



# National Indian Health Board



## Supercommittee Failure, Sequestration, and Indian Health Service (IHS) Appropriations

July 24, 2012

In a November 21<sup>st</sup>, 2011 press release, the Joint Select Committee on Deficit Reduction aka Supercommittee officially admitted defeat. Created as a part of the Budget Control Act of 2011, which also raised the federal debt limit, the Supercommittee was a bipartisan, bicameral 12-member Congressional panel tasked with securing a plan to reduce the federal deficit by a minimum of \$1.2 trillion by November 23<sup>rd</sup>. Ultimately, the group could not come to an agreement on how to reduce the deficit due to more partisan issues like increasing federal tax revenue or reforming entitlement programs.

### What happens now?

A contingency plan for Supercommittee failure was built into the Budget Control Act. Since the Supercommittee has failed, on January 15, 2012, a process known as “sequestration” is triggered. Through this process, \$1.2 trillion in automatic, across-the-board cuts are made to federal spending over the next decade: half from defense spending and half from non-defense spending (including mandatory spending). If Congress does not act in the next year, then these cuts will go into effect starting on January 2, 2013 and continue through Fiscal Year (FY) 2021.

### What happens to IHS?

Although the vast majority of federal spending is subject to the across-the-board cuts discussed above, a number of programs are either exempt or subject to special rules under sequestration. Many safety-net programs are exempt from these funding reductions or limits entirely. Examples are: Social Security, Medicaid, the Children’s Health Insurance Program (CHIP), and the Supplemental Nutrition Assistance Program (SNAP).

Other programs are subject to special rules and reduction limits. For example, cuts to Medicare may only be achieved in up to a 2% reduction in provider payments. Medicare beneficiaries would likely not see a change in their coverage. The Indian Health Service also falls under special rules. Under sequestration, funding may be reduced to the two IHS budget accounts by up to 2% in any fiscal year. Thus, it is possible that the Indian Health Services and Indian Health Facilities accounts may see cuts of up to 2% in appropriated funding annually between FY 2013 and FY 2021.

However, all of this ultimately depends on Congressional action or inaction in the coming months. NIHB continues to monitor the situation and will report on new information as it develops. With questions or for more information, please contact Jennifer Cooper, NIHB Legislative Director at [Jcooper@nihb.org](mailto:Jcooper@nihb.org) or Jeremy Marshall, NIHB Senior Legislative Associate at [Jmarshall@nihb.org](mailto:Jmarshall@nihb.org)

