



# NPAIHB POLICY BRIEF

## FY 2007 IHS Budget Update

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

Issue No. 10, April 6, 2007 (*REVISED*)

### **Final FY 2007 IHS Budget Operating Plan -- No Increase Contract Health Service Program**

Portland, OR - The fourth and final Continuing Resolution funds government operations through the end of the current fiscal year September 30, 2007. The joint resolution passed by Congress was signed into law (P.L. 110-5) by the President on February 15, 2007. The bill required the Indian Health Service (IHS) to submit an operating plan for how it would obligate a \$125 million increase in the final continuing resolution, as well as a \$13.6 million increase that was provided in the third continuing resolution previously passed on December 9, 2006. This makes the total increase for the FY 2007 IHS budget \$134.8 million; an increase of 4.4 percent the FY 2006 enacted level. The law required the IHS to provide the House and Senate Appropriations Committees an operating plan within 30 days after passage of P.L. 110-5. The details of this spending plan are just now becoming available and it does not look good for the Contract Health Services (CHS) program.

#### No Increase for CHS Program in FY 2007

While the IHS budget has received an overall increase of 4.4%, there is **no increase for the CHS program**. The reason for this is due to the way the final continuing resolution (H.J. Res. 20) is structured. The resolution requires the Agency to apply its increase based on the language of the FY 2006 appropriation, which caps the level of funding for the CHS program. The final enacted FY 2006 amount was capped at \$499.3 million for CHS and an additional \$18 million for the Catastrophic Health Emergency Fund (CHEF). The Agency's operating plan held the FY 2007 CHS funding levels to these FY 2006 thresholds. This means there is no increase in the CHS program to cover inflationary costs, which are significant. In fact, the inflation costs associated with the CHS program are much more significant than the inflationary costs associated with other IHS budget line items.

This issue was addressed by the Board with Dr. Charles Grim, IHS Director, at the Department of Health and Human Services March 29<sup>th</sup> Budget Consultation session held in Washington, D.C. The IHS Director indicated that the Agency and HHS are working with Congress to address this issue and that there is language in the current House and Senate supplemental appropriation bills that would allow the IHS to redirect a portion of its appropriation to cover increases for the CHS program, facilities construction, and Contract Support Costs.

The House (H.R. 1591) and Senate (S. 965) supplemental appropriation bills each amend the IHS FY 2007 appropriation by making available \$7.3 million for health facilities, \$18 million available for the Catastrophic Health Emergency Fund, and \$525.1 million available for the CHS program. The House bill also makes available an additional \$5 million for Contract Support Costs. The language would allow the

IHS to reprogram a portion of the \$134.8 million increase however it is not known which budget line items would be tapped to cover the proposed increases.

**H.R. 1591 - U.S. Troop Readiness, Veterans' Health, & Iraq Accountability Act:**

*SEC. 3502. Section 20512 of the Continuing Appropriations Resolution, 2007 (division B of Public Law 109-289, as amended by Public Law 110-5) is amended by inserting after the first dollar amount: `, of which not to exceed \$7,300,000 shall be transferred to the `Indian Health Facilities' account; the amount in the second proviso shall be \$18,000,000; the amount in the third proviso shall be \$525,099,000; the amount in the ninth proviso shall be \$269,730,000; and the \$15,000,000 allocation of funding under the eleventh proviso shall not be required'.*

**S. 965 Language - U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007**

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While the language in the supplemental bills is good news, the increase that has been requested is less than adequate to cover inflation costs of the CHS program. The recommended \$18 million for CHEF is the same amount that has been requested in previous years. The CHS recommendation of \$525.1 million is \$7.8 more than what was funded last year. This is only a 1.6 percent increase over last year's level and is significantly less than other hospital and clinic services accounts. The health services accounts averaged an overall increase of 5.6 percent; while the Hospital/Clinics line will see a 7.7 percent increase. If CHS program were to be funded at those same levels, the proposed increase in the supplemental bills should be at least \$28 to \$39 million. The President's very own request included a \$37 million increase for the CHS program, so it is not known why a similar increase wasn't recommended to the Congress as it developed its funding thresholds.

**Recommended Increase fails to Maintain Current Services**

This year, the President recommended an increase of \$49 million in FY 2008 for the CHS program. The Senate Committee on Indian Affairs (SCIA) further recommended an additional \$51 million be added to the President's request, for a total recommended increase of \$100 million in FY 2008. Clearly, the President's request and the SCIA recommendation underscore the importance in funding legitimate increases for the CHS program.

<b>IHS Contract Health Service Program Summary of Unfunded Need</b>		
<b>Category</b>	<b>Number of Services</b>	<b>Estimated CHS Resource Need</b>
Deferred Services within Medical Priorities	158,884	\$152,687,524
Eligible But Care not within Medical Priorities	33,106	\$31,814,866
Eligible But Alternate Resources Available	65,398	\$62,847,478
Emergency Notification Not within 72 Hours	9,434	\$9,066,074
Non-Emergency No Prior Approval	19,259	\$18,507,899
Patient Resides Outside CHSDA	8,612	\$8,276,132
Unfunded CHEF Cases (actual amount)	802	\$17,971,608
<b>TOTAL:</b>	<b>295,495</b>	<b>\$301,171,581</b>

Unfortunately, the same priority was not applied in developing the recommendations in the supplemental request for the CHS program. The Northwest Portland Area Indian Health Board estimates that the level of unmet need in the CHS program is at least \$301 million. The Board recommended that it would take at least \$64.6 million to maintain current services in FY 2007. The recommended levels will fall short of maintaining current serves by \$56.8 million and there is no guarantee that the language will even be approved.

At this point it is questionable whether the language included in the supplemental bills will be signed by the President. Congress is currently in recess for Easter break and when they return, will conference to reconcile the differences in the supplemental appropriation bills. The House approved amount is \$124 while the Senate approved amount is \$123.2 billion. Early indications by the White House are that the President will veto the supplemental spending bill due to troop withdrawal proposals and not enough funding to support operations in Iraq. At a recent press conference President Bush indicated, "if either the House or Senate version of this bill comes to my desk, I will veto it and it is also clear from the strong support for this position in both houses that the veto would be sustained." The White House has issued Statements of Administrative Policy to both Senator Byrd and Representative Obey that the President will veto the legislation when it is presented to the White House.

Because of the timing of the Easter break and the Conference committee to meet, Tribes will have some time to advocate for the CHS program. It is expected that the House and Senate will pass the supplemental conference report on April 26<sup>th</sup> or April 27<sup>th</sup>; or possibly early the following week—meaning that the White House will receive the bill to sign or veto no later than May 1, if not a few days earlier. If there is to be a respectable increase for the CHS program, one that will maintain current services, it is imperative that Tribes contact Congressional members sitting on the Conference committee. The Senate has announced its conferees while the House has not.

On March 29<sup>th</sup>, the Senate appointed their conferees to meet with the House, which include: Robert Byrd (WV), Daniel Inouye (HI), Patrick Leahy (VT), Tom Harkin (IA), Mikulski (MD), Herbert Kohl (WI), Patty Murray (WA), Byron Dorgan (ND), Russ Feinstein (CA), Richard Durbin (IL), Tim Johnson (SD), Mary Landrieu (LA), Jack Reed (RI), Frank Lautenberg (NJ), Ben Nelson (NE), Thad Cochran (MS), Ted Stevens (AK), Arlen Specter (PA), Pete Domenici (NM), Christopher Bond (MO), Richard Shelby (AL), Judd Gregg (NH), Robert Bennett (UT), Larry Craig (ID), Kay Baily Hutchison (TX), Sam Brownback (KS), Wayne Allard (CO), Lamar Alexander (TN), and Charles Grassley (IA). □

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**FY 2007 Indian Health Service Budget**  
**Comparing President's Budget to Final Joint-Resolution**  
(Dollars in Thousands)

Sub Sub Activity	PRESIDENT'S REQUEST			ORIGINAL CONTINUING RESOLUTION			FY 2007 FINAL OPERATING PLAN		
	Final Enacted FY 2006	FY 2007 President's Request	Difference versus FY 2006	Original Continuing Resolution	Original CR Difference vs. FY 2006	% Change versus Enacted	FINAL JOINT RESOLUTION	Difference versus FY 2006	% Change versus Enacted
<b>SERVICES:</b>									
Hospitals & Health Clinics	\$ 1,339,539	\$ 1,429,772	\$ 90,233	\$ 1,339,539	\$ -	0.0%	\$ 1,442,455	\$ 102,916	7.7%
Dental Services	\$ 117,731	\$ 126,957	\$ 9,226	\$ 117,731	\$ -	0.0%	\$ 126,882	\$ 9,151	7.8%
Mental Health	\$ 58,455	\$ 61,695	\$ 3,240	\$ 58,455	\$ -	0.0%	\$ 61,656	\$ 3,201	5.5%
Alcohol & Substance Abuse	\$ 143,198	\$ 150,634	\$ 7,436	\$ 143,198	\$ -	0.0%	\$ 150,511	\$ 7,313	5.1%
Contract Health Services	\$ 517,297	\$ 554,259	\$ 36,962	\$ 520,548	\$ 3,251	0.6%	\$ 517,297	\$ -	0.0%
<i>Total, Clinical Services</i>	\$ 2,176,220	\$ 2,323,317	\$ 147,097	\$ 2,179,471	\$ 3,251	0.1%	\$ 2,298,801	\$ 122,581	5.6%
<b>PREVENTIVE HEALTH:</b>									
Public Health Nursing	\$ 48,959	\$ 53,043	\$ 4,084	\$ 48,959	\$ -	0.0%	\$ 53,015	\$ 4,056	8.3%
Health Education	\$ 13,584	\$ 14,490	\$ 906	\$ 13,584	\$ -	0.0%	\$ 14,479	\$ 895	6.6%
Comm. Health Reps	\$ 52,946	\$ 55,790	\$ 2,844	\$ 52,946	\$ -	0.0%	\$ 55,744	\$ 2,798	5.3%
Immunization AK	\$ 1,621	\$ 1,708	\$ 87	\$ 1,621	\$ -	0.0%	\$ 1,706	\$ 85	5.2%
<i>Total, Preventative Health</i>	\$ 117,110	\$ 125,031	\$ 7,921	\$ 117,110	\$ -	0.0%	\$ 124,944	\$ 7,834	6.7%
<b>OTHER SERVICES:</b>									
Urban Health	\$ 32,744	\$ -	\$ (32,744)	\$ 32,744	\$ -	0.0%	\$ 33,951	\$ 1,207	3.7%
Indian Health Professions	\$ 31,039	\$ 31,697	\$ 658	\$ 31,039	\$ -	0.0%	\$ 31,676	\$ 637	2.1%
Tribal Management	\$ 2,394	\$ 2,488	\$ 94	\$ 2,394	\$ -	0.0%	\$ 2,485	\$ 91	3.8%
Direct Operation	\$ 62,194	\$ 63,804	\$ 1,610	\$ 62,194	\$ -	0.0%	\$ 63,793	\$ 1,599	2.6%
Self Governance	\$ 5,668	\$ 5,847	\$ 179	\$ 5,668	\$ -	0.0%	\$ 5,842	\$ 174	3.1%
Contract Support Costs	\$ 264,730	\$ 270,316	\$ 5,586	\$ 264,730	\$ -	0.0%	\$ 264,730	\$ -	0.0%
<i>Total, Other Services</i>	\$ 398,769	\$ 374,152	\$ (24,617)	\$ 398,769	\$ -	0.0%	\$ 402,477	\$ 3,708	0.9%
<b>TOTAL, SERVICES</b>	\$ 2,692,099	\$ 2,822,500	\$ 130,401	\$ 2,695,350	\$ 3,251	0.1%	\$ 2,826,222	\$ 134,123	5.0%
<b>FACILITIES:</b>									
Maintenance & Improvement	\$ 51,633	\$ 52,668	\$ 1,035	\$ 52,254	\$ 621	1.2%	\$ 52,668	\$ 1,035	2.0%
Sanitation Facilities Construction	\$ 92,143	\$ 94,003	\$ 1,860	\$ 93,259	\$ 1,116	1.2%	\$ 94,003	\$ 1,860	2.0%
Hlth Care Facilities Construction	\$ 37,779	\$ 17,664	\$ (20,115)	\$ 36,664	\$ (1,115)	-3.0%	\$ 24,303	\$ (13,476)	-35.7%
Facil. & Envir. Hlth Supp	\$ 150,709	\$ 161,333	\$ 10,624	\$ 160,046	\$ 9,337	6.2%	\$ 161,333	\$ 10,624	7.0%
Equipment	\$ 20,947	\$ 21,619	\$ 672	\$ 21,350	\$ 403	1.9%	\$ 21,619	\$ 672	3.2%
<i>Total, Facilities</i>	\$ 353,211	\$ 347,287	\$ (5,924)	\$ 363,573	\$ 10,362	2.9%	\$ 353,926	\$ 715	0.2%
<b>TOTAL, IHS</b>	\$ 3,045,310	\$ 3,169,787	\$ 124,477	\$ 3,058,923	\$ 13,613	0.4%	\$ 3,180,148	\$ 134,838	4.4%

**INDIAN HEALTH SERVICE  
Operating Plan for FY 2007**

*Dollars in Thousands*

Activities	FY 2006	FY 2007					
		Pres Budget	Orig. CR	Joint Resolution			+/-FY06 Final
				Excl. Pay Adj	Pay Adj	Total	
Hospitals & Health Clinics	1,239,077	1,329,310	1,239,077	1,334,119	7,874	1,341,993	102,916
Indian Health Care Improvement Fund.....	100,462	100,462	100,462	100,462	0	100,462	0
<i>Ambulances (non-add).....</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>0</i>	<i>500</i>	<i>0</i>
Subtotal, H&C	1,339,539	1,429,772	1,339,539	1,434,581	7,874	1,442,455	102,916
Dental Health	117,731	126,957	117,731	126,449	433	126,882	9,151
Mental Health	58,455	61,695	58,455	61,474	182	61,656	3,201
Alcohol & Substance Abuse	143,198	150,634	143,198	150,430	81	150,511	7,313
Contract Health Services	499,562	536,259	502,813	499,562	0	499,562	0
Catastrophic Health Emergency Fund	17,735	18,000	17,735	17,735	0	17,735	0
Subtotal, Clinical Services.....	2,176,220	2,323,317	2,179,471	2,290,231	8,570	2,298,801	122,581
Public Health Nursing	48,959	53,043	48,959	52,842	173	53,015	4,056
Health Education	13,584	14,490	13,584	14,458	21	14,479	895
Community Health Representatives	52,946	55,790	52,946	55,742	2	55,744	2,798
Immunization AK	1,621	1,708	1,621	1,706	0	1,706	85
Subtotal, Preventive Health.....	117,110	125,031	117,110	124,748	196	124,944	7,834
Urban Health	32,744	0	32,744	33,945	6	33,951	1,207
Indian Health Professions	31,039	31,697	31,039	31,661	15	31,676	637
<i>Loan Repayment (non-add).....</i>	<i>27,000</i>	<i>27,000</i>	<i>12,496</i>	<i>27,000</i>	<i>0</i>	<i>27,000</i>	<i>0</i>
Tribal Management	2,394	2,488	2,394	2,485	0	2,485	91
Direct Operations	62,194	63,804	62,194	63,466	327	63,793	1,599
Self-Governance	5,668	5,847	5,668	5,833	9	5,842	174
Contract Support Costs	264,730	270,316	264,730	264,730	0	264,730	0
<i>New and Expanded (non-add).....</i>	<i>5,000</i>	<i>5,000</i>	<i>0</i>	<i>5,000</i>	<i>0</i>	<i>5,000</i>	<i>0</i>
Total, Services	2,692,099	2,822,500	2,695,350	2,817,099	9,123	2,826,222	134,123
Maintenance & Improvement	51,633	52,668	52,254	52,668	0	52,668	1,035
<i>Demolition (non-add).....</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>0</i>	<i>500</i>	<i>0</i>
Sanitation Facilities Construction	92,143	94,003	93,259	94,003	0	94,003	1,860
Health Care Facilities Construction						0	0
Ft. Belknap, MT Staff Quarters.....	3,277	0	0	0	0	0	-3,277
Barrow Hospital, AK.....	7,882	0	8,070	0	0	0	-7,882
Phoenix Indian Medical Center SW.....	7,882	17,664	17,664	17,664	0	17,664	9,782
Kayenta Health Center.....	3,821	0	2,000	2,000	0	2,000	-1,821
San Carlos Health Center.....	6,049	0	2,000	2,000	0	2,000	-4,049
Joint Venture.....	0	0	4,000	2,639	0	2,639	2,639
Small Ambulatory Program.....	6,897	0	2,500	0	0	0	-6,897
Dental Units.....	1,971	0	430	0	0	0	-1,971
Subtotal, HCFC	37,779	17,664	36,664	24,303	0	24,303	-13,476
Facilities & Environmental Hlth Support	150,709	161,333	160,046	160,618	715	161,333	10,624
Equipment	20,947	21,619	21,350	21,619	0	21,619	672
<i>Ambulances (non-add).....</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>0</i>	<i>500</i>	<i>0</i>
<i>TRANSAM (non-add).....</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>0</i>	<i>500</i>	<i>0</i>
Total, Facilities	353,211	347,287	363,573	353,211	715	353,926	715
Totals.....						0	0
Budget Authority.....	3,045,310	3,169,787	3,058,923	3,170,310	9,838	3,180,148	134,838
User Fees.....	0	0	0	0	0	0	0
PHS Evaluation Transfers.....	0	0	0	0	0	0	0
Total Appropriated Program Level.....	3,045,310	3,169,787	3,058,923	3,170,310	9,838	3,180,148	134,838