



NPAIHB POLICY BRIEF

IHS Budget Update

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

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Congress Recesses without approving FY 2007 IHS Budget

Portland, OR — Congress adjourned in September to campaign for mid-term elections and only passed two of the FY 2007 appropriation bills, the Homeland Security and Defense bills. A continuing appropriation resolution is included in the Defense bill that will provide funding for government operations at the current FY 2006 rate or a lower rate approved by House and Senate actions. In this case, the House approved action is lower and the basis for amounts to be funded in the “Continuing Resolution.” The Continuing Resolution is in effect through November 17, 2006.

The full House approved its Interior Appropriations bill (H. Rpt. 109-465) on May 18th; while the Senate Appropriations Committee has only approved its Interior bill recommendations (S. Rpt. 109-275) and still needs approval of the full Senate before becoming final. The House and Senate bills provide very similar amounts for the Indian Health Service (IHS) programs. The difference between the two bills is a mere \$878,000; with the House

providing more funding. Although the House bill is more, the Senate bill provides better increases for hospitals/clinics, preventative health, and other services and overall is a much better bill for Indian health programs. The reason for this is due to the amounts for “fixed cost decreases.” The House bill includes \$37.1 million in fixed cost decreases; while the Senate bill only includes \$20 million. The difference of \$17.1 million allows more money to be applied to the health service, preventative health, and other services accounts mentioned previously.

Aside from the fact that the Senate bill provides more funding for hospital/clinics and preventative services accounts, the increases will establish a higher baseline for future year’s budget formulation

Summary of Congressional Actions FY 2007 IHS Appropriations (Dollars in Thousands)

	House (H. Rpt. 109-465)	Senate (S. Rpt. 109-275)
Appropriation, FY 2006	\$3,045,310	\$3,045,310
President's Request, FY 2007	\$3,169,787	\$3,169,787
Congressional Recommended	<u>\$3,230,806</u>	<u>\$3,212,831</u>
"Fixed Cost Decreases"	<u>(\$37,097)</u>	<u>(\$20,000)</u>
Final Recommended	<u>\$3,193,709</u>	<u>\$3,192,831</u>
Comparison*:		
To FY 2006 Actual*	-\$3,082,407	-\$3,065,310
To President's Request, FY 2007*	-\$3,206,884	-\$3,189,787
House Difference (vs. Senate)*	<u>\$878</u>	
* After Fixed Cost Decreases		

activity. Applying a 3 percent increase to the Senate bill rather than the House is much better for Indian health programs. This negates some of the effect of “fixed cost decreases” and does not erode as much of the IHS base budget. Most certainly, those IHS Areas that have construction projects will defend the House mark because it restores \$10 million to the Facilities Construction account. Most Tribal leaders will agree that it is better for Indian Country to take an additional \$17.1 million to provide health services than to receive a mere \$10 million for facilities construction.

Both, the House and Senate, restored \$32.7 million for the Urban Indian Health Programs. Each conference report language underscored Congress’ commitment to support the urban programs and directs the IHS to refrain from eliminating any urban programs until Congress has completed its FY 2007 budget negotiations. Report language also provides \$300,000 for the Indian Health Board of Nevada. The Senate designed \$15 million for alcohol prevention and treatment programs in Alaska and language to addresses the mental health needs of Indian Country by encouraging tele-health technology and ongoing collaborations with the Substance Abuse and Mental Health Services Administration to address the needs of at risk youth.

While the Administration and members of Congress will continue to defend the increases contained in the IHS budget and restores badly needed funding for the Urban Indian Health Programs, the budget continues to fall short of funding mandatory costs of current services.

The NPAIHB Annual Budget Analysis & Recommendations estimates that it will take at least \$436 million to maintain mandatory costs of inflation and population growth. The

health disparities of Indian people can not be refuted and the House and Senate approved amounts will fall short by over \$289 million. This means that IHS and Tribes will continue to face severe budget shortfalls as they balance the need to provide services and maintain the financial solvency of operating health programs. In the end they have no choice but to cut services.

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%	\$ 168,173
Contract Support Costs (unfunded amount)	\$ 150,000
Population Growth (estimated at 2.1 % of health services account)	\$ 53,842
Total Mandatory Costs	\$436,677

After the November 6th election, a “lame duck” session is tentatively scheduled to convene on November 13th, at which time Congress should resume its work on the remaining appropriations bills. Congress could pass some or all of them during the lame duck session, or enact another Continuing Resolution for an additional amount of time. What will occur depends in large part upon the results of the mid-term elections and whether there are any changes in congressional leadership.

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.