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January 6, 2009

Senate Committee on Indian Affairs
United States Senate
838 Hart Office Building
Washington, DC 20510

House Resources Committee
U.S. House of Representatives
Office of Indian Affairs
140 Cannon House Office Building
Washington, DC 20515

Dear Committee Chairs:

The Northwest Portland Area Indian Health Board is a P.L. 93-638 tribal organization that represents forty-three federally recognized Tribes in the states of Idaho, Oregon, and Washington. Our behalf of our Tribes, we are providing you with recommendations for the economic stimulus package that is currently being developed by Congress and the new Administration.

As Congress seeks consensus on ideas for stimulating the U.S. economy, we ask that investments be included to fund Indian programs and its health infrastructure. Tribal communities are dealing with the same economic crisis that the rest of the United States is experiencing. In many respects, this crisis could be more harmful on Tribal communities than the rest of the country, in that economic conditions on Indian reservations are among the worse in the United States. Indian reservations do not have the same economic infrastructure or capital needed to create jobs and stimulate economies as the rest of the country. Because of this, it is imperative that the economic stimulus package include direct investments in Tribal communities.

Indian health programs are a vibrant economic engine in Indian Country and an investment will produce immediate jobs and circulate money in the economy. We have developed a plan for the Congress and new Administration to invest in *shovel-ready projects* that will produce over 1,400 jobs and contribute over \$600 million into Tribal economies.

We thank you for your attention and support for our recommendations!

Sincerely,

Joe Finkbonner, RPh, MHA
Executive Director

Economic Stimulus Package Indian Health Infrastructure Recommendations

January 6, 2008

Due to the current economic decline, one of the top priorities for the incoming Administration and new Congress is the development of an economic stimulus package. Tribal communities are dealing with the same economic crisis that the rest of the United States is experiencing. In many ways, the economic crisis could be more detrimental on Tribal communities than the rest of the country in that economic conditions in Indian Country are among the worse in the United States. Tribal communities do not have the same economic infrastructure or capital needed to create jobs and stimulate economies as the rest of the country. Indian health programs are a critical economic engine in Tribal communities and it is imperative that we invest in these programs.

The following provides recommendations on Indian health infrastructure improvement projects that are “shovel-ready” and can be completed within two years or less. When completed, the proposed projects would create at least 1,471 immediate jobs and stimulate tribal economies with over \$602 million. The projects can easily be justified as they have been evaluated and put through a rigorous review and evaluation methodology to rank each project by the Indian Health Service (see attached lists).

1. \$75 million for IHS Contract Health Service Program

Estimated Economic Multiplier Effect¹: \$283.8 million

While there are many ways to stimulate the economy, one of the most important and effective ways is to maintain public health programs as part of the overall economic recovery plan. Rising health care costs are forcing employers to lay off employees which increases demand on public health programs. Compound this with the State budget shortfalls, many are cutting Medicaid services or are capping enrollment. State Medicaid programs will benefit from a temporary increase in the federal matching rate for Medicaid (Federal Medical Assistance Percentage-FMAP) as part of the recovery effort. Unfortunately, Indian health programs will not benefit on an equal basis as State Medicaid programs when it comes to providing health care, despite the fact that both provide health care to similar beneficiaries.

A similar program to Medicaid, within the Indian Health Service (IHS), is the Contract Health Service (CHS) program which allows the Indian health system to purchase specialized health services for their beneficiaries from public and private providers. It is estimated that the unmet need for CHS services is at least \$300 million. A \$75 million investment in the CHS program would allow an additional 45,000 patient visits for American Indian and Alaska Natives (AI/AN). In FY 2007, there were over 196,000 denied or deferred CHS services. This funding could be put to work immediately to purchase care from the public and private health sectors and would increase access to health services while creating and preserving jobs both on and off Indian reservations.

¹ Multiplier effect of 2.27 uses accepted economic forecasting method which assumes a marginal propensity to consume of .80 percent and a 30 percent taxation rate, which is then applied to the total recommended funding amount.

2. \$125 million for IHS Facilities Maintenance & Improvement

Estimated Economic Multiplier Effect: \$283.8 million

Estimated No. of Jobs²: 694

The IHS and Tribes manage over 1.2 million square meters of health facilities space which are used to deliver health care services. The IHS and Tribes manage more health facility space than any other entity in the federal system. The estimated replacement value of facilities eligible for maintenance and improvement funds is in excess of \$2.4 billion. Over the last fourteen years, there has been less than a five percent increase in Maintenance & Improvement (M&I) funding despite the fact that the inventory of space has increased considerably (over 30% in the Portland Area). The IHS Backlog of Essential Maintenance and Repair (BEMAR) survey for October 2007 estimates that there is a backlog of \$371 million in needed repairs to Indian health facilities.

The capital assets of Indian health facilities must be protected from deteriorating, yet routine maintenance is rare due to lack of funding. While all types of infrastructure investment will be important to the resurgence the economy, health infrastructure investments are extremely important. The Health Resources and Services Administration (HRSA) estimates that 64 million people live in primary care professional shortage areas (many in Indian Country). In addition, recent studies show that two-thirds of the approximately 1,150 community health center organizations, who serve as front-line care providers across the country, have unmet capital needs and that most health centers are operating in aging buildings in desperate need of repair. Many Tribal health facilities operate as community health centers and experience the same capital construction needs.

Investing in health infrastructure in Indian Country will result in construction opportunities that create jobs, the resulting facilities create sustainable, long lasting jobs and expand access to health care for a population that suffers the worst health disparities in America, and will open new opportunities for health career development within the Indian health system.

3. \$125 million for IHS Sanitation Facilities Construction

Estimated Economic Multiplier Effect: \$283.8 million

Estimated No. of Jobs: 694

The IHS Sanitation Facilities Construction is an integral component of the Indian health system. This program implements construction projects that provide potable water and waste disposal facilities for AI/AN people. IHS physicians and health professionals credit this program with significant improvements in the health status of AI/AN people. In 2007, the sanitation facilities needs for existing AI/AN homes was in excess of \$2.3 billion, with those projects determined to be economically feasible to be \$1.1 billion. At the end of FY 2007, there were over 213,000 homes in Indian Country in need of sanitation facilities, including 36,000 homes without potable water.

This backlog of homes requiring sanitation services is a significant public health risk to people living on and near Indian reservations. A \$125 million investment in sanitation facilities construction

² Source: Reed Construction Data, information available at www.reedconstructiondata.com/regions/us/. Assumption estimates 60 percent of investment is for labor, 40 percent is for materials. The amount for labor is divided by an average Davis & Bacon hourly rate of \$60 for construction related jobs to determine total number of labor hours. Total labor hours are divided by 2,000 (approximation used to determine one job/year) to determine number of jobs.

would allow the IHS to upgrade existing water supplies and waste disposal facilities. The investment would improve sanitation facilities operation and maintenance capabilities in Indian country. Maximum health benefits will be realized by addressing existing sanitation needs identified in the backlog and by providing sanitation facilities for new homes when they are constructed.

Investing in sanitation facilities construction projects will result in construction opportunities that create jobs on and off reservations. These projects improve water supplies, sewage disposal facilities, develop solid waste sites, and promote development of Tribal water and sewer utility organizations. This results in improved health status and creates healthier economies on reservations.

4. \$15 million for IHS Small Ambulatory and Dental Facilities Replacement Projects

Estimated Economic Multiplier Effect: \$34.1 million
Estimated No. of Jobs: 83

The IHS small ambulatory construction program provides funding for the construction, expansion, and modernization of small ambulatory care facilities. There is a tremendous need for increased ambulatory health services throughout Indian Country and rural America. Currently, the Indian health system has insufficient capacity to deliver these needed services. Services provided in these facilities benefit not only AI/AN people, but the general population.

The IHS operates a very limited dental facilities replacement program, which provides limited funding annually (usually 3-5 projects) to meet the dental facility replacement needs of Indian Country. Indian populations have the highest rates of oral health disease than any other population. This disparity is attributed to the lack of dental services available in facilities. The Indian health system has average dental patient load of 2,800 per provider, while the general population providers have 1,500 patients and many Tribal dental clinics have extensive waiting lists. This is a direct result of inadequate dental health facilities able to employ the necessary professionals. Investing in dental health facility construction will increase access and create jobs in communities.

Conclusion

As Congress seeks consensus on ideas for stimulating the U.S. economy, we ask that you include funding for Indian health programs. The Indian health system is critically under-funded and when the state of Tribal economies is factored, there will be significant demand for health services placed on the Indian health system. An immediate injection of additional health care facility funding will assist AI/AN people as they seek primary health care services and job training opportunities in these tough economic times. In addition, an investment as proposed will allow the IHS to begin to implement sustainable “green” building practices in its health facilities. This will translate to more energy efficient buildings that will significantly reduce operating costs. The current funding levels do not allow the Agency to incorporate sustainable building practices and renewable energy. Larger improvements could reduce clinic operating costs, improve the building environment (indoor air quality), preserve the building assets (so as to avoid the need for future capital investments), and contribute to “green” construction employment. An investment in these **shovel-ready projects** will not only have an immediate job creation impact in local economies but will open up new career opportunities for displaced workers, it will also save valuable health care dollars by improving access to care.