ACTIVITY/MECHANISM BUDGET SUMMARY
Department of Health and Human Services
Public Health Service – Indian Health Service
Indian Health Services – 75-0390-0-1-551

DIRECT OPERATION

Program Authorization:

Program authorized by U.S.C. 13, Snyder Act, and P.L. 83-568, Transfer Acts, 42 U.S.C. 2001.

	FY 1999 Actual	FY 2000 Final Appropriation	FY 2001 Estimate	Increase Or Decrease
Budget Authority	$49,309,000	$50,988,000	$54,119,000	+$3,131,000
FTE	729	729	729	0

PURPOSE AND METHOD OF OPERATION

Executive direction, program management and administrative support constitute critical elements in the delivery of health care to AI/AN. No unit of health service is delivered without substantial program management and administrative support from different disciplines, i.e., health assessment, policy development, finance, procurement, program evaluation, supply management, personnel, equipment, training, etc.

The many unusual circumstances relating to the direct delivery of health services to AI/AN require the adoption of special executive direction, management principles and accompanying organizational structure. Recently, the IHS has expanded its tribal consultation activities with additional contracting and compacting with tribes. This requires an additional dimension of administrative and program management expertise not ordinarily encountered in other Federal programs. An understanding of the way that the IHS provides, directly and indirectly through Tribal and Urban Indian health programs, a vast array of services to the diverse and dispersed AI/AN populations is important in order to understand the management, oversight, and tribal consultation requirements and their direct influence on budget formulation and execution activities.

In response to these requirements, the IHS has structured its organization, delegated the necessary authorities and assigned the appropriate management responsibilities in three principal levels: (1) national (Headquarters); (2) regional (Area Office); and (3) local (Service Unit or facility). This structure allows effective programmatic oversight, local management, and tribal consultation at any level, while capitalizing on the economies of scale made possible by collaborative or aggregate activities. The functions of each level are unique, interrelated and complementary to assure an uninterrupted execution of program and administrative management. To the greatest extent practicable and feasible, the delegation of authorities at the community level has and will enable timely decisions in patient care.

Headquarters

The Headquarters provides essential integration at the national level, assuring consistency of policy and practice across the many diverse locations served by IHS. For example, without this integration, it would be impossible to address the issue of equity and ensure the integrity at a national comprehensive healthcare delivery system. Headquarters carries out national functions, including the responsibilities of a Federal Agency such as establishment, implementation, and oversight of program and administrative policy, strategic and operational planning, budget formulation and execution, administrative control of funds, Federal Managers Financial Integrity Act (FMFIA), procurement, facilities construction planning, and many related functions in compliance with applicable laws and regulations.

Headquarters staff, through two principal offices of management support and public health, advise and support the Director on programmatic and administrative needs, barriers, and weaknesses and prepare responses to the many and diverse requests placed upon the agency. Headquarters personnel also monitor, coordinate, and evaluate Area and local activities and programs to ensure conformance with congressional and other directives. They manage certain Nation wide support functions such as catastrophic health emergency fund, diabetes, health facilities construction and the scholarship and loan repayment programs. Additionally, Headquarters personnel provide information and reports to the Congress and the Executive Branch, technical assistance to tribes and Areas, and act in an advocacy and leadership role with other Federal agencies, professional associations, and other entities that may contribute to fulfilling the IHS mission.

Area Offices

Area Offices are responsible for carrying out a dual function: (1) to participate in and establish goals and objectives implementing IHS policies, and determine action of priorities within the framework of IHS policy. As such, Area Offices coordinate their respective activities and resources internally and externally with those of other governmental and non-governmental programs to promote optimum utilization of all available health resources. The full responsibility of negotiating, consulting, and participating with the approximately 500 sovereign Indian nations rests primarily with the Area Offices which must advocate for the Indian nations while remaining agents of the federal government. And, (2) ensure the delivery of quality health care through their respective service units and participate in the development and demonstration of alternative means and techniques of health services management and delivery to provide Indian tribes and other Indian community groups with optimal ways of participating in Indian health programs. As an integral part of this dual function, the Area Offices are principally responsible for assuring the development of individual and tribal capabilities to participate in the operation of the IHS program as deemed appropriate by the tribes.

ACCOMPLISHMENTS

Self Governance Negotiations

In FY 1993 and 1994, the Indian Health Service implemented a demonstration program in Tribal Self-Governance. An Office of Self-Governance was established to manage IHS-wide negotiations with tribes to establish annual

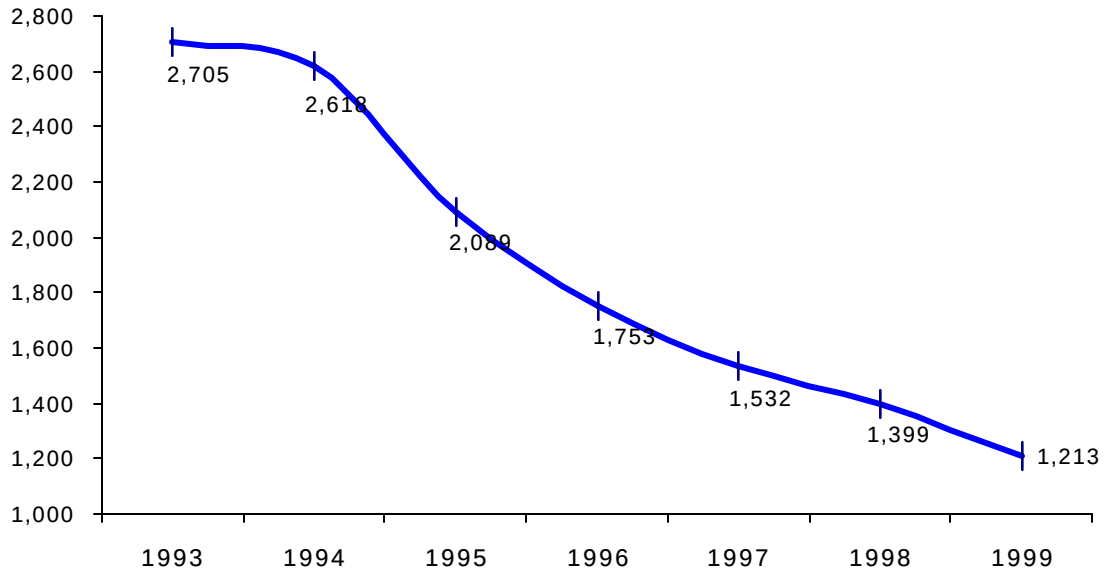
funding agreements and compacts. New policies and definitions of federal and tribal operations are evolving and the complex set of financial allocations was required to provide negotiated funding levels. In FY 1994, the IHS negotiated and signed its first 14 compacts and annual funding agreements. Currently, 42 compacts and 59 annual funding agreements are in place for FY 1999. In FY 2000, the IHS anticipates it will have 48 compacts and 63 annual funding agreements. This effort will continue in FY 2001.

Indian Health Design Team (IHDT)

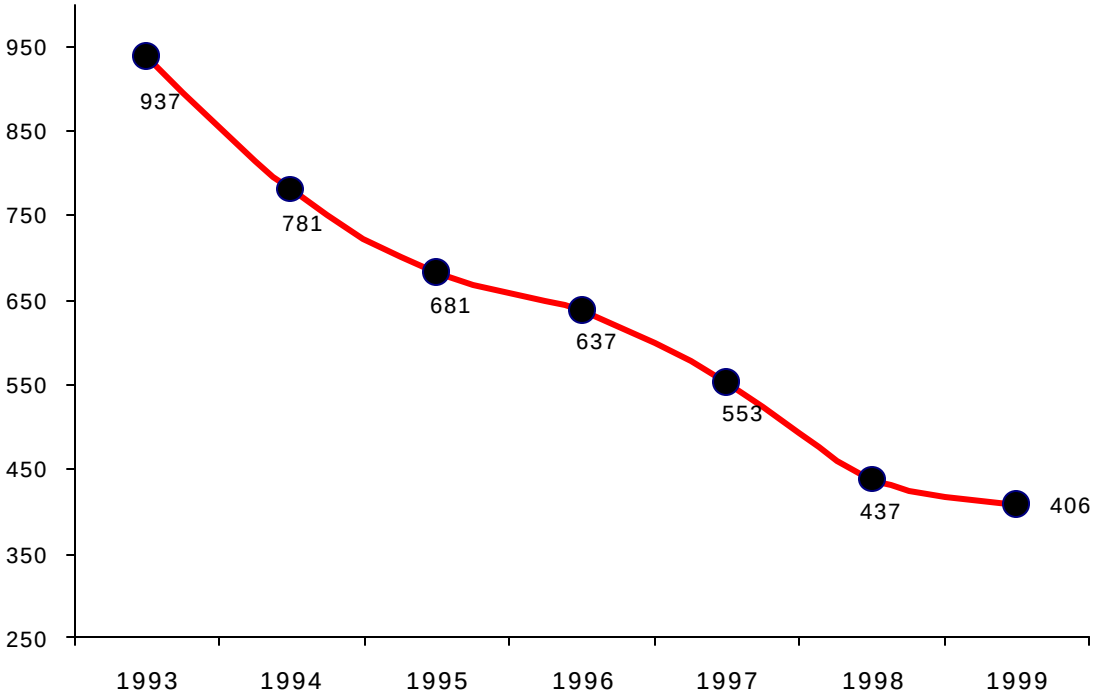
The Indian Health Service has completed the reorganization proposed by the IHDT. In FY 1998 and 1999, the Agency continued downsizing of its headquarters and area offices administrative components. The following charts illustrate the cumulative downsizing.

Indian Health Service Employment: 1993 - 1999

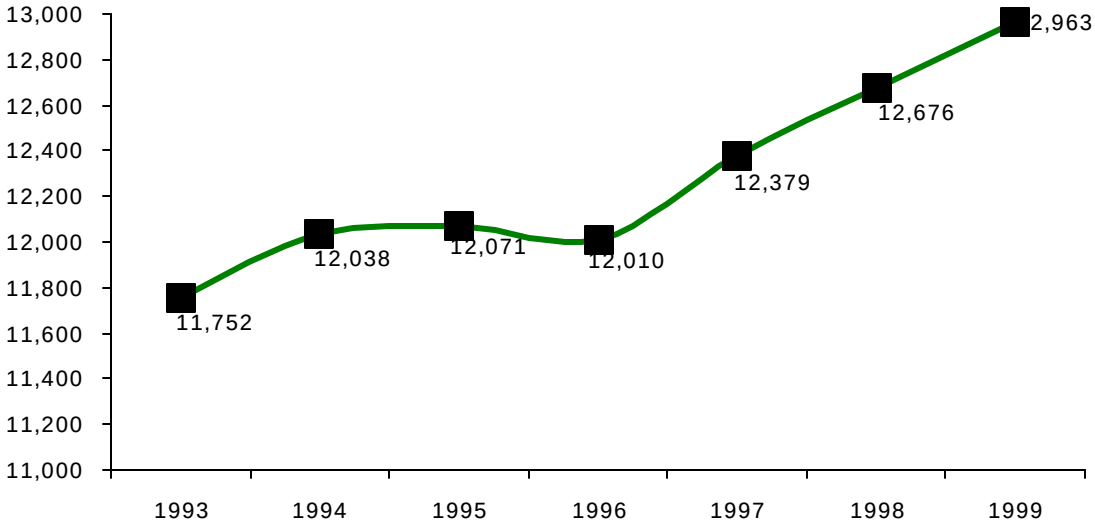
Area Offices Declined by 1,492 FTE (-55%)



Indian Health Service Employment: 1993 - 1999
Headquarters decreased by 531 FTE (-57%)



Indian Health Service Employment: 1993 - 1999
Service Units increased by 1,211 FTE (+10%)



IHS Business Plan

Concurrent with organizational changes, the IHS is shifting to a more corporate-oriented way of conducting business. IHS has developed, together with Indian leaders, a business plan to adopt more business-like planning and practices in key segments of IHS operations. There are 4 key parts to the plan: ways to increase revenues through third party collections; ways to control cost increases and maintain financial solvency; ways to manage increasing transfers of IHS components and resources to tribes; and ways to bring other business-like approaches to internal management and operations. The plan ranks the necessary changes in priority order and identifies a timetable to accomplish recommended changes over a 2-3 year period.

Following are the funding levels for the last 5 fiscal years:

Year	Funding	FTE
1996	$47,709,000	510
1997	$48,709,000	465
1998	$47,386,000	398
1999	$49,309,000	729
2000	$50,988,000	729

RATIONALE FOR BUDGET REQUEST

TOTAL REQUEST -- The request of $54,119,000 and 729 FTE is an increase of $3,131,000 over the FY 2000 Appropriation of $50,988,000 and 729 FTE.

Current Services – Built-in Increases - +$3,088,000

The request of $3,088,000 for personnel related cost will fund the increased cost of providing health services to IHS beneficiaries by providing the FY 2000 pay raise, within grade increases. These funds will be shared with Title I and Title III tribes, as well as Federal programs.

Health Disparities - +$43,000

These funds will help defray the administrative costs of administering the new money for programs and Health Disparities.