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Testimony submitted to the House and the Senate Appropriations
Subcommittees on Interior, Environment and Related Agencies

**Regarding Appropriations for Unalaska Hospital and Atka Clinic Reconstruction;
FY 2014 Budget**

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Summary. We are planning for reconstruction of the Unalaska Hospital and the Atka Island clinic, both of which were destroyed during World War II. We are working with the Indian Health Service (IHS) toward staffing and other assistance for these facilities through our position on the IHS's list for the competitive joint venture program, and we are looking for non-IHS sources of funding for reconstruction, including appropriations to support an amendment to the Aleutian and Pribilof Islands Restitution Act. We respectfully ask the Committees to support our proposed amendment to the Restitution Act and appropriate \$42.6 million for reconstruction of these two health facilities.

We also ask that the Committees appropriate sufficient Indian Health Service funds for staffing and operations of new health facilities so that more Tribal joint venture projects may open their doors to provide healthcare for our underserved patients. We also request that the Committees end the chronic underfunding of Indian health programs and provide \$8.2 million to cover real costs incurred for Clinics leased under the Village Built Clinics (VBC) program, \$617 million in IHS contract support costs (CSC), and to exempt the IHS, which is already at only 56% of needed funding, from future budget sequestration.

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The Aleutian Pribilof Islands Association (APIA) is a regional non-profit tribal organization with members consisting of the thirteen federally recognized tribes of the Aleutian Chain and Pribilof Islands Region of Alaska. APIA provides health care services to the Alaska Natives in 6 of the Tribal communities of this Region through funding received from the Indian Health Service under Title V of the Indian Self-Determination and Education Assistance Act (ISDEAA), and also provides other health-related services to all 13 Tribal communities through various non-IHS grants and agreements.

Funding For Reconstruction of Two Health Care Facilities Destroyed During WWII

During World War II, communities within the APIA region suffered historic losses, not only to their populations due to deaths arising from inadequate health care and poor living

conditions during removal by the U.S. Government to camps in Southeast Alaska, but also to two health care facilities that were destroyed and never rebuilt or accounted for in prior restitution made to the Aleutian and Pribilof tribal communities.

On June 4, 1942, the Japanese bombed the 24-bed hospital operated at that time by the Bureau of Indian Affairs in Unalaska, Alaska. Since that time, the closest hospital is located in Anchorage, Alaska – 800 air miles away, and not accessible by roads. Ten days later and 350 miles to the east, on June 14, 1942, the residents of Atka Island were forcibly evacuated from the Island by the U.S. for their “safety,” and the U.S. Navy burned all of the structures on the Island to the ground, including the Island’s health clinic, to prevent their use by the Japanese.

Congress passed the “Aleutian and Pribilof Islands Restitution Act” in 1988 (PL 100-383), which led to creation of the Aleutian and Pribilof Islands Restitution Trust to administer funds appropriated under the Restitution Act on behalf of the St. Paul, St. George, Unalaska, Atka, Akutan, Nikolski, Biorka, Kashaga and Makushin communities. The Restitution Act provided very limited appropriations to partially address losses suffered by these communities during evacuations from 1942 to 1945. During that time, the treatment of the Aleut people in the evacuation camps lacked even the most basic attention to health and human safety matters, in extremely crowded, unheated, abandoned buildings with very poor sanitation conditions. Ten percent of the Aleuts who were evacuated died in the camps. For those who returned to their communities, many found their homes and community facilities destroyed, possessions taken, and churches stripped of religious icons by the U.S. military.

Remarkably, replacement of the core medical facilities serving these communities was not addressed through the Restitution Act or other appropriations. While we understand that these are lean economic times, the U.S. is currently spending significant funds for wartime restoration and reconstruction in foreign countries, making the appropriation of funds for reconstructing the only hospital destroyed by a foreign country on U.S. soil during wartime, and reconstruction of a health clinic deliberately burned down by the U.S. Navy, more than justified.

The time is now to replace the Unalaska hospital and the Atka Island Clinic. The Aleutian and Pribilof tribal communities are the most remote within the State of Alaska. The next level of referred specialty and inpatient care is in Anchorage. The replacement hospital facility would directly serve the 5000 year-round residents of Atka, Dutch Harbor, Nikolski and Unalaska, in addition to the typically hundreds of seasonal fishery workers requiring immediate emergency or primary care. Having a hospital would eliminate the need to send referrals to Anchorage at an average airfare cost of \$1400, not to mention the cost of lodging, meals and the personal hardship of having to leave the community for days at a time. Atka lies 350 miles away from Unalaska, so until its clinic has sufficient capacity to meet local need, that population is at severe risk due to its isolated, weather-challenged, location.

Based on inflation-adjusted 2010 projected cost estimates, the total funding needed for reconstruction of the Unalaska hospital is \$39.1 million. The inflation-adjusted cost for the Atka Island clinic, based on a 2003 Denali Commission clinic design, is \$3.5 million. APIA thus requests \$42.6 million in funding for reconstruction of these facilities.

APIA is ranked near the top in the IHS's joint venture program, under Section 818(e) of the Indian Health Care Improvement Act, however we are unable to move forward without identified construction resources. For facilities subject to the IHS joint venture program, construction must be accomplished with non-IHS money. The Restitution Act offers the best legislative framework for an appropriation from Congress. We recommend that the Restitution Act be amended to add a new Section 1989C-4(b)(1)(D) to Title 50 of the United States Code, to state as follows: “(D) One account for the construction, operation, and maintenance of an inpatient hospital facility in Unalaska and health clinic in Atka with a direct appropriation of \$42,600,000 for those purposes.” *We ask for the Committees' support of such an amendment and the related appropriation of funds.*

If we are to successfully receive this non-IHS construction project funding, the joint venture program would allow APIA to enter into a no-cost lease with the IHS for a period of 20 years; the IHS would in turn provide staff, equipment and supplies for the operations and maintenance of the facilities. The joint venture program is a competitive program and funding is limited. According to the IHS's budget justification for FY 2013, the IHS signed 16 agreements for joint ventures between 2001 and 2011, but received 55 “positive responses” to a solicitation for joint ventures during the FYs 2010-2012 cycle. Yet, the IHS has indicated it does not have adequate resources to fund even those programs ranked highest on its list of joint venture projects, such as APIA's Unalaska Hospital. Tribes in Alaska support the IHS joint venture program as one of the best solutions to immediately address critical health care needs in our communities. *We ask that the Committees appropriate additional funds for staffing and operations of new facilities; doing so will allow IHS to partner with Tribes like APIA whom are anxious to move forward their projects under this successful Joint Venture model in FY 2014.*

APIA Seeks an End to Chronic Underfunding of Village Built Clinics and CSC

Village Built Clinic Leases. As we stated in our 2012 testimony, the inability of the IHS to adequately fund the Village Built Clinics leases causes a significant, adverse impact on APIA's ability to ensure delivery of safe, quality health care services at our 3 Community Health Aide Program-staffed clinics and 2 mid-level provider-staffed health centers. For the 2014 appropriations, we support the Alaska Tribes' request that an additional \$8.2 million be appropriated within the Hospitals & Clinics budget line to help fully fund all Alaska VBC leases in FY 2014. It would be helpful if Congress would also direct the IHS to use its FY 2014 appropriations to fully fund VBC leases in accordance with § 804 of the Indian Health Care Improvement Act.

IHS Contract Support Costs Shortfall. APIA thanks Congress for appropriating additional funding for Contract Support Costs necessary to administer Tribal health programs authorized under the ISDEAA. Even so, there remains an ongoing shortfall of CSC, which continues to impose significant hardships our ability to provide adequate health services to our patients when direct program funds have to be diverted to pay overhead costs. We urge the Committees to continue to push for full funding of CSC. While it is difficult to estimate the full CSC need for FY 2014 — in part because IHS refuses to release its CSC distribution data for the last two years, — we estimate that the total need in FY 2014 for Compacting and Contracting Tribes to be at least \$617 million.

Given the progress toward full CSC funding in recent years, we are dismayed the Administration's FY 2014 budget proposed only a minimal increase for IHS CSC to \$477 million. This would force Tribes to absorb almost \$140 million in uncompensated costs for allowable and reasonable administration costs associated with managing federal programs. The Administration's proposed appropriations act language, whether intentional or not, attempts to preclude tribes from their right to recover any of their CSC shortfalls through contract actions, as ruled by the Supreme Court in the *Salazar v. Ramah Navajo* decision. The bill language would incorporate by reference a table identifying the capped amount as determined by the agency of CSC available to be paid for every compactor or contractor. This process is being proposed without Tribal Consultation and is unworkable, therefore we urge that the Committees reject this proposed approach and, instead, fully fund CSC for both IHS and BIA.

Sequestration. APIA is appalled that the American Indian and Alaska Native patients were subject to a loss of basic health care as a result of the FY 2013 budget sequestration. IHS lost \$195 million which directly impacted our patients' access to care. Specifically for APIA, we will not be filling provider vacancies including one dentist and one dental health aide and have placed on hold several clinical support positions. We have seen an increase in our patient requests for medical travel assistance and are unable to assist our patients with their access to care issues. In addition, our referral hospital, the Alaska Native Medical Center, has indicated that sequester will impact their ability to pay for medical care, further exacerbating our patients ability to receive basic health care. This means cancer screens will not get done; necessary care will be deferred until it becomes an acute emergency, and funds for early screening or early treatment which could save lives will now be spent down the road on high cost acute or chronic care services. Our ability to sustain safe facilities will be compromised as we are forced to defer necessary maintenance and improvement of health facilities. We are already struggling to provide adequate care to our patients; the reasonable approach would be to exempt direct patient care from across-the-board cuts. Therefore we strongly believe that the IHS budgets should be exempt from both sequestrations and rescissions and that the cuts suffered this year should be restored in the FY2014 budget. The United States *has* a trust responsibility for the health of Alaska Native and American Indian people. We fail to understand why this responsibility was taken less seriously than the Nation's promises to provide health to other citizens. Medicaid state grants and Medicare, other than a 2% administration cost, and Veterans Health Administration (VA) programs were made exempt from the sequester. *See* § 255 of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), as amended by P.L. 111-139 (2010). We thus strongly urge the Committee to support an amendment to the Budget Control Act to fully exempt the IHS from any future sequestration, just as these other programs which also provide direct care are exempt.

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Thank you for your consideration of our request to support funding the reconstruction of the Unalaska Hospital and Atka Island Clinic with associated staffing and operating costs. We are very confident that these reconstructed facilities will right a huge wrong in our history and will significantly improve health care for the Aleutian and Pribilof tribal communities. We also appreciate the Committees' consideration of other requests outline in this testimony. On behalf of the Aleutian Pribilof Islands Association and the people we serve, I am happy to help provide any additional information desired by the Committees.