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Chairman Simpson, Ranking Member Moran and Members of the Subcommittee, thank you for allowing me to be here today. My name is Stacy A. Bohlen, and I serve as the Executive Director of the National Indian Health Board (NIHB)[1]. The NIHB, in service to the 566 federally recognized Tribes, offers the following written comments regarding the President's proposed Fiscal Year (FY) 2013 budget for the Indian Health Service (IHS).

First, NIHB thanks this Congress for the passage of a 6% increase in funding to IHS for FY 2012. The NIHB was pleased to learn that, for the FY 2013 IHS budget, the Administration recommends a $115.9 million increase over the FY 2012 enacted IHS appropriations. Under the discretionary spending limits of the *Budget Control Act of 2011*, this 2.7% increase is significant. This increase, as well as previous increases, acknowledges the critical health needs of our tribal communities and represent the continued commitment of the United States to honor its legal obligation and sacred responsibility to provide health care to American Indians and Alaska Natives (AI/AN).

Based on factors like population growth and medical inflation, this year's modest increase will, at most, only allow for the continuation of IHS current services. With exception of the Veteran's Administration, IHS is the only provider of direct care in the federal government, and funding levels should reflect its unique charge. Since IHS is currently funded, on average, at just 56.5% of need, this level of funding will not allow the agency to address the stark health disparities between AI/ANs and the U.S. general population. While we recognize the budget realities we face as a nation, the NIHB believes that a greater increase for the IHS is critically important and can be achieved. We urge this Congress to adopt funding levels for IHS more closely aligned with the FY 2013 National Tribal Budget Formulation Workgroup's recommendations.

National Tribal Budget Formulation Workgroup's Recommendations

The trust obligation to provide health care is paramount, and it is upon this foundation that the IHS National Tribal Budget Formulation Workgroup ("Workgroup") built its recommendations for the FY 2013 IHS budget. Each year, this Workgroup consolidates all the IHS Areas' budget formulation recommendations; develops a consensus national tribal budget and health priorities document; and presents the recommendation to the U.S. Department of Health and Human Services (HHS).[2] The NIHB supports this government-to-government process and the final recommendations developed by the Workgroup.

[1] Established in 1972, the NIHB serves all federally recognized tribal governments by advocating for the improvement of health care delivery to AI/ANs, as well as upholding the federal government's trust responsibility to AI/ANs. We strive to advance the level and quality of health care and the adequacy of funding for health services that are operated by the IHS, programs operated directly by Tribal Governments, and other programs.

[2] For copies of previous Workgroup recommendations, please visit the NIHB Budget Formulation page at http://www.nihb.org/legislative/budget_formulation.php.

For FY 2013, the Workgroup's recommendations were formally presented to the HHS on March 4, 2011, more than eleven months before the President presented his FY 2013 budget proposal to Congress. The Workgroup developed their recommendations based on the FY 2012 President's proposed budget. The recommendations focus on two types of needed increases:

1. **Current Services Increases and Binding Obligations:** *Preserving basic health care programs currently being funded.* Increases in current services are the budget increments needed to enable the Indian health care delivery system to continue operating at its current level. Current services comprise such items as federal and tribal pay cost increases; inflation; and funding for population growth. Also contained in this category are binding obligations that represent financial commitments previously made by IHS. These items must be funded in order to honor pledges made by the federal government. These binding obligations consist of health care facilities construction, staffing for new and replacement facilities, and the shortfall in Contract Support Costs. Without these increases to base funding, the Indian health care system would experience a *decrease* in its ability to care for the current service population. In this economic climate, these increases are more important than ever. **For 2013, the Workgroup recommends an increase of $743 million for these items to maintain the existing level of services.**

2. **Program Increases:** *Significant program increases are required to address the overwhelming health needs in Indian Country.* The recommended increases are made in key IHS budget accounts to enable programs to improve and expand the services they provide to Indian patients. The IHS has long been plagued by woefully inadequate funding in all areas, a circumstance which has made it impossible to supply Indian people with the level of care they need and deserve, and to which they are entitled by treaty obligation. **The Workgroup recommends $688 million be added to identified program and facilities accounts.**

Below is a highlight of a few programs targeted by the Tribal Workgroup for vital increases.

Current Services: Inflation (Medical & Non-Medical) and Population Growth: IHS faces additional financial obstacles in its ability to provide care: inflation, both medical and non-medical, and population growth. Funding for IHS programs has not kept pace with inflation, while Medicaid and Medicare have accrued annual increases of 5% - 10%. The $59.9 million requested is needed to address the rising cost of providing health care and is based on the 1.5% non-medical inflation rate and 3.3% medical inflation rate identified by OMB. However, the actual inflation rate for different components of the IHS health delivery system is much greater. **The NIHB urges this Congress to consider the rates of inflation during the appropriations process and recommends a $59.9 million increase to address these costs.**

Additional funding is also needed to address the effects of population growth on IHS' ability to provide a continued level of care. IHS currently serves 2 million AI/ANs and this service population increases at an average rate of 1.9% annually.[3] The exclusion of population growth as a factor in the President's budget request puts the level of health care services into peril by reducing the availability of services for AI/ANs. **The NIHB recommends that $52.4 million be added to Current Services to account for population growth.**

[3] IHS Fact Sheets: Indian Population (January 2011) at www.ihs.gov/PublicAffairs/IHSBrochure/Population.asp

Current Services: Federal and Tribal Pay Costs: The Workgroup recommended an $11 million increase for federal pay costs and a $13 million increase for tribal pay costs. However, the President's proposal contains a 1.7 percent pay raise for Commissioned Officers only at an increase of $2.4 million. The Workgroup members feel strongly that not only Commissioned Officers, but also Tribal and Federal IHS employees require a cost of living increase. **The NIHB recommends that Tribal and Federal IHS employees should be exempted from any federal employee pay freeze.**

Current Services: Contract Support Costs – Shortfall: Tribes in all Areas operate one or more such contracts. The ability of Tribes to successfully operate their own health care systems, from substance abuse programs to entire hospitals, depends on Contract Support Costs (CSC). Full CSC funding honors the legal duty to pay these costs, and protects health care resources intended for service delivery. A year ago, the projection to fully fund CSC was $212 million and we currently await FY 2013 projections from IHS. **The NIHB supports the Workgroup's goal of full funding for CSC.**

Current Services: Health Care Facilities Construction 5-Year Plan: The Workgroup's recommendations include $343 million for previously approved health facility construction projects in accordance with the IHS Health Care Facilities FY 2012 Planned Construction Budget, referred to as the 5-Year Plan. Unfortunately, the Administration's request does not reflect this binding obligation. If the extensive, decades-long backlog of improvements and new construction continues to be ignored, the Indian Health Care System will never achieve parity with the U.S. general health system. **The NIHB supports a $343 million increase to the Health Care Facilities Construction 5-Year Plan.**

Program Increases: Contract Health Services: The Contract Health Service (CHS) program serves a critical role in addressing the health care needs of Indian people. In theory, CHS should be an effective and efficient way to purchase needed care – especially specialty care – which Indian health facilities are not equipped to provide. In reality, CHS is so grossly underfunded that Indian Country cannot purchase the quantity and types of care needed. As a consequence, many of our Indian patients are left with untreated and often painful conditions that, if addressed in a timely way, would improve quality of life at lower cost. **The Workgroup proposes an increase of $200 million for CHS.**

Program Increase: Behavioral Health: During the Budget Formulation process, the Workgroup identified behavioral health as its top ranked health priority. As this Committee well knows, AI/ANs experience an alarmingly high incidence of mental and behavioral health disorders, including anxiety, substance abuse, and depression. These serious behavioral health issues profoundly impact individual and community health, both on and off reservation. Increased funding for Mental Health and Substance Abuse line items will allow individuals, families, and communities to begin to heal through clinical, emergency, and in-patient services; community-based prevention programming; child and family protection programs; and tele-behavioral health. **To be split equally between the two line items, the NIHB supports the Workgroup's proposal of an $80 million increase.**

Additional Budget Recommendations

Protect IHS Budget from rollbacks, freezes, rescissions, and sequestration

As a discretionary budget line, the IHS budget is subject to the across the board cuts to discretionary funding. Indian Country is thankful for the support of Congress and the Administration in recent years for significant increases to the IHS budget. However, the IHS budget has been subject to proposed budget cuts in the past. This was detrimental not only to an agency budget, but to the lives and well being of AI/ANs. Any budget cuts, in any form, will have harmful affects on the health care delivery to AI/ANs and will result in an increased loss of life. The NIHB asks the Subcommittee to work to exempt the Indian Health Service from any cuts, freezes, or rescissions.

NIHB is also very concerned about sequestration. Should sequestration occur, the two IHS budget accounts are capped at 2% in potential cuts under the *Budget Control Act of 2011*; however, the consequences of these reductions will be tangible and rob the IHS of recent modest gains in health status. Due to factors like medical inflation and population growth, even small cuts have a large impact. Further, the IHS is the only federal provider of direct care to not be fully spared from this process. This must change. If this Congress cannot avoid sequestration through alternate methods of deficit reduction, the NIHB implores this Congress to make the IHS exempt from this process.

Create a long-term investment plan to fully fund IHS Total Need

Tribes have long sought full funding of the IHS. Developing and implementing a plan to achieve funding parity is critical to the future of Indian health and to fulfilling the United Status's trust responsibility to AI/AN people. The funding disparities between the IHS and other federal health care expenditures programs still exists and in 2010, IHS spending for medical care was $2,741 per user in comparison to the average of federal health care expenditure of $7,239 per person.[4] Tribes and the NIHB ask the federal government to design and implement a true full funding plan for the IHS.

Conclusion

Although our nation has been faced with a new budget reality since the National Tribal Budget Formulation Workgroup met to develop its request for FY 2013, its recommendations remain relevant. These funding levels speak to the binding commitments, both historic and recent, the federal government has made to Tribes, and to the desperate health status of First Americans. NIHB asks that this Subcommittee give deep consideration to the true needs of the IHS, as well as Indian Country, and the federal trust responsibility to AI/ANs. The nation's debt is a pressing issue, but a solution must not be achieved through broken promises.

[4] IHS Fact Sheets: IHS Year 2012 Profile (January 2012) available at: http://www.ihs.gov/PublicAffairs/IHSBrochure/Profile.asp