



NPAIHB POLICY BRIEF

FY 2008 IHS Budget: Final Appropriation

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Issue No.01, January 2, 2008

FY 2008 Final Appropriations and the Indian Health Service Budget

After passing four continuing resolutions, Congress on December 18th finished its work on the federal budget for fiscal year 2008 by sending a \$2.9 trillion package (H.R. 2784) to President Bush to sign. The President signed into the law the omnibus appropriation package on December 26th bringing to close an appropriations showdown between the Democratic Congress and the Administration. The FY 2008 budget includes \$933 billion in discretionary spending, precisely what the Bush Administration requested in its February budget submission to Congress. Discretionary spending is vital to Indian programs as it represents most all federal funding to Tribes.

Previously, the Congress approved a budget that called for \$955 billion in discretionary spending however backed off its request due to White House threats of a Presidential veto. The Democratic Congress fought bitterly with President Bush over the \$22 billion difference. President Bush stated that he would veto any spending bill that contained more discretionary funding than its own request and continually labeled the Democratic bills “irresponsible and excessive.” Seemingly under the veto threats, the Congress complied with the President’s demands and sent a discretionary package that did not exceed his request.

The omnibus appropriation includes \$3.399 billion for the Indian Health Service (IHS) budget; however a 1.56% rescission will be applied to the final appropriation. This means the IHS budget will lose \$53 million. After the rescission is applied, the final budget for the IHS is \$3.346 billion, which is \$166 million over the FY 2007 enacted level. This represents a 5.2% increase for the IHS and is much better than its sister agency, the Bureau of Indian Affairs (BIA). The final approved amount is (after the rescission) \$75 million more than the President’s request. Prior to applying the rescission, the IHS budget increase would have been \$219 million or a 7% increase over FY 2007.

FY 2008 Omnibus Appropriations Comparing IHS Budget to Five HHS Health Agencies					
Agency	FY 2007 Enacted	FY 2008 President's Request	Omnibus H.R. 2764	Increase/ Decrease	Change
IHS	\$ 3,180	\$ 3,271	\$ 3,346	\$ 166	5.2%
CDC	\$ 6,266	\$ 5,983	\$ 6,376	\$ 110	1.8%
CMS	\$ 350,564	\$ 401,005	\$ 400,517	\$ 49,953	14.2%
<i>Medicaid</i>	\$ 168,254	\$ 206,886	\$ 206,886	\$ 38,632	23.0%
NIH	\$ 28,809	\$ 28,329	\$ 29,229	\$ 420	1.5%
HRSA	\$ 6,482	\$ 5,886	\$ 6,948	\$ 466	7.2%
SAMHSA	\$ 3,327	\$ 3,168	\$ 3,357	\$ 30	0.9%

The BIA budget will see less than a 1% percent increase for FY 2008. The Centers for Medicare & Medicaid Services (CMS) and Health Resources Services Administration (HRSA) fared much better than the IHS budget. The CMS budget overall received a 14.2% increase—with the Medicaid program alone receiving a 23% increase—while HRSA received a 7.2% increase.

Other Health and Human Service (HHS) operating division budgets included the Substance Abuse and Mental Health Services Administration which received less than a 1% increase. The National Institutes of Health received a slight increase of \$420 million, a 1.5% increase.

Maintaining Current Services

Earlier this year, Northwest Tribes estimated that it would take at least \$447 million to maintain current services. This estimate included \$65 million for inflationary costs for the Contract Health Service (CHS) program, \$174 million for inflation for other health and facilities accounts, \$59 million for population growth, and \$150 million in Contract Support Costs (CSC) to address past year’s shortfalls and funding for new and expanded self-determination programs. Anything less than \$447 million ultimately means that the IHS and Tribes must absorb these mandatory costs by cutting health services, use other Tribal resources to fund, or a combination of both. Most Tribes will absorb these costs by cutting health care services. The final appropriation falls short by over \$281 million and means that Indian people will receive less health services than they did in FY 2007.

Summary of Mandatory Cost Increases (Current Services)	
<i>Mandatory Cost</i>	<i>Increase needed to maintain current services (1,000s)</i>
CHS inflation estimated at 12.5%	\$64,662
Health Services Account (not including CHS) inflation estimated at 8.3%	\$173,547
Contract Support Costs (unfunded amount)	\$150,000
Population Growth (estimated at 2.1% of health services accounts)	\$59,351
Total Mandatory Costs	\$447,560
<p><u>Note on Medical Inflation:</u> Medical Inflation is estimated between 8% - 14% in the Northwest states of Oregon, Washington and Idaho. Health care analysts understand that increases in medical spending reflect increases in the value of services and pharmaceuticals and not simply inflation as measured for most goods and services. Spending in Medicare will increase by 14% and Medicaid by 8.3% in FY 2007. NPAIHB assumes Indian health programs will not achieve the same level of cost containment due to the lack of large group purchasing</p>	

The health services accounts received \$2.96 billion, an increase of \$139 million (a 4.9% increase). The health facilities accounts received \$375 million, an increase of \$13 million (a 3.7% increase). Congress also provided an additional \$13.8 million for methamphetamine and suicide prevention and treatment services; with \$5 million to be used for mental health issues associated with methamphetamine use.

Other budget highlights include:

- \$579 million for the CHS program, an increase of \$36 million over the FY 2007 enacted level (a 6.7% increase);
- \$27 million for the Catastrophic Health Emergency Fund (CHEF), an increase of \$9.3 million over the FY 2007 level; CHEF was previously capped at \$18 million;
- \$14 million for the Indian Health Care Improvement Fund;

- Congress restored \$36.3 million to fund the Urban Indian Health Programs, previously omitted in the past two President's budgets;
- Congress provided a slight increase for CSC funding but depending on how the rescission is applied, could lose \$2.3 million in base funding;
- All facilities accounts were slated to be cut in President's budget, and all restored with slight increases except the Maintenance & Improvement and Equipment accounts;
- Facilities construction account increased to \$36.6 million, an increase of \$11 million over FY 2007 (an increase of 43%)

Detail of Changes

The Agency will have some discretion on how the rescission will be applied, so the final effect on the sub-account activities is not entirely known at this writing. The Office of Management and Budget is required to submit a report to Congress on accounts and amounts of each rescission within 30 days of enactment. We will provide an update on these details when they become available. The changes to the FY 2008 budget include:

- Adjustments to the President's Budget \$57.1 million
- Current Services Increases – Total \$156.8 million
 - \$41.5 million for Federal and Tribal pay act increases
 - \$57.5 million to fund inflation
 - \$36.7 million for population growth
 - \$19.1 million to phase in staffing at new facilities
- Program Increases/Decreases – Total \$119.4 million
 - \$14 million for the Indian Health Care Improvement Fund
 - \$14 million Suicide & Methamphetamine prevention and treatment initiative
 - \$19 million CHS Catastrophic Health Emergency Fund
 - \$33.9 million to reinstate funding to the Urban Indian Health Program
 - \$5 million for the Indian health scholarship loan repayment program
 - \$732,000 for Sanitation Facilities construction program
 - \$25.1 million for Health Facilities construction
 - \$3.5 million for Facilities Environmental Health & Engineering

Most concerning on this issue is the impact the rescission will have on CSC funding. Congress included an increase of \$1.9 million for CSC funding, but after the rescission is applied the CSC account could lose \$2.3 million. This would erode the CSC budget and the final amount would be less than the FY 2007 enacted level. This has happened in previous years (FY 2003 and FY 2004) to both, the CSC and Self-Governance line items.

NPAIHB Policy Update 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 or contact Jim Roberts, Policy Analyst, at (503) 228-4185 or by email jroberts@npaihb.org.