**Indian Health Service Testimony**

**Senate Interior, Environment, and Related Agencies Appropriations Subcommittee**

**FY 2025 President's Budget**

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Good morning Chairman Merkley, Ranking Member Murkowski, and Members of the Committee. Thank you for your support and for inviting me to speak with you about the President's Fiscal Year (FY) 2025 Budget Request for the IHS.

The Indian Health Service (IHS) is an agency within the Department of Health and Human Services (HHS) and our mission is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives (AI/ANs) to the highest level. This mission is carried out in partnership with AI/AN Tribal communities through a network of over 600 Federal and Tribal health facilities and 41 Urban Indian Organizations (UIOs) that are located across 37 states and provide health care services to approximately 2.8 million AI/AN people annually.

On March 11, 2024, the White House released the President's FY 2025 Budget, which builds on the historic enactment of advance appropriations for the IHS by taking a two-pronged approach. In FY 2025, the Budget proposes to fund all IHS accounts (other than the Special Diabetes Program for Indians) as discretionary, building on the advance appropriations already enacted. Beginning in FY 2026, the Budget would make all funding for IHS mandatory. The action taken in the FY 2025 President's Budget demonstrates the Administration's continued commitment to strengthening the nation-to-nation relationship. This historic proposal addresses long-standing challenges that have impacted communities across Indian Country for decades.

The Indian Health system is chronically underfunded compared to other healthcare systems in the U.S.[1,2] Despite substantial growth in the IHS discretionary budget over the last decade, 69 percent from FY 2013 to the current FY 2024 enacted level, the growth has not been sufficient to address the well documented funding gaps in Indian Country. These deficiencies directly contribute to stark health disparities faced by tribal communities. AI/ANs born today have an average life expectancy that is 10.9 years fewer than the U.S. all-races population. AI/AN life expectancy dropped from an estimated 71.8 years in 2019 to 65.2 years in 2021 – the

[1] Government Accountability Office Report – *Indian Health Service: Spending Levels and Characteristics of IHS and Three Other Federal Health Care Programs* https://www.gao.gov/assets/gao-19-74r.pdf
[2] U.S. Commission on Civil Rights Report – *Broken Promises: Continuing Federal Funding Shortfall for Native Americans* https://www.usccr.gov/files/pubs/2018/12-20-Broken-Promises.pdf

same life expectancy as the general United States population in 1944[3]. They experience disproportionate rates of mortality from most major health issues, including chronic liver disease and cirrhosis, diabetes, unintentional injuries, assault and homicide, and suicide. AI/AN people also have higher rates of colorectal, kidney, liver, lung, and stomach cancers than non-Hispanic White people.[4] The pandemic compounded the impact of these disparities in tribal communities, with AI/ANs experiencing disproportionate rates of COVID-19 infection, hospitalization, and death.

**Leadership Priorities**

In January, the IHS implemented the 2024 Agency Work plan[5] and closed out the 2023 plan. The 2023 Agency Work Plan produced remarkable achievements across the Agency, including implementing the Total System Safety Strategy, the IHS Patient Safety Policy in November 2023 to support system level safety for the IHS workforce and patients, and improvements to the Purchased/Referred Care (PRC) program, such as new medical priority levels, a financial monitoring tool, and staff training to obligate PRC funding in a timely way.

The 2024 Agency Work Plan outlines steps the IHS is taking to address priorities as well as mitigate risks. The plan details critical actions that will ensure safe, quality, and patient-centered care, as well as improve IHS operations and communication. The IHS will achieve these goals through rigorous management and oversight of resources to ensure the health care needs of AI/ANs are met. The 2024 Agency Work Plan also includes actions that are necessary to meet the U.S. Government Accountability Office's criteria for being removed from their high-risk list[6].

As I travel across Indian Country, I see the consequences of decades-long underfunding of the Indian health system. I see the promise of what could be accomplished with appropriate funding for the IHS in the achievements of IHS-operated hospitals and health clinics, Tribal Health Programs, and Urban Indian Organizations, despite resource limitations. I also see the immediate impact of predictable and timely funding through advance appropriations, including the IHS's fastest-ever distribution of annually appropriated funds and the continued focus on patient care uninterrupted by delays or potential lapses in appropriations. The FY 2025 President's Budget moves the federal government closer to meeting its responsibilities to Indian Country than ever before.

**Advance Appropriations and Long-Term Funding Solutions**

The FY 2025 President's Budget builds on the historic enactment of advance appropriations. For FY 2025, the Budget includes $8.2 billion in total funding for the IHS, which includes $8.0

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[3] Centers for Disease Control and Prevention (CDC) Report – *Life Expectancy in the U.S. Dropped for the Second Year in a Row in 2021*
https://www.cdc.gov/nchs/pressroom/nchs_press_releases/2022/20220831.htm#:~:text=AIAN%20people%20had%20a%20life,total%20U.S.%20population%20in%201944
[4] CDC— *Cancer Within American Indian and Alaska Native (AI/AN) Populations*
https://www.cdc.gov/healthytribes/native-american-cancer.html
[5] Indian Health Service – *FY 2024 Agency Work Plan*
https://www.ihs.gov/sites/newsroom/themes/responsive2017/display_objects/documents/factsheets/2024_Agency_Work_Plan_Update.pdf
[6] Government Accountability Office— *Key Practices to Successfully Address High-Risk Areas and Remove Them from the List*
https://www.gao.gov/products/gao-22-105184

billion in discretionary funding, and $260 million in proposed mandatory funding for the Special Diabetes Program for Indians. This is an increase of $1.1 billion above the FY 2024 Enacted level.

Advance appropriations represent an important step towards securing stable and predictable funding to improve the overall health status of AI/ANs and ensuring that the disproportionate impacts experienced by tribal communities during government shutdowns and continuing resolutions are never repeated. While the progress achieved through the enactment of advance appropriations will have a lasting impact on Indian Country, funding growth beyond what can be accomplished through discretionary spending is needed to fulfill the federal government's commitments to AI/AN communities. Funding for IHS has grown substantially in the last decade, but this growth is not sufficient to address the historic underinvestment and persistent health disparities in AI/AN communities.

The Budget proposes to fully shift the IHS budget to mandatory funding in FY 2026. Under the mandatory proposal, IHS funding would grow automatically to address the growing cost of providing direct health care services, including pay costs, medical and non-medical inflation, population growth, key operational needs, and existing backlogs in both healthcare services and facilities infrastructure. This mandatory formula culminates in a total funding level of approximately $42 billion in FY 2034. In total, the mandatory formula would provide approximately $289 billion for the IHS over the budget window. When accounting for the discretionary baseline, the net cost of the proposal is approximately $208 billion over the budget window.

The Administration continues to support mandatory funding for IHS as the most appropriate long-term funding solution for the agency and will continue to work collaboratively with tribes and Congress to move toward sustainable mandatory funding. Until this solution is enacted, it is critical that Congress continue to provide advance appropriations for IHS through the discretionary appropriations process to ensure funding for healthcare services and facilities activities are not disrupted.

Mandatory funding for the IHS provides the opportunity for significant funding increases that would be difficult to achieve within the limitations of the discretionary appropriations process. Further, this mandatory funding proposal would ensure greater predictability that would allow IHS, tribal, and urban Indian health programs the opportunity for long-term and strategic planning. This increased stability and ability to conduct longer-term planning will improve the quality of healthcare, promote recruitment and retention of health professionals, and enhance management efficiencies for individual health programs and the Indian Health system at large. The request also responds to the long-standing recommendations of tribal leaders shared in consultation with HHS and IHS to make IHS funding mandatory.

The Budget also exempts all IHS funding from sequestration, which is the legislatively mandated process of budget control consisting of automatic, across-the-board spending reductions to enforce budget targets to limit federal spending. Exempting the IHS budget from sequestration ensures funding for direct health care services for AI/ANs is not reduced and is consistent with the treatment of other critical programs such as veterans' health care benefits.

Lastly, the Budget proposes to reauthorize mandatory funding for the Special Diabetes Program for Indians and increase funding to $260 million in FY 2025 and $270 million in FY 2026. This program has proven to be effective at reducing the prevalence of diabetes among AI/AN adults[7]. Potential net savings to Medicare due to averted cases of diabetes-related end-stage renal disease were estimated to be up to $520 million over 10 years[8]. The budget's proposed increases will enable the program to expand to additional grantees and allow local recipients to plan for larger and longer-term interventions more effectively.

**Prioritizing High Quality Health Care**

The Budget prioritizes investments that advance high quality health care and tackle the stark healthcare inequities 2.8 million Americans in the country who are AI/AN face every day.

In FY 2025, the Budget provides $345 million to offset the rising costs of providing direct health care services. These resources will help the IHS to maintain medical care levels and address increasing costs affecting the operating budgets of IHS, Tribal, and urban Indian health programs.

Similarly, the Budget includes $153 million to fully fund staffing and operating costs at ten newly-constructed or expanded health care facilities opening in FY 2024 and FY 2025[9]. These funds will expand the availability of direct health care services in areas where existing health care capacity is overextended. Beginning in FY 2026, the mandatory funding formula fully funds current services and staffing and operating costs for newly opening facilities in the out-years, which ensure that health care services are maintained and/or expanded.

In FY 2025, the Budget also makes targeted investments to address our Nation's most pressing public health challenges, which disproportionately impact AI/AN communities, including an additional $10 million to address HIV, Hepatitis C, and sexually transmitted infections and an additional $10 million to address opioid use in Indian Country.

The Budget also makes numerous investments in high priority areas, such as the expansion of the successful National Community Health Aide Program and other activities that support high quality health care.

Likewise, from FY 2026 to FY 2030, the Budget requests an additional $11.6 billion in mandatory funding for the Indian Health Care Improvement Fund to address the funding gap for direct healthcare services documented in the FY 2018 level of need funded analysis[10]. The Budget would continue growth for direct services once the 2018 gap is addressed. This funding would be distributed using the Indian Health Care Improvement Fund formula. The formula

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[7] 4 British Medical Journal— *Prevalence of diagnosed diabetes in American Indian and Alaska Native adults, 2006-2017* https://drc.bmj.com/content/8/1/e001218

[8] HHS Assistant Secretary for Planning and Evaluation Issue Brief— *The Special Diabetes Program for Indians Estimates of Medicare Savings* https://aspe.hhs.gov/sites/default/files/private/pdf/261741/SDPI_Paper_Final.pdf

[9] As the budget was developed before Congress completed action on full year FY 2024 appropriations, the request includes $61 million to fully-fund staffing costs of 7 new or expanded facilities eligible for funds in FY 2024. Congress provided this funding in the FY 2024 Omnibus, so this funding would become recurring and these increases would not need to be provided again in FY 2025.

[10] Indian Health Service— *FY 2018 Indian Health Care Improvement Fund Workgroup Interim Report* https://www.ihs.gov/sites/ihcif/themes/responsive2017/display_objects/documents/2018/2018_IHCIF_WorkgroupInterimReport.pdf

targets appropriations to the sites with the greatest need, as compared to the benchmark of National Health Expenditure Data, which is maintained by the Centers for Medicare and Medicaid Services. The formula is the product of longstanding consultation with Tribes.

The Budget also prevents a sharp reduction in services by providing an additional $220 million in mandatory funding in FY 2026 to partially sustain the one-time American Rescue Plan Act investments that were appropriated to expand access to mental health and substance abuse prevention and treatment services, and to expand the public health workforce in Indian Country.

Lastly, the Budget proposes dedicated funding to address disparities in cancer rates and mortality among AI/ANs, providing $108 million in mandatory funding in FY 2026 for the Biden Cancer Moonshot Initiative. Through this initiative, the IHS would develop a coordinated public health and clinical cancer prevention program to implement best practices and prevention strategies to address incidence of cancer and mortality among AI/ANs.

**Modernizing Critical Infrastructure**

In addition to funding for direct health care services, additional investments are needed to address substantial deficiencies in physical and information technology infrastructure across the IHS system. Outdated infrastructure poses challenges in safely providing patient care, recruiting and retaining staff, and meeting accreditation standards. The Budget includes critical funding increases to reduce or eliminate existing facilities backlogs and modernize the IHS Electronic Health Record (EHR) through implementation of a new system.

The current IHS EHR is over 40 years old, and the GAO identifies it as one of the 10 most critical federal legacy systems in need of modernization[11]. The IHS relies on its EHR for all aspects of patient care, including the patient record, prescriptions, care referrals, and billing public and private insurance for over $1 billion reimbursable health care services annually. As a result of EHR modernization, patients and staff can expect improved patient safety, improved patient outcomes, better disease management, enhanced population health, improved clinical quality measures, opioid tracking, patient data exchange, third party revenue generation, and agency performance reporting; among others. Additionally, the new system will be interoperable with the Department of Veterans Affairs, Department of Defense, tribal and urban Indian health programs, academic affiliates, and community partners, many of whom use different health information technology platforms.

In FY 2025, the Budget provides $435 million in discretionary funding for EHR modernization, an increase of +$245 million above 2024 Enacted to support licensing, hosting, training, site remediation, implementation, and support costs to implement a modernized system. The Budget then builds funding for EHR by adding $1.3 billion in mandatory funding each year from FY 2026-FY 2030 to fully fund the modernization effort. Once the EHR modernization effort is fully funded, the Budget maintains sufficient resources for ongoing operations and maintenance of the new system.

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[11] GAO-21-524T, INFORMATION TECHNOLOGY: *Agencies Need to Develop and Implement Modernization Plans for Critical Legacy Systems* https://www.gao.gov/assets/gao-21-524t.pdf

The Indian health system also faces substantial physical infrastructure challenges – IHS hospitals are approximately 39 years old on average, which is over three times the average age of hospitals in the United States. Infrastructure deficiencies directly contribute to poorer health outcomes for AI/ANs and limit services that can be provided. Starting in FY 2026, the Budget addresses these needs by fully funding the 1993 Health Care Facilities Construction Priority List over 5 years. The remaining projects on the list include the Phoenix Indian Medical Center, Phoenix, AZ; Whiteriver Hospital, Whiteriver, AZ; Gallup Indian Medical Center, Gallup, NM; Albuquerque West Health Center, Albuquerque, NM; Albuquerque Central Health Center, Albuquerque, NM; Sells Health Center, Sells, AZ, Alamo Heath Center, Alamo, NM; Bodaway Gap Health Center, The Gap AZ; and Pueblo Pintado Health Center, Pueblo Pintado, NM.

Furthermore, the Budget includes an additional $454 million in mandatory funding over two years, from FY 2026 to FY 2027, to fully fund the medical equipment backlog. Many IHS hospital administrators report that old or inadequate physical environments challenged their ability to provide quality care and maintain compliance with the Medicare Hospital Conditions of Participation. The administrators also report that aging buildings and equipment is a major challenge impacting recruitment and retention of clinicians.

Maintaining reliable and efficient buildings is also a challenge as existing health care facilities age and the costs to operate and properly maintain health care facilities increases. Many IHS and Tribal health care facilities are operating at or beyond capacity and their designs are not efficient in the context of modern health care delivery. The Budget tackles this challenge by fully funding the 2023 Backlog of Essential Maintenance, Alteration, and Repair for IHS and Tribal facilities of $2.0 billion over two years, from FY 2026 to FY 2027.

The mandatory budget ensures that these facilities investments can be rapidly addressed by providing sufficient administrative support increases. Specifically, the Budget increases the Facilities and Environmental Health Support funding to account for the growth in Health Care Facilities Construction and Sanitation Facilities Construction (SFC). This ensures adequate staff to properly oversee and implement facilities projects, as well as a comprehensive environmental health program within IHS.

Beginning in FY 2027, the Budget provides an additional $250 million to address operation and maintenance costs for sanitation facilities projects, addressing longstanding recommendations from Tribes. In addition, the Budget dedicates $10 million in mandatory funding to support a nation-wide analysis to understand the cost implications of implementing section 302 of the Indian Health Care Improvement Act (25 U.S.C. 1632), which authorizes funding for operations and maintenance costs for tribes who choose to directly compete their own SFC projects. The results of this analysis will be used and implemented as part of the updated mandatory formula structure. These funds would be used by IHS and tribes to ensure that existing SFC projects are reaching their maximum life-cycle and operations of these projects are sustainable for as long as possible.

**Supporting Self-Determination**
IHS continues to support the self-determination of tribes to operate their own health programs. Tribal leaders and members are best positioned to understand the priorities and needs of their

local communities. The amount of the IHS budget that is administered directly by tribes through Indian Self-Determination and Education Assistance Act contracts and compacts has grown over time, with over 60 percent of IHS funding currently administered directly by tribes. Tribes design and manage the delivery of individual and community health services through 22 hospitals, 330 health centers, 559 ambulatory clinics, 76 health stations, 146 Alaska village clinics, and 7 school health centers across Indian Country. In recognition of this, the Budget maintains an indefinite discretionary appropriation for Contract Support Costs and Section 105(*l*) lease agreements with estimated funding levels of $979 million for Contract Support Costs and $349 million for Section 105(*l*) Lease Agreements in FY 2025. The budget also includes appropriations language to allow IHS not more than $10 million for management and oversight activities in each of the CSC and Tribal Lease Payments indefinite discretionary appropriations. These resources are critical for providing appropriate technical assistance to tribes, supporting timely processing of CSC and section 105(*l*) lease agreements, and overseeing these ever-growing programs. Starting in FY 2026, the Budget would provide mandatory, indefinite funding for these accounts across the 9-year budget window to ensure these payments to tribes are fully funded.

**Future Emergency Preparedness**

Throughout the COVID-19 pandemic, the IHS made incredible achievements to save lives and improve the health of AI/ANs across the nation. The IHS worked closely with our Tribal and Urban Indian Organization partners, state and local public health officials, and our fellow Federal agencies to coordinate a comprehensive public health response to the pandemic. Our number one priority has been the safety of our IHS patients and staff, as well as Tribal community members.

COVID-19 has disproportionally impacted AI/ANs. Deficiencies in public health infrastructure exacerbated the impact of COVID-19 on AI/ANs. To address the long-term impacts of COVID-19, in FY 2026 the Budget provides an additional $130 million in mandatory funding to support IHS patients in recovery from the long-lasting effects of the COVID-19 pandemic, including treatment for long haul COVID-19. Based on data from 14 states, age-adjusted COVID-19 associated mortality among AI/AN was 1.8 times that of non-Hispanic Whites.[12] In 23 states with adequate race and ethnicity data, the cumulative incidence of laboratory-confirmed COVID-19 among AI/AN was 3.5 times that of non-Hispanic Whites. In the state of Montana, COVID-19 incidence and mortality rates among AI/AN were 2.2 and 3.8 times those among White persons, respectively.

Beginning in FY 2026, the Budget also establishes a new dedicated funding stream to address public health capacity and infrastructure needs in Indian Country. This funding will support an innovative hub-and-spoke model to address local public health needs in partnership with tribes and urban Indian organizations. Establishing a new program to build public health capacity is a key lesson learned from the COVID-19 pandemic, and a top recommendation shared by tribal

[12] CDC— COVID-19 Mortality Among American Indian and Alaska Native Persons — 14 States, January–June 2020 https://www.cdc.gov/mmwr/volumes/69/wr/mm6949a3.htm#:~:text=Based%20on%20data%20from%2014,persons%20aged%2020%E2%80%9349%20years

leaders in consultation with HHS. This includes $150 million in FY 2026, and would grow for inflation in the out-years under the formula, for a total of $500 million over nine years.

These resources are necessary to develop appropriate public health and emergency preparedness capacity in AI/AN communities to prevent these disproportionate impacts in the future. Tribes do not receive dedicated public health funding from the Federal government, and the IHS does not currently have sufficient funding to support ongoing public health and emergency preparedness infrastructure. As of 2021, only four tribal public health agencies are accredited through the Public Health Accreditation Board. Comparatively, 40 State and 305 local public health agencies were accredited as of 2021.[13] The proposal complements the Budget's proposed investments in public health readiness and pandemic preparedness by ensuring IHS and Tribal communities have comparable resources to prepare for the next pandemic.

**Legislative Proposals**

In addition to proposed investments to ensure IHS has adequate operational capacity, the budget also includes several legislative proposals that would provide IHS with critical new or expanded authorities to address operational issues. Many of these proposals seek to enhance the agency's ability to recruit and retain healthcare providers, and provide parity with other federal agencies to increase IHS' competitiveness when hiring for key positions. The IHS, as a rural health care provider, experiences difficulty recruiting and retaining health care professionals, physicians and other primary care clinicians in particular. Staffing shortages are particularly prevalent in the behavioral and mental health fields, which has only exacerbated the concurrent substance use crisis and suicide crisis that tribes across the country are facing in their communities. Workforce challenges – and the impacts on care that come with them – are one of the top concerns raised to the Department by tribes. The proposed legislative changes would: 1) Extend Title 38 personnel authorities, to enable IHS to offer specialized pay and benefits for health providers; 2) Provide tax exemption for recipients of IHS scholarship and loan repayment benefits, and allow these recipients to meet their service obligations on a half-time basis; 3) Enable IHS to fulfill mission-critical emergency hiring needs; 4) Provide IHS authority to hire and pay experts and consultants; 5) Enable IHS to provide on-call pay to its healthcare providers; and 6) Enable U.S. Public Health Service Commissioned Corps officers to be detailed to Urban Indian Organizations.

**Closing**

The FY 2025 Budget makes critical strides toward the goal of ensuring stable and predictable funding to improve the overall health status of for AI/ANs. The Budget is a historic step and a continuation of an ongoing conversation with tribes to ensure the IHS system is meeting the healthcare needs in Indian Country. HHS looks forward to working in consultation with tribes, urban Indian organizations, and Congress to refine the FY 2026 mandatory proposal through the legislative process to strengthen the Nation-to-Nation relationship.

[13] Office of Disease Prevention and Health Promotion— *Increase the number of tribal public health agencies that are accredited* https://health.gov/healthypeople/objectives-and-data/browse-objectives/public-health-infrastructure/increase-number-tribal-public-health-agencies-are-accredited-phi-03/data