

**THE NATIONAL TRIBAL BUDGET FORMULATION  
WORKGROUP'S RECOMMENDATIONS  
ON THE  
INDIAN HEALTH SERVICE FISCAL YEAR 2017 BUDGET**

***“Turning the Corner in Indian Health Treaty and Trust Obligations:  
Writing a new Future for American Indians and Alaska Natives”***

Tribal Leaders on the national Tribal Budget Formulation Workgroup, representing all twelve Indian Health Service (IHS) Areas, met on February 10-11, 2015, to develop the national Indian Health Service budget recommendations for the FY 2017 budget year. The budget priorities, which will be formally presented to the Administration in the upcoming weeks, are highlighted below:

1. Phase In Full Funding of IHS - Total Tribal Needs Budget of **\$29.96 Billion** Over 12 Years
2. Present a 22% increase in the overall IHS budget from the FY 2016 President's Budget, request planning base for a total of **\$6.2 billion in FY 2017**<sup>1</sup>
3. Restore Cuts/Shortfalls in FY 2013-16 resulting from sequestration, inadequate increases to cover Congressionally mandated budget categories including Contract Support Costs (CSC), and no provision for inflation for Continuing Services & Binding Obligations
4. Advocate that Tribes and Tribal programs be permanently exempted from sequestration
5. Support the President's proposal to reclassify CSC from the discretionary to the mandatory appropriation and to be reauthorized every 3 years
6. Request a higher percentage budget increase in the Hospitals & Clinics budget line to allow flexible service expansion funding which can be used to fund local budget priorities.
7. Provide an additional \$300 million to implement the provisions authorized in the Indian Health Care Improvement Act (IHCIA)

FY 2017 represents a landmark opportunity for this Administration ***to turn the corner*** in Indian health Treaty and Trust obligations, and to *finally bring to justice* the promises made to Tribes. *It is time* to write a new future for American Indians and Alaska Natives, one which *eliminates the gross health disparities* experienced in Tribal communities, and one that *offers hope for a better life* for our Native youth.

Tribal leaders have expressed appreciation for the IHS budget increases put forth by President Obama during his terms in office. While these funds have prevented irreparable deterioration in existing health services, in reality however, the increases have done little to address the deep disparate health issues plaguing Tribal communities. The majority of these increases have largely been used as a stopgap for inflation, staffing for new facilities, payment of Contract Support obligations, population growth, and facilities. This leaves very little funding, if any, to target the alarming disparities facing Indian communities. At the national session, Tribal leaders reported that they are forced to cut basic programs such as Purchased and Referred Care (PRC), Specialty and Dental services, deny patient travel, and ignore upgrades needed to ensure safe patient care through meaningful use of Electronic Health Records. In addition, they are often forced to defer much needed facilities maintenance and repairs. Tribal leaders expressed how difficult it was to prioritize between budget needs, many expressing the concern that “all of these unmet needs are top priorities.”

This reality is backed up by health statistics reported annually by the Indian Health Service. The American Indian and Alaska Native (AI/AN) life expectancy is 4.2 years less than the rate for all other

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<sup>1</sup> Includes placeholder estimates for CSC, Staffing for new facilities & new Tribes

race populations in the United States. AI/ANs suffer disproportionately from a variety of afflictions including alcoholism, diabetes, unintentional injuries, and suicide. When considering the level of funding appropriated to IHS, these statistics are not surprising. In 2014, the IHS per capita expenditures for patient health services were just \$3,107, compared to \$8,097 per person for health care spending nationally. The First Peoples of this nation should not be last when it comes to health.

**\$29.96 BILLION**

**TOTAL TRIBAL NEEDS BUDGET**

**\$29.7 billion** request for services & facilities:

- **\$15.82 billion** for Medical Services
- **\$1.66 billion** for Dental and Vision Services
- **\$3.71 billion** for Community and Public Health Services
- **\$8.77 billion** for facility upgrades and upfront costs (non-recurring investments)

The costs are calculated using comparisons with other federal benchmarks such as federal employee vision and dental coverage and current IHS spending ratios. Population data is estimated based on expanded user populations for IHS eligible AI/ANs. One time facility upgrades included in this calculation would not be required year after year. After the initial investment recurring infrastructure costs are built into annual per capita cost factors, which is typically between 6 to 8 percent of the average US health care spending for capitalized costs associated with space. This model establishes the parameters needed to obtain rough parity with the population at large.

In addition to requesting restoration of prior year cuts/shortfall and permanent exemption from sequestration, Tribal leaders are united in their position that a budget authority change must be made to move the payment of legally-mandated Contract Support Costs out of 'discretionary' Services to the 'mandatory' appropriations line, as proposed by the President in his FY2016 budget. The FY2017 budget request also reflects a larger program increase in the Hospital & Clinics budget line in order to provide Areas with the funding and flexibility to address local budget priorities. For example, Tribal local priorities address funding for village clinic leases in the Alaska Area, or emergency and specialty PRC care for remote communities in the Bemidji Area, and Substance Abuse Treatment in multiple Areas. In addition, in FY 2017, the Tribes request that \$300 million be provided to fund the new authorities contained in the long-fought-for Amendments to the Indian Health Care Improvement Act. This widely supported bi-partisan bill must have funding behind it or it will be yet another empty promise made to this nation's First Peoples.

The President, in his 6<sup>th</sup> Annual Tribal Nations address, stated:

*"(t)he United States shares a sacred bond with our Native nations. We have a sacred responsibility to all our young people, including Native youth. Every day that I have the honor to serve as your President, I will do everything I can to meet that responsibility, and honor that trust, and to do right by your nations, and your children and future generations."*

By preparing a budget that fully honors the federal trust responsibility, and that provides *real* increases for service expansion, we *can* make progress together to achieve our dream that every Native young person is treated like a valuable member, not only of their nation, but of the American family - that every Native young person gets an equal shot at the American Dream. Let us together, put behind us the traumatic history which defines the past relationship between the United States and American Indian and Alaska Native Tribes, and write a new future in the spirit of respect and trust which brings health and hope for our future generations and dignity for our elders who have endured.

**22% INCREASE FOR IHS  
OVER FY2016 PRESIDENT'S BUDGET  
FY2017 SUMMARY OF NATIONAL TRIBAL BUDGET RECOMMENDATIONS**

<b>Planning Base for FY 2017</b>	
FY 2016 President's Budget of \$5,102,985,000 x 22% = <b>\$1,122,656,700</b>	
<b>Current Services (estimates): \$157,440,000</b>	
All 12 Areas recommended funding for Federal and Tribal pay, inflation (medical and non-medical) and population growth	
<b>Binding Agreements (estimates)</b>	<b>\$325,000,000</b>
Contract Support Costs Need (estimate)	\$150,000,000
Health Care Facilities Construction Projects (estimate)	\$100,000,000
Staffing Costs for Newly-Constructed Facilities (estimates)	\$75,000,000
<b>Program Expansion - Top 5</b>	<b>\$576,282,700</b>
1. Hospitals & Health Clinics	\$200,000,000
2. Purchased / Referred Care	\$200,000,000
3. Alcohol & Substance Abuse	\$77,600,900
4. Mental Health	\$67,495,900
5. Dental Services	\$31,185,900
<b>Other Budget Recommendations</b>	<b>\$63,934,000</b>
6. Maintenance & Improvement (7 Areas)	\$21,589,000
7. Sanitation Facilities Construction	\$13,927,000
8. Urban Health (5 Areas)	\$10,000,000
9. Health Care Facilities Constr./Other Authorities (3 Areas)	\$7,560,000
10. Equipment (3 Areas)	\$5,000,000
11. Contract Support Costs - New & Expanded (1 Area)	\$2,799,000
12. Public Health Nursing (2 Areas)	\$584,000
13. Indian Health Professions (2 Areas)	\$564,000
14. Community Health Representatives (2 Areas)	\$557,000
15. Health Education (2 Areas)	\$457,000
16. Facilities & Environmental Health Support (2 Areas)	\$438,000
17. Self-Governance (2 Areas)	\$328,000
18. Direct Operations (2 Areas)	\$128,000
19. Alaska Immunization (1 Area)	\$3,000

# FY 2017 AI/AN Needs Based Funding Aggregate Cost Estimate

## GROSS COST ESTIMATES

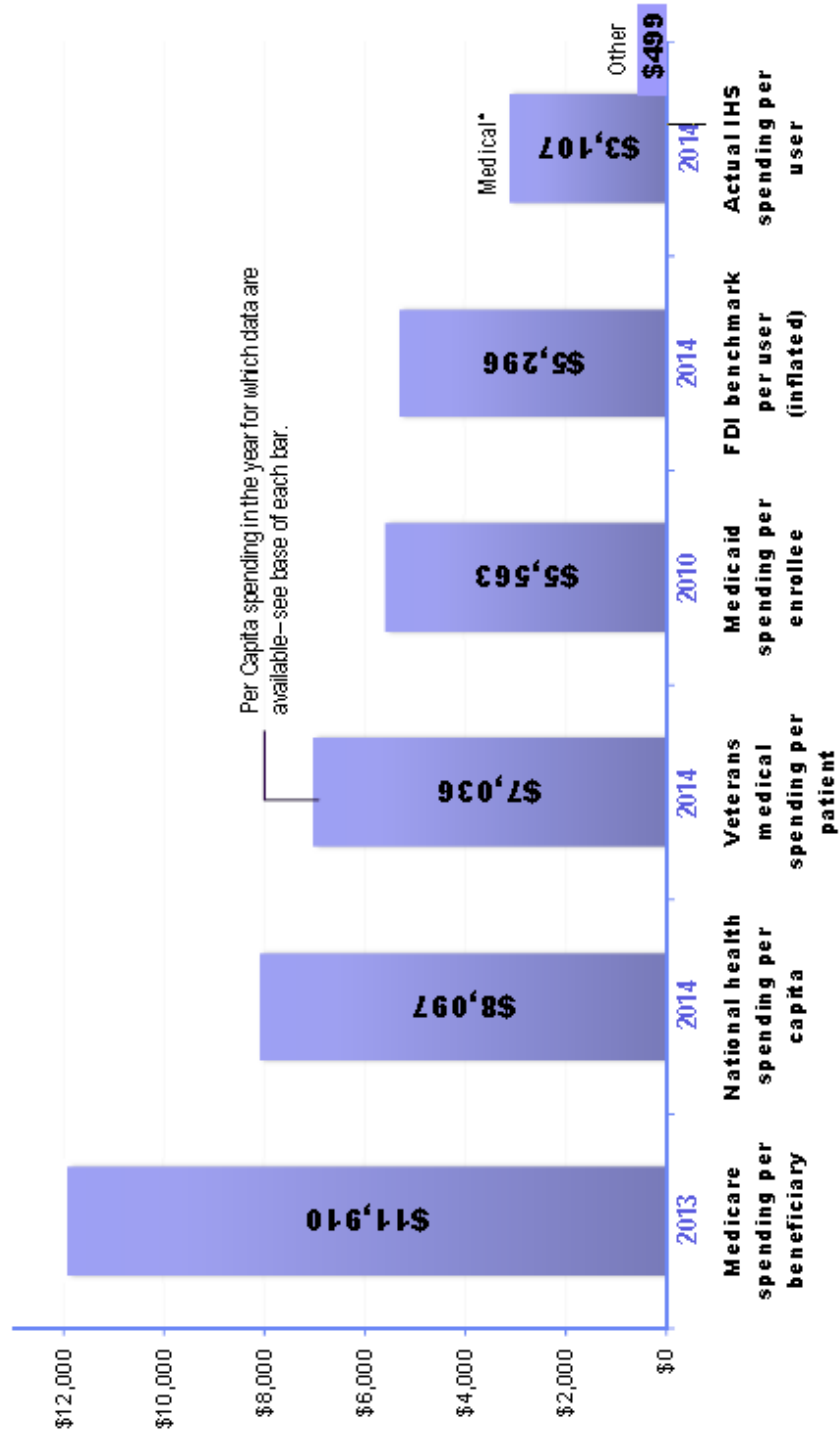
Source of Funding is not estimated

Need Based on FY 2014 Existing Users at I/T Sites	Need based on FY 2014 Expanded for Eligible AIAN at I/T/U Sites*
1,594,229	2,710,893

SERVICES	\$ Per Capita	Billions	Billions
<b>Medical Services</b>	\$5,836	<b>\$9.30</b>	<b>\$15.82</b>
Medical services and supplies provided by health care professionals; Surgical and anesthesia services provided by health care professionals; Services provided by a hospital or other facility, and ambulance services; Emergency services/accidents; Mental health and substance abuse benefits; Prescription drug benefits.	Based on 2008 FDI benchmark (\$4,100) inflated to 2013 @4% per year	\$ Per Capita * Users	\$ Per Capita * Eligible AIAN
<b>Dental &amp; Vision Services</b>	\$611	<b>\$0.97</b>	<b>\$1.66</b>
Dental and Vision services and supplies as covered in the Federal Employees Dental and Vision Insurance Program	2008 BC/BS PPO Vision (\$87) and Dental benchmarks (\$342) inflated to 2012 @4% per year		
<b>Community &amp; Public Health</b>	\$1,369	<b>\$2.18</b>	<b>\$3.71</b>
Public health nursing, community health representatives, environmental health services, sanitation facilities, and supplemental services such as exercise hearing, infant car seats, and traditional healing.	19% of IHS \$ is spent on Public Health. Applying this ratio, \$1,316 per capita = (.19/.81*\$5611).		
<b>Total Annualized Services</b>	\$7,816	<b>\$12.46</b>	<b>\$21.19</b>
FACILITIES	\$ Per Capita	Billions	Billions
<b>Facility Upgrades Upfront Costs</b>		<b>\$6.51</b>	<b>\$8.77</b>
<b>Annualized for 30 year useful Life</b>		<b>\$0.38</b>	<b>\$0.51</b>
IHS assessed facilities condition (old, outdated, inadequate) and has estimated a one-time cost of \$6.5b to upgrade and modernize. A 30 year useful life assumption is used to estimate the annualized cost (assuming 4% interest) of the upgrades.			
<b>TOTAL</b>			
<b>Total Annualized Services + One-time Upfront Facilities Upgrades</b>		<b>\$18.97</b>	<b>\$29.96</b>



## 2014 IHS Expenditures Per Capita and Other Federal Health Care Expenditures Per Capita



See page 2 notes on reverse for data. \*The extent of payments by other sources for medical services provided to AIANs outside IHS is unknown.  
2/13/2015