Indian Health Service Testimony

Natural Resources Subcommittee on Indian and Insular Affairs
House of Representatives

Oversight Hearing

FY 2024 President's Budget

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Roselyn Tso
Director
Indian Health Service
Department of Health and Human Services

Good afternoon Chair Hageman, Ranking Member Leger Fernandez, and Members of the Subcommittee. Thank you for your support and for inviting me to speak with you about the President's Fiscal Year (FY) 2024 Budget Request for the IHS.

IHS is an agency within the Department of Health and Human Services (HHS) and our mission is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives (AI/AN) to the highest level. This mission is carried out in partnership with AI/AN Tribal communities through a network of over 600 Federal and Tribal health facilities and 41 Urban Indian Organizations (UIOs) that are located across 37 states and provide health care services to approximately 2.8 million AI/AN people annually.

On March 9, 2023, the White House released the President's FY 2024 Budget, which takes a two pronged approach to build on the historic enactment of advance appropriations for the IHS in the FY 2023 Omnibus. In FY 2024, the Budget proposes to fund IHS Services and Facilities accounts as discretionary, building on the enacted 2024 advance appropriations. It also proposes to reclassify Contract Support Costs and Section 105*(l)* Leases to mandatory funding in FY 2024, which is the most appropriate funding source for these legally required payments to tribal health programs. Beginning in FY 2025, the Budget would make all funding for IHS mandatory. The bold action proposed in the FY 2024 President's Budget demonstrates the Administration's continued commitment to strengthening the nation-to-nation relationship. This historic proposal addresses long-standing challenges that have impacted communities across Indian Country for decades.

Leadership Priorities

I have been traveling across Indian Country to visit the places where we are serving our people since my appointment last fall. These visits have provided me a better perspective on national and regional issues affecting the tribal members we serve and have informed my priorities for the agency. I have two key priorities as IHS Director: providing safe, high quality patient care; and improving our relationships with Tribes, Tribal Organizations, and Urban Indian Organizations.

To those ends, I have taken significant steps to increase transparency, accountability, and oversight at the IHS. The IHS published its first ever Agency Work Plan[1] to manage high priority, enterprise-wide risks on January 15. I hold quarterly strategic planning sessions with leadership from across the Agency to ensure progress on the Work Plan, and I have assigned a lead to each action on the Work Plan. These actions address a wide range of Agency-wide issues including patient safety, human capital, operations, finances, compliance, and strategy. This work builds on the IHS' efforts to meet the Government Accountability Office's (GAO) criteria for removal from its high risk list.

The IHS has achieved two major accomplishments on the Work Plan thus far. I initiated an evaluation of the Agency's quality program in December 2022, with a primary focus on improving oversight of quality and safe care for patients. In general, this evaluation included a continued focus on oversight and accountability through developing policies, standardizing the IHS governance structure and strengthening IHS' enterprise risk management program. Standardizing governing board practices at direct service facilities improves oversight and accountability while increasing efficiency and effectiveness of governing board meetings. These actions allow the Agency to be proactive on governance issues by being able to review information in an efficient manner. These efforts were led by a team of subject matter experts from across the Agency, with oversight and technical direction by the IHS Chief Medical Officer.

Funding issues directly contribute to challenges in providing safe, high-quality care for patients, and supporting productive relationships between the IHS and Tribes and Urban Indian Organizations. The Indian Health system is chronically underfunded compared to other healthcare systems in the U.S.[2,3] Despite substantial growth in the IHS discretionary budget over the last decade, 68 percent from FY 2013 to the current FY 2023 enacted level, the growth has not been sufficient to address the well-documented funding gaps in Indian Country. These funding deficiencies directly contribute to stark health disparities faced by tribal communities. AI/ANs born today have an average life expectancy that is 10.9 years fewer than the U.S. all-races population. AI/AN life expectancy dropped from an estimated 71.8 years in 2019 to 65.2 years in 2021 – the same life expectancy as the general United States population in 1944[4]. They also experience disproportionate rates of mortality from most major health issues, including chronic liver disease and cirrhosis, diabetes, unintentional injuries, assault and homicide, and suicide. AI/AN people also have higher rates of colorectal, kidney, liver, lung, and stomach cancers than non-Hispanic White people.[5] The pandemic compounded the impact of these disparities in tribal communities, with AI/ANs experiencing disproportionate rates of COVID-19 infection, hospitalization, and death.

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[1] Indian Health Service—2023 Agency Work Plan: https://www.ihs.gov/quality/work-plan-summary/
[2] Government Accountability Office Report – *Indian Health Service: Spending Levels and Characteristics of IHS and Three Other Federal Health Care Programs* https://www.gao.gov/assets/gao-19-74r.pdf
[3] U.S. Commission on Civil Rights Report – *Broken Promises: Continuing Federal Funding Shortfall for Native Americans* https://www.usccr.gov/files/pubs/2018/12-20-Broken-Promises.pdf
[4] Centers for Disease Control and Prevention (CDC) Report – *Life Expectancy in the U.S. Dropped for the Second Year in a Row in 2021* https://www.cdc.gov/nchs/pressroom/nchs_press_releases/2022/20220831.htm#:~:text=AIAN%20people%20had%20a%20life,total%20U.S.%20population%20in%201944
[5] Centers for Disease Control and Prevention (CDC)— *Cancer Within American Indian and Alaska Native (AI/AN) Populations* https://www.cdc.gov/healthytribes/native-american-cancer.html

Building on the Historic Achievement of Advance Appropriations

The FY 2024 President's Budget builds on the historic enactment of advance appropriations for IHS in the FY 2023 Omnibus. For the first year of the proposal, the Budget includes $9.7 billion in total funding for the IHS, which includes $8.1 billion in discretionary funding, and $1.6 billion in proposed mandatory funding for Contract Support Costs, Section 105(l) Leases, and the Special Diabetes Program for Indians. This is an increase of $2.5 billion above the FY 2023 Enacted level. Advance appropriations represent an important step towards securing stable and predictable funding to improve the overall health status of AI/ANs, and ensuring that the disproportionate impacts experienced by tribal communities during government shutdowns and continuing resolutions are never repeated.

While the progress achieved through the enactment of advance appropriations will have a lasting impact on Indian Country, funding growth beyond what can be accomplished through discretionary spending is needed to fulfill the federal government's commitments to AI/AN communities. Funding for IHS has grown substantially in the last decade, but this growth is not sufficient to address the historic under investment and persistent health disparities in AI/AN communities.

The Administration continues to support mandatory funding for IHS as the most appropriate long-term funding solution for the agency and will continue to work collaboratively with tribes and Congress to move toward sustainable, mandatory funding. Until this solution is enacted, it is critical that Congress continue to provide advance appropriations for IHS through the discretionary appropriations process for FY 2025 and beyond.

Long-Term Funding Solutions

The Budget proposes to fully shift the IHS budget to mandatory funding in FY 2025. This mandatory formula culminates in a total funding level of approximately $44.0 billion in FY 2033. In total, the mandatory budget would provide nearly $288 billion for the IHS over ten years. When accounting for the discretionary baseline, the net-total for the proposal is $192 billion over ten years.

Under the proposed mandatory structure, IHS funding would grow automatically to address inflation factors to address the growing cost of providing direct health care services, including pay costs, medical and non- medical inflation, and population growth, as well as key operational needs, and existing backlogs in both healthcare services and facilities infrastructure.

Mandatory funding for the IHS provides the opportunity for significant funding increases that could not be achieved within discretionary spending levels. Further, this mandatory funding proposal ensuring predictability that would allow IHS, tribal, and urban Indian health programs the opportunity for long-term and strategic planning. This increased stability and ability to conduct longer-term planning will improve the quality of healthcare, promote recruitment and

retention of health professionals, and enhance management efficiencies for individual health programs and the Indian Health system at large.

The Budget also exempts all IHS funding from sequestration, which is the legislatively mandated process of budget control consisting of automatic, across-the-board spending reductions to enforce budget targets to limit federal spending. Exempting the IHS budget from sequestration ensures funding for direct health care services for AI/ANs is not reduced and is consistent with the treatment of other critical programs such as veterans' health care and nutrition assistance programs.

Lastly, the Budget proposes to reauthorize the Special Diabetes Program for Indians and provide $250 million in FY 2024, $260 million in FY 2025, and $270 million in FY 2026 in new mandatory funding. This program has proven to be effective at reducing the prevalence of diabetes among AI/AN adults[6], and is associated with an estimated net-savings to Medicare of up to $520 million over 10 years due to averted cases of end-stage renal disease[7]. The budget's proposed increases will enable the program to expand to additional grantees, and allow the grantees to plan for larger and longer-term community-driven interventions more effectively. Without the reauthorization of this program in FY 2024 services would end for this successful program.

This request responds to the long-standing recommendations of tribal leaders shared in consultation with HHS and IHS to make IHS funding mandatory. The IHS recognizes that we must continue to work in consultation with Tribes and confer with urban Indian organizations, and with our partners in Congress. To this end, a joint OMB and HHS tribal consultation and urban confer will be conducted in June to review this proposal and receive feedback to inform further refinements to the mandatory formula structure.

Prioritizing High Quality Health Care

The Budget prioritizes investments that advance high quality health care and tackle the stark health care inequities AI/ANs face every day.

In FY 2024 the Budget provides +$742 million increase to expand access to direct health care services by increasing funding across IHS' direct health care service program lines. These resources will support efforts to reduce health disparities and improve the overall health status for AI/ANs by increasing the availability of health care services in Indian Country. Specifically, this funding level will support an estimated additional 45,670 inpatient admissions and 16,976,299 outpatient visits at IHS and Tribal facilities in FY 2024. This funding also expands access to the Purchased/Referred Care program for contract health care services that are not available in IHS or Tribal health facilities by providing an estimated 3,138 additional inpatient admissions, 92,248 additional outpatient visits, and 3,262 additional patient travel trips. The

[6] 4 British Medical Journal— Prevalence of diagnosed diabetes in American Indian and Alaska Native adults, 2006-2017 https://drc.bmj.com/content/8/1/e001218

[7] HHS Assistant Secretary for Planning and Evaluation Issue Brief— *The Special Diabetes Program for Indians Estimates of Medicare Savings* https://aspe.hhs.gov/sites/default/files/private/pdf/261741/SDPI_Paper_Final.pdf

Budget also expands Dental health services, supporting an estimated 167,119 additional dental visits and 529,462 additional dental services in FY 2024. Within this total, the Budget includes an additional $21 million for the Urban Indian Health Program to expand access to culturally competent direct health care services through a network of 41 Urban Indian Organizations located in urban areas across the country. Expansion of these programs is essential to ensure that IHS can provide high quality medical services and support critical health care services that meet the unique needs of AI/AN communities.

In addition, Current Services, which offset the rising costs of providing direct health care services, are fully funded at +$346 million in FY 2024. These resources will help the IHS to maintain services at the FY 2023 levels by shoring up base operating budgets of IHS, Tribal, and urban Indian health programs in the face of increasing costs. Similarly, in FY 2024, the Budget includes +$82 million to fully fund staffing and operating costs for eight newly-constructed or expanded health care facilities. These funds support the staffing packages for new or expanded facilities, which will expand the availability of direct health care services in areas where existing health care capacity is overextended. The mandatory funding formula fully funds Current Services and staffing and operating costs for newly opening facilities in the out-years.

The Budget also makes targeted investments to address our Nation's most pressing public health challenges, which disproportionately impact AI/AN communities. For the first time ever, the Budget proposes dedicated funding to address disparities in cancer rates and mortality among AI/AN, providing $108 million for the Cancer Moonshot Initiative. Through this initiative, the IHS would develop a coordinated public health and clinical cancer prevention initiative to implement best practices and prevention strategies to address incidence of cancer and mortality among AI/AN. Similarly, the Budget requests funding to address HIV, Hepatitis C, and Sexually Transmitted Infections (+$47 million), improve maternal health (+$3 million), and address opioid use (+$9 million) in Indian Country.

The Budget also makes numerous investments in high priority areas, such as recruitment and retention of high quality health professionals, expansion of the successful Community Health Aide Program, and other activities that support high quality health care.

Likewise, from FY 2025 to FY 2029, the Budget requests an additional +$11.2 billion in mandatory funding for the Indian Health Care Improvement Fund to address the funding gap for direct healthcare services documented in the FY 2018 level of need funded analysis[8]. The Budget would continue growth for direct services once the 2018 gap is addressed. This funding would be distributed using the Indian Health Care Improvement Fund formula. The formula is used to target the Indian Health Care Improvement Fund appropriations to the sites with the greatest need, as compared to the benchmark of National Health Expenditure Data, which is maintained by the Centers for Medicare and Medicaid Services. The formula is the product of longstanding consultation with Tribes.

The outyear mandatory formula also prevents a sharp reduction in services by providing an additional +$220 million in FY 2025 to partially sustain the one-time American Rescue Plan Act

[8] Indian Health Service— *FY 2018 Indian Health Care Improvement Fund Workgroup Interim Report* https://www.ihs.gov/sites/ihcif/themes/responsive2017/display_objects/documents/2018/2018_IHCIF_WorkgroupInterimReport.pdf

investments that were appropriated to expand access to mental health and substance abuse prevention and treatment services, and to expand the public health workforce in Indian Country.

Modernizing Critical Infrastructure

In addition to funding for direct health care services, additional investments are needed to address substantial deficiencies in physical and information technology infrastructure across the IHS system. Outdated infrastructure poses challenges in safely providing patient care, recruiting and retaining staff, and meeting accreditation standards. From FY 2024 through FY 2029, the Budget includes critical funding increases to reduce or eliminate existing facilities backlogs and modernize the IHS Electronic Health Record (EHR) system.

Specifically, in FY 2024, the Budget provides $913 million in discretionary funding for EHR modernization. The Budget then builds funding for EHR by +$1.1 billion each year from FY 2025 through FY 2029 under the proposed mandatory formula. Once the EHR modernization effort is fully funded, the Budget provides sufficient resources for ongoing operations and maintenance of the new system. The current IHS EHR is over 50 years old, and the GAO identifies it as one of the 10 most critical federal legacy systems in need of modernization. The IHS relies on its EHR for all aspects of patient care, including the patient record, prescriptions, care referrals, and billing public and private insurance for over $1 billion reimbursable health care services annually. Expected benefits from adopting and implementing a modernized system include, but are not limited to, improved patient safety, improved patient outcomes, better disease management, enhanced population health, improved clinical quality measures, opioid tracking, patient data exchange, third party revenue generation, and agency performance reporting. Additionally, the new system will be interoperable with the Department of Veterans Affairs, Department of Defense, tribal and urban Indian health programs, academic affiliates, and community partners, many of whom are on different health information technology platforms.

The IHS system also faces substantial physical infrastructure challenges – IHS hospitals are approximately 42 years old on average, which is almost four times the age of the average hospital in the United States. Infrastructure deficiencies directly contribute to poorer health outcomes for AI/ANs. The Budget addresses these needs by fully funding the 1993 Health Care Facilities Construction Priority list over 5 years. The remaining projects on the list include the Phoenix Indian Medical Center, Phoenix, AZ; Whiteriver Hospital, Whiteriver, AZ; Gallup Indian Medical Center, Gallup, NM; Albuquerque West Health Center, Albuquerque, NM; Albuquerque Central Health Center, Albuquerque, NM; Sells Health Center, Sells, AZ; Alamo Heath Center, Alamo, NM; Bodaway Gap Health Center, The Gap AZ; and Pueblo Pintado Health Center, Pueblo Pintado, NM. After the 1993 Health Care Facilities Construction Priority List is completed, funding will continue to increase to begin addressing the full scope of Facilities needs as identified in the most recent IHS Facilities Needs Assessment Report to Congress.

Furthermore, the Budget includes +$10 million in discretionary funding in FY 2024 and +$454 million in mandatory funding over two years, from FY 2025 to FY 2026, to fully fund the

medical equipment backlog. Many IHS hospital administrators reported that old or inadequate physical environments challenged their ability to provide quality care and maintain compliance with the Medicare Hospital Conditions of Participation. The administrators also reported that aging buildings and equipment is a major challenge impacting recruitment and retention of clinicians.

Maintaining reliable and efficient buildings is also a challenge as existing health care facilities age and the costs to operate and properly maintain health care facilities increases. Many IHS and Tribal health care facilities are operating at or beyond capacity, and their designs are not efficient in the context of modern health care delivery. The Budget tackles this challenge by providing a +$10 million discretionary increase for maintenance and improvement in FY 2024 and fully funding the 2022 Backlog of Essential Maintenance, Alteration, and Repair for IHS and Tribal facilities of $1.02 billion over two years, from FY 2025 to FY 2026 under the mandatory formula.

The Budget ensures that these facilities investments can be rapidly addressed by providing sufficient administrative support increases. Specifically, the mandatory formula increases the Facilities and Environmental Health Support funding line at 13 percent of the rate of growth in Sanitation Facilities Construction (SFC) and 5 percent of the rate of growth in Health Care Facilities Construction, consistent with historical funding needs and IHS' current estimation methodology. This funding supports staff to oversee and implement facilities projects, as well as a comprehensive environmental health program within IHS. Within this increase, the Budget dedicates $10 million in FY 2025 to support a nation-wide analysis to understand the cost implications of implementing section 302 of the Indian Health Care Improvement Act (25 US.C. 1632), which authorizes funding for operations and maintenance costs for tribes who choose to directly compete their own SFC projects. The results of this analysis will be used and implemented as part of the updated mandatory formula structure. These funds would be used by IHS and tribes to ensure that existing SFC projects are reaching their maximum life-cycle and operations of these projects are sustainable for as long as possible. In FY 2027, the Budget provides an additional $250 million in mandatory funding to address operation and maintenance costs for complete sanitation facilities projects, addressing longstanding recommendations from Tribes.

Lastly, the IHS is grateful for the additional $3.5 billion in Sanitation Facilities Construction funding provided by the Infrastructure Investment and Jobs Act (IIJA). These funds will make a transformational impact on essential sanitation needs across Indian Country. To maintain existing project completion deadlines and support IHS and Tribes in successfully implementing IIJA resources, the Budget includes +$49 million in FY 2024 to support implementation of the $3.5 billion provided by the IIJA for Sanitation Facilities Construction (SFC). This funding is within the Facility and Environmental Health Support funding line and will support additional salary, expenses, and administrative costs beyond the 3 percent allowed in the IIJA. These funds would also be available to Tribal Health Programs, which is not currently permissible under the 3 percent set-aside for administrative costs in the IIJA.

Supporting Self-Determination

IHS continues to support the self-determination of tribes to operate their own health programs. Tribal leaders and members are best positioned to understand the priorities and needs of their local communities. The amount of the IHS budget that is administered directly by tribes through Indian Self-Determination and Education Assistance Act contracts and compacts has grown over time, with over 60 percent of IHS funding currently administered directly by tribes. Tribes design and manage the delivery of individual and community health services through 22 hospitals, 330 health centers, 559 ambulatory clinics, 76 health stations, 146 Alaska village clinics, and 7 school health centers across Indian Country. In recognition of this, the Budget proposes to reclassify these costs to a mandatory indefinite appropriation with estimated funding levels of $1.2 billion for Contract Support Costs and $153 million for Section 105*(l)* Lease Agreements in FY 2024. The Budget maintains indefinite mandatory funding for these accounts across the 10-year budget window to ensure these payments to ISDEAA contractors and compactors are fully funded.

COVID-19 Response and Future Emergency Preparedness

Throughout the COVID-19 pandemic, the IHS has made incredible achievements to save lives and improve the health of AI/ANs across the nation. The IHS has worked closely with our Tribal and Urban Indian Organization partners, state and local public health officials, and our fellow Federal agencies to coordinate a comprehensive public health response to the pandemic. Our number one priority has been the safety of our IHS patients and staff, as well as Tribal community members.

COVID-19 has disproportionally impacted AI/ANs. Deficiencies in public health infrastructure exacerbated the impact of COVID-19 on AI/ANs. To address the long-term impacts of COVID-19, in FY 2025 the Budget provides a +$130 million mandatory funding increase to support IHS patients in recovery from the long-lasting effects of the COVID-19 pandemic, including treatment for long haul COVID-19. Based on data from 14 states, age-adjusted COVID-19 associated mortality among AI/AN was 1.8 times that of non-Hispanic Whites. In 23 states with adequate race and ethnicity data, the cumulative incidence of laboratory-confirmed COVID-19 among AI/AN was 3.5 times that of non-Hispanic Whites. COVID-19 hospitalizations and mortality rates among AI/AN were 2.7 and 1.4 times those among White persons, respectively.

The Budget also establishes a new dedicated funding stream within the mandatory formula to address public health capacity and infrastructure needs in Indian Country. This funding will support an innovative hub-and-spoke model to address local public health needs in partnership with tribes and urban Indian organizations. Establishing a new program to build public health capacity is a key lesson learned from the COVID-19 pandemic, and a top recommendation shared by tribal leaders in consultation with HHS. This includes $150 million in FY 2025, and would grow in the out-years under the formula, for a total of $500 million over the ten-year window. Additional resources are necessary to develop appropriate public health and emergency preparedness capacity in AI/AN communities to prevent these disproportionate impacts in the future. As of 2021, only four tribal public health agencies are accredited through the Public

Health Accreditation Board. Comparatively, 40 State and 305 local public health agencies were accredited as of 2021.[9]

Closing

The FY 2024 Budget makes bold strides toward the goal of ensuring stable and predictable funding to improve the overall health status of AI/AN communities. The Budget is a historic step and the start of an ongoing conversation with tribes to ensure the IHS system is meeting the healthcare needs in Indian Country. HHS looks forward to working in consultation with tribes, urban Indian organizations, and Congress to refine this proposal through the legislative process to strengthen the Nation-to-Nation relationship.

[9] Office of Disease Prevention and Health Promotion— *Increase the number of tribal public health agencies that are accredited* https://health.gov/healthypeople/objectives-and-data/browse-objectives/public-health-infrastructure/increase-number-tribal-public-health-agencies-are-accredited-phi-03/data