



POLICY UPDATE ON THE FY 2006 IHS BUDGET

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Issue No. 1, January 3, 2006

FY 2006 Rescissions will cost IHS Programs \$46 million

Portland, OR--President Bush on December 30th approved the Department of Defense (DOD) spending bill which included a provision to apply an across-the-board cut to almost all “discretionary” programs, including both defense and domestic programs. The medical care programs for veterans will be exempt from the cut. The effect of the one percent cut will reduce FY 2006 discretionary spending by approximately \$8.6 billion.

The FY 2006 Interior Appropriations and Related Agencies bill (H.R. 2361) provides \$3.09 billion for the Indian Health Service (IHS) which already contained a 0.476% across-the-board reduction. The reduction resulted in a \$14.7 million loss to the IHS budget. The effect of the second cut to the IHS budget will be a loss of an additional \$30.8 million. The IHS will lose a total of \$45.5 million due to rescissions (44% of its approved increase) in this fiscal year.

Rescissions have had a growing effect on Indian health programs over the last five years. The reductions as a percentage of the approved IHS budget are growing at a disproportionate rate. Five years ago, the rescissions were a mere one percent of the approved IHS budget increase. In FY 2006, the rescissions will eat up almost half of the approved IHS budget increase. It is not understandable why IHS health programs are exempt from across-the-board reductions like Veterans Administration (VA) programs. IHS health programs are subject to the same rates of medical inflation that VA programs are and should be given the same consideration.

The effect of any rescission is merely an illusion for DOD programs. It will not be the same for IHS and Tribal health programs which will have to cut services. Defense programs are likely to be fully restored next spring, when supplemental appropriations for Iraq will be enacted. Based

on past Iraq supplemental bills, the supplemental is likely to be structured in a way that allows the Pentagon to move funds around and undo the across-the-board cut. IHS programs on the other hand will have this luxury and will have to deny health services to Indian people. □

