THE NATIONAL TRIBAL BUDGET FORMULATION WORKGROUP'S RECOMMENDATIONS ON THE INDIAN HEALTH SERVICE FISCAL YEAR 2018 BUDGET

"Federal Indian Trust Responsibility: The Quest for Equitable and Quality Indian Healthcare"

Tribal Leaders on the national Tribal Budget Formulation Workgroup (TBFWG), representing all twelve Indian Health Service (IHS) Areas, met on February 11-12, 2016, to develop the national Indian Health Service budget recommendations for the FY 2018 budget year. The budget priorities are highlighted below:

- Fully fund IHS at $30.8 billion phased in over 12 years
- Increase the President's FY 2017 Budget Request for the IHS by a minimum of 37**% (~$7.1 billion)** in FY 2018:
  - +$169.1 million for full funding of current services
  - +$171.9 million for binding fiscal obligations*
  - +$1.6 billion for program expansion increases
- Provide dedicated funding to begin implementing the following provisions of the Indian Healthcare Improvement Act (IHCIA)
  - Section 205: Funding for Long-term Care Services ($37 million)
  - Section 704: Comprehensive Behavioral Health Prevention and Treatment Program ($20 million)
  - Section 204: Diabetes Prevention, Treatment, and Control ($20 million)
  - Section 123: Health Professional Chronic Shortage Demonstration Project ($15 million)
  - Section 705: Mental Health Technician Program ($5 million)
- Advocate that Tribes and Tribal programs be permanently exempt from sequestration
- Support Advance Appropriations for the Indian Health Service

**includes placeholder estimates for Contract Support Costs (CSC) and staffing for new facilities and new Tribes*

The federal Indian trust responsibility for health is a sacred promise that our ancestors made with the United States long ago. In exchange for land and peace, American Indians and Alaska Natives (AI/ANs) were promised access to benefits, including healthcare. However, the federal government has failed to fully live up to its side of this promise by chronically underfunding the Indian Health Service (IHS) far below the level of need. For example, in 2015, IHS spending per user was only $3,136, but the national average spending per user was $8,517. This lack of funding means that our people continue to live sicker and die younger than other Americans. While the average life expectancy is 4.2 years less for AI/ANs than it was for other Americans, in Montana it was actually 20 years less. Meaning, we are losing a whole generation of people due to inadequate healthcare resources.

During the last several years, bipartisan collaboration between Congress and the Administration has resulted in strong increases in the IHS budget, with an overall increase of 54% since FY 2008. However, much of these increases have gone to support increases due to population growth, inflation, and the rightful funding of Contract Support Costs (CSC). We must do more to ensure that healthcare services are actually increasing.

FY 2018 represents an opportunity for a new Administration to continue this trend in increased Indian health funding by sending a bold budget for Indian health to Congress. The TBFWG requests a minimum 37% increase for the IHS in FY 2018 so that our people can start to realize actual health gains and begin moving toward a health system that is more in line with the healthcare other Americans access. While this will not fully satisfy the health needs of

AI/ANs, it would be a strong start toward the quest for more equitable and quality healthcare for all of Indian Country.

During this Administration, Tribes have also strengthened relationships with federal officials who have prioritized meaningful Tribal consultation, input and priorities over the last several years. We are grateful for the strides we have made on collaboration and coordination of health services and hope to continue this in the future. This new partnership respects federally recognized Tribes as sovereign nations, and has resulted in meaningful consultations that work to find culturally-viable solutions to address unacceptable health and other disparities which still persist within Indian Country.

$30.8 BILLION

TOTAL TRIBAL NEEDS BUDGET

$30.8 billion request for services & facilities**:**

- **$16.82 billion** for Medical Services
- **$1.72 billion** for Dental and Vision Services
- **$386 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.

However, we still have a lot of work to do. Recent findings by the Centers for Medicare and Medicaid Services (CMS) have exposed instances where care at several IHS-operated hospitals was substandard and resulted in dangerous patient environments, and even deaths. Additional funding must go toward the reform of the IHS. Tribes must no longer live with healthcare options that put their people in danger. America is too great a nation to stand by while our people live with these realities. IHS must make a commitment to change the culture at these affected facilities and ensure that it does not happen to any others. As one Tribal leader recently stated at a Senate hearing: *"[IHS] is all we have to count on. We don't go there because they have superior health care. We go there because it is our treaty right. And we go there because many of us lack the resources to go elsewhere. We're literally at the mercy of IHS."*

Tribes have also set forth priorities this year to ensure funding for the provisions of the IHCIA. This historic law has opened up many new opportunities for the Indian health system, but not all provisions have been equally implemented - representing yet another broken promise to Indian Country. With the passage of the Patient Protection and Affordable Care Act (ACA), the American health care delivery system has been revolutionized while the Indian healthcare system still waits for the full implementation of the IHCIA. For example, mainstream American healthcare increased its focus on prevention as a priority and coordinated mental health, substance abuse, domestic violence, and child abuse services into comprehensive behavioral health programs and is now a standard of practice. Replicating these same improvements for Tribes in the IHCIA was a critical aspect of the reauthorization effort. Tribes fought for over a decade to renew IHCIA and it is critical for Congress and the Administration to ensure that the full intentions of the law are realized.

In summary, the TBFWG calls on the next Administration to continue the positive steps made to advance Indian health over the last several years. This means, proposing a budget for IHS that is bold, effective, and contains important policy reforms to ensure that AI/ANs experience the highest standard of care possible. To start, funding IHS at a total of $7.1 billion in FY 2018 will serve as a message to Indian Country that the gains we have made are real, and that we are truly seeking a more equitable and quality-driven Indian health system.

37% INCREASE FOR IHS
OVER FY 2017 PRESIDENT'S BUDGET
FY2018 SUMMARY OF NATIONAL TRIBAL BUDGET RECOMMENDATIONS

FY 2018 National Tribal Recommendation	
Planning Base - FY 2017 President's Budget	**$5,185,015,000**
Current Services & Binding Agreements	**$340,987,000**
Current Services	**$169,074,000**
Federal Pay Costs	7,964,000
Tribal Pay Costs	11,946,000
Inflation (non-medical)	10,385,000
Inflation (medical)	70,068,000
Population Growth	68,711,000
Binding Agreements	**$171,913,000**
New Staffing for New & Replacement Facilities	62,500,000
Contract Support Costs - Need	26,080,000
Health Care Facilities Construction (Planned)	83,333,000
Program Expansion Increases - Services	**$1,397,995,686**
Hospitals & Health Clinics	422,536,330
Dental Services	80,433,813
Mental Health	186,849,208
Alcohol and Substance Abuse	155,882,258
Purchased / Referred Care (*formerly CHS*)	422,454,388
Public Health Nursing	14,295,199
Health Education	9,019,524
Community Health Representatives	26,948,771
Alaska Immunization	7,373
Urban Indian Health	46,630,329
Indian Health Professions	22,320,781
Tribal Management Grants	23,964
Direct Operations	2,847,980
Self-Governance	5,294,109
Contract Support Costs - New & Expanded	**$2,451,659**
Program Expansion Increases - Facilities	**$172,772,564**
Maintenance & Improvement	43,750,655
Sanitation Facilities Construction	51,726,449
Health Care Facilities Construction-Other Authorities	49,302,308
Facilities & Environmental Health Support	19,292,528
Equipment	8,700,624
GRAND TOTAL	***$7,096,770,250***
$ Change over Planning Base	$1,911,755,250
% Change over Planning Base	36.9%

FY 2018 AI/AN Needs Based Funding
Aggregate Cost Estimate

GROSS COST ESTIMATES

Source of Funding is not estimated

Need Based on FY 2015 Existing Users at I/T Sites	Need based on FY 2015 Expanded for Eligible AIAN at I/T/U Sites*
1,594,229	2,710,893

SERVICES	*$ Per Capita*	*Billions*	*Billions*
Medical Services	$6,069	**$9.68**	**$16.45**
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
Dental & Vision Services	$635	**$1.01**	**$1.72**
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		
Community & Public Health	$1,424	**$2.27**	**$3.86**
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).		
Total Annualized Services	$8,128	**$12.96**	**$22.03**

FACILITIES	*$ Per Capita*	*Billions*	*Billions*
Facility Upgrades Upfront Costs		**$6.51**	**$8.77**
Annualized for 30 year useful Life		**$0.38**	**$0.51**

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.

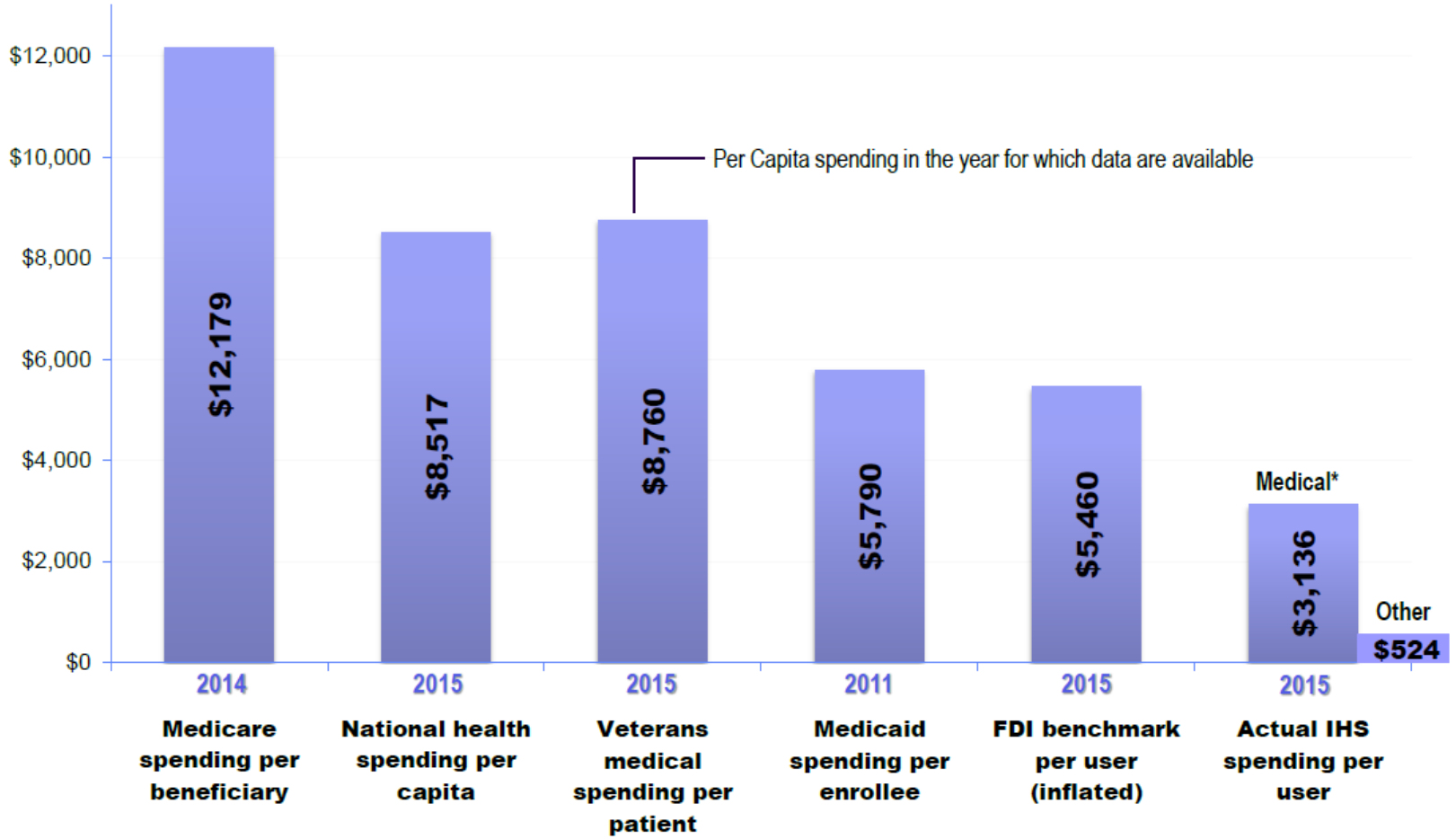
TOTAL

Total Annualized Services + One-time Upfront Facilities Upgrades	**$19.47**	**$30.80**

Gross costs for mainstream health care to AIAN and facilities upgrades are based on typical cost factors. The actual costs that would be experienced among I/T/U sites would vary. Gross costs are estimated expenses without specifying sources of payment. Under current law, a portion of gross costs would be paid by Medicare, Medicaid, and private insurance depending on the number of AIAN eligible—which varies place-to-place and time-to-time. The extent that gross costs would be offset is not precisely known. For certain planning assumptions, IHS assumes a crude 25% nation-wide.

*Crudely—AIANs residing in service areas, including urban areas, discounted for AIAN already partially served by I/T sites.

2015 IHS Expenditures Per Capita and Other Federal Health Care Expenditures Per Capita



*See page 2 notes on reverse for sources. *Payments by other sources for medical services provided to AIANs outside IHS is unknown.*

12/29/2015