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**Senate Committee on Indian Affairs
Oversight Hearing
on the FY 2004 President's Budget Request
Washington, D.C.
March 5, 2003**

**Written Statement of the Indian Health Service
by**

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Mr. Chairman and Members of the Committee: Good morning. I am Dr. Charles W. Grim, Interim Director of the Indian Health Service (IHS). I am accompanied by Michel E. Lincoln, Deputy Director of the Indian Health Service; Dr. Craig Vanderwagen, Acting Chief Medical Officer; and Gary Hartz, Acting Director of the Office of Public Health. We are pleased to have this opportunity to testify on the President's FY 2004 budget request for the Indian Health Service.

The IHS has the responsibility for the delivery of health services to more than 1.6 million federally-recognized American Indians and Alaska Natives through a system of IHS, tribal, and urban operated facilities and programs based on treaties, judicial determinations, and Acts of Congress. In carrying out our statutory responsibility to provide health care services to Indian Tribes in accordance with Federal statutes and treaties, we have taken it as our mission to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives to the highest level, in partnership with the population we serve. The agency goal is to ensure 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) Build Healthy Communities; (2) Achieve Parity in Access by 2010; (3) Provide Compassionate Quality Health Care; and (4) Embrace Innovation. Secretary Thompson, too, is personally committed to achieving these objectives and has met directly with Tribes and tribal organizations on issues impacting their members.

For the sixth year now, development of the health and budget priorities supporting the IHS budget request have originated at the health services delivery level with input from tribal leadership. As partners with the IHS in delivering needed health care to Indian people, tribal and urban Indian health programs participate in formulating the budget request and annual performance plan. The combined expertise of the IHS, tribal, and urban Indian health program health providers, administrators, technicians, and elected officials, as well as the public health professionals at the Area and Headquarters offices, has defined health care funding needs for American Indian and Alaska Native people.

Improving the health of the American Indian and Alaska Native population overall, and providing health care to individuals in that population, are important and challenging IHS goals. The FY 2004 President's Budget request and performance plan represent a critical investment in supporting the delivery of health care to the American Indian and Alaska Native population.

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The President's budget request for the IHS is an increase of \$97 million in program level funding above the FY 2003 enacted level. The request provides funding for pay costs and staffing for newly constructed health care facilities, as well as providing program increases of \$18 million for contract health care and \$21 million for sanitation facilities projects. The program level request also includes an increase of \$50 million for the Special Diabetes Program for Indians, which has been reauthorized. In terms of budget authority, the President's budget request now represents an increase of \$40 million over the recently enacted funding level for FY 2003.

In FY 2004, the IHS will also achieve cost savings in support of the President's Management Agenda. These cost savings include \$21.3 million in administrative efficiencies and \$9.3 million through better management of Information Technology. Consistent with current law, these savings will be realized in both IHS and tribal and urban Indian health program funding levels derived from the IHS appropriations. The IHS-administered programs will implement administrative reforms and right size Federal staff as well as ensure better management of information technology costs. It is anticipated that tribal and urban programs will realize efficiencies in administrative spending in a similar manner.

From a policy perspective, this budget 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 three policy initiatives:

- The HHS effort to ensure the best health, and best health care services possible, without regard to race, ethnicity or other invidiously discriminatory criteria,
- The proposed Healthy People 2010 and its goal of achieving equivalent and improved health status for all Americans over the next decade,
- The HHS Strategic Plan with goals to reduce major threats to health and productivity of all Americans; improve the economic and social well-being of individuals, 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.

The Indian Health Care Improvement Act and other Federal statutes make clear that the U.S.

Government's obligation under Federal statutes and treaties includes providing health care services efficiently and effectively to Indians and Indian Tribes.

The primary policy basis for this budget request is to deliver health care services efficiently and effectively to the American Indian and Alaska Native population to substantially improve the health of members of that population. Consistent effort should lead us to the day when the health statistics of the American Indian and Alaska Native population do not differ from those of the U.S. population as a whole. The Administration takes seriously and is fully committed to honoring its obligations to American Indians and Alaska Natives under statutes and treaties to provide effective health care services.

Another priority in the budget proposal is to maintain access to basic health services. The IHS has demonstrated the ability to maximize and utilize available resources to provide services to improve the health status of American Indian and Alaska Native people. In 2002, the Indian Health Service exceeded the HP 2010 target of 50% for annual diabetic hemoglobin A1C testing. In addition, FY 2001 data show a steady increase in the percentage of diabetic patients who have achieved ideal blood sugar control. This should translate into decreased diabetic mortality rates in the future.

However, the Indian Health Care system continues to face competing priorities, escalating costs, a growing population, and an increase in patient demands for more acute and urgent care treatment. Thus, to address continuing access to essential individual and community health services, the Area IHS, tribal, and urban Indian programs identified funding of personnel-related costs and increases associated with current services items as their first priority for budget increases for FY 2004. In an effort to maintain the current level of services, the budget request included \$19.6 million for Federal pay cost increases, \$16 million for tribal pay costs increases, and \$25.5 million to fund the staffing and operating costs of those facilities that will open in FY 2004 or have recently opened.

The ongoing replacement of outdated clinics and hospitals is an essential component of supporting access to services and improving health status. In the long run, this assures there are functional facilities, medical equipment, and staff for the effective and efficient provision of health services. As you know, the average age of IHS facilities is 32 years. The FY 2004 budget includes \$69.947 million for health care

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facility construction to be used for replacement of existing health care facilities. This amount will complete construction of the health centers at Pinon, Arizona, and Metlakatla, Alaska; and partially complete the health centers at Red Mesa, Arizona, and Sisseton, South Dakota.

The requests that I have just described provide a continued investment in the maintenance and support of 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 strengthen health improvements among the Indian health care components.

Proposed increases of \$18 million for contract health services and \$21 million for sanitation facilities construction were also included in the funding request. The additional funds will be targeted to increase access to care not available in the direct service programs (e.g., purchasing 511 outpatient visits and 85,000 days of inpatient care) and to provide water, sewer, and solid waste facilities to an additional 600 new homes and 2,615 existing homes, respectively.

The health status that the IHS, tribal, and urban Indian health programs must address is formidable, particularly in terms of death rates. American Indian and Alaska Native people die from a variety of conditions far more than the U.S. general population. And they continue to experience increased disparities in health status.

The IHS presents this budget request for FY 2004 as one that will maintain access to basic health services and enhance our commitment to health promotion/disease prevention. The request and associated performance plan represent a cost-effective public health approach to assure access and are validated by our documented Government Performance and Results Act achievements and most recently by our scores from the OMB Program Assessment Rating Tool assessment, which are some of the highest in the Federal Government. In addition, this request reflects the continued Federal commitment to support the IHS, tribal, and urban Indian health system that serves the American Indian and Alaska Native people.

Thank you for this opportunity to discuss the FY 2004 President's budget request for the IHS. We are pleased to answer any questions that you may have.