



NPAIHB POLICY UPDATE

FY 2007 IHS Budget

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House and Senate Action on FY 2006 IHS Budget

Portland, OR — On June 29th, the Senate approved its FY 2007 Interior and Related Agencies Appropriations bill (H.R. 5386). The bill provides \$26.1 billion in appropriations for the Department of the Interior (DOI) agencies and the Indian Health Service (IHS). The Senate approved bill provides over \$3.2 billion for IHS and Tribal health care programs—a 4.8 percent increase (\$147 million) over the final FY 2006 enacted level. The President’s FY 2007 request for the IHS was \$124.4 million (a 4.1 percent increase) over last year’s spending level.

Earlier this year, the House approved a similar version of the FY 2007 Interior-related Agencies bill by providing \$25.9 billion for DOI agencies. The final House mark provides a 4.9 percent increase for IHS programs, while the final Senate mark provides a 4.8 percent increase. The differences in the House and Senate bills lie in the funding levels for the Hospital/Health Clinic and Health Facilities Construction budget line items and the recommended amount of “fixed cost decreases.” The initial House bill recommendations (before fixed cost decreases) include \$9 million more for Hospital/Health Clinic services. The House bill provides \$36.6 million for Health Facilities Construction, while the Senate provides \$27.6 million. The House recommended fixed cost decreases of \$37 million, while the Senate recommended \$20 million. After these variances in funding are factored, the House bill provides \$878,000 more than the Senate approved amount.

FY 2007 IHS Budget - Summary of Action		
(Dollars in Thousands)	House (H. Rpt. 109-465)	Senate (S. Rpt. 109-275)
Appropriations, FY 2006	\$ 3,045,310	\$ 3,045,310
President Request, 2007	\$ 3,169,787	\$ 3,169,787
Recommended*	\$ 3,193,709	\$ 3,192,831
Comparison:		
Appropriation, 2006	\$ 148,399	\$ 147,521
President’s Request, 2007	\$ 23,922	\$ 23,044
House Difference (vs. Senate)		(\$ 878)
* After “Fixed Cost Decreases”		

Interestingly, this year Congress devised a different mechanism to comply with budget spending caps. In previous years, Congress applied across-the-board cuts or recessions. This year, Congress applied “fixed cost decreases” in lieu of previous year’s cuts and recessions. Whatever they are called, the effect of these actions is the same, it ultimately means less funding for Indian health care by eroding the IHS base budget. Over the last three years, IHS programs have averaged slightly more than a \$107 million increase in Congressional appropriations. Over this same period, the agency has lost at least \$41 million a year due to cuts or rescissions. This year the House recommended fixed cost decrease is \$37 million, while the Senate decrease is \$20 million. It is expected when House and Senate conferees meet to compromise the differences in the bills that the final cut will be between \$30 to \$35 million. For now, the House approved bill provides \$878,000 more than the Senate approved amount.

Other key changes to the IHS budget request include restoration of \$32.7 million for the Urban Indian Health Program and \$300,000 for the Indian Health Board of Nevada. Conference report language underscores 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. The Senate also designed \$15 million for alcohol prevention and treatment programs in Alaska. The Senate language also 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.

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

While it might seem that the both bills provide adequate increases for the IHS budget and restores badly needed funding for the Urban Indian Health Programs, they continue to fall short of funding mandatory costs of current services. The argument will continue to be made by members of the Administration and some members of Congress that in the wake of the

current political climate and fiscal realities, the IHS budget has done quite well. However, in FY 2007, the NPAIHB estimated that it will take at least \$436 million to maintain mandatory costs of inflation, population growth, and other administrative costs associated with operating health programs. 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. □

FY 2007 Indian Health Service Budget
Comparing President's Request to House & Senate Action

	PRESIDENT'S REQUEST		HOUSE ACTION WITH FIXED COST DECREASES					SENATE ACTION WITH FIXED COST DECREASES				
	Final Enacted FY 2006	FY 2007 President's Request	H. Rpt. 109-465 Recommend.	Fixed Cost Decreases ¹	FINAL HOUSE MARK	Difference versus Enacted	% Change versus Enacted	S. Rpt. 109-275 Recommend.	Fixed Cost Decreases	FINAL SENATE MARK	Difference versus Enacted	% Change versus Enacted
Services:												
Hospitals & Health Clinics	\$ 1,339,539	\$ 1,429,772	\$ 1,439,047	\$ 15,099	\$ 1,423,948	\$ 84,409	6.3%	\$ 1,430,072		\$ 1,430,072	\$ 90,533	6.8%
Dental Health	\$ 117,731	\$ 126,957	\$ 126,957	\$ 1,185	\$ 125,772	\$ 8,041	6.8%	\$ 126,957		\$ 126,957	\$ 9,226	7.8%
Mental Health	\$ 58,455	\$ 61,695	\$ 61,695	\$ 616	\$ 61,079	\$ 2,624	4.5%	\$ 61,695		\$ 61,695	\$ 3,240	5.5%
Alcohol and Substance Abuse	\$ 143,198	\$ 150,634	\$ 150,634	\$ 1,827	\$ 148,807	\$ 5,609	3.9%	\$ 150,634		\$ 150,634	\$ 7,436	5.2%
Contract Health Services	\$ 517,297	\$ 554,259	\$ 554,259	\$ 11,633	\$ 542,626	\$ 25,329	4.9%	\$ 554,259		\$ 554,259	\$ 36,962	7.1%
<i>Sub-total, Clinical Services</i>	\$ 2,176,220	\$ 2,323,317	\$ 2,332,592	\$ 30,360	\$ 2,302,232	\$ 126,012	5.8%	\$ 2,323,617	\$ -	\$ 2,323,617	\$ 147,397	6.8%
Preventive Health:												
Public Health Nursing	\$ 48,959	\$ 53,043	\$ 53,043	\$ 454	\$ 52,589	\$ 3,630	7.4%	\$ 53,043		\$ 53,043	\$ 4,084	8.3%
Health Education	\$ 13,584	\$ 14,490	\$ 14,490	\$ 155	\$ 14,335	\$ 751	5.5%	\$ 14,490		\$ 14,490	\$ 906	6.7%
Community Health Representatives	\$ 52,946	\$ 55,790	\$ 55,790	\$ 682	\$ 55,108	\$ 2,162	4.1%	\$ 55,790		\$ 55,790	\$ 2,844	5.4%
AK Immunization	\$ 1,621	\$ 1,708	\$ 1,708	\$ 20	\$ 1,688	\$ 67	4.1%	\$ 1,708		\$ 1,708	\$ 87	5.4%
<i>Sub-total, Preventive Health</i>	\$ 117,110	\$ 125,031	\$ 125,031	\$ 1,311	\$ 123,720	\$ 6,610	5.6%	\$ 125,031		\$ 125,031	\$ 7,921	6.8%
Other Services:												
Urban Health	\$ 32,744	\$ -	\$ 32,744	\$ -	\$ 32,744	\$ -	0.0%	\$ 32,744		\$ 32,744	\$ -	0.0%
Indian Health Professions	\$ 31,040	\$ 31,697	\$ 31,697	\$ 244	\$ 31,453	\$ 413	1.3%	\$ 31,697		\$ 31,697	\$ 657	2.1%
Tribal Management	\$ 2,394	\$ 2,488	\$ 2,488	\$ 38	\$ 2,450	\$ 56	2.3%	\$ 2,488		\$ 2,488	\$ 94	3.9%
Direct Operations	\$ 62,194	\$ 63,804	\$ 63,804	\$ 132	\$ 63,672	\$ 1,478	2.4%	\$ 63,804		\$ 63,804	\$ 1,610	2.6%
Self Governance	\$ 5,667	\$ 5,847	\$ 5,847	\$ 64	\$ 5,783	\$ 116	2.0%	\$ 5,847		\$ 5,847	\$ 180	3.2%
Contract Support Costs	\$ 264,730	\$ 270,316	\$ 270,316	\$ 2,234	\$ 268,082	\$ 3,352	1.3%	\$ 270,316		\$ 270,316	\$ 5,586	2.1%
<i>Sub-total, Other Services</i>	\$ 398,769	\$ 374,152	\$ 406,896	\$ 2,712	\$ 404,184	\$ 5,415	1.4%	\$ 406,896	\$ -	\$ 406,896	\$ 8,127	2.0%
<i>Total, Services:</i>	\$ 2,692,099	\$ 2,822,500	\$ 2,864,519	\$ 34,383	\$ 2,830,136	\$ 138,037	5.1%	\$ 2,855,544	\$ 20,000	\$ 2,835,544	\$ 143,445	5.3%
Facilities:												
Maintenance and Improvement	\$ 51,633	\$ 52,668	\$ 52,668	\$ 414	\$ 52,254	\$ 621	1.2%	\$ 52,668		\$ 52,668	\$ 1,035	2.0%
Sanitation Facilities Construction	\$ 92,143	\$ 94,003	\$ 94,003	\$ 744	\$ 93,259	\$ 1,116	1.2%	\$ 94,003		\$ 94,003	\$ 1,860	2.0%
Health Care Facilities Construction	\$ 37,779	\$ 17,664	\$ 36,664	\$ -	\$ 36,664	\$ (1,115)	-3.0%	\$ 27,664		\$ 27,664	\$ (10,115)	-26.8%
Facil and Env Hlth Support	\$ 150,709	\$ 161,333	\$ 161,333	\$ 1,287	\$ 160,046	\$ 9,337	6.2%	\$ 161,333		\$ 161,333	\$ 10,624	7.0%
Equipment	\$ 20,947	\$ 21,619	\$ 21,619	\$ 269	\$ 21,350	\$ 403	1.9%	\$ 21,619		\$ 21,619	\$ 672	3.2%
<i>Total, Facilities:</i>	\$ 353,211	\$ 347,287	\$ 366,287	\$ 2,714	\$ 363,573	\$ 10,362	2.9%	\$ 357,287	\$ -	\$ 357,287	\$ 4,076	1.2%
TOTAL, IHS	\$ 3,045,310	\$ 3,169,787	\$ 3,230,806	\$ 37,097	\$ 3,193,709	\$ 148,399	4.9%	\$ 3,212,831	\$ 20,000	\$ 3,192,831	\$ 147,521	4.8%