

National Indian Health Board



NOVEMBER 28, 2011

THE INDIAN HEALTH SERVICE (IHS) BUDGET

BACKGROUND

The Budget Control Act of 2011 created a bi-partisan - joint (House/Senate) congressional “Supercommittee” tasked with creating a plan to reduce the federal deficit by at least \$1.2 trillion over ten years. Their deadline was last week – they failed. As a result, on January 15, 2012 “sequestration” is triggered and will require that \$1.2 trillion in automatic, across-the board cuts be made to federal spending over the next decade: half from defense spending and half from non-defense spending (including both discretionary and some entitlement spending). If Congress doesn’t act, the cuts go into effect in January 2013 and will continue until 2021. Please see the reverse side of this document for more information.

WHAT DOES THIS MEAN FOR INDIAN HEALTH?

Under special rules in the law, the two budget accounts that fund the Indian Health Service cannot be cut more than 2 percent, each, in any fiscal year. Cuts are not required and 2 percent is 2 much!

WHAT CAN THE WHITE HOUSE DO?

- The Office of Management and Budget (OMB) needs to create and issue policy protecting IHS from ANY sequestration cuts.
- OMB needs to develop and implement a Tribal Consultation Policy with the Tribes.
- President’s Fiscal Year (FY) 2013 budget needs to continue to reflect his outstanding commitment to American Indian/Alaska Native Health.



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NOVEMBER 22, 2011

SUPERCOMMITTEE FAILURE, SEQUESTRATION, AND INDIAN HEALTH SERVICE (IHS) APPROPRIATIONS

In a November 21st press release, the Joint Select Committee on Deficit Reduction aka Supercommittee officially admitted defeat. Created as a part of the Budget Control Act of 2011, which also raised the federal debt limit, the Supercommittee was a bipartisan, bicameral 12-member Congressional panel tasked with securing a plan to reduce the federal deficit by a minimum of \$1.2 trillion by November 23rd. Ultimately, the group could not come to an agreement on how to reduce the deficit due to more partisan issues like increasing federal tax revenue or reforming entitlement programs.

WHAT HAPPENS NOW?

A contingency plan for Supercommittee failure was built into the Budget Control Act. Since the Supercommittee has failed, on January 15, 2012, a process known as “sequestration” is triggered. Through this process, \$1.2 trillion in automatic, across-the-board cuts are made to federal spending over the next decade: half from defense spending and half from non-defense spending (including mandatory spending). If Congress does not act in the next year, then these cuts will go into effect starting on January 2, 2013 and continue through Fiscal Year (FY) 2021.

WHAT HAPPENS TO IHS?

Although the vast majority of federal spending is subject to the across-the-board cuts discussed above, a number of programs are either exempt or subject to special rules under sequestration. Many safety-net programs are exempt from these funding reductions or limits entirely. Examples are: Social Security, Medicaid, the Children’s Health Insurance Program (CHIP), and the Supplemental Nutrition Assistance Program (SNAP).

Other programs are subject to special rules and reduction limits. For example, cuts to Medicare may only be achieved in up to a 2% reduction in provider payments. Medicare beneficiaries would likely not see a change in their coverage. The Indian Health Service also falls under special rules. Under sequestration, funding may be reduced to the two IHS budget accounts by up to 2% in any fiscal year. Thus, it is possible that the Indian Health Services and Indian Health Facilities accounts may see cuts of up to 2% in appropriated funding annually between FY 2013 and FY 2021.

However, all of this ultimately depends on Congressional action or inaction in the coming year. NIHB continues to monitor the situation and will report on new information as it develops. With questions or for more information, please contact Jennifer Cooper, NIHB Legislative Director at Jcooper@nihb.org or Liz Malerba, NIHB Legislative Assistant at Lmalerba@nihb.org

