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MEMORANDUM

April 12, 2016

TO: Contract Support Cost Clients

FROM: HOBBS, STRAUS, DEAN & WALKER, LLP /s/

RE: ***IHS Opens 60-Day Consultation Period on Contract Support Cost Policy***

Earlier today the Indian Health Service (IHS) released the attached "Dear Tribal Leader" letter announcing a 60-day tribal consultation period for input on the agency's draft IHS Contract Support Costs (CSC) Policy. As discussed in our recent reports, the draft policy has been revised extensively to implement the full-funding mandate and to describe IHS's process for determining and paying the full amount.

The draft policy and exhibits, copies of which are attached, were developed through months of intensive negotiations by the IHS CSC Workgroup. Tribal representatives on the Workgroup support the draft policy, which is far more tribal-friendly than some of the proposals IHS came up with early on. But tribal representatives strongly objected to some of the IHS positions incorporated into the policy and exhibits, and made sure that these areas of disagreement are memorialized in footnotes throughout.

We are in the process of analyzing the IHS draft policy and exhibits, and will distribute draft comments for your consideration in the coming days.

We will continue to follow CSC developments in both IHS and the Bureau of Indian Affairs on your behalf. If you have any questions about this memorandum, please do not hesitate to contact Joe Webster (jwebster@hobbsstraus.com or 202-822-8282), Geoff Strommer, (gstrommer@hobbsstraus.com or 503-242-1745), or Steve Osborne (sosborne@hobbsstraus.com or 503-242-1745).