process. IHS's use of the Act has increased since fiscal year 2015 but generally comprises less than 5 percent of annual non-pharmaceutical contract obligations. (See figure.) IHS officials described actions they have taken that may have contributed to this increase, including creating lists of known Indian-owned businesses to which IHS staff can refer when searching for a product or service.

Indian Health Service Non-Pharmaceutical Contract Obligations, Fiscal Years 2015–2020



Source: GAO analysis of Federal Procurement Data System data. | GAO-22-104742