



## MEMORANDUM

**NORTHWEST  
PORTLAND  
AREA  
INDIAN  
HEALTH  
BOARD**

**DATE:** September 28, 2012  
**TO:** Tribal Leaders, Health Directors and Board Delegates  
**FROM:** Jim Roberts, Policy Analyst  
**SUBJECT:** IHS FY 2013 Budget Sequestration

As you know, the federal government and IHS will be operating under a Continuing Resolution (CR) at a slight increase over last year's spending levels. This amount is approximately .5% increase for most programs. The CR expires on March 27, 2012 or until a final appropriations bill is passed by Congress and signed by the President (whichever is sooner). Looming is uncertainty about whether Congress will complete appropriations or if it will continue down the path of sequestration. This will become clearer after the November elections when Congress returns. There are budget negotiations going on between the Administration and Congressional leadership, but little information about what this holds. We'll know more after the elections and provide an update then.

This attached information is an update on that status of the FY 2013 IHS appropriation completed by Hobbs, Straus, Dean and Walker. I have added a spreadsheet that compares the President's request to House and Senate recommendations. The differences between the Request, House and Senate bills lie in the amounts for CSC and CHS. Here are the highlights:

- **Overall Increase:** House Request is best for IHS thus far, includes a \$186 million increase over FY 2012. House request is \$71 million more than President. The Senate request is \$30 million less than the President's request.
- **Contract Support Costs:** The House request closely mirrors the President's recommended increases with exception of Contract Support Costs (CSC). The House recommends an additional \$70 million in CSC over President's request. The Senate recommends the same level as the President for CSC a mere \$5 million increase over FY 2012.
- **Contract Health Services:** President's increase of \$54 million for CHS is respectable given the Agency's overall increase of \$115 million. Makes 25% of budget increase in CHS. House supported the same recommendation. The Senate's request on the other hand is \$34 million less than the Presidents'.

If you have questions concerning this information, please do not hesitate to call or email me.

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Burns-Paiute Tribe  
Chehalis Tribe  
Coeur d' Alene Tribe  
Colville Tribe  
Coos, Suislaw &  
Lower Umpqua Tribe  
Coquille Tribe  
Cow Creek Tribe  
Cowlitz Tribe  
Grand Ronde Tribe  
Hoh Tribe  
Jamestown S'Klallam Tribe  
Kalispel Tribe  
Klamath Tribe  
Kootenai Tribe  
Lower Elwha Tribe  
Lummi Tribe  
Makah Tribe  
Muckleshoot Tribe  
Nez Perce Tribe  
Nisqually Tribe  
Nooksack Tribe  
NW Band of Shoshone Tribe  
Port Gamble S'Klallam Tribe  
Puyallup Tribe  
Quileute Tribe  
Quinault Tribe  
Samish Indian Nation  
Sauk-Suiattle Tribe  
Shoalwater Bay Tribe  
Shoshone-Bannock Tribe  
Siletz Tribe  
Skokomish Tribe  
Snoqualmie Tribe  
Spokane Tribe  
Squaxin Island Tribe  
Stillaguamish Tribe  
Suquamish Tribe  
Swinomish Tribe  
Tulalip Tribe  
Umatilla Tribe  
Upper Skagit Tribe  
Warm Springs Tribe  
Yakama Nation

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**Indian Health Service**  
**009-17-0390 Indian Health Services**  
**Nondefense Function**  
**Sequestration Amounts from OMB Report**

<i>Dollars in 1,000s</i>	<b>Health Services</b>	<b>Facilities</b>	<b>Total</b>
FY 2009 Final	\$ 3,190,956	\$ 390,168	\$ 3,581,124
FY 2010 Final	\$ 3,657,618	\$ 394,797	\$ 4,052,415
FY 2011 Final	\$ 3,659,409	\$ 403,301	\$ 4,062,710
<b>FY 2012 Final</b>	<b>\$ 3,866,181</b>	<b>\$ 440,346</b>	<b>\$ 4,306,527</b>
<i>Sequestered 8.2%</i>	<i>\$ 317,000</i>	<i>\$ 36,000</i>	<i>\$ 353,000</i>
<b><i>Proposed FY 2013</i></b>	<b><i>\$ 3,549,181</i></b>	<b><i>\$ 404,346</i></b>	<b><i>\$ 3,953,527</i></b>
Mandatory (SDPI)	\$ 150,000	\$ -	\$ 150,000
<i>Sequestered 2.0%</i>	<i>\$ 3,000</i>		
<b><i>FY 2013 SDPI</i></b>	<b><i>\$ 147,000</i></b>		<b><i>\$ 147,000</i></b>

**Indian Health Service FY 2013 Budget**  
**Comparing President's Request, House and Senate Action**  
 Prepared by: NW Portland Area Indian Health Board - 9/28/2012

Sub-Sub Activity	PRESIDENT'S REQUEST				HOUSE ACTION				SENATE ACTION					
	FY 2012 Final	President's FY 2013 Request	Change over FY 2012	Pct. Of Change	House Action H. Rpt. 112-589	Change over FY 2012	Pct. Of Change	Change over Request	Pct. Of Change vs. Request	Senate Action Rpt ###	Change over FY 2012	Percent of change	Change over Request	Pct. Of Change vs. Request
Hospitals & Health Clinics	\$ 1,810,966	\$ 1,849,310	\$ 38,344	2.1%	\$ 1,851,448	\$ 40,482	2.2%	\$ 2,138	0.1%	\$ 1,852,948	\$ 41,982	2.3%	\$ 3,638	0.2%
Dental Services	\$ 159,440	\$ 166,297	\$ 6,857	4.3%	\$ 166,597	\$ 7,157	4.5%	\$ 300	0.2%	\$ 166,297	\$ 6,857	4.3%	\$ -	0.0%
Mental Health	\$ 75,589	\$ 78,131	\$ 2,542	3.4%	\$ 78,131	\$ 2,542	3.4%	\$ -	0.0%	\$ 78,131	\$ 2,542	3.4%	\$ -	0.0%
Alcohol & Substance Abuse	\$ 194,297	\$ 195,378	\$ 1,081	0.6%	\$ 195,378	\$ 1,081	0.6%	\$ -	0.0%	\$ 195,378	\$ 1,081	0.6%	\$ -	0.0%
Contract Health Services	\$ 843,575	\$ 897,562	\$ 53,987	6.4%	\$ 897,562	\$ 53,987	6.4%	\$ -	0.0%	\$ 863,575	\$ 20,000	2.4%	\$ (33,987)	-3.8%
Total, Clinical Services	\$ 3,083,867	\$ 3,186,678	\$ 102,811	3.3%	\$ 3,189,116	\$ 105,249	3.4%	\$ 2,438	0.1%	\$ 3,156,329	\$ 72,462	2.3%	\$ (30,349)	-1.0%
Public Health Nursing	\$ 66,632	\$ 69,868	\$ 3,236	4.9%	\$ 69,868	\$ 3,236	4.9%	\$ -	0.0%	\$ 69,868	\$ 3,236	4.9%	\$ -	0.0%
Health Education	\$ 17,057	\$ 17,450	\$ 393	2.3%	\$ 17,450	\$ 393	2.3%	\$ -	0.0%	\$ 17,450	\$ 393	2.3%	\$ -	0.0%
Comm. Health Reps	\$ 61,407	\$ 61,531	\$ 124	0.2%	\$ 61,531	\$ 124	0.2%	\$ -	0.0%	\$ 61,531	\$ 124	0.2%	\$ -	0.0%
Immunization AK	\$ 1,927	\$ 1,927	\$ 0	0.0%	\$ 1,927	\$ 0	0.0%	\$ -	0.0%	\$ 1,927	\$ 0	0.0%	\$ -	0.0%
Total, Preventive Health	\$ 147,022	\$ 150,776	\$ 3,754	2.6%	\$ 150,776	\$ 3,754	2.6%	\$ -	0.0%	\$ 150,776	\$ 3,754	2.6%	\$ -	0.0%
Urban Health	\$ 42,984	\$ 42,988	\$ 4	0.0%	\$ 45,488	\$ 2,504	5.8%	\$ 2,500	5.8%	\$ 42,988	\$ 4	0.0%	\$ -	0.0%
Indian Health Professions	\$ 40,596	\$ 40,598	\$ 2	0.0%	\$ 41,598	\$ 1,002	2.5%	\$ 1,000	2.5%	\$ 40,598	\$ 2	0.0%	\$ -	0.0%
Tribal Management	\$ 2,577	\$ 2,577	\$ 0	0.0%	\$ 2,577	\$ 0	0.0%	\$ -	0.0%	\$ 2,577	\$ 0	0.0%	\$ -	0.0%
Direct Operations	\$ 71,653	\$ 72,867	\$ 1,214	1.7%	\$ 67,567	\$ (4,086)	-5.7%	\$ (5,300)	-7.3%	\$ 72,867	\$ 1,214	1.7%	\$ -	0.0%
Self-Governance	\$ 6,044	\$ 6,044	\$ (0)	0.0%	\$ 6,044	\$ (0)	0.0%	\$ -	0.0%	\$ 6,044	\$ (0)	0.0%	\$ -	0.0%
Contract Support Cost	\$ 471,437	\$ 476,446	\$ 5,009	1.1%	\$ 546,446	\$ 75,009	15.9%	\$ 70,000	14.7%	\$ 476,446	\$ 5,009	1.1%	\$ -	0.0%
Total, Other Services	\$ 635,292	\$ 641,520	\$ 6,228	1.0%	\$ 709,720	\$ 74,428	11.7%	\$ 68,200	10.6%	\$ 641,520	\$ 6,228	1.0%	\$ -	0.0%
Total, Services	\$ 3,866,181	\$ 3,978,974	\$ 112,793	2.9%	\$ 4,049,612	\$ 183,431	4.7%	\$ 70,638	1.8%	\$ 3,948,625	\$ 82,444	2.1%	\$ (30,349)	-0.8%
FACILITIES												#DIV/0!	\$ -	#DIV/0!
Maintenance & Improvement	\$ 53,721	\$ 55,470	\$ 1,749	3.3%	\$ 55,470	\$ 1,749	3.3%	\$ -	0.0%	\$ 55,470	\$ 1,749	3.3%	\$ -	0.0%
Sanitation Facilities Constr.	\$ 79,582	\$ 79,582	\$ (0)	0.0%	\$ 79,582	\$ (0)	0.0%	\$ -	0.0%	\$ 79,582	\$ (0)	0.0%	\$ -	0.0%
Health Care Fac. Constr.	\$ 85,048	\$ 81,489	\$ (3,559)	-4.2%	\$ 81,489	\$ (3,559)	-4.2%	\$ -	0.0%	\$ 81,489	\$ (3,559)	-4.2%	\$ -	0.0%
Facil. & Envir. Hlth Supp.	\$ 199,413	\$ 204,379	\$ 4,966	2.5%	\$ 204,741	\$ 5,328	2.7%	\$ 362	0.2%	\$ 204,741	\$ 5,328	2.7%	\$ 362	0.2%
Equipment	\$ 22,582	\$ 22,582	\$ 0	0.0%	\$ 22,582	\$ 0	0.0%	\$ -	0.0%	\$ 22,582	\$ 0	0.0%	\$ -	0.0%
Total, Facilities	\$ 440,346	\$ 443,502	\$ 3,156	0.7%	\$ 443,864	\$ 3,518	0.8%	\$ 362	0.1%	\$ 443,864	\$ 3,518	0.8%	\$ 362	0.1%
TOTAL, IHS	\$ 4,306,528	\$ 4,422,476	\$ 115,948	2.7%	\$ 4,493,476	\$ 186,948	4.3%	\$ 71,000	1.6%	\$ 4,392,489	\$ 85,961	2.0%	\$ (29,987)	-0.7%



September 28, 2012

**GENERAL MEMORANDUM 12-118**

**Senate Interior Appropriations Subcommittee Releases  
Draft FY 2013 Spending Bill Including Indian Health Service Funding**

On September 25, 2012, the Senate Interior Appropriations Subcommittee released a draft FY 2013 Interior, Environment and Related Agencies appropriations bill and budget chart which contains appropriations for both the Indian Health Service (IHS) and Indian Affairs. In this Memorandum we report on the Senate Subcommittee's recommendation for FY 2013 funding for the IHS in relation to the Administration's and the House Appropriations Committee's recommendations. There is no Senate report accompanying the draft bill (which does not have an assigned number).

The IHS and other federal agencies are currently operating under a Continuing Resolution (CR) at an annualized amount slightly above their FY 2012 levels.<sup>1</sup> The CR runs through March 27, 2013, or until a regular appropriations bill is enacted, whichever is sooner. It is uncertain whether Congress will be able to enact full FY 2013 appropriations measures, a year-long CR, or a sequestration alternative when it returns after the November elections. Behind the scenes congressional negotiations are taking place even now regarding these matters.

In an Appropriations Committee press release, Senators Reed (D-RI) and Murkowski (R-AK) (Chair and Ranking Member, respectively, of the Interior Subcommittee) stated that they hope the Senate Subcommittee bill "will serve as a roadmap as discussions continue to finalize a responsible, balanced fiscal year 2013 appropriations bill."

We reported on the House Appropriations Committee markup of its FY 2013 Interior, Environment and Related Agencies bill (HR 6091, H. Rpt. 112-589) in our General Memorandum 12-086 of July 13, 2012. We do not repeat here all the details of the House Committee bill and report.

The bills contain the same legislative language regarding a cap on Contract Support Costs; Contract Support limitation; Individuals with Disabilities Education Act data collection; prohibition on implementation of eligibility regulations; services for non-Indians; assessments of the IHS by the Department of Health and Human Services; and limitation on no-bid contracts. The FY 2012 appropriations act extended through October 1, 2013, the provision which provides that IHS funds for Alaska be made

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<sup>1</sup> See our General Memorandum 12-113 of September 14, 2012, regarding the Continuing Resolution.

available only to regional Alaska Native health organizations (with some exceptions) and, thus, the FY 2013 bills do not address this matter.

### FUNDING OVERVIEW

The House Committee recommended \$187 million over the FY 2012 enacted level and \$71 million over the Administration's request for the IHS. The Senate Subcommittee recommended \$86 million over the FY 2012 enacted level and \$30 million below the Administration's request.

*There are two major differences between the bills.* The House Committee recommends \$34 million more for Contract Health Services and \$70 million more for Contract Support Costs than does the Senate Subcommittee.

The Senate Subcommittee recommends \$5 million more for Direct Operations than does the House Committee. The House Committee recommends \$2.5 million over the Administration's and the Senate Subcommittee's recommendations for Urban Indian Health. There are no differences between the two bills in the Facilities account.

*Staffing of New Facilities.* The House Committee recommended \$4 million over the Administration's request of \$49.2 million for staffing and operation costs of new facilities. It is unclear whether the Senate Subcommittee recommendation includes this increase. The Administration, in its budget justification, would allocate the funds as follows: Norton Sound Regional Hospital (\$10.6 million); Chickasaw Nation Health Clinic in Ardmore (\$8.9 million); Cherokee Nation Health Center (\$2.8 million); Chickasaw Nation Health Clinic in Tishomingo (\$5.3 million); Southcentral Foundation Valley Primary Care Center (\$13.5 million); and Tanana Chiefs Conference Interior Health Center (\$8.1 million).

*Lack of Funding for Built-in Costs.* The bills do not provide, nor did the Administration request, funding for population growth, civilian pay raises or inflation (other than Contract Health Services). There would be a 1.7 percent pay increase for Commissioned Officers and the President has proposed a 0.5 percent pay increases for federal employees.

### FUNDING FOR INDIAN HEALTH SERVICES

FY 2012 Enacted	\$3,866,181,000
FY 2013 Admin. Request	\$3,978,974,000
FY 2013 House Committee	\$4,049,612,000
FY 2013 Senate Subcommittee	\$3,948,625,000

SPECIAL DIABETES PROGRAM FOR INDIANS

While the entitlement funding for the Special Diabetes Program for Indians (SDPI) is not part of the IHS appropriations process, those funds are administered through the IHS. The SDPI is currently funded through FY 2013 at \$150 million annually (PL 111-309).

HOSPITALS AND CLINICS

FY 2012 Enacted	\$1,810,966,000
FY 2013 Admin. Request	\$1,849,310,000
FY 2013 House Committee	\$1,851,448,000
FY 2013 Senate Subcommittee	\$1,852,948,000

The bills, as requested by the Administration, would provide \$57.5 million for the Indian Health Care Improvement Fund, which is the same as the FY 2012 enacted level and \$12 million above the FY 2011 level. We do not have information on the Senate Subcommittee's \$1 million increase over the House amount.

DENTAL SERVICES

FY 2012 Enacted	\$159,440,496
FY 2013 Admin. Request	\$166,297,000
FY 2013 House Committee	\$166,597,000
FY 2013 Senate Subcommittee	\$166,297,000

It appears that the Senate Subcommittee bill does not include the House Committee add-on of \$300,000 above the Administration's request for staffing in support of the Early Childhood Caries initiative.

MENTAL HEALTH

FY 2012 Enacted	\$75,588,864
FY 2013 Admin. Request	\$78,131,000
FY 2013 House Committee	\$78,131,000
FY 2013 Senate Subcommittee	\$78,131,000

ALCOHOL AND SUBSTANCE ABUSE

FY 2012 Enacted	\$194,296,627
FY 2013 Admin. Request	\$195,378,000
FY 2013 House Committee	\$195,378,000
FY 2013 Senate Subcommittee	\$195,378,000

CONTRACT HEALTH SERVICES (CHS)

FY 2012 Enacted	\$843,575,117
FY 2013 Admin. Request	\$897,562,000
FY 2013 House Committee	\$897,562,000
FY 2013 Senate Subcommittee	\$863,575,000

The House Committee bill, consistent with the Administration's requests, would provide \$34 million to cover the cost of inflation (calculated at 3.6 percent) and a \$20 million program increase. It appears that the Senate Subcommittee did not include the \$34 million for inflation.

Catastrophic Emergency Health Fund (CHEF). Both bills recommend that within the total is \$51.5 million for CHEF, the same as the FY 2012 enacted level and \$6.5 million below the FY 2011 level.

PUBLIC HEALTH NURSING

FY 2012 Enacted	\$66,632,218
FY 2013 Admin. Request	\$69,868,000
FY 2013 House Committee	\$69,868,000
FY 2013 Senate Subcommittee	\$69,868,000

HEALTH EDUCATION

FY 2012 Enacted	\$17,056,666
FY 2013 Admin. Request	\$17,450,000
FY 2013 House Committee	\$17,450,000
FY 2013 Senate Subcommittee	\$17,450,000

COMMUNITY HEALTH REPRESENTATIVES (CHR)

FY 2012 Enacted	\$61,406,592
FY 2013 Admin. Request	\$61,531,000
FY 2013 House Committee	\$61,531,000
FY 2013 Senate Subcommittee	\$61,531,000

HEPATITIS B AND HAEMOPHILUS  
IMMUNIZATION (HIB) PROGRAMS IN ALASKA

FY 2012 Enacted	\$1,927,000
FY 2013 Admin. Request	\$1,927,000
FY 2013 House Committee	\$1,927,000
FY 2013 Senate Subcommittee	\$1,927,000

URBAN INDIAN HEALTH

FY 2012 Enacted	\$42,984,115
FY 2013 Admin. Request	\$42,988,000
FY 2013 House Committee	\$45,488,000
FY 2013 Senate Subcommittee	\$42,988,000

INDIAN HEALTH PROFESSIONS

FY 2012 Enacted	\$40,595,942
FY 2013 Admin. Request	\$40,598,000
FY 2013 House Committee	\$41,598,000
FY 2013 Senate Subcommittee	\$40,598,000

Programs funded under Indian Health Professions and their estimated FY 2013 amounts are: Health Professions Preparatory and Pre-Graduate Scholarships (\$3.8 million); Health Professions Scholarships (\$10.5 million); Extern Program (\$1.18 million); Loan Repayment Program (\$21.3 million); Quentin N. Burdick American Indians into Nursing Program (\$1.76 million); Indians Into Medicine Program (\$1.16 million); and American Indians into Psychology (\$757,386).

TRIBAL MANAGEMENT

FY 2012 Enacted	\$2,577,000
FY 2013 Admin. Request	\$2,577,000
FY 2013 House Committee	\$2,577,000
FY 2013 Senate Subcommittee	\$2,577,000

DIRECT OPERATIONS

FY 2012 Enacted	\$71,653,171
FY 2013 Admin. Request	\$72,867,000
FY 2013 House Committee	\$67,567,000
FY 2013 Senate Subcommittee	\$72,867,000

The Administration requested a \$1,115,000 increase in order to address an array of matters including oversight and accountability and responding to GAO and OIG and Congressional recommendations regarding management and oversight of programs. The House Committee, however, recommended a \$4.1 million *reduction* below the FY 2012 level and \$5.3 million below the Administration's request. The reduction would come from the Headquarters portion of funding.



SELF-GOVERNANCE

FY 2012 Enacted	\$6,044,314
FY 2013 Admin. Request	\$6,044,000
FY 2013 House Committee	\$6,044,000
FY 2013 Senate Subcommittee	\$6,044,000

CONTRACT SUPPORT COSTS

FY 2012 Enacted	\$471,437,491
FY 2013 Admin. Request	\$476,446,000
FY 2013 House Committee	\$546,446,000
FY 2013 Senate Subcommittee	\$476,446,000

Increase. The House Committee, but not the Senate Subcommittee, recommended a \$70 million increase over the Administration's request or \$75 million over the FY 2012 enacted level, for a total of \$546 million. The Committee report states:

With this increase, the Committee is attempting to fund the projected shortfall so the Federal government can meet its contractual obligations. The Committee directs the Service to work with Tribes and tribal organizations to explore options for improving the transparency of current year contract support cost information, and to report back to the Committee within 90 days of enactment of this Act. (H. Rpt. 112-589, p. 81)

Indian Self-Determination (ISD) Fund. Both bills, consistent with the Administration's proposal, would again authorize up to \$10 million of the total CSC funds for an Indian Self-Determination Fund. The IHS may allocate funds to the ISD Fund to support new or expanded self-determination contracts, grants, self-governance compacts or annual funding agreements.

Cap on Contract Support Costs. Both bills, consistent with past appropriations acts, would continue language regarding a funding cap on contract support costs.

Contract Support Limitation. Both bills would, consistent with the Interior Appropriations Acts for FYs 1999-2012, attempt to limit the ability of the IHS and BIA to fund past-year shortfalls in contract support funding from remaining unobligated balances for those fiscal years.

**FUNDING FOR INDIAN HEALTH FACILITIES**

FY 2012 Enacted	\$440,346,317
FY 2013 Admin. Request	\$443,502,000
FY 2013 House Committee	\$443,864,000
FY 2013 Senate Subcommittee	\$443,864,000

MAINTENANCE AND IMPROVEMENT

FY 2012 Enacted	\$53,720,909
FY 2013 Admin. Request	\$55,470,000
FY 2013 House Committee	\$55,470,000
FY 2013 Senate Subcommittee	\$55,470,000

FACILITIES AND ENVIRONMENTAL HEALTH SUPPORT

FY 2012 Enacted	\$199,413,427
FY 2013 Admin. Request	\$204,379,000
FY 2013 House Committee	\$204,741,000
FY 2013 Senate Subcommittee	\$204,741,000

MEDICAL EQUIPMENT

FY 2012 Enacted	\$22,582,000
FY 2013 Admin. Request	\$22,582,000
FY 2013 House Committee	\$22,582,000
FY 2013 Senate Subcommittee	\$22,582,000

CONSTRUCTIONConstruction of Sanitation Facilities

FY 2012 Enacted	\$79,582,464
FY 2013 Admin. Request	\$79,582,000
FY 2013 House Committee	\$79,582,000
FY 2013 Senate Subcommittee	\$79,582,000

Construction of Health Care Facilities

FY 2012 Enacted	\$85,047,706
FY 2013 Admin. Request	\$81,489,000
FY 2013 House Committee	\$81,489,000
FY 2013 Senate Subcommittee	\$81,489,000

The bills, consistent with the Administration's request, would complete construction of the San Carlos Health Center (\$41.5 million) and continue construction for the Kayenta replacement health center (\$40 million).

**OTHER**

Transam Equipment, Ambulances, Demolition Fund. The bills, consistent with the Administration's proposal, would continue funding of up to \$500,000 to purchase

TRANSAM equipment from the Department of Defense and \$500,000 to be deposited in a Demolition Fund to be used for the demolition of vacant and obsolete federal buildings. Up to \$2.7 million is proposed for the purchase of ambulances.

The House Committee bill and report are available at <http://appropriations.house.gov/>. The Senate Interior Subcommittee bill and funding chart is available at <http://www.appropriations.senate.gov>

If we may be of further assistance regarding FY 2013 Indian Health Service appropriations, please contact us at the information below.

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September 21, 2012

## GENERAL MEMORANDUM 12-117

### OMB Report on Sequestration Concludes the IHS would be Subject to Large Reduction

The Office of Management and Budget (OMB) submitted to Congress on September 14, 2012, a report on the impact of a sequestration of funds beginning in January 2013 pursuant to the Budget Control Act of 2011 (PL 112-25).<sup>1</sup> The report, which was required by Congress, describes the impact at very broad levels, not in terms of reductions that would occur at the program, project and activities levels. It was widely reported that under the Budget Control Act, the Indian Health Service (IHS) would be limited to a two percent reduction should a sequestration occur. *The Office of Management and Budget, however, has concluded that the IHS would be subject to a full sequestration which they estimate to be 8.2 percent.*<sup>2</sup> This view was confirmed by OMB to tribal leaders in a meeting on September 20, 2012.

OMB describes the impact of \$109 billion in budget cuts as being "deeply destructive" and urges Congress to agree to a balanced plan to achieve the required deficit reduction, thus allowing for cancellation of the sequestration.

Although for the past year the IHS and others indicated that under the Budget Control Act any sequestration for their programs would be limited to two percent pursuant to Section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the OMB has now concluded that Section 256 is not applicable. The end result is that there is no exemption for IHS discretionary funding which accounts for all of the IHS budget except for the \$150 million in annual mandatory Special Diabetes Program for Indians funding.

The impending sequestration is the result of Congress not enacting legislation that would reduce the deficit by \$1.2 trillion over a ten-year period as required by the Deficit Reduction and Budget Control Act. We also note that the Joint Select Committee on Deficit Reduction ("Super Committee"), tasked with developing such a plan, was unable to reach agreement on a proposal to send to Congress to achieve the required deficit reduction.

If sequestration occurs, most discretionary domestic programs would see an 8.2

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<sup>1</sup> See our General Memorandum 11-094 of August 5, 2011.

<sup>2</sup> The same would be true for migrant and community health centers.