House Committee on Appropriations
Subcommittee on Interior, Environment and Related Agencies
Hearing on the Fiscal Year 2017 Budget
Testimony of Charles Clement, President/CEO
Southeast Alaska Regional Health Consortium
March 17, 2016

My name is Charles Clement and I serve as the President/CEO for the Southeast Alaska Regional Health Consortium (SEARHC). I am honored to be here to testify before this Committee about SEARHC's priorities, and I thank Chairman Calvert, Ranking Member McCollum, and all members of the Committee for the opportunity to do so.

SEARHC is an inter-tribal consortium of 15 federally-recognized Tribes situated along the southeast panhandle of Alaska. Our service area stretches over 35,000 square miles, and with no roads connecting many of the rural communities we serve, we work hard to provide quality health services to our communities. These services include medical, dental, mental health, physical therapy, radiology, pharmacy, laboratory, nutritional, audiology, optometry and respiratory therapy services. We also provide supplemental social services, substance abuse treatment, health promotion services, emergency medical services, environmental health services and traditional Native healing. We provide these services through a network of community clinics and the Mt. Edgecumbe Hospital located in Sitka, Alaska.

The urgent health care needs across Indian Country are well known and the challenges in meeting those needs are heightened in areas like Southeast Alaska where communities are isolated and transportation and facilities costs are high. SEARHC applauds the Administration for recognizing these needs by increasing the IHS budget. It is vital that these increases be preserved. But even these increases will not be enough to allow SEARHC and other tribal organizations to meet the health care needs of the people we serve. We will meet these challenges, but to do so we will need your help.

<u>Facilities Funding</u>

Our greatest need is for increased facilities funding. We have repeatedly reported to this Committee on this topic, and another year of use has only increased those needs. At 67 years old, the Mt. Edgecumbe Hospital is the oldest facility in Alaska and one of the oldest in the Nation. It was constructed toward the end of World War II by the War Department and focused largely on tuberculosis treatment through the 1950s. The hospital is in poor condition and ill-suited to a 21st century model of health care dominated by primary and ambulatory care facilities. Replacing or repairing Mt. Edgecumbe should be a priority, together with developing

a critical access hospital to serve the Prince of Wales Island communities (including Craig and Klawock).

According to IHS's Facilities Engineering Deficiency System, the cost to update SEARHC's facilities alone is $29,600,000. And we are not unique. Estimates place IHS facilities funding needs at $8.13 billion, a number that keeps rising because IHS lacks sufficient funding to maintain these facilities. We do our best to patch the problem, but the bottom line is that without adequate facilities, SEARHC cannot provide adequate services.

We request the Committee do four things.

Replace aging IHS facilities. We need a commitment from Congress to start replacing aging IHS facilities. This will require reordering the current facilities priority list, which was created on a first come, first served basis. All rankings should be based on true need.

Increase facilities funding in the current budget proposal. The President's budget contains modest funding increases for facilities needs, totaling $46.7 million. This proposed increase, while welcome, would address only a tiny fraction of the $8.13 billion needed. Similarly, the President's budget proposal for increasing Maintenance and Improvement funds by $3.4 million for a total of $77 million in M&I funding fails to address the overwhelming need. With the critical maintenance backlog of $467 million, this means that $390 million of critical maintenance is not going to be addressed. We strongly encourage the Committee to increase the facilities funding in the IHS budget.

The Indian Health Care Improvement Act (IHCIA) renovation program. We recommend the Committee provide funding for tribally renovated IHS buildings, pursuant to section 1634 of the IHCIA. The IHCIA allows Tribes to renovate IHS facilities and authorizes IHS to provide staffing and equipment for the newly renovated structure. However, Congress has never funded this program. We strongly urge the Committee to realize the promise of this program by providing $10 million to fund it. We would be delighted to do an Alaska demonstration project for this new initiative.

Joint Venture Projects. The JV project provides IHS funds to staff facilities built with tribal funds. SEARHC submitted a proposal in the most recent Joint Venture project funding round. Despite receiving a very high score, our proposal to build a facility on Prince of Wales Island was not selected. And in fact, of the 37 applications submitted, only 13 were put on a list to eventually receive funding. The fact that qualified projects were not selected is evidence that the need for such facilities far outstrips IHS's ability to enter into these agreements.

Our situation is a good example. Currently, our hospital in Sitka serves people living as far away as Klawock. Travel to Sitka requires a lengthy combination of automobile, ferry, and

airplanes and takes at least a day and often is an overnight trip. If weather is bad, as it often is in Southeast Alaska, it can take even longer. The only alternative are costly air ambulance flights. We proposed to construct a Critical Access Hospital in Klawock. This would have strengthened the primary care service in the area, while for the first time also offering complex diagnostic services and acute and emergency care to one of the remotest, most rural areas of the Nation. Despite this substantial need for these services, our project was rejected.

In order to provide funding for this project, as well as the other JV projects that were not selected in the last round, we urge this Committee to support IHS's effort to enter into more Joint Venture Agreements.

Contract Support Costs

In recent years, much progress has been made on the issue of contract support costs, thanks in large part to this Committee. Congress's decision to fully fund contract support costs since 2014 recast the issue from one of contention to one of cooperation. Further, last year's work to create a new account for CSC to ensure that other critical programs are not impacted by this mandatory obligation only strengthens the relationships between tribal organizations and the Federal Government. We know it is because of this Committee's work that this has happened and we thank you for it.

Last year's contract support cost language creating a new account was ground breaking, and we applaud the Committee for its foresight, leadership and creativity in finding a workable solution within a difficult budget environment. This year, we only ask that the Committee not repeat the proviso concerning carryover funds because it is counter to existing law. The proviso directs that CSC amounts that are not expended by a tribe in the current fiscal year be applied to contract support costs otherwise due in subsequent fiscal years. This language should be deleted because the Indian Self-Determination Act already addresses the use and disposition of unexpended contract and compact funds. The proviso conflicts with that language and also creates unnecessary and complicated accounting issues. For these reasons, the proviso is unnecessary and should be discontinued.

Finally, we once again urge the Committee to include language in the appropriations act making clear that IHS must pay contract support costs on MSPI and DVPI program funds. Despite years of acknowledging that CSC are due on these program funds, IHS recently reversed course and required Tribes to cover CSC costs with program funds. This is contrary to Congress's clear directive in the Indian Self-Determination Act. There is no reason these programs should be treated any differently than any other program within the Indian Health Service.

Thank you for the opportunity to present to the Committee on SEARHC's priorities.