



# **NPAIHB POLICY BRIEF**

## **FY 2015 Final IHS Budget**

PREPARED BY: NORTHWEST PORTLAND AREA INDIAN HEALTH BOARD

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### **Congress Passes Final FY 2015 IHS Budget: Despite \$208 million increase much less is available for program Increase**

Portland, OR — The President signed into law the FY 2015 Omnibus Appropriations Bill on December 16, 2014 wrapping up the FY 2015 appropriations process for most federal agencies. The omnibus bill provides \$1.013 trillion for government spending and complies with discretionary spending caps set out in the Murray-Ryan deal for discretionary spending, which means there will not be a sequester in FY 2015. The Murray-Ryan deal includes additional discretionary spending for FY 2015 and FY 2016, and then discretionary amounts revert back to the caps set forth in the Budget Control Act. Thus setting up budget sequesters in FY 2017 and beyond unless spending caps can be adjusted similar to the Murray-Ryan deal. The likelihood of this happening is not good since Republicans control both chambers of the Congress and prefer lower discretionary caps in the budget process.

<b>Comparing President's FY 2015 Request to the Congressional Marks and Omnibus</b>					
(\$ in 1,000s)	<b>FY 2014</b>	<b>President</b>	<b>House</b>	<b>Senate</b>	<b>Omnibus</b>
Health Services	\$3,982,842	\$4,172,182	\$4,180,386	\$4,085,515	\$4,182,147
Facilities	\$451,673	\$461,995	\$461,995	\$460,234	\$460,234
Total Budget	\$4,434,515	\$4,634,177	\$4,642,381	\$4,545,749	\$4,642,381
Change vs. 2014		\$199,662	\$207,866	\$111,234	\$207,866
Percent of Change		4.5%	4.7%	2.5%	4.7%

The omnibus budget deal includes \$4.64 billion for the Indian Health Service (IHS), which is a \$207.9 million increase over the FY 2014 enacted level. The Congress supported the IHS budget by providing an additional \$8.2 million over the President's request. Despite this slight increase the allocation of the overall IHS budget is not good and likely the second worst budget for Tribes during this Obama Administration. The worst budget was the FY 2013 budget that lost \$217 million to the budget sequestration process. Report language accompanying the bill requires the IHS to provide a final spending plan to the committees of jurisdiction within 30 days of enactment. Until the spending plan becomes is provided to the Committees and becomes public the analysis included in this brief is based on the amounts in the omnibus bill and President's FY 2015 Congressional Justification document for the IHS.

## Comparing House/Senate to Omnibus

The omnibus provides \$4.182 billion for the Clinical, Prevention, and Other Service accounts (commonly referred to as H&C budget line items). Congress concurred with the President request for the overall amount for H&C items and also provided an additional \$9.97 million. While Congress provided additional funding, it did not agree to distribute funding as the President had requested. Rather, Congress reduced the request for Services and Prevention sub-accounts to cover an additional \$45.8 million needed to fund the Contract Support Cost line item.

This reduced the overall increases for such items like Purchased and Referred Care (PRC), for which the President requested a \$50.5 million however the final PRC amount was \$15 million less. The conclusion here is that overall budget allocation for the IHS appropriation continues to be reprogrammed to cover the cost of contract support costs. While the overall increase is \$208 million, the actual amount available for program increases is only \$61.5 million, which is only a 1.4% increase over the FY 2014 level. This effect is greater when the funding for facilities staffing packages (\$70.8 million) and new Tribes funding (\$8 million) are taken into consideration. This finding is preliminary until IHS releases its final spending plan, which is due to the Appropriations Committees 30 days after enactment of the omnibus bill.

Summary Analysis of FY 2015 Real Program Increase is \$61.4 million		
	Dollars in 1,000s	Pct. of Change
FY 2014 Final Budget	\$ 4,434,515	
FY 2015 Enacted	\$ 4,642,381	
<b>Increase</b>	<b>\$ 207,866</b>	<b>4.7%</b>
<i>(Less Proposed Staffing in President's Request for four projects)</i>	\$ 70,818	Kayenta; CA YRTC; Ft. Yuma; Gila River
<i>(Less Required CSC Funds)</i>	\$ 75,594	
<b>Reduces Overall Increase:</b>	<b>\$ 146,412</b>	
<b>Adjusted Program Increase for ALL I/T/U programs</b>	<b>\$ 61,454</b>	<b>1.4%</b>

### Services budget

The omnibus bill provides \$4.182 billion for Clinic Services, Prevention, and Other Services accounts. Budget highlights for these accounts include the following (see attached worksheet for full details of each line item):

- Clinical Services Accounts received an increase of \$97.9 million (3.2% increase)
  - Hospital & Clinics line item receives \$45.8 million increase however an estimated \$45.2 million may be needed to cover staffing and new tribes. Leaves only a \$696,000 increase or less than one-half percent increase for all Tribal programs
  - PRC receives \$35.6 million increase (a 4% increase) with \$2.6 million directed to new tribes funding.
- Prevention Service Accounts received an increase of \$5.8 million (4% increase)
- Contract Support Cost increase of \$75.6 million (12.9% increase)
- Other Service accounts received an increase of \$95 million increase (a 13% increase).\*
- Indian Health Professions increase of \$14.8 million (44.5% increase)\*
- Urban Indian health programs increased by \$2.9 million (7.1% increase)

\*The large increases for the Other Service sub-accounts is to restore funding lost in the FY 2014 budget, which was reprogrammed to cover additional contract support cost need. This included restoring \$1 million for the Tribal Management and Self-Governance line items. It also included \$5 million that was reprogrammed from the Indian Health Professions line item. Congress also provided an additional \$9.8 million to the scholarship line item to make the overall increase \$14.8 million for Indian health professions.

The President's request initially recommended an increase of \$29.8 million for contract support costs and however Congress provided an additional \$45.8 million, making the total increase for CSC \$75.6 million. Since FY 2009 the CSC line item has more than doubled growing by \$381 million. The current CSC appropriation is set at \$663 million for contract support costs and will likely grow more because IHS had to reprogram approximately \$25 million in FY 2014, and this amount was not factored into the FY 2015 budget request. Add to this current level and the CSC line item is expected to grow to at least \$688 million in FY 2015. These details will be confirmed when IHS submits its final spending plan to the Congress.

#### Facilities Staffing Package & New Tribes Funding

Most tribal advocates analyze the IHS budget simply by the final amount of funding provided by Congress. But the final amount does not take into account the net effects of including staffing for new facilities or other Congressional earmarks like new Tribes funding. While the overall program increase may be \$208 million in FY 2015, the net amount available for 560 plus Tribes is only \$129 million.

<b>Evaluating the Impact of Proposed Staffing &amp; New Tribes Funding on the FY 2015 Budget Increase</b> (Note: Selected Services Accounts)					
(Dollars in 1,000's)	FY 2015 Program Increase	Proposed Staffing	Proposed New Tribes	Total Staffing & New Tribes	Actual Program Increase
<b><u>SERVICES</u></b>					
Hospitals & Health Clinics	\$45,885	\$41,605	\$3,584	\$45,189	\$696
Dental Services	\$8,692	\$8,224	\$468	\$8,692	\$0
Mental Health	\$3,165	\$2,846	\$319	\$3,165	\$0
Alcohol & Substance Abuse	\$4,603	\$4,314	\$289	\$4,603	\$0
Contract Health Services	\$35,564		\$2,572	\$2,572	\$32,992
<i>Subtotal, Clinical Services</i>	<i>\$97,909</i>	<i>\$56,989</i>	<i>\$7,232</i>	<i>\$64,221</i>	<i>\$33,688</i>
Public Health Nursing	\$4,731	\$4,474	\$257	\$4,731	\$0
Health Education	\$1,025	\$861	\$164	\$1,025	\$0
Comm. Health Reps	\$124		\$124	\$124	\$0
Immunization AK	\$0				\$0
<i>Subtotal, Preventive Health</i>	<i>\$5,880</i>	<i>\$5,335</i>	<i>\$545</i>	<i>\$5,880</i>	<i>\$0</i>
Urban Health	\$2,875				\$2,875
Indian Health Professions	\$14,876				\$14,876
Tribal Management	\$1,000				\$1,000
Direct Operations	\$171	\$0	\$171	\$171	\$0
Self-Governance	\$1,000				\$1,000
Contract Support Cost	\$75,594				\$75,594
<i>Subtotal, Other Services</i>	<i>\$95,516</i>	<i>\$0</i>	<i>\$171</i>	<i>\$171</i>	<i>\$95,345</i>
<b>TOTAL, SERVICES</b>	<b>\$199,305</b>	<b>\$62,324</b>	<b>\$7,948</b>	<b>\$70,272</b>	<b>\$129,033</b>
<i>Total, Facilities</i>	<i>\$8,561</i>	<i>\$8,494</i>	<i>\$67</i>	<i>\$8,561</i>	<i>\$8,561</i>
<b>TOTAL, IHS</b>	<b>\$207,866</b>	<b>\$70,818</b>	<b>\$8,015</b>	<b>\$78,833</b>	<b>\$129,033</b>

The impact of staffing and new funding is seen in the Hospital and Clinics and Prevention account line items. While it might seem there are respectable increases most of this amount is reduced to a flat line budget when staffing is factored. Highlights of this are factored as follows:

- Hospitals and Clinics received a \$45.8 million increase, however \$45.1 is needed for staffing and new Tribes funding, leaving only \$696,000 available for a program increase. The Portland Area only receive approximately 3% of H&C funding, which would result in receiving approximately a \$21,000 increase to be divided among 43 Tribes.
- Dental Services, Alcohol & Substance Abuse, and Mental Health Services all received increases, however all the new funding will go to staffing and new Tribes leaving no increase over FY 2014.
- Likewise, Public Health Nursing, Health Education, and the CHR program all received an increase however it will also go to staffing and new Tribes.
- This situation is also the case for Other Service accounts however the effect is less severe. The only sub-account that will be flat-lined for Tribes is Direct Operations, which provides \$171,000 for new Tribes.

The impact of this is further exacerbated when the funding required for contract support costs (CSC) is factored. Subtracting the required CSC funds leaves just over \$54 million available for true program increases. This clearly demonstrates the need to move contract support costs from a discretionary program to a mandatory federal spending account. This legal obligation of the federal government is the same as Social Security, Medicare and Medicaid, interest on the national debt, court judgments and other obligations of the United States. And it should be treated as such. Otherwise CSC will continue to cut into the available funding for IHS program increases.

#### Facilities budget

The omnibus bill provides \$460.2 million for the facilities accounts, which is a slight increase of \$8.6 million over the FY 2014 enacted level. The President did not request an increase, and the Congress concurred by not providing additional funding, for the Maintenance and Improvement, Sanitation Facilities Construction, and Health Facilities Construction accounts.

The additional funding of \$8.6 million lies entirely in the Facilities & Environmental Health Support account. The Equipment line item was flat lined funded, with no increase, even though the President's request included a small increase of \$788,000 for the line item. Overall, the funding level for the Facilities accounts in this FY 2015 budget is not a good thing. The lack of program increases for the Maintenance and Improvement and Sanitation Facilities Construction program are very concerning for Tribes. Over the last four years these programs have not received adequate program increase to keep pace with inflation and ongoing need.

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**Indian Health Service FY 2015 Budget**  
**Comparing FY 2014 Operating Plan to President's FY 2015**  
**and pending Omnibus H.R. 83**

Prepared by: NW Portland Area Indian Health Board - 12/10/2014 @11:00 a.m. PST

**Rules Committee Print 113-59**  
**House Marks to the Senate**  
**Amendment fo H.R. 83**  
**(12/10/2014)**

Sub-Sub Activity	FY 2014 Final Operating Plan	PRESIDENT'S REQUEST			Omnibus vs. FY 2014			Omni vs Request	
		FY 2015 President's Request	Change over FY 2014	Pct. Of Change	Omnibus H.R. 83	Change over FY 2014	Percent of Change	Change Over Request	Pct of Chg Request
<b><u>SERVICES</u></b>									
Hospitals & Health Clinics	\$ 1,790,904	\$ 1,862,501	\$71,597	4.0%	\$ 1,836,789	\$ 45,885	2.6%	\$ (25,712)	-1.4%
Dental Services	\$ 165,290	\$ 175,654	\$10,364	6.3%	\$ 173,982	\$ 8,692	5.3%	\$ (1,672)	-1.0%
Mental Health	\$ 77,980	\$ 82,025	\$4,045	5.2%	\$ 81,145	\$ 3,165	4.1%	\$ (880)	-1.1%
Alcohol & Substance Abuse	\$ 186,378	\$ 193,824	\$7,446	4.0%	\$ 190,981	\$ 4,603	2.5%	\$ (2,843)	-1.5%
Contract Health Services	\$ 878,575	\$ 929,041	\$50,466	5.7%	\$ 914,139	\$ 35,564	4.0%	\$ (14,902)	-1.6%
<i>Subtotal, Clinical Services</i>	<i>\$ 3,099,127</i>	<i>\$ 3,243,000</i>	<i>\$143,873</i>	<i>4.6%</i>	<i>\$3,197,036</i>	<i>\$97,909</i>	<i>3.2%</i>	<i>\$ (45,964)</i>	<i>-1.4%</i>
Public Health Nursing	\$ 70,909	\$ 76,353	\$5,444	7.7%	\$ 75,640	\$ 4,731	6.7%	\$ (713)	-0.9%
Health Education	\$ 17,001	\$ 18,263	\$1,262	7.4%	\$ 18,026	\$ 1,025	6.0%	\$ (237)	-1.3%
Comm. Health Reps	\$ 58,345	\$ 59,386	\$1,041	1.8%	\$ 58,469	\$ 124	0.2%	\$ (917)	-1.5%
Immunization AK	\$ 1,826	\$ 1,855	\$29	1.6%	\$ 1,826	\$ -	0.0%	\$ (29)	-1.6%
<i>Subtotal, Preventive Health</i>	<i>\$ 148,081</i>	<i>\$ 155,857</i>	<i>\$7,776</i>	<i>5.3%</i>	<i>\$ 153,961</i>	<i>\$5,880</i>	<i>4.0%</i>	<i>\$ (1,896)</i>	<i>-1.2%</i>
Urban Health	\$ 40,729	\$ 41,375	\$646	1.6%	\$ 43,604	\$ 2,875	7.1%	\$ 2,229	5.4%
Indian Health Professions	\$ 33,466	\$ 38,466	\$5,000	14.9%	\$ 48,342	\$ 14,876	44.5%	\$ 9,876	25.7%
Tribal Management	\$ 1,442	\$ 2,442	\$1,000	69.3%	\$ 2,442	\$ 1,000	69.3%	\$ -	0.0%
Direct Operations	\$ 67,894	\$ 68,065	\$171	0.3%	\$ 68,065	\$ 171	0.3%	\$ -	0.0%
Self-Governance	\$ 4,727	\$ 5,727	\$1,000	21.2%	\$ 5,727	\$ 1,000	21.2%	\$ -	0.0%
Contract Support Cost	\$ 587,376	\$ 617,205	\$29,829	5.1%	\$ 662,970	\$ 75,594	12.9%	\$ 45,765	7.4%
<i>Subtotal, Other Services</i>	<i>\$ 735,634</i>	<i>\$ 773,280</i>	<i>\$37,646</i>	<i>5.1%</i>	<i>\$ 831,150</i>	<i>\$95,516</i>	<i>13.0%</i>	<i>\$ 57,870</i>	<i>7.5%</i>
<b><i>TOTAL, SERVICES</i></b>	<b><i>\$ 3,982,842</i></b>	<b><i>\$ 4,172,182</i></b>	<b><i>\$189,340</i></b>	<b><i>4.8%</i></b>	<b><i>\$ 4,182,147</i></b>	<b><i>\$199,305</i></b>	<b><i>5.0%</i></b>	<b><i>\$ 9,965</i></b>	<b><i>0.2%</i></b>
<b><u>FACILITIES</u></b>									
Maintenance & Improvement	\$ 53,614	\$ 53,614	\$0	0.0%	\$ 53,614	\$ -	0.0%	\$ -	0.0%
Sanitation Facilities Constr.	\$ 79,423	\$ 79,423	\$0	0.0%	\$ 79,423	\$ -	0.0%	\$ -	0.0%
Health Care Fac. Constr.	\$ 85,048	\$ 85,048	\$0	0.0%	\$ 85,048	\$ -	0.0%	\$ -	0.0%
Facil. & Envir. Hlth Supp.	\$ 211,051	\$ 220,585	\$9,534	4.5%	\$ 219,612	\$ 8,561	4.1%	\$ (973)	-0.4%
Equipment	\$ 22,537	\$ 23,325	\$788	3.5%	\$ 22,537	\$ -	0.0%	\$ (788)	-3.4%
<i>Total, Facilities</i>	<i>\$ 451,673</i>	<i>\$ 461,995</i>	<i>\$10,322</i>	<i>2.3%</i>	<i>\$ 460,234</i>	<i>\$8,561</i>	<i>1.9%</i>	<i>\$ (1,761)</i>	<i>-0.4%</i>
<b>TOTAL, IHS</b>	<b>\$ 4,434,515</b>	<b>\$ 4,634,177</b>	<b>\$199,662</b>	<b>4.5%</b>	<b>\$ 4,642,381</b>	<b>\$207,866</b>	<b>4.7%</b>	<b>\$ 8,204</b>	<b>0.2%</b>