DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATEMENT

OF

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BEFORE THE

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STATEMENT OF THE INDIAN HEALTH SERVICE

OVERSIGHT HEARING ON THE FY 2003 PRESIDENT'S BUDGET REQUEST

March 7, 2002

Mr. Chairman and Members of the Committee: Good morning. I am Dr. Michael H. Trujillo, Director of the Indian Health Service (IHS). Today I am accompanied by Michel E. Lincoln, Deputy and Gary Hartz, Acting Director of Office of Public Health. We are pleased to have this opportunity to testify on the FY 2003 President's budget request for the Indian Health Service.

The IHS has the responsibility for the delivery of health services to Federally-recognized American Indians and Alaska Natives (AI/ANs) through a system of IHS, tribal, and urban (I/T/U) operated facilities and programs based on treaties, judicial determinations, and Acts of Congress. In carrying out our statutory responsibility to provide health care services to Indian tribes in accordance with Federal statutes or treaties, we have taken it as our mission to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives to the highest level, in partnership with the population we serve. The agency goal is to assure that comprehensive, culturally acceptable personal and public health services are available and accessible to the service population. The mission and goal are addressed

through four agency strategic objectives, which are to 1) improve health status; 2) provide health services; 3) assure partnerships and consultation with IHS, Tribal, and Urban programs; and 4) perform core functions and advocacy.

For the fifth year now, development of the health and budget priorities supporting the IHS budget request originated at the health services delivery level and with tribal leadership. As partners with the IHS in delivering needed health care to AI/AN:s, tribal and urban Indian health programs participate in formulating the budget request and annual performance plan. The combined expertise of the IHS, Tribal, and Urban Indian health program health providers, administrators, technicians, and elected officials, as well as the public health professionals at the Area and Headquarters offices, has defined health care funding needs for AI/AN people. Improving the health of the AI/AN population overall, and providing health care to individuals in that population, are important and challenging IHS goals. Comparing the 1996-1998 Indian (IHS Service Area) age-adjusted death rates with the U.S All Races population in 1997, the death rates in the AI/AN population is 6 times greater for alcoholism, 4 times greater for tuberculosis, 3 times greater for diabetes, and 2 times greater for unintentional injuries.

The FY 2003 President's Budget request and performance plan represents a critical investment in improving the delivery of health care to the American Indian and Alaska Native population.

The President proposes an increase of $60.027 million to the IHS budget in FY 2003 above the FY 2002 appropriation. This request provides an additional $65.807 million for current service items including staffing for newly completed health care facilities, $16.351 million in program increases for Services, and $1 million in program increases for Facilities and Environmental Health. In addition, the increases include an offset of $23.131 million for administrative and management reforms and one-time facilities projects and construction funds. These proposals result in an overall net increase of $60.027 million.

In support of the President's Management Agenda and the Secretary's Workforce Restructuring Plan, the IHS will streamline its general administrative and management staff at all organizational levels and institute cost controls on administrative support systems. Along with other DHHS agencies to increase administrative effectiveness, the IHS

will transfer its public affairs, legislative, and human resources staff, functions, and funding to the Office of the Secretary in FY 2003. During FY 2003, the IHS will prepare to move facilities construction, management and maintenance staff, functions, and funding to the Office of the Secretary in FY 2004.

Further, the President's FY 2003 budget reflects the IHS's full share of the accruing cost of retirement benefits for current civil service and Public Health Service commissioned personnel. These cost amounts for FY 2003 are shown as $60,671 million in services, $7.904 million in facilities, and $8.873 million in collections for a total accrual cost of $77.448 million. These costs are also shown comparably for FY 2001 and FY2002.

These investments will continue to improve the IHS, Tribal, and Urban Indian Health Programs' capacity and infrastructure to provide access to high quality primary and secondary medical services, and begin to slow down recent declines in certain health status indicators.

From a policy perspective, this budget is based on both new and longstanding Federal policy and commitment for improving

health status by assuring the availability of basic health care services for members of federally recognized Indian tribes. The request supports the following three policy initiatives:

- HHS' effort to ensure the best health, and best health care services possible, without regard to race, ethnicity or other invidiously discriminatory criteria,
- proposed Healthy People 2010 and its goal of achieving equivalent and improved health status for all Americans over the next decade,
- DHHS Strategic Plan with goals to reduce major threats to health and productivity of all Americans; improve the economic and social well-being of individuals and families, and communities in the United States; improve access to health services and ensure the integrity of the Nation's health entitlement and safety net program; improve the quality of health care and human services; and improve public health systems.

The Indian Health Care Improvement Act and other Federal statutes make clear that the U.S. Government’s obligation under Federal statutes and treaties includes providing health

care services efficiently and effectively to Indians and Indian tribes.

The primary policy basis for this budget request is to deliver efficiently and effectively health care services to the AI/AN population to substantially improve the health of members of that population. Consistent effort will be required over the long term to improve the health of members of the AI/AN population, and such long-term consistent effort should lead us to the day when the health statistics of the AI/AN population do not differ from those of the U.S. population as a whole. The Administration takes seriously and is fully committed to honoring its obligations to American Indians and Alaska Natives under statutes and treaties to provide effective health care services.

A major priority in the budget proposal is to restore access to basic health services. The IHS has demonstrated the ability to maximize and utilize available resources to provide services to improve the health status of AI/AN people. However, the Indian Health Care system continues to face competing priorities, escalating costs, and an increase in patient demand for more acute and urgent care treatment. Thus,

to address continuing access to essential individual and community health services, the Area IHS, Tribal, and urban Indian programs identified funding of personnel-related costs and increases associated with current services items as their first priority for budget increases for FY 2003. In an effort to maintain the current level of services, the budget request includes $26.812 million for Federal pay cost increases and $19.758 million for tribal pay costs increases; $16.737 million to fund the staffing and operative costs of those facilities that will open in FY 2003 or have recently opened; and $2.5 million increase for Contract Support Costs.

The ongoing replacement of outdated clinics and hospitals is an essential component of supporting access to services and improving health status. In the long run, this assures there are functional facilities, medical equipment, and staff for the effective and efficient provision of health services. As you know, the average age of IHS facilities is 32 years. The FY 2003 budget includes $72 million for health care facility construction to be used for replacement of existing health care facilities. This amount will fully-fund construction of the quarters at Fort Defiance, Arizona; the final phase construction of the hospital at Winnebago,

Nebraska; and the final phase of the construction of health centers at Pawnee, Oklahoma, and St. Paul, Alaska; the continued construction of health centers at Pinon, Arizona, and Red Mesa, Arizona.

Also critical is the provision of adequate contract support costs necessary to support the health services provided by tribal health programs. These requested funds are necessary for tribal communities to assure that there are utilities, training, clerical staff, administrative and financial services needed to operate health programs. Without this contract support funding, these support services are either not available or must be funded from resources that would otherwise fund health service activities. This investment is consistent with the Administration=s commitment to expand tribal participation in the management of federally funded programs, and reinforces the principles of the Indian Self-Determination Act.

The FY 2003 budget includes an increase of $2.5 million over the FY 2002 enacted level for contract support costs (CSC). The increase is necessary to provide CSC funding for new and expanded tribal programs to be contracted in FY 2003. The $2.5 million increase will first be used to provide CSC for new

assumptions of IHS programs under self-determination agreements. To the extent the $2.5 million is not needed for new assumptions, it will be used to increase contract support cost funding for existing contracts.

The requests that I have just described provide a continued investment required to maintain and support the IHS, tribal, and urban Indian public health system to provide access to high quality medical and preventive services as a means of improving health status. The following proposals are intended to strengthen health improvements among the Indian health care components.

Proposed increases of $7.351 million for contract health services, $1.5 million for the tribal epidemiology centers, $4.150 million for health care professions, $3.0 million for information technology, $1.0 million for maintenance and improvement, and $850,000 for HIPAA privacy regulations are also included in the funding request.

The health status that the I/T/Us must address is formidable, particularly in terms of death rates. Comparing the 1996-1998 Indian age-adjusted death rates with the U.S. all races population in 1997 reveals greater death rates in the AI/AN population for alcoholism, tuberculosis, diabetes, unintentional injuries, suicide, pneumonia and influenza, homicide, gastrointestinal disease, infant mortality, and heart disease. Even more alarming is recent data that indicates the mortality disparities for AI/AN people are actually worsening.

Given these formidable challenges, the IHS is pleased to present this budget request for FY 2003 as one that will improve access to basic health services and address the multiple health issues affecting AI/AN people. The request and associated performance plan represent a cost-effective public health approach to assure improvements in the health of AI/AN people. The request reflects the continued Federal commitment to enhance the IHS, Tribal, and Urban Indian health system so that we can continue to make significant improvements in the health status of American Indian and Alaska Native people.

Thank you for this opportunity to discuss the FY 2003 President:s budget request for the IHS. We are pleased to answer any questions that you may have.