



NPAIHB POLICY BRIEF

Indian Health and Economic Stimulus

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

Issue No.01, February 10, 2009

The American Recovery Investment Act of 2009 Indian Health Specific Provisions

The Senate today passed an \$838 billion economic stimulus bill by a vote of 61-37, sending the measure to be reconciled immediately with the House approved bill. The House approved their version of an \$819 billion stimulus bill (H.R. 1) by a vote of 244-188 on January 28, 2009. The Senate and House conferees are scheduled to meet immediately to begin reconciling the differences in the bills passed by each chamber, and are hoping to have this work completed within 24-48 hours. The goal is to send a bill to President Obama before leaving for the scheduled President’s Day recess.

The House bill includes \$550 million for Indian health facilities construction projects, deferred maintenance and improvement projects, information technology, and the purchase of equipment. The House bill gives broad authority to the Indian Health Service (IHS) Director to allow the funds to be used at his discretion within the categories described. The Senate bill includes similar provisions as the House and has slightly less funding, however, includes language on how the funding must be used. The Senate bill provides \$545 million, of which \$135 million shall be available for “health services” and \$410 million shall be available for “facilities construction” projects.

Indian Health Funding - Economic Stimulus Bills	Senate	House Passed
Facilities Construction, Maintenance, and Equipment - Total Funding		<u>\$550 Million</u>
Indian Health Services - Total Funding	<u>\$545 million</u>	
Health Services:	\$135 million	
<i>Contract Health Services</i>	<i>\$50 million</i>	
<i>Health Information Technology</i>	<i>\$55 million</i>	
<i>Clinical Health Information Technology</i>	<i>\$30 million</i>	
Health Facilities:	\$410 million	
<i>Maintenance & Improvement Program</i>	<i>\$155 million</i>	
<i>Sanitation Facilities Construction</i>	<i>\$100 million</i>	
<i>Medical Equipment</i>	<i>\$20 million</i>	
<i>Facilities Construction</i>	<i>\$135 million</i>	

The Senate bill directs the IHS to make available from the health services amount, \$50 million for the Contract Health Service program and \$85 million for health information technology. The bill further specifies that from the information technology amount, \$55 million should be directed for health information technology applications and \$30 million should be provided for clinical applications.

Additional language in the report gives the IHS Director authority to manage health information technology programs at a national level; and to purchase infrastructure that is typically funded out of the “facilities” account. Finally, the report gives flexibility to the IHS to make modifications to these allocations, but *after full and timely consultation*.

The Senate bill recommends that facilities funds be provided as follows: \$155 million for the Maintenance and Improvement program; \$100 million for the Sanitation Facilities Construction program; \$20 million for the purchase of medical equipment; and \$135 million for construction of health facilities. The bill exempts the funds provided to purchase medical equipment from annual appropriation spending caps in order to give IHS flexibility to meet the highest priority needs of Tribes. The report also provides the IHS with flexibility to make modifications to the facility allocations in order to maximize job creation and make the most effective use of resources, but *after full and timely consultation*. Additional provisions make IHS and tribally operated health programs eligible for health information technology funds in the House approved bill (Section 3011) and in the Senate bill (Section 3000).

Medicaid, SCHIP, and Manage Care Provisions

Both the House and Senate bills include important provisions that will exempt American Indian and Alaska Natives from premiums and provide cost-sharing protections in the Medicaid and State Child Health Insurance Programs (SCHIP). The provisions provide protection from estate recovery in the Medicaid and SCHIP programs. Both bills contain consultation requirements for Medicaid and SCHIP programs by requiring the Centers for Medicare & Medicaid Services (CMS) to maintain the CMS Tribal Technical Advisory Group (TTAG) and add an Urban Indian health organization representative. The Senate bill also includes a provision at Section 3302 that provides for special rules for AI/AN enrolled in managed care plans and reimbursements to IHS and Tribal health providers serving individuals enrolled in managed care plans.

Facility Priority Lists

Many Tribes are wondering how the IHS will allocate the facilities construction funding that has been provided in the economic stimulus bills. At this time, the Senate bill provides more direction on how the funding will be allocated, while the House bill provides broad authority to the IHS Director on how to use the funding. Many Tribes nationally, including Northwest Tribes, support the Senate bill version even though it has \$5 million in less funding. Northwest Tribes do not support a majority of funds to be provided to the Health Facilities Construction Priority System (HFCPS) projects. The Northwest Portland Area Indian Health Board (the Board) has worked closely with Congress to ensure that the Senate language gets adopted.

If the final approved stimulus bill reflects the Senate language, the distribution of facilities construction funding would be tied to existing priority and ranking systems for the Maintenance and Improvement, the Sanitation Facilities Construction, and Health Facilities Construction programs.

M&I Program:

The physical condition of IHS-owned and many Tribally-owned facilities is evaluated through annual surveys conducted by local facility personnel and IHS Area Office engineers. In addition, comprehensive facility condition surveys are conducted every five years by a team of engineers and architects or other specialists. These surveys, together with routine observations by facilities personnel, identify deficiencies that are included in the Backlog of Essential Maintenance, Alterations, and Repair (BEMAR) database. The identified BEMAR for IHS and reporting Tribal facilities as of October 2007 was \$372 million and it's expected the BEMAR would provide the justification for how M&I funds would be distributed nationally.

Using only the BEMAR to determine/identify tribes for the list is a concern because not all Title I and Title V tribes report data into the BEMAR database. Some Tribes have retained shares with IHS to perform this function for them. Those Tribes that have taken their shares may have stopped reporting this data because of the costs associated with tracking, and the fact that there has not been any significant M&I budget increases to address the BEMAR backlog. The Agency should develop a method to address this issue so that all Tribes benefit from some portion of M&I funding in the economic stimulus.

Sanitation Facilities Construction:

The Sanitation Facilities Construction Program (P.L. 86-121) was created in 1959 to construct essential sanitation facilities in Indian Country. The program works closely in partnership with Tribes to carry out this work. The Indian Health Care Improvement Act directs the IHS to identify Indian sanitation facilities needs for existing Indian homes. At the end of FY 2007, the list of all documented projects totaled over \$2.3 billion, with those projects considered economically feasible totaling \$1.1 billion. It can be expected that this list of documented projects will provide the basis for how the Sanitation Facilities construction funds will be distributed nationally and then within each IHS Area.

Facilities Construction:

The distribution of facilities construction funding will be based on how much funding is provided to projects that are on the HFCPS priority list, how much is directed to the Small Ambulatory Program (SAP), and the Joint-Venture (JV) Program. Funding could also be provided for the Dental facilities program. It is expected that a significant portion of this funding will be directed for inpatient and outpatient facilities included on the IHS FY 2010 spending plan (Attachment A). There may be an opportunity for additional tribes to receive funding under the SAP if more than \$10 million is provided; and if more than \$5 million is provided for the JV program. Otherwise, the amounts in the IHS spending

plan will be directed to Tribes that competed in the previous SAP and JV grant application process. Thus, if Tribes are not already on a funding list for inpatient, out-patient, SAP, or JV facilities, they most likely will not receive any funding under this category from the stimulus bill.

CHS Funding:

The funding for the CHS program would most likely be distributed under the current CHS distribution formula. The basic framework of the CHS distribution formula is that Congressional earmarks, new Tribes funding, and CHEF requirements must be met first. Any remaining amount should be used to fund CHS inflation requirements, and if there is a balance after funding inflation, it should be distributed using the new formula recommendations. It is estimated that it takes at least \$30 to \$35 million each year to meet the CHS inflation requirements. This means that approximately \$15 million (based on the Senate mark) could be distributed under the new CHS formula, which many CHS dependent areas feel is not favorable since the new formula does not weight CHS dependency as high, and results in less funding.

The former CHS distribution methodology was made up of three components with a percentage appropriated to each as follows: (1) Workload and Cost – 20 percent; (2) Years of Productive Life Loss – 40 percent, and; (3) CHS dependency – 40 percent. The former methodology carried a greater weight for CHS dependency than the new formula, which resulted in more funding for CHS dependent Areas. The new CHS dependence component was adopted because it was felt that the former component was not related to the population being served, did not recognize that all Areas have some degree of CHS dependence, did not consistently measure for CHS dependence, and was distorted when applied to the operating unit level data. The Board will be tracking this to make sure that a appropriate inflation rate is used to measure growing costs in the CHS program, as this rate determines the balance of funds to distribute under the requirements of the new formula.

Other Funding:

It is anticipated that the health information technology funding would be divided among IHS and Tribally operated health programs. The Senate language directs that \$30 million be provided to clinical applications, and it's expected that this funding would be provided for the Resource Patient Management System (RPMS). The balance of \$55 million would be provided for other health information applications.

In conference, the House and Senate must resolve the \$19 billion differences that lie in the alternative minimum tax, state aid, education funding, and the allocation of money for Medicaid. The conferees will also have to reach an agreement on the \$5 million difference between the funding for Indian health stimulus and the managed care provisions contained in the Senate bill. Conferees will also have to work through a series of smaller issues, from restrictions on spending on highway beautification projects to the percentage of a college tuition tax credit that should be refundable.

IHS Health Care Facilities FY 2010 Planned Construction Budget a/
(\$000)

FACILITY	Prior to FY 08 *	FY 08 Appr**	FY 09 Request	FY 10 Est.	FY 11 Est.	FY 12 Est.	FY 13 Est.	Outyears Est.	Total Cost ***	Could Use FY 09
Planning Studies b/	-	-	-	500	500	500	500	500		500
Inpatient Facilities c/ d/										
PIMC, AZ, Health Care System 1/										
SE ACC 2/	2,590	-	-	30,917	30,916	-	-	-	64,423	5,000
SW ACC 3/	26,900	-	-	-	-	-	-	-	26,900	-
NE ACC 4/	100	-	-	4,258	29,339	29,339	-	-	63,036	4,258
Central - Hosp & ACC 5/	225	-	-	1,000	-	-	-	523,273	524,498	1,000
Barrow, AK, Hosp 6/	10,960	12,664	15,800	54,468	44,129	-	-	-	138,021	28,000
Nome, AK, Hosp 7/	120	-	-	48,566	40,848	40,848	40,847	-	171,229	48,566
Whiteriver, AZ, Hosp 8/	-	-	-	-	9,882	64,812	64,812	64,812	204,318	-
Gallup, NM 9/	-	-	-	-	-	-	-	517,748	517,748	-
Outpatient Facilities c/ d/										
Ft. Yuma, CA, HC 10/	-	2,208	-	28,057	-	-	-	-	30,265	28,057
Eagle Butte, SD, HC 11/	7,797	17,212	-	31,000	32,350	22,741	-	-	111,100	31,000
Kayenta, AZ HC 12/	6,357	-	-	37,168	59,955	37,543	-	-	141,023	37,168
San Carlos, AZ 13/	8,604	-	-	32,880	48,185	21,064	-	-	110,733	32,880
Rapid City, SD 14/	-	-	-	-	4,534	33,146	33,145	-	70,825	4,534
Dilkon, AZ 15/	-	-	-	-	4,930	38,449	38,449	38,449	120,277	4,930
Alamo, NM 16/	-	-	-	-	12,340	23,191	-	-	35,531	1,694
Pueblo Pintado, NM 17/	-	-	-	-	-	2,047	27,881	-	29,928	-
Bodaway Gap, AZ 18/	-	-	-	-	-	2,132	29,038	-	31,170	-
Albuquerque Health Care System										
Albuquerque West, NM 19/	-	-	-	-	-	3,589	49,385	-	52,974	-
Albuquerque Central, NM 20/	-	-	-	-	-	-	4,694	64,703	69,397	-
Sells, AZ 21/	-	-	-	-	-	-	7,009	101,355	108,364	-
Youth Regional Treatment Centers (Section 704) e/										
S. California YRTC 22/	-	-	-	15,415	-	-	-	-	15,415	15,415
N. California YRTC 23/	79	-	-	15,800	-	-	-	-	15,879	15,800
Joint Venture Construction Program (Section 818e) e/										
Health Facilities 24/	17,361	-	-	5,000	5,000	5,000	5,000	5,000	-	5,000
Small Ambulatory Program (Section 306) e/										
Small Health Clinics 25/	36,773	2,500	-	10,000	10,000	10,000	10,000	10,000	-	10,000
Dental Facilities Program										
Dental Units 26/	13,434	2,000	-	3,000	3,000	3,000	3,000	-	-	-
Non-IHS Funds Renovation Projects (Section 305) e/										
Equipment for Projects 27/	-	-	-	-	-	-	-	-	-	-
TOTAL	131,300	36,584	15,800	318,029	335,908	337,401	313,760	1,325,840	2,653,054	273,802
UNFUNDED (FY 2009-Outyears) f/									2,559,738	

NOTES:

- * Amounts appropriated and reprogrammed for active projects.
- ** Amounts appropriated less 1.56% rescission
- *** Based on mid-point of construction using current year dollars.
- a/ Subject to the availability of funds and does not include Maintenance & Improvement, Environmental Remediation, Environmental Assessment, Biomedical Equipment, or staff support, which are budgeted separately.
- b/ Funding for Phase II Site Selection and Evaluation Reports, and other planning needs for proposed projects.
- c/ This project list includes all PJD approved projects from the existing IHS Facilities Construction Priority List which was implemented in 1992. It also includes two projects from the previous priority system.
- d/ Proposed projects which require staff quarters to support the health care delivery program have the quarters included in the total cost of the project.
- e/ The Section cited is the appropriate section of P.L. 94-437 that authorizes the program.
- f/ The funding required to complete line item projects from FY 2009 through Outyears.
- 1/ Appropriated: It is anticipated that PIMC Hospital system will be located at four sites in the Phoenix area: southeast, southwest, northeast and central. Central includes inpatient, outpatient, and a hostel. The other three sites will be ambulatory care centers (ACC).
- 2/ Appropriated: \$2,590,070 planning and to begin design (FY 2005).
- 3/ Appropriated: \$1,354,360 planning and design (FY 2005), \$7,882,300 to begin construction (FY2006), \$17,664,000 to complete construction (FY 2007JR).
- 4/ Reprogrammed: \$100,000 planning (FY 2006);Appropriated: \$-0-.
- 5/ Appropriated: \$150,000 planning (FY 1989); Reprogrammed: \$74,405 planning (FY 1994). Additional funding needed for system planning. PIMC Central includes inpatient, outpatient, and a hostel. PJD in development.
- 6/ Reprogrammed: \$120,000 planning (FY 2003); Appropriated: \$2,958,322 site acquisition (FY 2005). \$7,882,300 for design and construction (FY2006). \$12,664,000 (FY 2008). Total cost estimate includes \$2,000,00 (FY2004), \$5,970,000 (FY2005), and \$7,000,000 (FY2006) from the Denali Commission for planning and design.
- 7/ Reprogrammed: \$120,000 planning (FY 2003); Appropriated: \$-0-. Total cost estimate includes \$500,000 (FY2003), \$4,680,000 (FY2005) \$6,000,000 (FY2006) for design from Denali Commission.
- 8/ Appropriated: \$-0-. Total cost includes \$45,478,000 estimated for 144 staff quarters units. The quarters estimate is based on the design-build method.
- 9/ Appropriated: \$-0-.
- 10/ Appropriated: \$667,000 planning and design (FY 1989); withdrew <\$ 667,000> (FY 1996); \$2,208,000 (FY2008) for planning and design; The PJD update in FY
- 11/ Reprogrammed: \$100,000 planning (FY 2004);Appropriated: \$2,765,499 planning and design (FY 2004); \$4,930,537 design and construction (FY 2005); \$17,212,000 (FY 2008) for construction. Total cost includes preliminary estimate of \$42,568,000 for 133 staff quarters using the design-build method.

- 12/ Reprogrammed: \$66,000 planning (FY 2004). Appropriated: \$430,929 design (FY 2005), \$3,820,946 design (FY 2006), \$2,000,000 (FY 2007) begin construction. Total Cost includes \$45,573,000 for 129 staff quarters units based on the design-build method.
- 13/ Appropriated: \$555,178 planning and design (FY 2005). Appropriated: \$6,049,000 design (FY2006), \$2,000,000 (FY 2007) complete design and begin construction. Total Cost includes \$16,772,000 for 43 additional staff quarters units.
- 14/ Appropriated: \$ -0-
- 15/ Appropriated: \$ -0- Total cost includes preliminary estimate of \$44,184,000 for 121 staff quarters using the design-build method..
- 16/ Appropriated: \$ -0- Total cost includes preliminary estimate of \$10,851,000 for 33 staff quarters using the design-build method..
- 17/ Appropriated: \$ -0-; Determination, and cost estimate for quarters will established during the development of the PJDQ
- 18/ Appropriated: \$ -0-; Determination, and cost estimate for quarters will established during the development of the PJDQ
- 19/ Appropriated: \$ -0-
- 20/ Appropriated: \$ -0-
- 21/ Appropriated: \$ -0-
- 22/ Appropriated: \$-0-. The FY 2005 appropriation language authorizes the IHS to purchase needed land and directs the IHS to use prior year unobligated funds for the land purchase. The design-build method is being considered. The POR approval is pending; therefore, a cost estimate update will occur.
- 23/ Appropriated: \$-0-. The FY 2005 appropriation language authorizes the IHS to purchase needed land and directs the IHS to use prior year unobligated funds for the land purchase. Reprogrammed: \$79,140 planning and site acquisition (FY 1991). The design-build method is being considered.
- 24/ Prior appropriations have funded 8 JVCPs. The FY 2008 Omnibus Bill extends the JVCP to fund 2 projects from the FY 2007 solicitation. The JVCP funding is for health care equipment.
- 25/ Prior appropriations have funded 27 SAP health center projects
- 26/ Prior appropriations have funded 33 dental facilities.