



NPAIHB POLICY BRIEF

IHS Budget Update

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

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FY 2007 IHS Appropriations Stalled: *Year-long Continuing Resolution Looms*

There is never enough funding for the Indian Health Service (IHS) to address the health care needs of Indian Country, but what looked to be a decent budget year for Indian health programs in FY 2007 is now questionable. Congress adjourned in December by passing a third continuing resolution that will extend funding for government operations at the FY 2006 level or a lower rate approved by any Congressional action. The most recent continuing resolution is in effect through February 15, 2007.

There is speculation among some Congressional members and budget analyst that the FY 2007 appropriations will continue to be stalled in the new Democratic controlled Congress and a continuing resolution through the end of the fiscal year is likely.

Summary of Congressional Actions FY 2007 IHS Appropriations (Dollars in Thousands)

	House (H. Rpt. 109-465)	Senate (S. Rpt. 109-275)
Appropriation, FY 2006	\$3,045,310	\$3,045,310
President's Request, FY 2007	\$3,169,787	\$3,169,787
Congressional Recommended	<u>\$3,230,806</u>	<u>\$3,212,831</u>
"Fixed Cost Decreases"	<u>(\$37,097)</u>	<u>(\$20,000)</u>
Final Recommended	<u>\$3,193,709</u>	<u>\$3,192,831</u>
Comparison*:		
To FY 2006 Actual*	-\$3,082,407	-\$3,065,310
To President's Request, FY 2007*	-\$3,206,884	-\$3,189,787
House Difference (vs. Senate)*	<u>\$878</u>	

* After Fixed Cost Decreases

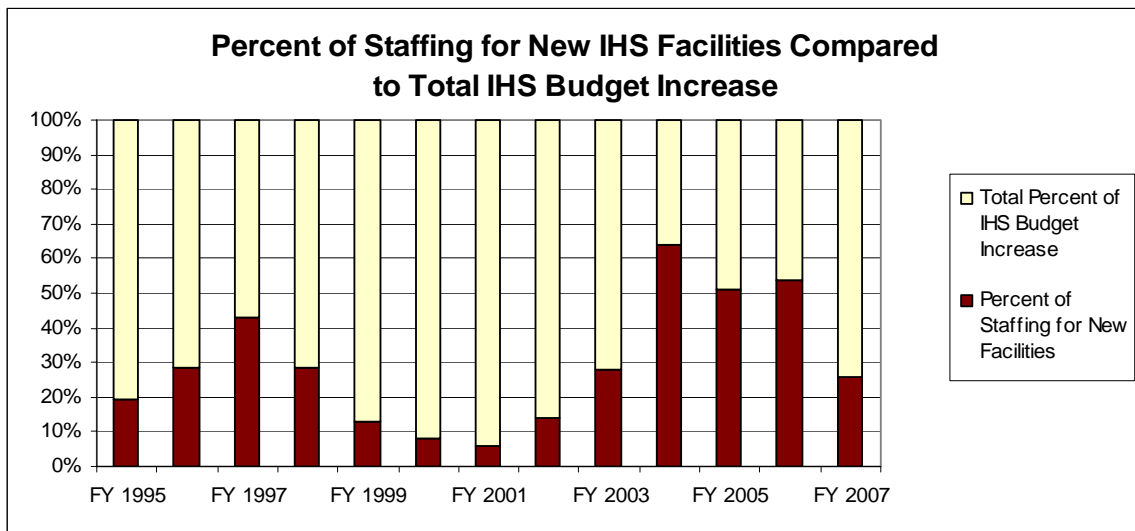
(Dollars in 1,000s)	President Request	House % of Change vs. Request	Senate % of Change vs. Request
HRSA	-3.8%	7.9%	9.9%
CDC	-4.4%	-3.2%	1.6%
NIH	0.0%	0.0%	0.7%
SAMHSA	-2.0%	0.5%	2.4%
AHRQ	0.0%	0.0%	0.0%
CMS, Total	0.6%	0.5%	-0.1%
Medicaid Prog.	-7.6%	-7.6%	0.0%
IHS	4.1%	4.9%	4.8%

Source: H. Rpt. 109-515 and S. Rpt. 109-287.

Both the House approved and Senate recommended budgets hold decent increases for the IHS when compared to other federal agencies within the Department of Health and Human Services (HHS). Last May, the full House approved its Interior Appropriations (H. Rpt. 109-465) bill which provided a \$148.3 million increase (4.9%) for the IHS budget. Last June, the Senate Committee on Appropriations recommended a budget increase (S. Rpt. 109-275) of \$147.5 million (4.8%) for the IHS;

however the full Senate has yet to take action. The proposed IHS budgets exceed proposed increases for most HHS agencies except for the Health Services Resources Administration, which Congress has recommended to receive an increase between 7-10%.

The House and Senate bills provide very similar amounts for IHS programs. The difference between the two bills is a mere \$878,000; with the House providing more funding. Although the House bill is more, the Senate bill provides better increases for hospitals/clinics, preventative health, and other services and overall is a much better bill for Indian health programs. The reason for this is due to the amounts for “fixed cost decreases.” The House bill includes \$37.1 million in fixed cost decreases; while the Senate bill only includes \$20 million. The difference of \$17.1 million allows more money to be applied to the health service, preventative health, and other services accounts mentioned previously. Aside from the fact that the Senate bill provides more funding for hospital/clinics and preventative services accounts, the increases will establish a higher baseline for future year’s budget formulation activity. Applying a 4% increase to the Senate bill is much better for Indian health programs. This negates some of the effect of “fixed cost decreases” and does not erode as much of the IHS base budget. Most certainly, those IHS Areas that have construction projects will defend the House mark because it restores \$10 million to the Facilities Construction account. Most Tribal leaders will agree that it is better for Indian Country to take an additional \$17.1 million to provide health services than to receive a mere \$10 million for facilities construction.



On December 11th, Senator Robert Byrd (D-WV) and Representative David Obey (D-WI), the next Chairmen of the Senate and House Appropriations Committees, issued a joint press release stating the possibility of a year long continuing resolution to complete the FY 2007 Appropriations. The new Democratic leadership indicted that the previous Republican Congress left behind “budget mayhem” that will need to be cleaned up as the first order in the 110th Congress. The new Appropriation Chairman indicated they dispose of the Republican budget leftovers by passing a year-long joint resolution. The

Committee Chair's statement indicates that there will be no earmarks until a reformed process is put in place and that future earmarks will only be eligible for consideration in the FY 2008 process, once new standards for transparency and accountability are developed.

What does this mean for the pending FY 2007 IHS budget in the House and Senate? It isn't good for a couple of reasons. First, it means that IHS and Tribal health programs will have to operate their health programs at the FY 2006 spending level. The cost of inflation and increases in user population will cut into stagnate budgets of Indian health programs and ultimately mean less health services for Indian people. Because of previous year's limited health facilities construction funding and phasing in staffing for new facilities, this year's House and Senate proposed budgets would have provided decent increases for Indian health programs. In past year's, the phasing in of staffing at new facilities has absorbed up to 50% of the IHS budget increase. This meant that those 3-5 Tribes that were fortunate to receive a new facility, received at least 50% of the IHS budget increase; while 500 or more Tribes that did not receive a new facility disproportionately shared the remaining 50% of the increase. Because of the past year's moratorium on facilities construction, there is less phasing-in of staff at new facilities in FY 2007, which translates to better increases in the IHS budget for all Tribes to benefit. Approximately 20% of the IHS budget would be directed to staffing at new facilities. It is now questionable what Congress will do with the facilities construction program and staffing for new facilities.

NPAIHB Policy Update is a publication of the Northwest Portland Area Indian Health Board, 527 S.W. Hall, Suite 300, Portland, OR 97201. For more information visit www.npaihb.org or contact Jim Roberts, Policy Analyst, at (503) 228-4185 or by email jroberts@npaihb.org.

FY 2007 Indian Health Service Budget

Comparing President's Budget to House Approved & Senate Recommended Budgets

(Dollars in Thousands)

Sub Sub Activity	PRESIDENT'S REQUEST		HOUSE APPROVED BUDGET WITH FIXED COST DECREASES					SENATE RECOMMENDATIONS WITH FIXED COST DECREASES				
	Final Enacted FY 2006	FY 2007 President's Request	H. Rpt. 109-465 Recommend.	Fixed Cost Decreases	FINAL HOUSE MARK	Difference versus Enacted	% Change versus Enacted	S. Rpt. 109-275 Recommend.	Fixed Cost Decreases	PROPOSED SENATE MARK	Difference versus Enacted	% Change versus Enacted
SERVICES:												
Hospitals & Health Clinics	\$ 1,339,539	\$ 1,429,772	\$ 1,439,047	\$ 15,099	\$ 1,423,948	\$ 84,409	6.3%	\$ 1,430,072	\$ 10,148	\$ 1,419,924	\$ 80,385	6.0%
Dental Services	\$ 117,731	\$ 126,957	\$ 126,957	\$ 1,185	\$ 125,772	\$ 8,041	6.8%	\$ 126,957	\$ 860	\$ 126,097	\$ 8,366	7.1%
Mental Health	\$ 58,455	\$ 61,695	\$ 61,695	\$ 616	\$ 61,079	\$ 2,624	4.5%	\$ 61,695	\$ 423	\$ 61,272	\$ 2,817	4.8%
Alcohol & Substance Abuse	\$ 143,198	\$ 150,634	\$ 150,634	\$ 1,827	\$ 148,807	\$ 5,609	3.9%	\$ 150,634	\$ 1,135	\$ 149,499	\$ 6,301	4.4%
Contract Health Services	\$ 517,297	\$ 554,259	\$ 554,259	\$ 11,633	\$ 542,626	\$ 25,329	4.9%	\$ 554,259	\$ 4,003	\$ 550,256	\$ 32,959	6.4%
<i>Total, Clinical Services</i>	\$ 2,176,220	\$ 2,323,317	\$ 2,332,592	\$ 30,360	\$ 2,302,232	\$ 126,012	5.8%	\$ 2,323,617	\$ 16,569	\$ 2,307,048	\$ 130,828	6.0%
PREVENTIVE HEALTH:												
Public Health Nursing	\$ 48,959	\$ 53,043	\$ 53,043	\$ 454	\$ 52,589	\$ 3,630	7.4%	\$ 53,043	\$ 360	\$ 52,683	\$ 3,724	7.6%
Health Education	\$ 13,584	\$ 14,490	\$ 14,490	\$ 155	\$ 14,335	\$ 751	5.5%	\$ 14,490	\$ 105	\$ 14,385	\$ 801	5.9%
Comm. Health Repts	\$ 52,946	\$ 55,790	\$ 55,790	\$ 682	\$ 55,108	\$ 2,162	4.1%	\$ 55,790	\$ 435	\$ 55,355	\$ 2,409	4.5%
Immunization AK	\$ 1,621	\$ 1,708	\$ 1,708	\$ 20	\$ 1,688	\$ 67	4.1%	\$ 1,708	\$ 13	\$ 1,695	\$ 74	4.6%
<i>Total, Preventative Health</i>	\$ 117,110	\$ 125,031	\$ 125,031	\$ 1,311	\$ 123,720	\$ 6,610	5.6%	\$ 125,031	\$ 913	\$ 124,118	\$ 7,008	6.0%
OTHER SERVICES:												
Urban Health	\$ 32,744	\$ -	\$ 32,744	\$ -	\$ 32,744	\$ -	0.0%	\$ 32,744	\$ -	\$ 32,744	\$ -	0.0%
Indian Health Professions	\$ 31,039	\$ 31,697	\$ 31,697	\$ 244	\$ 31,453	\$ 414	1.3%	\$ 31,697	\$ 84	\$ 31,613	\$ 574	1.8%
Tribal Management	\$ 2,394	\$ 2,488	\$ 2,488	\$ 38	\$ 2,450	\$ 56	2.3%	\$ 2,488	\$ 12	\$ 2,476	\$ 82	3.4%
Direct Operation	\$ 62,194	\$ 63,804	\$ 63,804	\$ 132	\$ 63,672	\$ 1,478	2.4%	\$ 63,804	\$ 247	\$ 63,557	\$ 1,363	2.2%
Self Governance	\$ 5,668	\$ 5,847	\$ 5,847	\$ 64	\$ 5,783	\$ 115	2.0%	\$ 5,847	\$ 23	\$ 5,824	\$ 156	2.8%
Contract Support Costs	\$ 264,730	\$ 270,316	\$ 270,316	\$ 2,234	\$ 268,082	\$ 3,352	1.3%	\$ 270,316	\$ 696	\$ 269,620	\$ 4,890	1.8%
<i>Total, Other Services</i>	\$ 398,769	\$ 374,152	\$ 406,896	\$ 2,712	\$ 404,184	\$ 5,415	1.4%	\$ 406,896	\$ 1,062	\$ 405,834	\$ 7,065	1.8%
TOTAL, SERVICES	\$ 2,692,099	\$ 2,822,500	\$ 2,864,519	\$ 34,383	\$ 2,830,136	\$ 138,037	5.1%	\$ 2,855,544	\$ 18,544	\$ 2,837,000	\$ 144,901	5.4%
FACILITIES:												
Maintenance & Improvement	\$ 51,633	\$ 52,668	\$ 52,668	\$ 414	\$ 52,254	\$ 621	1.2%	\$ 52,668	\$ 129	\$ 52,539	\$ 906	1.8%
Sanitation Facilities Construction	\$ 92,143	\$ 94,003	\$ 94,003	\$ 744	\$ 93,259	\$ 1,116	1.2%	\$ 94,003	\$ 232	\$ 93,771	\$ 1,628	1.8%
Hlth Care Facilities Construction	\$ 37,779	\$ 17,664	\$ 36,664	\$ -	\$ 36,664	\$ (1,115)	-3.0%	\$ 27,664	\$ -	\$ 27,664	\$ (10,115)	-26.8%
Facil. & Envir. Hlth Supp	\$ 150,709	\$ 161,333	\$ 161,333	\$ 1,287	\$ 160,046	\$ 9,337	6.2%	\$ 161,333	\$ 1,011	\$ 160,322	\$ 9,613	6.4%
Equipment	\$ 20,947	\$ 21,619	\$ 21,619	\$ 269	\$ 21,350	\$ 403	1.9%	\$ 21,619	\$ 84	\$ 21,535	\$ 588	2.8%
<i>Total, Facilities</i>	\$ 353,211	\$ 347,287	\$ 366,287	\$ 2,714	\$ 363,573	\$ 10,362	2.9%	\$ 357,287	\$ 1,456	\$ 355,831	\$ 2,620	0.7%
TOTAL, IHS	\$ 3,045,310	\$ 3,169,787	\$ 3,230,806	\$ 37,097	\$ 3,193,709	\$ 148,399	4.9%	\$ 3,212,831	\$ 20,000	\$ 3,192,831	\$ 147,521	4.8%