

Indian Health Service Testimony

Senate Interior, Environment, and Related Agencies Appropriations Subcommittee Hearing

FY 2023 President's Budget

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**Elizabeth A. Fowler
Acting Director
Indian Health Service
Department of Health and Human Services**

Good afternoon 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) 2023 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 to the highest level. This mission is carried out in partnership with American Indian and Alaska Native Tribal communities through a network of over 687 Federal and Tribal health facilities and 41 Urban Indian Organizations (UIOs) that are located across 37 states and provide health care services to approximately 2.7 million American Indian and Alaska Native people annually.

On March 28, 2022, the White House released the President's FY 2023 Budget, which proposes the first-ever fully mandatory budget for the IHS. The bold action taken in the FY 2023 President's Budget demonstrates the Administration's continued commitment to strengthen 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.¹² Despite substantial growth in the IHS discretionary budget over the last decade, by 57 percent from FY 2012 to the current FY 2022 enacted level, the growth has not been sufficient to address the well documented funding gaps in Indian Country. These funding deficiencies directly contribute to stark health disparities faced by tribal communities. American Indian and Alaska Native people born today have a life expectancy that is 5.5 years shorter than the U.S. all-races population, with some tribes experiencing life expectancy as much as 12 years shorter than the general population. They also experience disproportionate rates of mortality from most major health issues, including chronic liver disease and cirrhosis, diabetes, unintentional injuries, assault and homicide, and suicide. The pandemic compounded the impact

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>

of these disparities in tribal communities, with American Indians and Alaska Natives experiencing disproportionate rates of COVID-19 infection, hospitalization, and death.

Long-Term Funding Solutions

Our budget plays a critical role in advancing a healthier future for American Indian and Alaska Native people. Growth beyond what can be accomplished through discretionary spending is necessary to address funding gaps and remediate health disparities. Mandatory spending is a more appropriate avenue to provide high-quality health care that is reliable and widely available for American Indians and Alaska Natives.

To address this historic underinvestment in IHS, the mandatory budget provides \$9.3 billion in FY 2023, which includes \$147 million in current law authorized funding for the Special Diabetes Program for Indians. This is an increase of +\$2.5 billion or 37 percent above the FY 2022 enacted level. This immediate surge of funding is necessary to address long-standing gaps in health care and tackle chronic health disparities faced across Indian Country.

Mandatory funding for the IHS provides the opportunity for significant funding increases that could not be achieved under discretionary funding caps. Further, this mandatory funding proposal would authorize and appropriate funding over 10 years, through FY 2032, ensuring 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 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.

Specifically, the mandatory budget proposal culminates in a total funding level of approximately \$36.7 billion in FY 2032. When compared with the FY 2022 enacted level of \$6.8 billion, the FY 2032 proposed funding level represents an increase of nearly +\$30 billion or +442 percent. In total, the 10-year budget includes over \$248 billion for the IHS.

The budget also exempts the IHS from sequestration for proposed funding, 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 American Indians and Alaska Natives is not reduced and is consistent with the treatment of other critical programs such as veterans' benefits and nutrition assistance programs. The budget also includes inflation factors to address the growing cost of providing direct health care services, including pay costs, medical and non-medical inflation, and population growth.

This request responds to the long-standing recommendations of tribal leaders shared in consultation with HHS and IHS to make IHS funding mandatory, and IHS will continue consulting with tribes to inform future policy and budget requests.

Prioritizing High Quality Health Care

In FY 2023, the budget prioritizes investments that advance high quality health care and tackle the stark inequities that exist in the Indian Health system. This includes a +\$243 million increase

to the Indian Health Care Improvement Fund to provide additional health services and address resource disparities across the Indian health system. Likewise, the budget prevents a sharp reduction in services by providing an additional +\$220 million 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.

The Budget also includes a +\$215 million general increase to Hospitals and Health Clinics to expand access to direct health care services, which would provide an estimated 41 thousand inpatient admissions and almost 16 million outpatient visits at IHS and Tribal facilities. The Purchased/Referred Care program, which supports the purchase of essential health care services not available in IHS and Tribal healthcare facilities, is expanded by +\$206 million, providing an estimated 7,333 additional inpatient admissions; 182,319 additional outpatient visits; and 8,006 additional patient travel trips. This Purchased/Referred Care increase would also support establishment of an Arizona statewide Purchased/Referred Care Designation Area, as directed in the Indian Health Care Improvement Act, which will expand access to care for over 67,000 IHS patients in Arizona. The Budget also expands dental health services by supporting an additional estimated 1 million dental visits in FY 2023 through a +\$48 million investment. Expansion of these programs is essential to ensure that IHS can provide high quality medical services and support critical health care services through contracts with hospitals and other health care providers to purchase specialized or critical care when IHS and tribally-managed facilities are unable to provide the services directly.

In addition, Current Services, which offset the rising costs of providing direct health care services, are fully funded at +\$207 million. These resources will help the IHS to maintain services at the FY 2022 levels by shoring up base operating budgets of IHS, Tribal, and urban Indian health programs in the face of increasing costs. Similarly, +\$102 million is provided to fully fund staffing and operating costs for eight newly-constructed or expanded health care facilities. These funds support the staffing packages for new or expanded facilities, which will expand the availability of direct health care services in areas where existing health care capacity is overextended.

The budget also makes targeted investments to address our Nation's most pressing public health challenges, which disproportionately impact American Indian and Alaska Native communities. This includes HIV and Hepatitis C (+\$47 million), improving maternal health (+\$4 million), and addressing opioid use (+\$9 million).

IHS also recognizes the importance of providing culturally competent care to American Indians and Alaska Natives who live off-reservation or in urban areas. To address this, the Urban Indian Health Program is expanded by +\$27 million to provide additional culturally competent direct health care services through a network of 41 Urban Indian Organizations located in urban areas across the country. This investment will provide an estimated 1.1 additional million health care, outreach, and referral services to urban Indian users in FY 2023.

In FY 2023, the budget also makes numerous investments in high priority areas, such as recruitment and retention of high quality health professionals, expansion of the successful

National Community Health Aide Program, expanding emergency medical services, and other activities that support high quality health care.

While these FY 2023 investments will make significant progress to address the most urgent health care needs, further growth is needed to address sustained underfunding of the Indian Health system that has resulted in documented gaps in funding and service provision. Over five years, from FY 2024 to FY 2028, the budget grows to address the funding gap for direct health care services documented in the FY 2018 level of need funded analysis³. The level of need gap analysis calculated \$11.2 billion as the point in time estimated funding shortfall identified for a baseline of health services in FY 2018. This funding increase would be distributed across the IHS funding lines that provide direct healthcare services, ensuring a broad benefit of this investment for all tribes, while also seeking to address funding disparities within the Indian Health system.

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 can pose challenges in safely providing patient care, recruiting and retaining staff, and meeting accreditation standards. From FY 2023 through FY 2028, the budget includes critical funding increases to reduce or eliminate existing facilities backlogs and modernize the IHS Electronic Health Record (EHR).

Specifically, the budget provides \$285 million in FY 2023 and +\$6 billion from FY 2024 to FY 2028 to stabilize the current system and replace IHS's EHR with a modernized system. The current IHS EHR is over 50 years old, and the GAO identifies it as one of the 10 most critical federal legacy systems in need of modernization. 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. The EHR holds an extremely high degree of mission criticality given the ability to provide much-anticipated clinical and administrative capabilities used in modern systems for the delivery of timely and impactful healthcare. Expected benefits from adopting and implementing a modernized system include, but are not limited to, 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. 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 are on different health information technology platforms.

The IHS system also faces substantial physical infrastructure challenges – IHS hospitals are approximately 40 years old on average, which is almost four times the age of the average hospital in the United States. Infrastructure deficiencies directly contribute to poorer health outcomes for American Indians and Alaska Natives. The Budget addresses these needs by fully fund the 1993 Health Care Facilities Construction Priority list. The remaining projects on the list include the Phoenix Indian Medical Center, Phoenix, AZ; Whiteriver Hospital, Whiteriver, AZ;

³ 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

Gallup Indian Medical Center, Gallup, NM; Albuquerque West Health Center, Albuquerque, NM; Albuquerque Central Health Center, Albuquerque, NM; and Sells Health Center, Sells, AZ.

Furthermore, the budget includes \$102 million in FY 2023 and +\$454 million over five years, from FY 2024 to FY 2028, to ensure IHS can replace medical and laboratory equipment at the end of its six to eight-year life cycle. Many IHS hospital administrators reported 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 reported that aging buildings and equipment is a major challenge impacting recruitment and retention of clinicians.

Maintaining reliable and efficient buildings is also 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. In FY 2023, the Budget tackles this challenge by including a +\$172 million increase for maintenance and improvement to reduce the Backlog of Essential Maintenance, Alteration, and Repair, as well as routine maintenance and repair to sustain the condition of federal and Tribal healthcare facilities, and environmental compliance projects to meet changing healthcare delivery needs. The Budget proposes to fully fund all existing projects by FY 2028.

Lastly, the IHS is grateful for the additional \$3.5 billion in Sanitation Facilities Construction funding provided by the Infrastructure Investment and Jobs Act (IIJA). These funds will make a transformational impact in shoring up essential sanitation facilities across Indian Country. In order to maintain existing project completion deadlines and support IHS and Tribes in successfully implementing IIJA resources, the budget includes +\$49 million to support implementation of the \$3.5 billion provided by the IIJA for Sanitation Facilities Construction (SFC). This funding will support additional salary, expenses, and administrative costs beyond the 3 percent allowed in the IIJA. These funds would also be available to Tribal Health Programs, which is not currently permissible under the 3 percent set-aside for administrative costs in the IIJA.

The budget also proposes a new \$18 million program to recruit and retain new public health engineers by partnering with colleges and universities to implement a scholarship program with service requirements in support of Sanitation Facilities Construction projects across Indian Country. The IHS owns over 10.2 million square feet of facilities across 2,119 buildings and 1,758 acres of federal and trust land. The nature of this space varies from sophisticated medical centers to residential units and utility plants. Facilities range in age from less than one year to more than 167 years. A professional and fully- functional workforce is essential to ensure effective and efficient operations.

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, 319 health centers, 552 ambulatory clinics, 79 health stations, 146 Alaska village clinics, and 8 school health centers across Indian Country. In recognition of this, the budget includes a mandatory indefinite appropriation for Contract Support Costs and Section 105(l) lease agreements with estimated funding levels of \$1.1 billion for Contract Support Costs and \$150 million for Section 105(l) Lease Agreements in FY 2023. The budget maintains indefinite mandatory funding for these accounts across the 10-year budget window to ensure these payments to tribes are fully funded.

COVID-19 Response and Future Emergency Preparedness

Throughout the COVID-19 pandemic, the IHS has made incredible achievements to save lives and improve the health of American Indian and Alaska Natives across the nation. The IHS has 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.

However, it is clear that COVID-19 has disproportionately impacted American Indian and Alaska Natives. Deficiencies in public health infrastructure exacerbated the impact of COVID-19 on American Indians and Alaska Natives. Based on data from 14 states, age-adjusted COVID-19 associated mortality among American Indians and Alaska Natives was 1.8 times that of non-Hispanic Whites. In 23 states with adequate race and ethnicity data, the cumulative incidence of laboratory-confirmed COVID-19 among American Indians and Alaska Natives was 3.5 times that of non-Hispanic Whites. In the state of Montana, COVID-19 incidence and mortality rates among American Indian and Alaska Natives were 2.2 and 3.8 times those among White persons, respectively. The CDC has also reported that 1 in every 168 American Indian and Alaska Native Children experienced the death of a parent or primary caregiver due to COVID-19, 4.5 times more likely than non-Hispanic White children.

The budget's proposed investments proposed in direct services and infrastructure will make substantial progress toward ensuring these stark disparities are not repeated in future pandemics. Additionally, to ensure that the IHS is prepared for future emergencies, the budget requests +\$10 million for emergency preparedness activities at IHS Headquarters and Area offices to establish a dedicated emergency preparedness workforce at IHS and support relevant training and capacity building efforts. These additional resources will ensure IHS has adequate emergency preparedness capacity to serve American Indian and Alaska Native communities during future public health emergencies.

Closing

The FY 2023 budget makes bold strides toward the goal of ensuring stable and predictable funding to improve the overall health status of for American Indian and Alaska Natives. The budget is a historic first step and the start 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 this historic proposal through the legislative process to achieve sustained improvements in health status and strengthen the Nation-to-Nation relationship.