



# NPAIHB POLICY BRIEF

## IHS Budget Update

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

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### **IHS Budget Update and slight increase for Contract Health Service Program**

Portland, OR-- President Bush on Friday signed a \$120 billion fiscal year 2007 supplemental appropriations bill (H.R. 2206) that includes funding for Iraq and Afghanistan war operations, as well as a number of domestic programs. The emergency supplemental bill also contained technical changes for the FY 2007 Indian Health Service (IHS) that will allow the Agency to reprogram a portion of its appropriation to certain items that were capped by statute. Because of the structure of the final Joint Continuing Resolution (P.L. 110-5), passed on February 15, 2007, certain budget line items like Contract Health Services (CHS) and Contract Support Costs (CSC) were subject to cap language contained in the FY 2006 appropriation bill. H.R. 2206 highlights for the Indian Health Service include:

- Increases CHS funding from \$517.3 million to \$543.1 million; increase of 5 percent
- Increase for CSC funding from \$264.7 million to \$269.7 million; increase of 1.9 percent
- Increase for health facilities account by \$5 million

Section 6502 of the emergency supplemental will allow the IHS to reprogram \$38.1 million of its \$134 million increase in FY 2007. The CHS program will receive an additional \$25.8 million (\$18 million for the Catastrophic Health Emergency Fund and \$7.8 million for contract care), \$7.3 million for health facilities, and \$5 million for Contract Support Costs.

The Congressional directive to reprogram now makes the previous reported funding levels out of date, as the Agency will have to off-set other budget line items to cover the recommended increases. Previously, budget line items such as the Hospital and Clinics had received a 7.7 percent increase over the FY 2006 level. Dental Health services received a similar increase of 7.8 percent, while the Public Health Nursing program received an 8.3 percent increase. It is expected that these increases will go down as the Agency reprograms funding to cover the Congressional changes.

#### **FY 2008 House Budget**

On May 23, 2007, the House Interior Appropriations Subcommittee made its recommendation for FY 2008 funding levels. The Subcommittee recommended \$3.38 billion for the IHS in FY 2008; which is an increase of 6.34 percent over the final FY 2007 funding level. At this time, there is limited information about the increases/decreases for the individual IHS budget line items. The FY 2007 budget baseline changed with the emergency supplemental bill and details are not yet available. Preliminary reports do indicate at least a 7 percent increase for most Hospital/Clinic services accounts and a significant increase

for Alcohol and Substance Abuse services. The Preventative Health Services accounts will receive at least a 5 percent increase and Other Services (Urban Health, Health Professions, Tribal and Direct Operations, Self-Governance, and CSC) will average a 4 percent increase. The health facilities accounts may not receive an increase with the facilities construction account only receiving \$20.4 million, a 17 percent cut from last year's funding level. Highlights include (prior to changes in the FY 2007 baseline):

- \$25 million increase over President's request for Hospital and Clinics line item; 7 percent increase over final FY 2007 amount
- Restores \$34 million for Urban Indian Health Programs
- \$15 million above President's request for Alcohol and Substance Abuse services; intended for prevention and treatment of methamphetamine use in Indian Country
- \$10 million increase for President's request for Contract Health Services
- \$5 million increase over President's request for Indian Health Professions; for a total increase of 17.8% over the final FY 2007 amount
- \$3 million more than President's request for Contract Support Costs; total increase of \$8.5 million (3.2%) over final FY 2007 level

The Board will continue to track this important budget issue and will report more detailed information as soon as the Committee report becomes available.

#### Emergency Supplemental includes Moratorium on MAM Regulations

The emergency supplemental bill also included language that places a moratorium on the implementation of proposed regulations clarifying intergovernmental transfers and funds that can be certified as non-federal share of matching funds in certain Medicaid programs. The proposed rules covered Tribes and eligible funds that can be certified as non-federal share when carrying out activities under the Medicaid Administrative Match (MAM) program. State Medicaid officials, as well as Tribes and Tribal organizations, objected to the proposed rules. Many Tribes in the states of Alaska, Idaho, Minnesota, Oregon, and Washington carrying out Medicaid outreach, enrollment, and linkage activities under Tribal MAM agreements. These agreements allow Tribes to be reimbursed for their administrative costs related to these activities. Many Tribes and the Tribal Technical Advisory Group (TTAG) to the Centers for Medicare & Medicaid Services objected to the proposed rules since they are conflict to current policies. □

NPAIHB Policy Brief is a publication of the Northwest Portland Area Indian Health Board, 527 S.W. Hall, Suite 300, Portland, OR 97140. For more information visit [www.npaihb.org](http://www.npaihb.org) or contact Jim Roberts, Policy Analyst, at (503) 228-4185 or by email [jroberts@npaihb.org](mailto:jroberts@npaihb.org).