



National Indian Health Board

Memo

To: NIHB Board Members, Alternates and Area Health Boards
From: Yvette Joseph-Fox
Date: February 7, 2000
Re: Fiscal Year 2001 IHS Budget

We are forwarding the preliminary information we have received on the President's Budget Recommendation for Fiscal Year 2001. The recommended increase in Budget Authority is \$229 million with suggested FTE increases of 150 staff equivalents.

Once we actually receive a copy of the IHS Budget in a line item spreadsheet format, we will be able to clearly denote where increases have been realized. At this point, it is difficult to determine exactly which line items were increased or possibly decreased.

The IHS will be sharing more of this information later this week with the NIHB Board during the Winter Quarterly Board Meeting.

INDIAN HEALTH SERVICE

(dollars in millions)

	1999 <u>Actual</u>	2000 <u>Enacted</u>	2001 <u>Request</u>	Request <u>+/- Enacted</u>
Program Level.....	\$2.669	\$2.831	\$3.060	+\$229
FTE.....	14,586	14,673	14,823	+150

SUMMARY

The Indian Health Service's FY 2001 budget request is \$3.1 billion, an increase of \$229 million over FY 2000. The budget is composed of \$2.6 billion in new budget authority and \$440 million in reimbursements. This ten percent increase in budget authority—the largest requested increase in over two decades—reflects the impact of the Department's tribal budget consultations and a continuing Federal Government commitment to provide for the health of members of Federally recognized Tribes. Reimbursements include an estimated \$405 million in Medicare, Medicaid and private health insurance collections for the treatment of Indian people.

AGENCY DESCRIPTION

IHS provides health care to 1.5 million American Indians and Alaska Natives who are members of some 560 Federally recognized Tribes. Medical and dental care is provided directly through a network of 49 hospitals, 209 health centers and 285 health stations, satellite clinics, school health centers and Alaska village clinics. These facilities are located primarily in Oklahoma, the Northern Plains, Alaska, the Southwest and along the Pacific Coast. Care provided in IHS facilities is supplemented with care purchased from private sector hospitals and health professionals. IHS also provides preventive health services, through

public health nurses and community health representatives, mental health services, alcohol/substance abuse prevention/treatment and provides water, waste water and solid waste disposal systems for Indian communities. In many areas, health services are provided by local Tribes under contract with IHS. In FY 2001 approximately 44 percent of IHS's budget will be tribally controlled. Funding is also provided to urban health grantees operating in 41 cities with large concentrations of Indian people.

CLINICAL, PREVENTIVE, AND ENVIRONMENTAL HEALTH

The FY 2001 budget includes \$2.4 billion for clinical preventive and environmental health activities, an increase of \$160 million, or seven percent. The additional funds will be used primarily to address a growing population of Indian eligibles, responding to specific diseases/health conditions identified through Tribal consultation, and cover pay and other operating costs.

POPULATION INCREASES

The budget contains an additional \$53 million to maintain access to health care as the Indian population increases. Since 1990, the population eligible for services has increased by 27 percent. Within this total, \$41 million will be directed to the Contract Health Services program which purchases care from the private sector. Per capita

funding for this program has not kept pace with medical inflation over the past several years. As a result, IHS has limited payment to only the most serious types of injuries and illnesses and restricted specialty care for Indian people suffering from chronic disease. With these additional funds, IHS will be able to purchase such services as chemotherapy, coronary bypass surgery and retinopathy to prevent blindness as a result of diabetes. The additional funds will also allow IHS to provide 1,460 additional hospital days and 57,200 additional visits to doctors and dentists. Included in this request is \$12 million to staff the health center at Polacca, AZ-Hopi Tribe, and the hospital at Talihina, OK-Choctaw Tribe. These two facilities will open in FY 2000 and additional funds will pay for the cost of new staff.

REDUCING HEALTH DISPARITIES

While IHS has achieved dramatic improvements in Indian health status over the long run, overall mortality rates for Indian people continue to exceed those of the general population. For example, Indian people have a 249 percent greater chance of dying from diabetes and a 204 percent greater chance of dying from accidents. The budget includes an increase of \$35 million to provide additional services in several key areas which have been selected through consultation between IHS and tribal representatives. These areas include: diabetes, cancer, heart and infectious disease (\$7 million); domestic community violence prevention, elder and maternal & child health (\$7 million); emergency medical services and injury prevention (\$6 million); mental health and alcohol/substance abuse prevention/treatment (\$6 million) and dental health (\$3 million). An additional \$6 million in preventive health activities is requested in support of these initiatives. These funds will improve a number of health outcomes, for example: continuing to increase the percentage of diabetics with good glycemic control—up three percentage points from

FY 1998 to FY 1999; increasing water fluoridation compliance in the Southwest—by 26 percent since FY 1999; substantially increasing—by 70 percent since FY 1998—the number of Emergency departments which identify and treat victims of family violence or neglect.

INCREASING EQUITY AMONG TRIBES

A high priority of the IHS is to provide comparable levels of health services to Tribes across Indian country. About 60 percent of IHS's budget is used to operate hospitals and outpatient clinics in existing locations making maintenance of equity over time difficult. As requested in the FY 2000 budget, Congress addressed this situation by providing \$10 million to those Tribes with the lowest health service levels. An IHS Tribal workgroup is developing a methodology for determining which Tribes should receive funding in FY 2000. For FY 2001, the budget includes a further increase of \$8 million for those Tribes with the lowest health service levels.

OPERATING EXPENSES/INFORMATION TECHNOLOGY

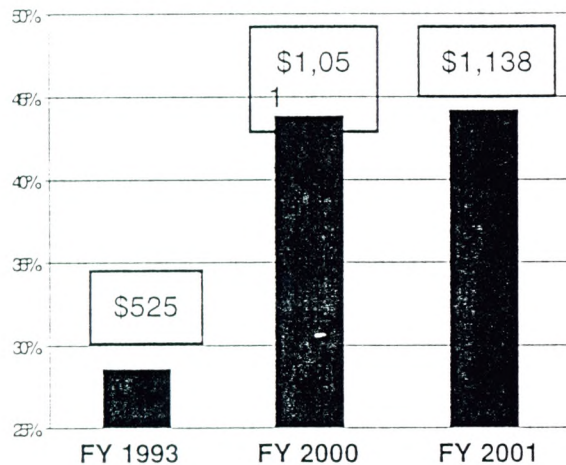
The budget also includes an increase of \$64 million for increased pay costs, additional information technology (including telecommunications equipment) and to increase the amount of epidemiological data comparing Tribes in different Areas/Regions of the United States.

TRIBAL CONTRACT SUPPORT COSTS

The budget includes \$269 million for Contract Support Costs, an increase of \$40 million or 18 percent over FY 2000. Contract Support Costs are additional costs which Tribes incur when they take over the operation of local health programs from the IHS. Tribes and tribal organizations currently operate 13 hospitals and 385 of the other health facilities through contracts with IHS authorized by the Indian

Self-Determination Act. In FY 2001 these contractors will receive approximately 44 percent of IHS's total budget to provide health services to their members.

IHS's Budget Controlled by Tribes
dollars in millions



Due primarily to rapid growth in the number of Tribes wishing to contract, tribal requests for Contract Support Costs exceeded the amount provided by \$70 million by the end of FY 1998. Since that time, the Department, Tribes, and the Congress have worked diligently to resolve this situation. Congress provided a total increase of \$60 million for Contract Support Costs in FY 1999 and FY 2000 to address the needs of both existing and new contracts.

The additional +\$40 million increase requested in FY 2001 will first be used to fund new contracts. IHS estimates that \$12.5 million will be needed for new contracts, but, since contracting is a tribal option, the amount actually needed could be much higher. To the extent the \$40 million is not needed for new contracts it will be used to increase Contract Support Costs funding for existing contracts.

FACILITY AND SANITATION CONSTRUCTION

The budget includes a total of \$162 million for sanitation and health care facility construction, an increase of

\$20 million, or 14 percent over FY 2000. Within the request, IHS will devote \$65 million to health facility construction. These funds are for the replacement of the Fort Defiance Hospital and to design its staff quarters (Navajo Tribe), to continue construction of the new Winnebago Hospital (Winnebago and Omaha Tribes) and to complete the Parker Health Center (Colorado River Tribes).

In addition to replacement of large facilities, \$2.5 million is requested for a new grant program to help Tribes construct small outpatient facilities. IHS also proposes a total of \$2 million to design the replacement Pawnee Health Center and \$1 million for modular dental units in various locations.

The budget includes a total of \$97 million, or a \$5 million increase, to build sanitation systems which provide water, wastewater, and solid waste disposal systems for Indian homes and communities. The additional funds will allow IHS to serve 60 new or like new homes and 420 existing homes.

OTHER IHS PROGRAMS

The budget includes \$31 million, an increase of \$3 million, for the Urban Health program, or 11 percent over FY 2000. Funds will be used to reduce health disparities for Indian people living in urban areas. An additional \$6 million is requested to bring more health professionals into the Agency and for additional increased pay costs.

INDIAN HEALTH SERVICE

(dollars in millions)

	1999	2000	2001	Request +/-
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>	<u>Enacted</u>
Indian Health Service:				
Clinical Services.....	\$1,934	\$2,039	\$2,174	\$135
<i>Contract Health Services (nod add)</i>	386	407	448	+41
Preventive Health.....	87	92	103	+11
Contract Support Costs.....	204	229	269	+40
Urban Health.....	26	28	31	+3
Health Professions/Direct Operations.....	91	93	99	+6
Diabetes Grants /1.....	<u>30</u>	<u>30</u>	<u>30</u>	<u>0</u>
Subtotal, Health Services Program Level....	\$2,372	\$2,511	\$2,706	\$195
Indian Health Facilities:				
Environmental Health.....	\$108	\$116	\$130	+14
Facility Construction.....	41	50	65	+15
Sanitation Construction.....	89	92	97	+5
Maintenance & Improvement / Medical Equipme:	<u>59</u>	<u>62</u>	<u>62</u>	<u>0</u>
Subtotal, Health Facilities Program Level....	\$297	\$320	\$354	+\$34
Total, Program Level.....	\$2,669	\$2,831	\$3,060	+\$229
Less Funds Allocated From Other Sources:				
Insurance Collections.....	-394	-405	-405	0
Quarters.....	-5	-5	-5	0
Diabetes.....	<u>-30</u>	<u>-30</u>	<u>-30</u>	<u>0</u>
Total, Budget Authority.....	\$2,240	\$2,391	\$2,620	+\$229
FTE.....	14,586	14,673	14,823	+150

/1 These mandatory funds are appropriated in the Balanced Budget Act of 1997.