



# NPAIHB POLICY BRIEF

## President's FY 2009 IHS Budget

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

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### **President's FY 2009 Budget cuts Indian Health Service budget by \$21.3 million**

Portland, OR — The President released his FY 2009 budget request to Congress yesterday, which totals more than \$3.1 trillion to fund government operations. The President's request makes significant cuts in a number of health care related programs including the Indian Health Service (IHS). The budget proposal extends almost all of the tax cuts enacted in 2001 and 2003; and adds additional tax breaks on top. The tax cuts estimated at \$900 billion over five years will remove resources available to fund government programs at a time when they are needed most. The economic downturn in this country is confronting many families and the Bush budget reflects misguided priorities at a time when many Americans are vulnerable.

- President's budget increases discretionary spending for security and defense from \$549.6 billion to \$594.5 billion, an increase of 8 percent
- The budget holds non-defense discretionary spending to a slight increase from \$391.7 billion to \$393 billion, an increase of only 1.3 percent
- The IHS budget cut by \$21.3 million, a loss of .65 percent from FY 2007
- Cuts in domestic programs would reduce expenditures for domestic appropriations and entitlements by \$23 billion in FY 2009 and \$474 billion over the next five years
- Reduces Medicaid spending by \$17 billion over five years
- Provides only \$19.5 billion for SCHIP, not enough to fund inflation or expansion during a time when many families will lose health coverage (\$21.5 billion is needed)

#### FY 2009 IHS Budget

The President's proposed budget for the IHS includes \$3.325 billion, which is a \$21.3 million dollar cut from the previous fiscal year's budget. The health services accounts received \$2.972 billion, which is the same amount as last year. The facilities construction accounts will take the entire \$21.3 million cut. The President only recommends \$353 million in FY 2009 for the health facilities accounts. There are number program increases and decreases within the various budget lines items. The most notable is that the Urban Indian Health Program (UIHP) has once again been zeroed out for the third straight year by the Bush Administration.

<b>President's Request for IHS FY 2009 Budget Detail of Changes</b>					
(Dollars in Thousands)	FY 2008 Enacted	Base Adjustments	Current Services & Program Increases		Total President's Request
			Staffing New Facilities	IHCIF	
Health Services Accounts	\$2,971,533	(\$32,826)	\$22,824	\$10,000	\$2,971,531
Facilities Accounts	\$374,646	(\$23,493)	\$2,176	\$0	\$353,329
<b>Total</b>	<b>\$3,346,179</b>	<b>-\$56,319</b>	<b>\$25,000</b>	<b>\$10,000</b>	<b>\$3,324,860</b>

Program increases and decreases for the health services line items account for \$32.8 million; the same amount to fund current services increases for staffing at new facilities and the Indian Health Care Improvement Fund (IHCIF). Those budget line items that received decreases are as follows: \$11.3 million Alcohol and Substance Abuse, \$34.6 million UIHP, \$14.4 million Indian Health Professions, and \$1 million Direct Operations. For the facilities accounts, there were \$23.5 million in program decreases as follows: \$20.8 million cut from Facilities Construction and \$2.7 million cut from Facilities and Environmental Health Support. Program increases for facilities included \$2.2 million for phasing in staffing at new facilities. This demonstrates the negative effect that phasing in staffing at new facilities has on the IHS budget. At the detriment of Tribes nationwide, the Agency had to cut \$2.7 million to finance the \$2.2 needed to phase in staffing at a new facility.

A spreadsheet accompanies this brief that provides additional details on the sub-account activity for the President's proposed budget.

### **Current Services Budget: Maintaining the existing Health Program and the President's Proposed FY 2009 IHS Budget**

Current services estimates' calculate mandatory costs increases necessary to maintain the current level of services. These mandatory costs are unavoidable and include medical and general inflation, pay costs, staff for recently constructed facilities, and population growth. The Northwest Portland Area Indian Health Board preliminary estimates indicate that the FY 2009 current services need to be approximately \$455 million. Needless to say, the President's budget will not fund inflation, population growth, pay act increases, or cover staffing for new facilities. This means that IHS and Tribal health programs will have no choice but to cut health services in order to cover these costs.

#### Preliminary estimates for FY 2009 Mandatory Cost Increases

- Health Services inflation \$234 million
- Population growth increase \$62.4 million
- Contract Support Costs for new and expanded programs and historical shortfall \$158.3 million
- Total estimate to maintain current services \$455 million

Each year the Northwest Portland Area Indian Health Board prepares an annual report with its budget analysis and recommendations on the President's proposed budget. This year's All Tribes meeting will be held on March 10, 2008 in Portland, Oregon to develop the final recommendations and estimates for this year's report.

NPAIHB Policy Brief 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](http://www.npaihb.org) or contact Jim Roberts, Policy Analyst, at (503) 228-4185 or by email [jroberts@npaihb.org](mailto:jroberts@npaihb.org).

## Indian Health Service Budget

### FY 2009 President's Request

(Dollars in Thousands)

Sub Sub Activity	Final Enacted FY 2008 Budget				President's FY 2009 IHS Budget		
	FINAL FY 2007 BUDGET	Final FY 2008 Budget	Difference vs. Final FY 2007	Percent of Change	Preident's FY 2009 Request	Difference vs. Final FY 2008	Percent of Change
<b>SERVICES:</b>							
Hospitals & Health Clinics	\$ 1,411,336	\$ 1,484,016	\$ 72,680	5.1%	\$ 1,521,934	\$ 37,918	2.6%
Dental Services	125,396	133,637	8,241	6.6%	137,944	4,307	3.2%
Mental Health	60,882	63,531	2,649	4.4%	65,824	2,293	3.6%
Alcohol & Substance Abuse	148,226	173,243	25,017	16.9%	161,988	(11,255)	-6.5%
Contract Health Services	543,099	579,334	36,235	6.7%	588,161	8,827	1.5%
<i>Total, Clinical Services</i>	\$ 2,288,939	\$ 2,433,762	\$ 144,822	6.3%	\$ 2,475,851	\$ 42,089	1.7%
<b>PREVENTIVE HEALTH:</b>							
Public Health Nursing	\$ 52,445	\$ 55,939	\$ 3,494	6.7%	\$ 58,307	\$ 2,368	4.2%
Health Education	14,287	14,991	704	4.9%	15,229	238	1.6%
Comm. Health Reps	54,891	54,925	34	0.1%	55,795	870	1.6%
Immunization AK	1,681	1,733	52	3.1%	1,760	27	1.6%
<i>Total, Preventative Health</i>	\$ 123,304	\$ 127,587	\$ 4,283	3.5%	\$ 131,091	\$ 3,504	2.7%
<b>OTHER SERVICES:</b>							
Urban Health	\$ 33,691	\$ 34,547	\$ 856	3%	\$ -	\$ (34,547)	-100.0%
Indian Health Professions	31,375	36,291	4,916	15.7%	21,866	(14,425)	-39.7%
Tribal Management	2,438	2,490	52	2.1%	2,529	39	1.6%
Direct Operation	63,631	63,624	(7)	0.0%	62,632	(992)	-1.6%
Self Governance	5,763	5,836	73	1.3%	5,928	92	1.6%
Contract Support Costs	269,730	267,398	(2,332)	-0.9%	271,636	4,238	1.6%
<i>Total, Other Services</i>	\$ 406,628	\$ 410,185	\$ 3,557	0.9%	\$ 364,591	\$ (45,594)	-11.1%
<b>TOTAL, SERVICES</b>	\$ 2,818,871	\$ 2,971,533	\$ 152,662	5.4%	\$ 2,971,533	\$ -	0.0%
<b>FACILITIES:</b>							
Maintenance & Improvement	\$ 54,668	\$ 52,889	\$ (1,779)	-3.3%	\$ 52,889	\$ -	0.0%
Sanitation Facilities Construction	94,003	94,253	250	0.3%	94,253	-	0.0%
Hlth Care Facilities Construction	25,664	36,584	10,920	42.5%	15,800	(20,784)	-56.8%
Facil. & Envir. Hlth Supp	165,272	169,638	4,366	2.6%	169,105	(533)	-0.3%
Equipment	21,619	21,282	(337)	-1.6%	21,282	-	0.0%
<i>Total, Facilities</i>	\$ 361,226	\$ 374,646	\$ 13,420	3.7%	\$ 353,329	\$ (21,317)	-5.7%
<b>TOTAL, IHS BUDGET</b>	\$ 3,180,097	\$ 3,346,179	\$ 166,082	5.2%	\$ 3,324,862	\$ (21,317)	-0.6%