

News release



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Southcentral Foundation Reaches Historic Settlement with U.S. Indian Health Service

Settles Contract Support Costs Claims in the amount of \$96 million

(Anchorage, Alaska) – April 24, 2014 – Southcentral Foundation (SCF) is pleased to announce a historic settlement with the U.S. Indian Health Service (IHS) resulting from the federal government’s failure to pay its contractual obligations to SCF. Under the settlement agreement, the federal government will make a one-time \$96 million payment to SCF. On average, the IHS’s underpayments to SCF, for each of the past 17 years, accounted for approximately 10 percent of the value of SCF’s contract with the federal government.

SCF’s legal claims arose out of its contract with the federal government to administer the Anchorage Native Primary Care Center as well as other federal health care programs serving Alaska Native and American Indian people in the Cook Inlet region and other areas of Alaska. SCF has suffered substantial contract support cost underpayments from the IHS since 1997. In 2005, SCF began filing legal claims demanding that IHS pay the full amount of contract support costs owed to SCF to date. The settlement reached this week resolves all past claims.

The federal government’s trust responsibility to fund health care for Alaska Native and American Indian people as part of the compensation due for the extinguishment of Indian land titles is administered by the IHS throughout the U.S. Studies show that the IHS continues to be funded at only 50 percent of the amount necessary. Under a 1975 Congressional enactment called the Indian Self-Determination and Education Assistance Act (ISDEAA), tribally-authorized entities such as SCF can contract with the IHS to operate health care programs ranging from small village clinics to large outpatient facilities and hospitals.

The ISDEAA requires the federal government to fund the reasonable costs of activities that tribally-authorized entities must perform in order to manage the programs contracted with the IHS – referred to as contract support costs. However, Congress has consistently failed to appropriate sufficient funds to pay these costs even though they are both legal and contractual obligations of the IHS. As a result, tribally-authorized entities like SCF are typically compelled to divert financial resources by reducing the services provided or going without essential administrative activities.

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“I personally thank President Obama for fulfilling his promise to settle contracts between Alaska Native and American Indian people and the government. I extend my thanks to Sen. Murkowski, Sen. Begich and Congressman Young for their exhaustive efforts over the years to press the Indian Health Service to expedite the settlement process and to resolve claims on a fair and just basis,” said SCF President/CEO Dr. Katherine Gottlieb. “Senators Cantwell and Tester, as well as Congressman Calvert, need to be recognized for their leadership in keeping a spotlight on these historic wrongs. And I thank IHS Acting Director Roubideaux for the collaborative approach IHS brought to this final settlement process.”

The SCF Board of Directors will be undertaking the planning process to assess how best to use the settlement funds to enhance health care for the Alaska Native and American Indian population served.

Southcentral Foundation

Southcentral Foundation is an Alaska Native health care organization established under the tribal authority of CIRI in 1982 to improve the health and social conditions of Alaska Native people. SCF has grown from a single dental clinic to an internationally recognized, award-winning health care organization employing more than 1,500 people and managing more than 65 health care programs and services to serve 63,000 Alaska Native and American Indian people in Anchorage, Mat-Su Borough, and 55 rural villages in the Anchorage Service Unit. Additionally, since 1999, SCF has jointly owned and managed the Alaska Native Medical Center (ANMC) with the Alaska Native Tribal Health Consortium.

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