



POLICY UPDATE

ON FY 2006 LABOR-HHS-EDUCATION & DEFENSE APPROPRIATION BILLS

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Labor-HHS-Education bill includes large increases for health programs; Defense bill means second rescission for IHS programs

Portland, OR—On December 30, 2005, The President signed into law H.R. 3010, the "Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006." The Labor-HHS-Education bill (see H. Rpt. 109-337) provides funding for key domestic health programs that include Medicare and Medicaid.

The Senate previously passed by unanimous consent Conference Report H. Rpt. 109-337 on December 21, 2005; while the House approved the conference report on December 14th by a vote of 215-213. The first conference report was defeated in the House on November 17, 2005, when House Democrats and 22 Republicans voted against the bill, stating opposition due to cuts in funding for rural health care programs. The revised bill includes \$90 million in additional funding for rural health care programs. The total funding for the bill did not increase with offsets being made in the flu preparedness programs. As part of the Defense Conference report (H. Rpt. 109-359), Congress included \$3.79 million in additional funding for avian flu preparedness.

The FY 2006 Labor-HHS bill will increase spending by more than \$105 billion over last year's enacted level and is primarily due to additional funding for mandatory programs such as Medicare and Medicaid. The Medicaid program alone will see an increase of over \$33 billion above last year's level. The bill earmarks \$28.6 billion in funding for the National Institutes of Health, approximately a 1% increase over FY 2005 funding levels. The following is a summary of the funding for health related agencies:

Labor-HHS-Education Health Related Agencies					
(Dollars in Thousands)					
	FY 2005 Enacted	FY 2006 President Request	H. Rpt. 109-337	Increase/ Decrease vs. FY 2005	Change
CDC	\$4,775,810	\$4,305,063	\$6,150,034	\$1,374,224	22.3%
CMS	\$304,787,020	\$400,817,922	\$400,651,371	\$95,864,351	23.9%
HRSA	\$6,904,407	\$6,071,776	\$6,736,061	-\$168,346	-2.5%
NIH	\$28,364,515	\$28,509,784	\$28,617,484	\$252,969	0.9%
SAMHSA	\$3,391,769	\$3,336,023	\$3,359,116	-\$32,653	-1.0%
IHS	\$2,985,066	\$3,047,966	\$3,045,310	\$60,244	2.0%

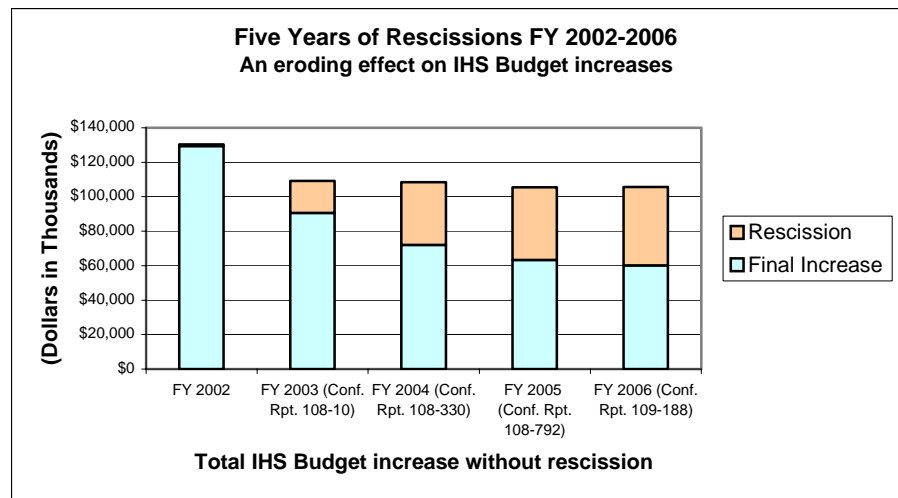
The Defense conference report which provides the additional funding for avian flu preparedness includes \$3.3 billion for the Department of Health and Human Services to address pandemic influenza. Included is \$2.75 billion for vaccines, anti-virals, and any other counter measures that HHS determines are necessary to protect the health of Americans. Also included is \$350 million to aid State and local public health departments plan and exercise their key roles during a pandemic. \$150 million is provided for international and domestic surveillance. \$50 million is included for CDC lab capabilities and research.

Rescissions have a growing effect on IHS Budget

The President also signed into law H.R. 2863, the "Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006." The Act provides appropriations for the Department of Defense (DOD) and resources for hurricane relief, and for the potential influenza pandemic.

Unfortunately for Indian health programs, the Defense conference report included a 1% across the board cut for all FY 2006 discretionary spending. The Veterans Administration programs will be exempt from the cut. Earlier last year, the FY 2006 Interior appropriations bill adopted a .476% across the board reduction that resulted in a \$14.7 million loss to the Indian Health Service (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. □