Oral Statement
of the Indian Health Service

by

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before the

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United States Congress

Hearing on the FY 2005 President's Budget Request for the Indian Health Service

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Mr. Chairman and Members of the Subcommittee:

Good morning. I am Dr. Charles W. Grim, Director of the Indian Health Service (IHS). I am accompanied by Michel E. Lincoln, Deputy Director of the Indian Health Service, and Gary Hartz, Acting Director of Office of Public Health. We are pleased to have this opportunity to testify on the FY 2005 President's budget request for the Indian Health Service. I will make brief opening remarks and ask that my written statement be entered into the record.

I am here to provide information on behalf of the President, the Secretary, and the Indian Health Service for programs that are critical to achieving our shared goals of health promotion, disease prevention, and to eliminate health disparities among all Americans.

The budget request contains an $82 million increase for health services programs:

- to add up to 4 new epidemiology centers and increase support for the existing seven centers;
- to add 30 new community health aides/practitioners to provide service in Alaska Native communities, raising the number of aides and practitioners to 516;
- and funds to cover some of the mandatory federal pay costs and provide tribally run health programs funds for comparable pay raises for their staffs.

- An additional $18 million is proposed for contract health services;
- and $2 million is requested to expand our Health Promotion and Disease Prevention Initiatives at the local community level.

The budget request for our facilities programs includes:

- an additional $23 million to add staffing for five outpatient facilities scheduled to open during FY 2005; the Pinon and Westside health centers in Arizona, the Dulce health center in New Mexico, the Idabel facility in Oklahoma, and the Annette Island health center in Alaska. When fully operational, these facilities will double the number of primary care provider visits that can be provided and bring new services to these sites.
- A request of $103 million for sanitation construction – an increase of $10 million, or 11%, over FY 2004, to provide safe water and waste disposal systems to Indian communities. Specifically, the President's budget request supports provision of safe water and waste disposal to an estimated 22,000 additional homes.
- A $42 million request for the completion of construction of two outpatient facilities—at Red Mesa, AZ, and Sisseton, SD—and to provide necessary staff housing for the health facilities at Zuni, NM, and Wagner, SD. When completed, the outpatient facilities will provide an additional 36,000 primary care provider visits, replace the 68-

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year-old Sisseton hospital, and bring 24-hour emergency care services to the Red Mesa area for the first time. The IHS will also be able to add 13 units of staff quarters and replace 16 house trailers built over 40-50 years ago. Having decent local housing will make it easier to recruit and retain health care professionals at these sites.

In addition to the increase requested for sanitation facilities, there was also an increase requested for facilities and environmental health support.

In addition to providing funds for the provision of health care services to Indian people on or near reservations, the IHS 2005 budget request also provides $32 million to help support 34 urban Indian health organizations that provide service in cities with large numbers of Indian people.

The budget request for the Indian Health Service continues to reflect the commitment of the President and the Secretary to meeting the health needs of Indian people within the scope of national priorities. The President's overall request provides substantial increases to improve our Nation's security and win the War on Terror. It also increases funding for key priorities such as economic growth and job creation, education, and affordable health care – ***which are key factors that influence the health status of our people.*** To fund these priorities, the President's national budget request restrains overall increases in spending in other areas of government, and in discretionary programs, to less than 1%.

In support of the President's key priorities, his proposal for the Department of Health and Human Services' discretionary budget authority is a 1.2% increase over fiscal year 2004. The Indian Health Service overall budget request exceeded the 1% national discretionary average and the 1.2% average for HHS discretionary programs. The IHS budget request is an increase of 1.6%, or $46 million over the fiscal year 2004 enacted budget level.

The total proposed budget authority for the IHS for FY 2005 is $3 billion. Adding in funds from health insurance collections estimated at $593 million, designated diabetes appropriations of $150 million, and $6 million for staff quarters rental collections, increases the proposed budget for the IHS to $3.7 billion in program level spending.

The increase will allow the continuation of quality health care services to Indian people. This increase, above the national and HHS discretionary spending averages, 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. The President's budget request for the Indian Health Service must also be considered in the context of the proposed increases for the Department. Fortunately, we no longer exist in an era where the Indian Health Service is viewed by the Department as the sole source and agent for improving the health of Indian people – that responsibility has expanded to include all programs of the Department.

An example of an increase or change elsewhere that will benefit Indian people, and also the Indian Health Service, is the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. Items in the Act that are particularly important to the Indian Health Service, tribal, and urban Indian health programs include:

- a provision that increases reimbursement rates for rural ambulance services, which will benefit numerous isolated tribal ambulance programs throughout Indian country;
- a provision authorizing reimbursement to IHS and tribal health facilities for emergency services provided to undocumented aliens. This is particularly important for IHS and tribal facilities in remote border locations of the U.S.;
- a provision that requires Medicare participating hospitals that provide inpatient hospital services to accept Medicare-like rates as payment in full when providing services to IHS beneficiaries referred for services;
- a 5-year authorization of reimbursement for increased Medicare Part B services provided by a hospital or ambulatory care clinic operated by the IHS or Tribe;
- changes in Critical Access Hospital reimbursement rates and other provisions made available to rural hospitals, which will assist tribal and IHS operated hospitals in responding to the escalating need for care by the increasing Indian elderly, youth, and infant population.
- And the payment rate to hospitals that furnish care to a disproportionate share of low-income and uninsured patients has been raised from 5.25 percent to 12 percent.

Provisions of the bill also support health promotion and disease prevention efforts. Beginning this year, all newly enrolled Medicare beneficiaries will be covered for an initial physical examination, electrocardiogram, and cardiovascular screen blood tests, and those at risk will be
covered for a diabetes screening test. Before this Act, the IHS and Tribes were providing those services and now we can seek reimbursement for them – which will extend our health services dollars even further.

Thank you for this opportunity to discuss the FY 2005 President's budget request for the IHS. I would also like to thank the Subcommittee for support over the years to ensure that the Indian Health Service can continue to help American Indian and Alaska Native people across the nation.

We are pleased to answer any questions that you may have.

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