



NPAIHB POLICY BRIEF

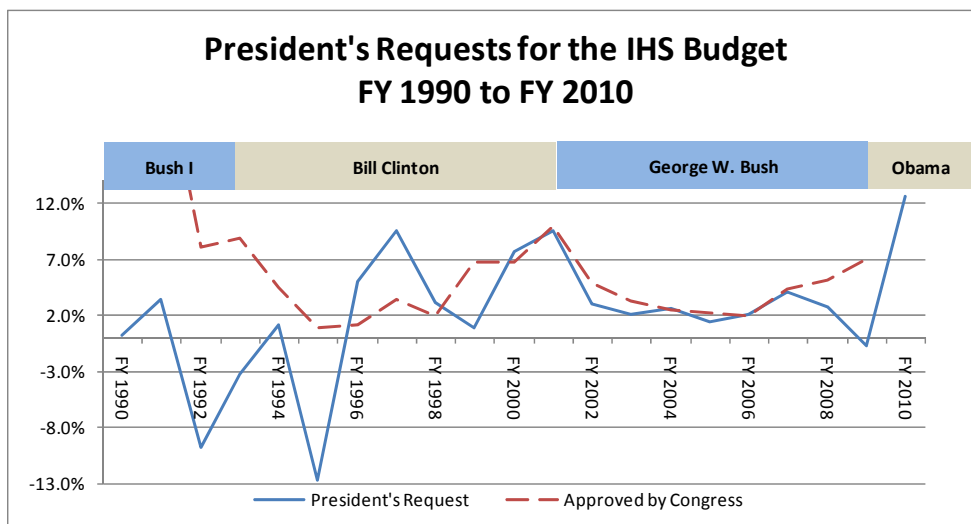
FY 2010 IHS Budget Request

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President Obama First Year's Budget: \$454 million Increase for Indian Health Programs

Portland, OR — On February 26th, the President provided a broad outline of his FY 2010 budget. Today, the President' provided the full programmatic details and proposed appropriations language for his FY 2010 budget to Congress. The submission builds on the Administration's budget theme of "A New Era of Responsibility: Renewing America's Promise." The budget proposes to eliminate or cut-back funding for 100 programs (which include two tribal programs) that will save a reported \$17 billion. The President's budget reports to include critical investments in military, homeland security, and expanding expenses to diplomatic efforts in order to improve national security.



The President's request includes a \$454 million increase—which is a 13.6% increase over the FY 2009 enacted budget—for the Indian Health Service (IHS). The budget provides a \$449 million increase for the health and preventative services accounts; and a \$4.5 million increase for the facilities accounts. The President's request for facilities likely takes into consideration the \$500 million that was provided to the IHS in the American Reinvestment and Recovery Act of 2009 (ARRA). The Maintenance and Improvement (M&I) and Sanitation Facilities Construction programs did not receive an increase, while the Facilities Construction Program was cut by \$11 million in the President's request. ARRA provided the M&I program with \$100 million, the Sanitation program received \$67 million, and the Facilities Construction Program received \$227 million. In light of this one year's funding, the Administration likely justified that the programs did not warrant a budget increase in FY 2010.

President Obama's request is a very good budget for the IHS. It provides almost all of the budget increase to the health services accounts, which will translate to more health care provided to American Indian and Alaska Native (AI/AN) people. In most budget years, more funding is provided for facilities accounts—especially staffing for new facilities—which reduces the level of funding for health services. It's expected that the facilities accounts will be made whole in future years and receive increases to cover growth and inflation. The challenge for Tribes and Congress will be to preserve the very good budget increases for health and preventative services from being offset in order to restore funding to the facilities accounts. It's important that tribes recognize the impact that this will have on budget formulation in future years. It will be better to apply a 5% budget increase in future budget years to the President's FY 2010 marks than it will to apply a 5% budget increase to a line item that might be cut by Congress to restore funding to a facilities' program. If Tribes can work to preserve the President's budget, they could work to build up the funding base for health and preventative services quickly, and then come back next year and ask Congress to restore the facilities accounts. This would be a better strategy recognizing the fact that Congress will most likely cut the health services to restore funding for facilities accounts.

Budget Preserves IHS Programs

The fundamental budget principle for Northwest Tribes has always focused on preserving the basic health care program funded by the IHS budget. Preserving the purchasing power of the IHS base program should be the first budget principle, not an afterthought. How can unmet needs ever be addressed if the existing program is not maintained? Current services estimates' calculate mandatory costs increases necessary to maintain the current level of services. These "mandatories" are unavoidable and include medical and general inflation, federal and tribal pay act increases, population growth, and administrative costs (contract support costs).

President Obama's budget request comes very close to funding these mandatory costs in FY 2010. The NPAIHB estimates the current

services need in FY 2010 to be \$470 million. This is the minimum amount necessary to fund inflation, population growth, and fully fund contract support costs. The President's request falls short by \$16 million. Tribes will have to make sure that Congress supports the President's request and will hopefully provide additional funding to fully fund the requirements of current services.

FY 2010 Current Service Requirements	
<i>Mandatory Cost to Maintain Current Services</i>	<i>Increase needed</i>
CHS inflation estimated at 7 percent	\$44,413
Health Services Account (not including CHS inflation estimated at 8.3%)	\$158,358
Contract Support Costs (unfunded)	\$200,000
Population Growth (estimated at 2%)	\$67,010
Total Mandatory Costs:	\$469,781

FY 2010 Budget Highlights

The three most significant aspects of the President's FY 2010 budget are the increases provided for the Hospitals & Health Clinics (10.5% increase), the Contract Health Service (CHS) program (25% increase), and the 40% increase for Contract Support Costs (CSC) items. Collectively, the hospital and health clinic accounts averaged a 13.3% increase over last year's enacted level. The President recommends a \$145 million increase for the CHS program and \$107 million increase for Contract Support Costs. This is the best budget increase for the CSC line item since it was created in 1993. The budget makes available \$5 million which may be used for new or expanded self-determination contracting or compacting. The budget language continues the

flexibility for the IHS Director to use the funding for expanded contracting or compacting, or buying down the CSC Shortfall Report. It's expected that until directed by Congress, the IHS will continue to apply any CSC increases to shortfall. The budget includes \$166.7 million for current services and provides \$286.8 million for program increases as follows:

- Current Services increases of \$166.6 million
 - \$34.9 million for federal and tribal pay cost increases
 - \$44.6 million for population growth
 - \$60.3 million for inflation (\$17.4 million for the CHS program)
 - \$26.9 million to phase-in staffing at new facilities
- Program Increases of \$286.8 million
 - \$117 million for Contract Health Services
 - \$2 million for Direct Operations
 - \$107.1 million for Contract Support Costs; of which up to \$5 million may be available for new and expanded programs
 - \$5.6 million for New Tribes funding
 - \$45.5 million for the Indian Health Care Improvement Fund
 - \$2.5 million for the Chronic Care Initiative
 - \$800,000 for the Health Promotion and Disease Prevention initiative
 - \$2.9 million for Indian Health Professions
 - \$16.3 million for health information technology
 - \$10.8 million reduction for the health facilities construction program
 - \$575,000 for Facilities & Environmental Health Support program

The attached tables provide the full details of the President's FY 2010 request for the Indian Health Service.

FY 2010 Budget Resolution

Last week, Congress passed its FY 2010 budget resolution that closely reflects the proposals included in the President's budget request. The budget resolution recognizes that in the next five years federal deficits will be very high, Congress will be free to enact legislation to implement the President's health reform proposals, that tax policies may be enacted to finance federal spending requirements, and that non-defense discretionary programs will grow modestly to \$1.086 trillion. This is \$10 billion below the President's request, but \$30 billion above the level provided in FY 2009. This is important for the IHS budget since it is funded out of discretionary funding. It will be up to Congress on how to allocate discretionary funding. While the discretionary cap looks good for FY 2010, the budget resolution proposes to lower these amounts in FY 2011 through FY 2014; albeit the amounts in future years are non-binding. While the budget for the IHS looks promising in FY 2010, it could be a very tough budget year in FY 2011 and Tribes will need to be prepared to advocate for funding as hard as they've had to over the last eight years.

Table No. 1: Indian Health Service Budget
Comparison of FY 2008, 2009, and Presidents FY 2010
(Dollars in Thousands)

Sub Sub Activity	Final Budget FY 2008	Final Budget FY 2009	Change Over FY 2008	President's FY 2010 Budget	Change Over FY 2009	Percent Change
SERVICES:						
Hospitals & Health Clinics	\$ 1,484,016	\$ 1,597,777	\$ 113,761	\$ 1,751,883	\$ 154,106	10.4%
Dental Services	\$ 133,637	\$ 141,936	\$ 8,299	\$ 151,384	\$ 9,448	7.1%
Mental Health	\$ 63,531	\$ 67,748	\$ 4,217	\$ 72,786	\$ 5,038	7.9%
Alcohol & Substance Abuse	\$ 173,243	\$ 183,769	\$ 10,526	\$ 194,409	\$ 10,640	6.1%
Contract Health Services	\$ 579,334	\$ 634,477	\$ 55,143	\$ 779,347	\$ 144,870	25.0%
<i>Total, Clinical Services</i>	\$ 2,433,762	\$ 2,625,707	\$ 191,946	\$ 2,949,809	\$ 324,102	13.3%
PREVENTIVE HEALTH:						
Public Health Nursing	\$ 55,939	\$ 59,885	\$ 3,946	\$ 64,071	\$ 4,186	7.5%
Health Education	\$ 14,991	\$ 15,723	\$ 732	\$ 16,682	\$ 959	6.4%
Comm. Health Reps	\$ 54,925	\$ 57,796	\$ 2,871	\$ 61,628	\$ 3,832	7.0%
Immunization AK	\$ 1,733	\$ 1,823	\$ 90	\$ 1,934	\$ 111	6.4%
<i>Total, Preventative Health</i>	\$ 127,587	\$ 135,227	\$ 7,639	\$ 144,315	\$ 9,088	7.1%
OTHER SERVICES:						
Urban Health	\$ 34,547	\$ 36,189	\$ 1,642	\$ 38,139	\$ 1,950	5.6%
Indian Health Professions	\$ 36,291	\$ 37,500	\$ 1,209	\$ 40,743	\$ 3,243	8.9%
Tribal Management	\$ 2,490	\$ 2,586	\$ 96	\$ 2,586	\$ -	0.0%
Direct Operation	\$ 63,624	\$ 65,345	\$ 1,721	\$ 68,720	\$ 3,375	5.3%
Self Governance	\$ 5,836	\$ 6,004	\$ 168	\$ 6,066	\$ 62	1.1%
Contract Support Costs	\$ 267,398	\$ 282,398	\$ 15,000	\$ 389,490	\$ 107,092	40.0%
<i>Total, Other Services</i>	\$ 410,185	\$ 430,022	\$ 19,836	\$ 545,744	\$ 115,722	28.2%
TOTAL, SERVICES	\$ 2,971,533	\$ 3,190,956	\$ 219,421	\$ 3,639,868	\$ 448,912	15.1%
FACILITIES:						
Maintenance & Improvement	\$ 52,889	\$ 53,915	\$ 1,026	\$ 53,915	\$ -	0.0%
Sanitation Facilities Construction	\$ 94,253	\$ 95,857	\$ 1,604	\$ 95,857	\$ -	0.0%
Hlth Care Facilities Construction	\$ 36,584	\$ 40,000	\$ 3,416	\$ 29,234	\$ (10,766)	-29.4%
Facil. & Envir. Hlth Supp	\$ 169,638	\$ 178,329	\$ 8,691	\$ 193,087	\$ 14,758	8.7%
Equipment	\$ 21,282	\$ 22,067	\$ 785	\$ 22,664	\$ 597	2.8%
<i>Total, Facilities</i>	\$ 374,646	\$ 390,168	\$ 15,522	\$ 394,757	\$ 4,589	1.2%
TOTAL, IHS	\$ 3,346,179	\$ 3,581,124	\$ 234,943	\$ 4,034,625	\$ 453,501	13.6%

INDIAN HEALTH SERVICE
FY 2010 Detail of Change
(Dollars in Thousands)

Sub Sub Activity	FY 2008 Enacted	FY 2009		CURRENT SERVICES							PROGRAM INCREASES / DECREASES											Facil. & Envir.Hlth Support	Program Incr/Decr Subtotal	PRESIDENT'S BUDGET REQUEST
				Pay Costs		Population Growth 1.5%	Inflation		Staffing for New Facilities	Current Services Subtotal	CHS	Direct Oper.	CSC	New Tribes	IHCIF	Chronic Care Initiative	HP/DP Initiative	Health Prof.	Health Info.Tech	Health Care Facil. Constr.				
		Fed, 2.0% CS 2.9% CO	Tribal	Non-Medl 1.0%	Medical 3.0%																			
SERVICES																								
Hospitals & Health Clinics	1,484,016	85,000	1,597,777	10,701	11,138	23,967	1,240	25,934	12,806	85,786	0	0	0	3,226	45,543	2,500	800	0	16,251	0	0	68,320	1,751,883	
Dental Health	133,637	0	141,936	1,419	986	2,129	57	2,009	2,624	9,224	0	0	0	224	0	0	0	0	0	0	0	224	151,384	
Mental Health	63,531	0	67,748	545	503	1,016	16	1,083	1,769	4,932	0	0	0	106	0	0	0	0	0	0	0	106	72,786	
Alcohol & Substance Abuse	173,243	0	183,769	282	2,538	2,757	25	4,748	0	10,350	0	0	0	290	0	0	0	0	0	0	0	290	194,409	
Contract Health Services	579,334	0	634,477	11	0	9,517	3	17,357	0	26,888	117,000	0	0	982	0	0	0	0	0	0	0	117,982	779,347	
Total, Clinical Services	2,433,761	85,000	2,625,707	12,958	15,165	39,386	1,341	51,131	17,199	137,180	117,000	0	0	4,828	45,543	2,500	800	0	16,251	0	0	186,922	2,949,809	
Public Health Nursing	55,939	0	59,885	547	413	898	28	860	1,183	3,929	0	0	0	257	0	0	0	0	0	0	0	257	64,071	
Health Education	14,991	0	15,723	61	174	236	2	351	58	882	0	0	0	77	0	0	0	0	0	0	0	77	16,682	
Comm. Health Reps	54,925	0	57,796	9	1,038	867	11	1,617	0	3,542	0	0	0	290	0	0	0	0	0	0	0	290	61,628	
Immunization AK	1,733	0	1,823	0	32	27	0	52	0	111	0	0	0	0	0	0	0	0	0	0	0	0	1,934	
Total, Preventive Health	127,588	0	135,227	617	1,657	2,028	41	2,880	1,241	8,464	0	0	0	624	0	0	0	0	0	0	0	624	144,315	
Urban Health	34,547	0	36,189	47	423	543	23	914	0	1,950	0	0	0	0	0	0	0	0	0	0	0	0	38,139	
Indian Health Professions	36,291	0	37,500	42	0	0	347	0	0	389	0	0	0	0	0	0	0	2,854	0	0	0	2,854	40,743	
Tribal Management	2,490	0	2,586	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,586	
Direct Operations	63,624	0	65,345	934	248	0	50	0	0	1,232	0	2,000	0	143	0	0	0	0	0	0	0	2,143	68,720	
Self-Governance	5,836	0	6,004	53	0	0	9	0	0	62	0	0	0	0	0	0	0	0	0	0	0	0	6,066	
Contract Support Costs	267,398	0	282,398	0	0	0	2,674	0	0	2,674	0	0	104,418	0	0	0	0	0	0	0	0	104,418	389,490	
Total, Other Services	410,186	0	430,022	1,076	671	543	3,103	914	0	6,307	0	2,000	104,418	143	0	0	0	2,854	0	0	0	109,415	545,744	
Total, Services	2,971,535	85,000	3,190,956	14,651	17,493	41,957	4,485	54,925	18,440	151,951	117,000	2,000	104,418	5,595	45,543	2,500	800	2,854	16,251	0	0	296,961	3,639,868	
FACILITIES																								
Maintenance & Improvement	52,889	100,000	53,915	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	53,915	
Sanitation Facilities Constr.	94,253	68,000	95,857	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	95,857	
Health Care Facilities Constr.	36,584	227,000	40,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(10,766)	0	(10,766)	29,234	
Facil. & Envir. Hlth. Supp.	169,638	0	178,329	1,948	835	2,675	300	0	8,425	14,183	0	0	0	0	0	0	0	0	0	0	0	575	575	193,087
Equipment	21,282	20,000	22,067	0	0	0	12	585	0	597	0	0	0	0	0	0	0	0	0	0	0	0	22,664	
Total, Facilities	374,646	415,000	390,168	1,948	835	2,675	312	585	8,425	14,780	0	0	0	0	0	0	0	0	0	(10,766)	575	(10,191)	394,757	
TOTAL, IHS	3,346,181	500,000	3,581,124	16,599	18,328	44,632	4,797	55,510	26,865	166,731	117,000	2,000	104,418	5,595	45,543	2,500	800	2,854	16,251	(10,766)	575	286,770	4,034,625	