



NPAIHB POLICY UPDATE

FY 2007 Budget Updates

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NPAIHB 17th Annual Budget Analysis & Recommendations & Senate Passes FY 2007 Budget Resolution

Portland, OR—On March 14th, Portland Area Tribes conducted their 17th Annual All Tribes meeting that continues a long-standing tradition of close scrutiny of the Indian Health Service (IHS) budget that began in the 1980's. The All Tribes meeting provides Tribal leaders and health directors with a forum for developing recommendations on the IHS budget. Northwest Tribes understand the significance of the IHS budget; singularly it provides the preponderance of funding for Indian health programs and is the Administration's ultimate policy statement on priorities for Indian health programs. Sad but true, this year's IHS budget will result in drastic cuts in health services and leave millions in unfunded inflation and population growth. The President's budget proposes to eliminate the Urban Indian health program and provide administrative increases for items like accounting systems that ultimately mean cuts in health services.

In FY 2007, the Northwest Portland Area Indian Health Board (NPAIHB) estimates that it will take at least \$436.7 million to maintain the current levels of service. Anything less will mean cuts in health services for Indian people served by the IHS system. The costs associated with maintaining current services include general and medical inflation, population growth, and pay cost increases. For FY 2007, Portland Area Tribes estimate the costs of current services items as follows: general and medical inflation \$232.8 million, Contract Support Cost increases \$150 million and population growth \$53.8 million. The President's FY 2007 budget will fall short by \$312 million of maintaining current services.

In addition to the current services estimates, Northwest Tribes also developed recommendations to address high priority needs. These recommendations highlight the significant health disparities that American Indian and Alaska Native people suffer and represent areas to make major improvements in health status. This year, Portland Area Tribes recommended \$416 million in program enhancements to address high priority needs. The recommendations included additional funding for the Contract Health Service program in order to address the growing number of deferred and denied services, increases for behavioral health programs, more funding for pharmaceuticals and Part D triage, a higher priority of funding for health promotion and disease prevention activities, information technology, and facilities construction and maintenance needs. In FY 2007, the amount of funding to address the real needs of Indian health programs—current services and program enhancements—to address health disparities, is at least \$ 866 million.

An electronic copy of the Board's FY 2007 Budget Analysis and Recommendations report is available at: www.npaihb.org. A printed copy will be provided to each Northwest Tribe in next week's mail out.

FY 2007 Senate Budget Resolution

On March 16th, the Senate approved their FY 2007 budget resolution by a vote of 51-49. Most concerning for Tribes are the discretionary spending caps contained in the resolution. The Senate Budget Resolution (S. Con. Res. 83) will hold discretionary spending at \$890 billion in FY 2007. The original spending cap was \$873 billion however an additional \$16 billion of proposed amendments will increase the discretionary cap over what was proposed by President Bush in his FY 2007 budget request. Had the Senate budget resolution passed as initially proposed, it would have attempted to cut the federal deficit in half (\$250 billion) by 2009. The Senate's FY 2007 discretionary cap is much less than the FY 2006 final approved discretionary spending amount of \$993 billion. This will have a significant impact on the ability of Tribes to advocate for more funding for Indian programs—including the Indian Health Service (IHS).

Senator Dorgan (ND) did sponsor an amendment that would have increased funding by \$1 billion for various tribal programs and provide necessary additional funding based on recommendations from Indian country, by closing corporate tax loopholes. The amendment was co-sponsored by Senators Maria Cantwell and Patty Murray (WA), Tim Johnson (SD), Jeff Bingaman (NM), and Max Baucus (MT). Unfortunately, the amendment was defeated by a vote of 42-56 along party lines with Senators Gordon Smith (OR), Larry Craig (ID), and Mike Crapo (ID) not supporting the increase for Indian Country.

The Administration and Congress will justify limited funding increases in the fact that there simply isn't enough money in the system to provide adequate increases for domestic discretionary programs. At the upcoming regional and national Tribal consultation meetings with HHS Operating divisions agency heads will defend the FY 2007 President's request for the IHS as a very good budget given the current fiscal realities. It will be reasoned that given the reduction in other discretionary funded programs that the IHS budget has done quite well. This argument is based on faulty reasoning because the IHS budget is not like other discretionary programs. In effect it is like the Medicaid program and should be funded at the approximate level. Unlike any other agency within Health and Human Services, the IHS provides direct medical care and is subject to much higher rates of inflation than other discretionary programs. When these services are not funded, ultimately services have to be cut. When taking into account both the consideration of significant health disparities of Indian people, and the need to fund medical inflation, the IHS budget is deserving of increases that allow it to truly meet its need. The discretionary caps in the Senate budget resolution will make it difficult to obtain any new funding for Indian programs.

Prior to the final approval, the Senate voted to pass an amendment that would add \$7 billion to programs under the jurisdiction of the Senate Appropriations Subcommittee on Labor, HHS, Education and Related Agencies. The Senate also voted to reject an amendment that would have reduced spending for the Medicare and Medicaid programs by \$10 billion over five years. The increased spending in the resolution means that halving the deficit by 2009 will not be a reality. There were other Medicare cuts that were eliminated in the resolution and mean fewer savings. The House version of the Deficit Reduction Act of 2006 proposed deeper cuts than the Senate version. If this is an indicator of House fiscal conservatism than reaching an agreement on the additional spending and other changes in the Senate budget resolution will prove difficult in reaching a final budget deal with the House.

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