THE NATIONAL TRIBAL BUDGET FORMULATION WORKGROUP'S RECOMMENDATIONS ON THE INDIAN HEALTH SERVICE FISCAL YEAR 2020 BUDGET

"PARTNERING TO BUILD A STRONG AND SUSTAINABLE INDIAN HEALTH SYSTEM: HONORING TRIBAL SOVEREIGNTY TO FULFILL THE FEDERAL TRUST RESPONSIBILITY"

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Tribal Sovereign Leaders on the national Tribal Budget Formulation Workgroup (TBFWG), representing all twelve Indian Health Service (IHS) Areas, met on February 15-16, 2018, to exercise their right to provide meaningful input into the Indian Health Service budget request for the FY 2020 budget year. Following a thorough discussion of the Area Tribal health care needs, the national Tribal FY 2020 budget priorities and recommendations were established, as highlighted below:

- Urge the Administration to act swiftly to end growing health disparities and urgent life-safety issues at IHS and Tribal Health Facilities by implementing a strategy to fully fund IHS at $36.8 billion phased in over 12 years

- Increase the President's Budget Request to a total of $7 billion for the IHS in FY 2020 by adding *at a minimum*:
  - +$189.1 million for full funding of current services
  - +$276.1million for binding fiscal obligations
  - +$1.5 billion for program increases for the most critical health issues (~36% above FY 2017 Enacted). Top priorities for program expansion include:
    1. Hospital & Clinics ----------+$409.0 Million
    2. Purchased/Referred Care ----------+$407.0 Million
    3. Mental Health ----------+$157.2 Million
    4. Alcohol and Substance Abuse -----+$123.8 Million
    5. Dental Services ----------+$ 98.3 Million
    6. Health Care Facilities Construction/ Other Authorities ----------+$ 81.4 Million
    7. Sanitation Facilities Construction---+$ 72.5 Million
    8. Urban Indian Health----------+$ 32.7 Million
    9. Maintenance & Improvement -------+$ 32.5 Million
    10. Equipment ----------+$ 24.1 Million
    11. Public Health Nursing ----------+$ 21.9 Million
    12. Health Education ----------+$ 20.0 Million
    13. Community Health Representatives (CHRs) ----------+$ 18.9 Million
    14. Indian Health Professions ----------+$ 16.2 Million
    15. Direct Operations ----------+$ .6 Million

- Support the Preservation of Medicaid, the Indian Health Care Improvement Act and other Indian-specific provisions in the Patient Protection and Affordable Care Act (P.L. 111-148), or any subsequent replacement bill, and provide dedicated funding to begin implementing the new authorities and provisions of the Indian Healthcare Improvement Act (IHCIA), which have not yet been implemented and funded (~100 Million in FY 2020)

- Take immediate action on repeated requests to allow the IHS to fully fund critical infrastructure investments which directly impact patient care and safety, similar to that afforded to the VA and DoD, specific to:

    - Health IT for Full implementation of interoperable EHR systems & tele-health capacity (~$3 Billion over 10 years)

    - Health Facilities Construction Funding & Equipment (~$15 Billion over 10 years)

- Advocate that Tribes and Tribal programs be permanently exempt from sequestration and rescissions

- Support Advance Appropriations for the Indian Health Service

- Allow federally-operated health facilities and IHS headquarters the same flexibility to adjust programmatic funds across accounts to maximize efficient use of federal dollars at the local level

Native American Tribal governments are an integral part of the political fabric of the United States. As the Supreme Court of the United States determined in its 1831 decision in Cherokee Nation v. Georgia, 30 U.S., Tribal governments are "domestic dependent nations," with many sovereign powers retained from the pre-contact period. The United States signed treaties and made sacred promises in order to engage in peaceful co-existence with American Indians and Alaska Native (AI/AN) Tribes. Prime Tribal lands were ceded in exchange for federal trust benefits, including health care for American Indians and Alaska Natives.

This is no less true today. House Interior, Environment and Related Agencies Appropriations Subcommittee Chairman, Ken Calvert (R-CA) stated in May 2017: "The United States has a legal and moral responsibility to provide the highest possible standard of health care to American Indians and Alaska Natives. This responsibility is grounded in the earliest treaties between the sovereign and equal nations and must not be compromised at the expense of lower priorities in the federal budget. Let me be clear. Congress must not balance the budget on the backs of American Indians and Alaska Natives."

Despite these legally-upheld Trust responsibilities, Tribal communities continue to suffer the highest rates of health disparities of any other citizen group. In fact, the Centers for Disease Control and Prevention (CDC) website calls out AI/ANs as "People at High Risk for Developing Flu-Related Complications," in the same category as children, elders and pregnant women. In the recent January 2017 Report to Congress "INDIAN HEALTH SERVICE Actions Needed to Improve Oversight of Quality of Care," investigators cite substandard quality and access to safe care issues. CDC's Morbidity and Mortality Weekly Report for October 20, 2017 reported that AI/AN had the highest drug overdose death rate by race in 2015, and the largest percentage increase in opioid-related deaths at 519%. This is no surprise given that IHS deferred or denied over $371 million in purchased/ referred care in FY 2016, meaning that patients must depend on dangerous opioids to manage their conditions when permanent care solutions are not available.

Most of these unacceptable conditions are symptomatic of the chronic underfunding the IHS far below the level of need. For example, in 2017, IHS spending per user was only $3,332, but the national average spending per user was $9,207. A January 2017 Government Accountability Office (GAO) report (GAO-17-181, p. 2) states that AI/AN people born today have a life expectancy that is 4.4 years less than all races in the United States and die at higher rates than other Americans from many preventable causes, including diabetes mellitus, suicide, chronic liver disease and cirrhosis, and chronic lower respiratory diseases. In addition, during a 2016 Senate hearing about substandard quality of care at IHS facilities, Tribal members testified about patients being sent home from facilities without being seen, misdiagnoses resulting in patient deaths, and incorrectly prescribed medications. Such health concerns underscore the importance of quality health care for AI/AN people. This lack of funding means that our people continue to live sicker and die younger than other Americans. In some areas, the statistics are much worse. For example, in Montana the life expectancy for Tribal members is 20 years less than that of other citizens. These gross statistics are the reason why Tribal Leaders are calling for urgent investments in our health care delivery system now. As one Tribal Leader from Great Plains Area stated, "Our people are dying. We can't afford to wait."

With bipartisan collaboration between Congress and the Administration, the Indian Health Service budget has grown incrementally, with an overall increase of 50% since FY 2008. Although much needed, the reality is that the amount of funds appropriated has only resulted in maintenance-level services; most of the increases have been essential to cover expenses beyond our control which are related to population growth, inflation, and the rightful full funding of Contract Support Costs (CSC). Tribal Leaders are joining forces to insist that a true and meaningful investment be made to finally eradicate the atrocious health disparities which has overwhelmed Indian Country for years. It will take a true partnership between the Trustees of our Nation and Tribal Leadership to make this happen. And it will take decisive action by this Administration to prioritize department resources to bring AI/AN health closer to parity with the rest of the citizens of the United States. We *must* rise above just settling for the status quo.

$36.83 BILLION TOTAL TRIBAL NEEDS BUDGET

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

- **$22 billion** for Medical Services
- **$1.77 billion** for Dental and Vision Services
- **$1.77 billion** for Community and Public Health Services
- **$4.29 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.

FY 2020 can set the course for a true partnership with this Administration to end gross health disparities for our nation's First Peoples. Putting forward a 12-year plan to create an EFFICIENT, EFFECTIVE, and ACCOUNTABLE health delivery system, with immediate meaningful investments in facilities, infrastructure, and technologies, is the first step. The President's FY 2019 AMERICAN BUDGET proudly puts America first. This FY 2020 budget can build on this noble quest by adding special provisions for First Americans to target a reversal of shameful third world health conditions hiding in plain sight inside our Indian reservations and Tribal villages. It is not only the right thing to do, but will also mean more long-term success for federal health investment.

This 2020 Budget Request reflects our Tribal Leaders' unwavering commitment to push for safe, equitable health care for our peoples. Together, we must finally bring a higher standard of wellness to our communities. Thus, the TBFWG requests a minimum 36% increase for the IHS in FY 2020 so that our families can access safe and better health care, in a delivery system that at least meets the minimal quality standards that other Americans enjoy. As the President and this administration look to rebuild a stronger America, it is only just that this effort be inclusive of a partnership which honors the federal Trust responsibility to American Indians and Alaska Natives to build a strong and sustainable Indian healthcare system.

This partnership must have a solid foundation of trust and respect. Much work has gone into developing formal consultation policies for all matters affecting Indian policies and programs. These policies must continue to be rigorously followed. Decisions to eliminate programs such as the Community Health Representatives program which provide vital patient care coordination by serving as provider extenders within the community must not be made without consultation with Tribes.

CMS exposed systemic deficiencies of care at several IHS hospitals. Health reform efforts to correct these deficiencies should involve solutions crafted by the Tribes. We know that this cannot happen in an environment which does not support additional resources. Tribal leaders reject the idea that our people must live with healthcare options that put our people in danger. A great nation must live by its word. As one Tribal leader recently stated at a Senate hearing in June 2017: *"We need to get this right. Our people need help…some of the quality care issues in the Great Plains... cannot be overlooked any further."*

The TBFWG is also once again putting forward a request to identify funding to begin implementing the new authorities and provisions of the IHCIA. Although this law, which was intended to modernize the Indian health system, was permanently reauthorized in 2010, shamefully many of its provision have not yet been implemented nor funded. Again, Tribes ask, "Where is the honor in ignoring yet another promise made to our people?"

In addition, due to the persistent underfunding of IHS, it is critical to continue to ensure access to other programs like Medicare, Medicaid and private insurance. For example, reforms to Medicaid that would transfer more authority to the states and cut funding through the adoption of a block grant program will only mean less funding going to IHS, and worse health outcomes for AI/ANs.

In summary, the TBFWG calls on the Trump Administration to take purposeful action to honor the long-standing Trust responsibility to provide safe and equitable health care to all American Indians and Alaska Natives. ***Putting in motion a 12-year plan which sets reasonable quality of care standards, and which provides meaningful investments in facilities, infrastructure, and technologies, will go a long way to demonstrate this country's accountability to the Trust responsibilities agreed to by our forefathers.*** Committing to build toward a $7 billion IHS budget in FY 2020 will prove that a great nation, like great men, can stand by its word.

36% INCREASE FOR IHS
OVER FY 2017 PRESIDENT'S ENACTED BUDGET
FY2020 SUMMARY OF NATIONAL TRIBAL BUDGET RECOMMENDATIONS

FEBRUARY 20, 2017

		Top 15 Program Expansion
Planning Base - FY 2017 Enacted (Services & Facilities)	**$4,239,886,000**	
Current Services & Binding Obligations	$1,264,124,000	
Current Services	$189,124,000	
Federal Pay Costs	10,133,000	
Tribal Pay Costs	15,850,000	
Inflation (non-medical)	14,430,000	
Inflation (medical)	75,359,000	
Population Growth	73,352,000	
Binding Obligations	**$1,075,000,000**	
New Staffing for New & Replacement Facilities	75,000,000	
Contract Support Costs - Estimated Need	900,000,000	
Health Care Facilities Construction	100,000,000	
Program Expansion - Services	**$1,306,411,583**	
Hospitals & Health Clinics	409,042,000	1
Dental Services	98,263,917	5
Mental Health	157,244,583	3
Alcohol and Substance Abuse	123,753,750	4
Purchased / Referred Care	406,993,000	2
Public Health Nursing	21,880,583	11
Health Education	19,951,083	12
Community Health Representatives	18,886,583	13
Alaska Immunization	0	-
Urban Indian Health	32,747,500	8
Indian Health Professions	16,196,833	14
Tribal Management Grants	416,667	-
Direct Operations	613,583	-
Self-Governance	421,500	-
Program Expansion - Facilities	**$219,947,500**	
Maintenance & Improvement	32,530,500	9
Sanitation Facilities Construction	72,543,917	7
Health Care Facilities Construction-Other Authorities	81,388,833	6
Facilities & Environmental Health Support	9,426,333	15
Equipment	24,057,917	10
PROGRAM EXPANSION SUB-TOTAL	**1,526,359,083**	
% Change over Planning Base	36%	

GRAND TOTAL	**$7,030,369,083**

INDIAN HEALTH SERVICE
FY 2020 NATIONAL TRIBAL RECOMMENDATION

(DOLLARS IN THOUSANDS)

FEBRUARY 20, 2018

Sub Sub Activity	FY 2017 Enacted (Planning Base)	Current Service (Fixed Costs) Estimates						
		Pay			Inflation			Population Growth
		Federal Pay	Tribal Pay	Pay Subtotal	Non-Medical	Medical	Inflation Subtotal	
SERVICES								
Hospitals and Health Clinics	**1,935,178**	6,642	10,156	16,798	2,423	23,213	25,636	34,854
Dental Services	**182,597**	792	1,066	1,858	57	1,999	2,056	3,266
Mental Health	**94,080**	286	530	816	20	1,048	1,068	1,521
Alcohol & Substance Abuse	**218,353**	225	1,414	1,639	31	3,373	3,404	4,087
Purchased/Referred Care	**928,830**	0	0	0	0	37,382	37,382	17,721
Total, Clinical Services	**3,359,038**	**7,945**	**13,166**	**21,111**	**2,531**	**67,015**	**69,546**	**61,449**
Public Health Nursing	**78,701**	302	494	796	27	2,031	2,058	1,432
Health Education	**18,663**	41	134	175	2	596	598	344
Comm. Health Reps	**60,325**	7	493	500	1	2,336	2,337	1,123
Immunization AK	**2,041**	0	17	17	0	74	74	35
Total, Preventive Health	**159,730**	**350**	**1,138**	**1,488**	**30**	**5,037**	**5,067**	**2,934**
Urban Health	**47,678**	21	244	265	65	1,470	1,535	785
Indian Health Professions	**49,345**	18	0	18	985	0	985	0
Tribal Management	**2,465**	0	0	0	46	0	46	0
Direct Operations	**70,420**	466	175	641	641	0	641	0
Self-Governance	**5,786**	20	0	20	82	0	82	0
Total, Other Services	**175,694**	**525**	**419**	**944**	**1,819**	**1,470**	**3,289**	**785**
Total, Services	**3,694,462**	**8,820**	**14,723**	**23,543**	**4,380**	**73,522**	**77,902**	**65,168**
FACILITIES								
Maintenance & Improvement	**75,745**	0	0	0	1,872	0	1,872	1,604
Sanitation Facilities Constr.	**101,772**	0	0	0	2,349	0	2,349	2,072
Health Care Fac. Constr.	**117,991**	0	0	0	3,886	0	3,886	0
Facil. & Envir. Hlth Supp.	**226,950**	1,313	1,127	2,440	1,910	1,012	2,922	4,084
Equipment	**22,966**	0	0	0	33	825	858	424
Total, Facilities	**545,424**	**1,313**	**1,127**	**2,440**	**10,050**	**1,837**	**11,887**	**8,184**
CONTRACT SUPPORT COSTS								
CSC Need	**800,000**	0	0	0	0	0	0	0
Total, Contract Support Costs	**800,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL, IHS	**5,039,886**	**10,133**	**15,850**	**25,983**	**14,430**	**75,359**	**89,789**	**73,352**
$ Change over prior year								
% Change over prior year								

	Binding Obligations							Comparison	
	Estimates							Change over Planning Base	
Current Services Subtotal	Staffing for New Facilities	Contract Support Costs Need	Healthcare Facilities Priority List	Binding Obligations Subtotal	Current Services & Binding Obligations Total	Program Increases	FY 2020 National Recomm	$	%
77,288	75,000	0	0	75,000	152,288	409,042	2,496,508	561,330	29.0%
7,180	0	0	0	0	7,180	98,264	288,041	105,444	57.7%
3,405	0	0	0	0	3,405	157,245	254,730	160,650	170.8%
9,130	0	0	0	0	9,130	123,754	351,237	132,884	60.9%
55,103	0	0	0	0	55,103	406,993	1,390,926	462,096	49.8%
152,106	**75,000**	**0**	**0**	**75,000**	**227,106**	**1,195,297**	**4,781,441**	**1,422,403**	**42.3%**
4,286	0	0	0	0	4,286	21,881	104,868	26,167	33.2%
1,117	0	0	0	0	1,117	19,951	39,731	21,068	112.9%
3,960	0	0	0	0	3,960	18,887	83,172	22,847	37.9%
126	0	0	0	0	126	0	2,167	126	6.2%
9,489	**0**	**0**	**0**	**0**	**9,489**	**60,718**	**229,937**	**70,207**	**44.0%**
2,585	0	0	0	0	2,585	32,748	83,011	35,333	74.1%
1,003	0	0	0	0	1,003	16,197	66,545	17,200	34.9%
46	0	0	0	0	46	417	2,928	463	18.8%
1,282	0	0	0	0	1,282	614	72,316	1,896	2.7%
102	0	0	0	0	102	422	6,310	524	9.0%
5,018	**0**	**0**	**0**	**0**	**5,018**	**50,396**	**231,108**	**55,414**	**31.5%**
166,613	**75,000**	**0**	**0**	**75,000**	**241,613**	**1,306,412**	**5,242,487**	**1,548,025**	**32.4%**
3,476	0	0	0	0	3,476	32,531	111,752	36,007	47.5%
4,421	0	0	0	0	4,421	72,544	178,737	76,965	75.6%
3,886	0	0	100,000	100,000	103,886	81,389	303,266	185,275	157.0%
9,446	0	0	0	0	9,446	9,426	245,822	18,872	8.3%
1,282	0	0	0	0	1,282	24,058	48,306	25,340	110.3%
22,511	**0**	**0**	**100,000**	**100,000**	**122,511**	**219,948**	**887,883**	**342,459**	**62.8%**
0	0	100,000	0	100,000	100,000	0	900,000	100,000	12.5%
0	**0**	**100,000**	**0**	**100,000**	**100,000**	**0**	**900,000**	**100,000**	**12.5%**
189,124	**75,000**	**100,000**	**100,000**	**275,000**	**464,124**	**1,526,359**	**7,030,369**	**1,990,483**	**39.5%**
$189,124					$464,124		$1,990,483		
3.75%					9.21%		39.5%		

FY 2020 AI/AN NEEDS BASED FUNDING AGGREGATE COST ESTIMATE

GROSS COST ESTIMATES
Source of Funding is not estimated

Need Based on FY 2017 Existing Users at I/T Sites	Need based on FY 2017 Expanded for Eligible AIAN at I/T/U Sites*
1,638,637	2,895,571

SERVICES	$ Per Capita	Billions	Billions
Medical Services	$7,599	$12.45	$22.00
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 dru°g benefits.	Based on 2017 FDI benchmark	$ Per Capita FY 2017 * Existing Users	$ Per Capita FY 2017 * All Eligible AI/AN Served at ITU sites
Dental & Vision Services	$611	$1.00	$1.77
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 2017 @4% per year		
Community & Public Health	$1,481	$2.43	$4.29
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	$9,691	$15.88	$28.06

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

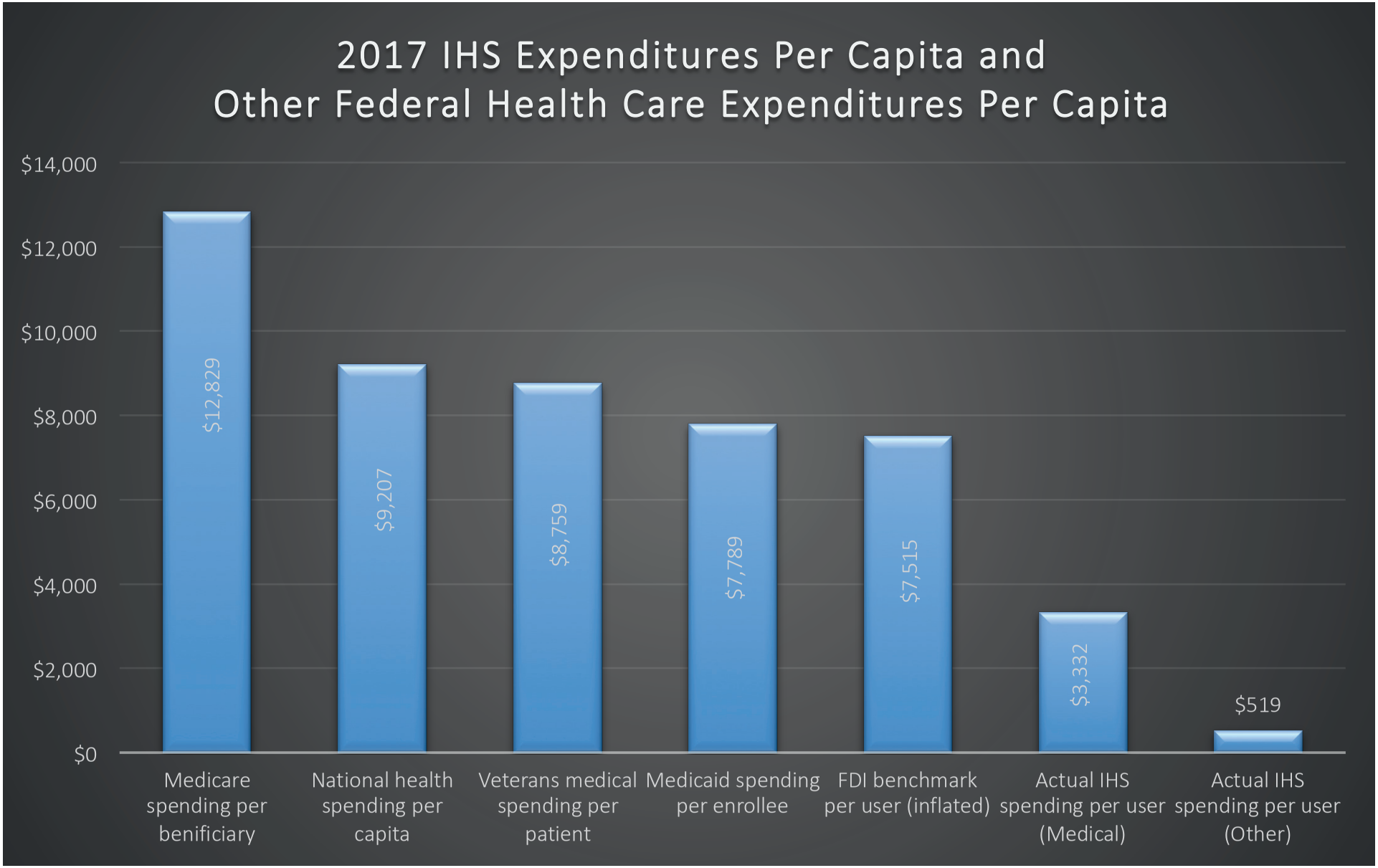
IHS assessed facilities condition (old, outdated, inadequate) and has estimated a one-time cost of $6.5b to upgrade and modernize. A 30 year useful life assumption is used to estimate the annualized cost (assuming 4% interest) of the upgrades.

TOTAL

Total Annualized Services + One-time Upfront Facilities Upgrades		$22.39	$36.83

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.


2017 IHS Expenditures Per Capita and
Other Federal Health Care Expenditures Per Capita
$14,000
$12,000
$10,000
$8,000
$6,000
$4,000
$2,000
$0
$12,829
$9,207
$8,759
$7,789
$7,515
$3,332
$519
Medicare spending per benificiary
National health spending per capita
Veterans medical spending per patient
Medicaid spending per enrollee
FDI benchmark per user (inflated)
Actual IHS spending per user (Medical)
Actual IHS spending per user (Other)