

STATEMENT OF THE INDIAN HEALTH SERVICE
OVERSIGHT HEARING ON THE FY 2001 PRESIDENT'S BUDGET REQUEST

February 23, 2000

Mr. Chairman and Members of the Committee:

Good morning, I am Michel Lincoln, Deputy Director of the Indian Health Service (IHS). Today, I am accompanied by Richard Barror, Acting Director of Facilities and Environmental Engineering, and Dr. Craig Vanderwagen, Director of Clinical and Preventive Services. We are pleased to have this opportunity to testify on the FY 2001 President's budget request for the Indian Health Service.

As you know, the IHS has the responsibility for the delivery of health services to Federally-recognized American Indians and Alaska Natives (AI/AN's) through a system of IHS, tribal, and urban (I/T/U) operated facilities and programs based on treaties, judicial determinations, and Acts of Congress. The mission of the agency is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives to the highest level, in partnership with the population served. The agency goal is to assure that comprehensive, culturally acceptable personal and public health services are available and accessible to the service population. The mission and goal are addressed through four agency strategic objectives, which are to 1) improve health status; 2) provide health services; 3) assure partnerships and consultation with INS, Tribal, and Urban programs; and 4) perform core functions and advocacy.

For the third year now, development of the INS budget request originated at the health services delivery level. As full partners with the INS in delivering needed health care to AI/AN's, Tribal and Urban programs participate at all levels of formulating the budget request and annual performance plan. The combined expertise of the IHS, Tribal, and Urban Program health providers, administrators, technicians,

and elected officials, as well as the public health professionals at the Area and Headquarters offices, has resulted in a powerful statement of the health care funding needs for AI/AN people. The mission to address the disparities in health in the AI/AN population is tremendous and overwhelming at times. Comparing the 1994-1996 Indian (INS Service Area) age-adjusted death rates with the U.S. All Races population in 1995, the death rates in the AI/AN population is 6 times greater for alcoholism, 5 times greater for tuberculosis, 2.5 times greater for diabetes, and 2 times greater for unintentional injuries.

The FY 2001 President's budget request and performance plan represents a significant investment to reach that level and reduce the health disparities that prevail in the American Indian and Alaska Native population. It is consistent with the President's FY 2001 Native American Budget Initiative, the Agency's mission, the Department's strategic plan, and the Department of Health and Human Services' (DHHS) Initiative to Eliminate Racial and Ethnic Disparities in Health.

The President proposes a total net increase of \$230 million to the IHS budget in FY 2001 above the FY 2000 appropriation. This request provides an additional \$178 million for current service items including contract support costs, pay related increases and health care facilities construction. There are \$104 million in program increases for services and facilities. In addition, this request includes a \$52 million decrease in non-recurring funds for health care facilities construction and reduction to the equipment base funding.

These significant investments will continue to improve the IHS, Tribal, and Urban programs' capacity and infrastructure to provide access to high quality primary and secondary medical services, and basic preventive services, and begin to slow down recent declines in certain health status indicators.

From a policy perspective, this budget request is perhaps the most strongly supported proposal in the Agency's history; it is based on both new and longstanding Federal policy and commitment for improving

health status by assuring the availability of basic health care services for members of Federally recognized Indian tribes. The request supports the following four policy initiatives:

- President's FY2001 Native American Budget Initiative, which represents the largest Native American Budget Initiative ever. In order to better serve Native American communities and to honor the Federal government's trust responsibility to tribes, the President's budget includes a total of \$9.4 billion for key new and existing programs that assist Native Americans and Indian reservations. This total is an increase of \$1.2 billion over Fiscal Year 2000 - the largest increase ever. This initiative brings together several agencies in order to address the needs of Native American communities comprehensively, including \$2.6 billion for the Indian Health Service.
- President's Race Initiative, specifically the HHS Initiative to Eliminate Racial and Ethnic Disparities in Health,
- Proposed Healthy People 2010 and its goal of achieving equivalent and improved health status for all Americans over the next decade,
- DHHS Strategic Plan with goals to reduce major threats to health and productivity of all Americans; improve the economic and social well-being of individuals and families, and communities in the United States; improve access to health services and ensure the integrity of the Nation's health entitlement and safety net program; improve the quality of health care and human services; and improve public health systems.

In addition, the Indian Health Care Improvement Act also reflects the reaffirmation of the U.S. governments commitment to Indian tribes to improve the health of their people. The Act states "*The Congress hereby declares that it is the policy of this Nation, in fulfillment of its special responsibilities and legal obligations to the American Indian people to assure the highest possible health status for Indians and urban Indians and to provide all the resources necessary to affect that policy.*" Furthermore,

the President of the United States reaffirmed the significance of the “government to government” relationship between tribes and the Federal government in his Executive memorandum of April 1994, concerning consultation with American Indian and Alaska Native tribal leadership.

The primary policy basis for this budget request is eliminating health disparities between the AI/AN population and the general U.S. population. The request supports this intent by continuing to invest in access to the basic health services, including assuring that there are adequate facilities and medical equipment for the provision of health services, providing adequate support services to the tribal health delivery system, and holding the line against further loss of health status improvements or actual declines in health status.

A major priority in the budget proposal is to restore access to basic health services. The IHS has demonstrated the ability to effectively utilize available resources to provide effective services and improve the health status of AI/AN people. However, this record of achievement has eroded in recent years in the face of competing priorities, including an increase in patient demand to provide more acute and urgent care treatment. Thus, to redress the declining access to essential individual and community health services, the Area IHS, Tribal, and Urban programs identified funding of personnel-related costs and increases associated with on-going services as their first priority for budget increases for FY 2001. In an effort to maintain the current level of services, the budget request includes \$60.675 million for pay cost increases which meet 100% of the projected costs; \$11.720 million to fund the staffing and operating costs of those facilities that will open in FY 2001 or have recently opened; a total of \$65.237 million to fund the design and construction of replacement health care facilities including \$2.513 million for the Small Ambulatory Grant Program; and \$40 million for Contract Support Costs.

The replacement of existing clinics and hospitals is an essential component of supporting access to services and improving health status. In the long run this assures that there are functional facilities and medical equipment for the effective and efficient provision of health services. The average age of IHS facilities is 32 years. The budget request includes a total of \$65.237 million for replacement of existing health care facilities. This amount will fully-fund the third and final phase construction of the hospital at Fort Defiance, Arizona; the design of the Fort Defiance, AZ staff quarters; the second phase construction of the hospital at Winnebago, Nebraska in FY 2001 and final funding to complete construction in FY 2002 through advance appropriations; the final phase of the construction of a health center at Parker, Arizona; the design of a health center at Pawnee, Oklahoma; and 3 modular dental units.

Also critical is the provision of adequate contract supports costs necessary to support the health services provided by tribal health programs. These requested funds are necessary for tribal communities to assure that there are utilities, training, clerical staff, administrative and financial services needed to operate health programs. Without this contract support funding, these support services are either not available or must be funded from resources that would otherwise fund health service activities. This investment is consistent with the Administration's commitment to expand tribal participation in the management of Federally funded programs, and reinforces the principles of the Indian Self-Determination Act.

The FY 2001 budget includes an increase of \$40 million over the FY 2000 enacted level for contract support costs (CSC). This amounts to a 17.5% increase over the FY 2000 level. The increase is necessary to provide CSC funding for new and expanded tribal programs to be contracted in FY 2001. The \$40 million increase will first be used to provide CSC for new assumptions of IHS programs under self-determination agreements.

No new contracts will be funded at a higher funding level than the minimum percentage funded for existing contracts in FY 2001. To the extent the \$40 million is not needed for new assumptions, it will be used to increase contract support cost funding for existing contracts.

In FY 2000, the IHS, in conjunction with the National Congress of American Indians and the Contract Support Cost Workgroup, consulted with Tribal leaders on solutions to the critical issues surrounding CSC funding. This effort involved in excess of ten meetings with Tribal leaders and resulted in development of joint Federal/tribal recommendations that were incorporated into a new IHS policy on contract support costs. The Director, IHS, formally adopted the new policy in January and it will be implemented beginning in FY 2000.

The requests that I have just described provide a continued investment required to maintain and support the IHS, Tribal, and Urban Indian public health system to provide access to high quality medical and preventive services as a means of improving health status- The following proposals are intended to curtail further regression in the health improvements that have recently started to erode.

The request includes \$85.589 million to address health disparities by targeting the specific disease entities identified as priority areas by the IHS, Tribal, and Urban programs and responsible for much of the disparity in health status for the AI/AN population. Alcohol & substance abuse, diabetes, cancer, mental health, elder health, heart disease, injuries, dental health, maternal & child health, domestic/community violence, infectious diseases, and emergency medical services are the specific health problems addressed with the funding proposed for health disparities. Proposed increases of \$40.9 million for Contract Health Services, \$3.961 million for Sanitation Facilities Construction, \$2.027 million for Public Health Nurses, \$3.339 million for Community Health Representatives, and \$2.974 million for the Urban health program are also included in the health disparities funding request.

Public health infrastructure is fundamental to these proposals. \$18.974 million is requested for information/telecommunication systems, tribal epidemiology centers, the Indian Health Care Improvement Funds Maintenance & Improvement, and Facilities & Environmental Health Support as part of the overall program increases proposed by this budget. This request also includes a \$2.1 million reduction in funding for medical equipment associated with non-recurring Y2K funding.

The proposed approach to addressing the health disparities supported by this budget request strongly promotes the integration of clinical expertise from medical, behavioral health, and community health staff in order to address the top I/T/U health problems. The community-based public health model is strengthened by emphasizing prevention strategies throughout the clinical services activities as well as by expanding the community health programs and supporting partnerships with community resources such as public safety programs, schools, and other community-based organizations.

The disparity in health status that the I/T/Us must address is formidable, particularly in terms of death rates. Comparing the 1994-1996 Indian age-adjusted death rates with the U.S. all races population in 1995 reveals greater death rates, as much as six times greater, in the AI/AN population for alcoholism, tuberculosis, diabetes, unintentional injuries, suicide, pneumonia and influenza, homicide, gastrointestinal disease, infant mortality, and heart disease. Even more alarming, the most recent data documents that the mortality disparities for AI/AN people are actually worsening.

Given these formidable challenges, the IHS and its partners are pleased to present this budget request for FY 2001 as one that will improve access to basic health services and address the multiple health issues affecting AI/AN people. The request and associated performance plan represent a cost-effective public health approach to assure improvements in the health of AI/AN people. The request reflects the continued Federal commitment to enhance the IHS, Tribal, and Urban public health system so that it can again

continue to make significant improvements in the health status of American Indian and Alaska Native people.

Thank you for this opportunity to discuss the FY 2001 President's budget request for the IHS. We are pleased to answer any questions that you may have.