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

Regarding FY 2015 Indian Health Service Budget

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The requests of the Norton Sound Health Corporation (NSHC) for the FY 2015 Indian Health Service (IHS) budget are as follows:

- Appropriate an additional $372,371 to staff and operate the newly opened Norton Sound Regional Hospital; the IHS is not provided the full agreed-upon amount.
- Direct the IHS to fully fund the Village Built Clinic (VBC) leases in accordance with Section 804 of the Indian Health Care Improvement Act and allocate an additional $8.5 million to VBC leases.
- Increase funding for Injury Prevention programs.
- Shield the IHS from sequestration in FY 2016 and beyond.
- Place contract support costs on a mandatory funding basis.
- Place IHS funding on an advance appropriations basis.
- Support utilizing Medicare-like rates in the Purchased/Referred Care Program.

The Norton Sound Health Corporation is the only regional health system serving Northwestern Alaska. It is on the edge of the Bering Sea, just miles from the Russian border. We are not connected by road with any part of the State and are 500 air miles from Anchorage - about the distance from Washington, DC to Portland, Maine. Our service area encompasses 44,000 square miles, approximately the size of Indiana. We are proud that our system includes a tribally-owned regional hospital which is operated pursuant to an Indian Self-Determination and Education Assistance Act (ISDEAA) agreement, and 15 village-based clinics.[1] The logistics and costs associated with travel and transportation are a daily challenge, to say the least.

[1] We serve the communities of: Brevig Mission, Council, Diomede, Elim, Gambell, Golovin, King Island, Koyuk, Mary's Igloo, Nome, St. Michael, Savoonga, Shaktoolik, Shishmaref, Solomon, Stebbins, Teller, Unalakleet, Wales, and White Mountain.

Additional Funding Needed To Staff New Hospital Facility. NSHC gained beneficial occupancy of its new replacement hospital and ambulatory care center facility in Nome in June 2012, the construction of which was funded by the Recovery Act. The IHS and NSHC have successfully worked as government-to-government partners to construct and furnish the new facility. However, the IHS is providing us nearly $400,000 less for our staffing package in FY 2014 than was agreed to.

The replacement facility is almost three times the size of the former hospital and will allow for increased patient visits in the primary and acute care areas, including chronic disease prevention and management, and allow us to provide enhanced trauma and emergency services.

Now that the new facility is open, IHS has only to finish funding the expanded staffing needs for operation of the replacement hospital. The IHS has notified us that our FY 2014 staffing package funding will be $8,410,000. This is not the entire amount agreed to. The IHS is not providing the entire amount of funding for the *351 FTE's in the signed, validated Resource Requirements Methodology (RRM).* Rather, the funding provided is for 348 FTEs, a difference of 3 FTEs or $372,371 annually. That is a significant amount of funding over time – $3.7 million in ten years plus contract support costs.

Our new hospital is located in a medically underserved area and has one of the highest Health Professions Shortage Area scores in the nation. NSHC has been greatly limited in its ability to recruit and hire medical professionals, instead having to focus primarily on hiring core operational staff. To fully realize the potential of the new replacement hospital, and to ensure that we can safely provide adequate and expanded health care services to the people in our region, we need the full amount agreed to by the IHS.

Assistance Needed To End Chronic Underfunding Of Village Built Clinics. The NSHC health care system includes 15 Village Built Clinics (VBCs). The VBCs are essential for maintaining the IHS Community Health Aide Program (CHAP) in Alaska, which provides the only local source of health care for many Alaska Native people in rural areas. The CHAP program is mandated by Congress as the instrument for providing basic health services in remote Alaska Native villages. The CHAP program cannot operate without the use of clinic facilities.

The IHS has for many years consistently under-funded the leases of VBCs even though the IHS has had available appropriations to fully fund the leases. Lease rental amounts for the VBCs have failed to keep pace with costs –the majority of the leases for VBCs have not increased since 1989. The IHS has instead shifted its statutory responsibilities onto the villages and NSHC, which does not have adequate financial resources to maintain and upgrade the VBCs for CHAP staff. As a result, many of the VBCs are unsafe or have had to be closed, leaving some villages in Alaska without a local health care facility.

As indicated in our joint testimony with other Alaska health care providers to Congress in 2012, NSHC and many other tribal organizations in Alaska have discussed this issue with the IHS on several occasions, and have proposed solutions that the IHS continues to ignore. IHS continues to assert that it provides for VBC leases all of the funds that Congress has appropriated

for the program. In our view, the amounts historically traceable to the VBC leases are not capped by statute and are not the only funds available for that program. The Indian Health Facilities appropriation is a lump-sum appropriation that can be used for construction, repair, maintenance, improvements and equipment, and includes a sub-activity for maintenance and improvement of IHS facilities. The VBCs are IHS facilities acquired by lease in lieu of construction and should thus be eligible for maintenance and improvement funding. The IHS can also access other IHS discretionary funds to fully fund its VBC obligations.

For the FY 2015, we urge that an additional $8.5 million be appropriated to more fully fund VBC leases. We also ask that Congress direct the IHS to use existing FY 2014 appropriations to fully fund the VBC leases in accordance with § 804 of the Indian Health Care Improvement Act.

Injury Prevention. Injury prevention efforts are particularly important to the Norton Sound region; our extreme climate and the dangers of the Bering Sea result in an exceptionally high number of injuries, many of them severe. The National Center for Health Statistics reports that unintentional injury is the third leading cause of death among American Indians and Alaska Natives, preceded by heart disease and cancer. The goal of the NSHC injury prevention program is to reduce unintentional injuries throughout the region. The success of the program truly depends on the partnerships formed to share resources and extent our reach. We work to provide safety education and resources in the areas of transportation (bike helmet safety, pedestrian safety, ATV safety, etc.) and home environmental safety (promote the use of smoke alarms, carbon monoxide detectors, gun locks, elder fall prevention, etc.).

A positive development was the move in September 2013 of our Injury Prevention Program and Safety shop to our new hospital which has resulted in an increase sale and use of safety items—for instance, we sold at the Safety Shop 3 times as many ice cleats this year as the previous year. Within the last six months, the Safety Shop also sold 4 float coats, 6 snowmobile float coats, 4 snowmobile float bibs, 11 ATV helmets, 6 S.O.S. Survival kits and 22 visibility products. The Coast Guard donated 300 Float coats to the region (the "Wear It Alaska" initiative) which has saved lives.

There is not an injury prevention line item in the IHS budget, although the IHS makes multi-year injury prevention grants to a limited number of tribes. We are in year 4 of a 5 year injury prevention grant; we took a 5% sequestration on our $80,000 grant and are not guaranteed fifth year funding. We request that Congress increase funding for IHS programs that incorporate injury prevention and direct the agency to increase its injury prevention resources for tribes and tribal organizations.

Protect the IHS from Sequestration. The Office of Management and Budget determined that the IHS's appropriation is fully sequestrable, which resulted in a $220 million cut in funding to the IHS for FY 2013 – roughly 5 percent of the IHS's overall budget. IHS lost funding for programs like hospitals and health clinics services, contract health services, dental services, mental health and alcohol and substance abuse. Programs and projects necessary for maintenance and improvement of health facilities felt these same impacts. These negative effects were then passed down to every ISDEAA contractor, including NSHC. NSHC is already

significantly underfunded, resulting in further cuts to the availability of health services we were able to provide to our patients, resulting in real consequences for individuals who have to forego needed care. We are grateful that Congress enacted legislation that has averted a sequestration in FY 2014 and likely will do the same for FY 2015. But beginning FY 2016 the possibility of a sequestration will hang over IHS appropriations again.

We fail to understand why the responsibility for health care for Alaska Native and American Indian people was taken less seriously than the Nation's promises to provide health to our veterans. The Veterans Health Administration (VA) was made fully exempt from the sequester for all programs administered by the VA. Also exempt are state Medicaid grants, and Medicare payments are held harmless except for a 2% reduction for administration of the program. We thus strongly urge the Committee to support amendment of the Balanced Budget and Emergency Deficit Control Act to fully exempt the IHS from any future sequestration, just as the VA and other health programs are exempt.

Contract Support Costs. We thank Congress, and particularly the Interior, Environment and Related Agencies Subcommittees, for making it clear to the IHS and the BIA that fully funding contract support costs (CSC) is a legal duty and for providing what we expect is full funding for FY 2014. The FY 2015 IHS request of $617 million for CSC is also a reasonable estimate of what will be full funding. The next logical step is for Congress to fund the CSC funding for the IHS and the BIA funding on a mandatory, rather than a discretionary, basis.

IHS on an Advance Appropriations Basis. We support legislation that would place the IHS budget on an advance appropriations basis. The goal is for the IHS and tribal health care providers to have adequate advance notice of the amount of federal appropriations to expect and thus not be subjected to the uncertainties of late funding and short-term Continuing Resolutions. Congress provides advance appropriations for the Veterans Administration medical accounts, and the request is for parity in the appropriations schedule for the IHS. Legislation to authorize IHS advance appropriations has been introduced – HR 3229 by Representative Young and S 1570 by Senators Murkowski and Begich.

Medicare-like Rates. The administration proposed in its budget justification that tribes the IHS, and urban Indian organizations utilizing the Purchased/Referred Care program be charged Medicare-like rates for non-hospital services, thus stretching the funding for that program. A Government Accountability Office report in 2013 concluded that IHS and tribal facilities would save millions of dollars and be able to increase care if the Medicare-like rate cap was imposed on non-hospital providers and supplies through the Purchase/Referred Care program. This revenue-neutral proposal would require legislation, and would make a very positive difference in the amount of health care services that could be provided. We appreciate the $18 million proposed increase in Purchased/Referred Care budget, but that is but a small slice of how much that program needs to be increased.

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Thank you for your consideration of our request that adequate FY 2015 IHS staffing funding be made available for the NSHC replacement hospital. We are very excited about the possibilities this facility brings for improved health care for the people of Northwestern Alaska. We also appreciate the Committees' consideration of our other requests.