DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATEMENT

OF

YVETTE ROUBIDEAUX, M.D., M.P.H.

DIRECTOR

INDIAN HEALTH SERVICE

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OF THE

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ABERDEEN AREA REVIEW

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STATEMENT OF THE INDIAN HEALTH SERVICE

Mr. Chairman and Members of the Committee:

Good Morning. I am Dr. Yvette Roubideaux, Director of the Indian Health Service (IHS). Today I am accompanied by Charlene Red Thunder, Area Director of the Aberdeen Area Indian Health Service. I am pleased to have the opportunity to testify on the Senate Committee on Indian Affairs' ongoing review of the Aberdeen Area Indian Health Service programs and operations.

As I noted in my confirmation before this Committee in the spring of 2009, I am a member of the Rosebud Sioux Tribe of South Dakota, and was raised in Rapid City. I have a long history with the Aberdeen Area Indian Health Service, and am acutely aware of the longstanding challenges facing the Area, including insufficient accountability with respect to performance and financial management; the difficulties of providing care in rural, remote, and impoverished communities; and limited resources to address the problem. I've witnessed these problems firsthand and seen the consequences for Indian people.

While some believe agency funding levels are the sole reason for the Area's management problems, that simply isn't true. Without question, funding plays a significant role, but we can and must make meaningful progress toward addressing these issues utilizing the resources we currently have. We cannot pay for services

with money we don't have, but we can manage our human and financial resources more capably, and that is what I am committed to doing.

Chairman Dorgan, I know you are committed to this same goal. I deeply appreciate your efforts over the years to provide the agency with the resources it needs to address its longstanding problems, and your support for my own efforts to bring meaningful and lasting change to IHS. With your continued support, I know we can make substantial progress.

The main reason I became a physician was my desire to help improve the quality of health care for my people. Thirty years later, I accepted the President's nomination to be IHS Director and begin this important but difficult work. In the time since I was sworn in as Director, we have already taken a number of important steps to address the challenges facing the Aberdeen Area of the IHS – and to reform the IHS as a whole.

My testimony begins with a general overview of where IHS stands today and a status report on my priority goals for the agency. It then discusses the specific challenges facing the Aberdeen Area and our efforts to work with the Committee to address them.

The Indian Health Service Today

The Indian Health Service has demonstrated that it can provide quality healthcare with limited resources and staff. It has many dedicated health professionals providing important services.

This Indian health system serves nearly 1.9 million American Indians and Alaska Natives through hospitals, health centers, and clinics located in 35 States, often representing the only source of health care for many American Indian and Alaska Native individuals, especially for those who live in the most remote and poverty-stricken areas of the United States.

This is, as we all recognize, a difficult mission – and one that has grown more challenging as a result of population growth, rising healthcare costs, and greater incidence of chronic conditions and their underlying risk factors, such as diabetes and childhood obesity, among Indian people. The circumstances of too many of our communities – poverty, unemployment, and crime – often exacerbate the challenges we face. We have made great strides in facilitating Tribes taking over management of health programs through the Indian Self-Determination and Educational Assistance Act (Public Law 93-638); Tribes now manage over half of the Indian Health Service budget, and are demonstrating how new ideas and increased flexibility in managing these healthcare services can result in innovative and more

effective healthcare programs. At the same time, this transition has resulted in significant reorganization, which has changed the approach we use to manage the direct service component of IHS.

Priorities for IHS reform

Since I was confirmed in May 2009, I have responded to a call from Tribal leaders, staff and patients to change and improve the Indian Health Service. While bringing fundamental reform to IHS may seem like a daunting task, I believe this is a unique time in history, and that, with a supportive President and bipartisan support in Congress for reform, we have an opportunity to bring lasting change to an agency that desperately needs it. Accordingly, upon being confirmed as Director, I set four priorities to guide the work of the agency in the coming years, and I am pleased to say that we are beginning to make real progress.

Renew and Strengthen the IHS Partnership with Tribes

The first priority is to renew and strengthen our partnership with Tribes. I believe the only way we are going to improve the health of our communities is to work in partnership with them. The first step in strengthening that partnership is through face-to-face meetings. I have personally conducted more than 270 Tribal Delegation Meetings since being sworn in over a year ago, and have visited 11 of 12 IHS Areas

to visit with Tribes. Just last month, I visited the Aberdeen Area to meet with tribal leaders and heard their input and comments about needed improvements. Because not all Tribes can afford to travel to Washington, DC, these Area visits are critical to make sure all Tribal voices are heard. Building on these meetings, I instructed my Director's Workgroup on Tribal Consultation to develop detailed recommendations for improvement. We have already begun implementing those recommendations. For example, I have prohibited the practice of shifting Area resources and funds without consulting tribes directly. Under my watch, no tribe is going to lose or gain from shifts in funds without being part of process.

Reform Indian Health Service Management

The second priority is about reforming the management of the IHS, which I have already begun to do. It is clear we must improve the way we do business and lead and manage our staff, by putting in place fundamental reforms in management practices and organizational culture to create lasting change.

This starts with a strong tone at the top of the organization. I have communicated clearly to all IHS employees the importance of improving our customer service, professionalism, and ethics, and I have insisted that we do a better job of holding employees accountable for poor performance or improper conduct in the context of a fair process. I have received hundreds of emails from employees thanking me for setting a strong tone at the top on areas where we need to improve. It is the first

step toward organizational change, and I believe it has made an important difference.

We are making a number of other specific improvements in the way we conduct the business of the agency. Leadership and managers are being held accountable to balance budgets, justify expenses, and do better fiscal planning. We have trained senior leaders and program managers to better use our financial accounting system and are implementing a consistent budget template agency-wide in our federal administered sites. We are also requiring greater transparency in agreements between programs with regard to funding transfers. These steps will help strengthen financial management and ensure the consistency and effectiveness of business practices throughout IHS.

In terms of personnel, we are streamlining the hiring process. I convened a group of IHS employees in July to make recommendations for shortening the hiring process to enable the agency to compete for qualified candidates and bring them on-board more quickly, and we are currently implementing those recommendations. Recruiting qualified health care providers for many of our sites, including remote and rural health facilities, is already a challenge; we must not let the process contribute to the problem. We are also working on improvements in pay systems and strategies to improve recruitment and retention.

I have also worked to address concerns about staff performance by implementing a stronger performance management process. All employees have been notified that staff performance and accountability are top priorities for reform, and expectations about how we manage performance have been issued to all staff. In the past, we did not hold employees sufficiently accountable for poor performance. You cannot improve performance or remove problem employees if you do not set standards and then hold them to those standards. After becoming Director, I established new, higher performance standards for our employees, including measurable goals to ensure that we can more effectively manage performance.

I am committed to holding our employees to these new standards. At the same time, we will continue to follow policies and regulations to allow employees due process, and to ensure that employee performance issues are dealt with fairly. When allegations are made, our managers will act swiftly to investigate them, and, if the allegations are found to be true, they will take appropriate action.

Property management within IHS has been a particular concern of the Committee. We share that concern, and in response to recommendations from the recent GAO investigation, we have made many improvements, including implementing an electronic property management system, holding senior leadership responsible for completion of annual inventories and boards of survey, and updating policies and procedures with the assistance of an outside consulting group. We also now hold all individual employees accountable for the property they use by implementation of a

hand-receipt system. All property, including our Blackberrys, are marked with a sticker that documents who is responsible for it, and employees sign a form stating they will be held financially responsible if the property is lost. In 2009 and 2010, 100 percent of inventories were completed, boards of surveys (a panel of IHS employees determining liability for lost, damaged or destruction of IHS property) are being conducted. These system-wide improvements have created an unprecedented level of accountability for property in the IHS.

Improve the Quality Of and Access to Care

My third priority for reform focuses on improving the quality of and access to care for the patients we serve. I started by identifying the importance of customer service, emphasizing that we must treat our patients – and each other – with dignity and respect. As with other management responsibilities, I have made specific and measurable improvements in customer service a key feature of our performance evaluations. This kind of cultural change is critical to improving the way the agency does business – both internally and externally – and I have already begun to see improvements throughout the IHS system.

We are also improving the quality of care by expanding efforts to create a medical home for our patients so that our teams of providers can make care more centered on an individual patient's needs. We are expanding our Improving Patient Care Initiative to 100 more sites over the next three years.

Quality of care is also demonstrated by meeting standards, and 100 percent of all IHS facilities continue to meet accreditation standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and other appropriate accrediting bodies. Our facilities must also meet standards to receive reimbursement from Medicare and Medicaid, something that can be more challenging for IHS than some providers due to limited resources, staff, or provider turnover. If facilities have problems in these areas, we help them make improvements. In addition, I am assembling a group of senior clinical leaders this month to develop recommendations for how to improve the quality of health care in our facilities and our system as a whole, and have required that each IHS Area report to me by next month concrete examples of improvements of quality of care.

Make Our Work More Transparent, Accountable, Fair and Inclusive

The fourth priority is to make all our work more transparent, accountable, fair and inclusive. I firmly believe that creating a culture of openness at IHS is an important part of meeting all of these objectives. For example, telling the story of how we are working to bring change to the agency will reassure our patient population that health reform is also happening for the Indian Health Service. Examples include working more closely with the media, sending more email messages on key management and personnel issues, and *Dear Tribal Leader* letters. We have also

enhanced our website with the IHS Reform page, Director's Corner, and Director's Blog, which contain important updates and information about reform activities. We are looking at ways to improve IHS-wide communication among Areas, Service Units, and Headquarters. I personally send emails to all IHS staff to provide important updates that help promote better communication, which will in turn help us improve as an organization.

Overview of the Aberdeen Area Indian Health Service

As you know, the Aberdeen Area Indian Health Service was established to serve the Indian tribes in North Dakota, South Dakota, Nebraska, and Iowa. Within the Aberdeen Area, IHS brings health care to approximately 122,000 Indians living in both rural and urban areas. The Area Office in Aberdeen, SD, is the administrative headquarters for nineteen service units consisting of nine hospitals, fifteen health centers, two school health stations, and several smaller health stations and satellite clinics.

Each facility incorporates a comprehensive health care delivery system. The hospitals, health centers, and satellite clinics provide inpatient and outpatient care and conduct preventive and curative clinics. Direct care and contract care expenditures are used to augment care not available in the local Indian Health Service facilities. The Aberdeen Area also operates an active research effort

through its Area Epidemiology Program. Research projects deal with diabetes, cardiovascular disease, cancer, and the application of health risk appraisals in all communities.

Indian and tribal involvement is a major objective of the program, and several tribes do assume partial or full responsibility for their own health care through contractual arrangements with the Aberdeen Area IHS. Tribally managed facilities include the Carl T. Curtis Health Center in Macy, NE, an ambulatory care and nursing home facility, and health centers in Trenton, ND, and Tama, IA.

As I mentioned earlier in my testimony, and as the members of this Committee know well, the Aberdeen Area faces severe challenges, including insufficient accountability with respect to performance and financial management; difficulties associated with providing care in rural, remote, and impoverished communities; and limited resources to address the problem. We can and must make meaningful progress toward addressing these issues utilizing the resources we currently have, and that is what I am committed to doing.

I would like to discuss our progress to date in clearly defining and effectively addressing the challenges facing the Aberdeen Area.

Aberdeen Area Management Review

In 2009, with the goal of developing Area-specific plans for improvement, I launched a series of comprehensive management reviews for each of the 12 Areas of the IHS. Recognizing the seriousness of the problems it faces, I made the Aberdeen Area review the second of the 12 Area reviews. The review was conducted by an independent, internal team, and was completed in April 2010.

Several areas were covered in the Aberdeen Area Management Review, including Area leadership, Tribal relations/consultation, administration, finance, acquisitions, property, human resources, Equal Employment Opportunity (EEO), Ethics, Business Office, Information Technology, and the Contract Health Service program. The review team issued its final report in June and made a follow-up site visit in September to assess the Area's progress in addressing the 54 recommendations of the review.

The Aberdeen Area recently submitted a 90-day progress report on implementation of the recommendations. IHS senior staff receives weekly and monthly reports by the Aberdeen Area on specific actions taken to address the recommendations for three broad categories of Leadership; Tribal Relationships/Consultation; and Administration. Significant progress has been made in the last 90 days. Of the 54 recommendations, 38 have been completed and by the end of the year, 14 more will have been completed, with the remaining two slated for completion next year.

Aberdeen Area Improvements in Program Management and Accountability

The review team found that the Aberdeen Area Director had made improvements in strengthening Tribal relations and could now focus on overall structure, system, and process improvements supporting the health care programs. We have created an operational plan to institutionalize the recommended improvements into the structure and operations of the Aberdeen Area Office and the Service Units Improvements have touched every element of the Aberdeen Area organization, and include:

- Leading the IHS in obligations and disbursements of ARRA funding. Of the $107,543,000, the Aberdeen Area has fully obligated all ARRA funds. This achievement outpaces that of other Areas within the IHS.
- The Cheyenne River Health Care Facility is on track to open in late 2011.
- Information Technology reduced high-risk vulnerabilities by 74%, medium-risk by 9%, and low-risk by 10%.
- Established a process for leave balance reconciliation that reduced the number of discrepancies and errors by 33%.
- The Northern Plains Regional Human Resources Division has fully implemented HHS's requirement of 100% utilization of Quick Hire for all vacancy Announcements and leads the IHS in HR Quick Hire recruiting actions that will reduce critical clinical vacancies.

I also believe that we have an Aberdeen Area Director who is committed to bringing the same kinds of changes at the Area level by working in specific ways to hold individuals accountable for their performance. It is not surprising that there have been complaints, or that there is resistance to change. However, the efforts to identify and address the management problems in the Aberdeen Area over the past year demonstrate a commitment by the Area Director to make meaningful progress under difficult circumstances, and I am grateful that she has been willing to step up to this challenge. I have assessed the Area Director's performance in part based on her ability to accomplish the specific recommendations made by the review team. Both the review team and I have observed demonstrable progress. At the same time, the Area Director must also respond to unexpected demands, including emergencies due to severe weather and crises due to surprise staffing shortages.

Specific steps taken by the Area Director in her first two years of leadership include:

- Taking disciplinary action against five service unit directors related to management or fiscal incompetence, conduct and misuse of authority, and lack of Tribal consultation and poor communication. All five service unit directors either resigned or were terminated.
- Transferring the supervision of the EEO program from the Area to Headquarters.
- Achieving complete Area-wide fiscal solvency in FY 2010 with no budget deficits at the service unit level – a performance accountability result that had

not been accomplished in over 20 years. This has been achieved by requiring more fiscal accountability of CEOs and Area Program managers. Past service unit debt going back 20 years has been resolved.

- Recording fiscal year 2010 collections totaling $95.5 million as of September 20, 2010 -- an increase of $30 million compared to FY 2009 collections of $66 million. This reflects a 45.4% increase in collections from FY 2009 to FY 2010. This increase in third party revenue can be attributed to use of the Area-wide third party contract to supplement IHS staff in collection efforts. A targeted campaign was developed to collect past due accounts receivable and to increase staff competencies through focused training and skills development. The Aberdeen Area Director increased management oversight of business office operations utilizing the Internal Controls Reporting tool, the Accounts Receivable Dashboard metrics, and continuous feedback to Service Unit CEOs.
- Initiating and implementing key organizational protocols related to human capital management improvements, communication, and customer service measurement and improvement. Area-wide high turnover rates of clinicians continue to occur; but the Area continues to address, plan for, and take actions to fill vacancies at health care delivery sites.
- Regaining the trust of Area Tribal leadership by being more transparent about agency business

Finally, I have already discussed some of the specific changes I am working to

implement across IHS in an effort to improve the way we do business, and I believe these changes will contribute to our efforts to address the specific problems in the Aberdeen Area.

Aberdeen Area Investigation by Senator Dorgan

Despite the progress we have made to date, we have a long way to go. I believe effective collaboration between IHS and Congress is essential to helping us achieve our shared goals, and I am grateful for the commitment this Committee has made to highlighting the challenges facing the Aberdeen Area and working with IHS to develop solutions.

IHS is committed to cooperating fully with the Chairman's investigation. My staff and I have worked to be as responsive as possible within the timeframes provide to the Committee's requests for documents, and to answer follow-up questions and requests for clarification expeditiously. Providing complete and timely agency responses to all the Committee's information requests is and will continue to be a top priority of mine through the completion of the Committee's review of the Aberdeen Area operations.

Conclusion

In the past year, I have brought a new leadership focus on providing better customer service, promoting ethical behavior, ensuring fairness and accountability in performance management, strengthening financial management, improving Tribal consultation, and improving the quality of services delivered to IHS's patients. While the situation at IHS is improving every day, the transformative cultural and organizational change I am working to bring to the agency won't happen overnight, and it may face resistance from some corners. Nevertheless, I have made it clear to senior leadership within the agency – including Area Directors – that we must implement specific improvements in a number of areas, and I am committed to making visible, measurable progress in the coming weeks, months, and years.

Secretary Sebelius has asked me to tell you that she and the rest of the Department fully support IHS in remedying the important issues that you have helped to raise, Mr. Chairman. In May of this year, the Secretary undertook a major, Department-wide initiative to ensure that all of HHS's agencies live up to the public's trust that they will operate with maximum integrity, effectiveness, and efficiency as responsible stewards of taxpayer funds. Specifically, Secretary Sebelius established a Program Integrity Initiative that includes all HHS agencies and staff divisions, including IHS. This Initiative has been working to further integrate program integrity in all HHS programs and business processes to reduce fraud, waste, and abuse and ensure

that our budgeted resources provide maximum impact for those we serve. The Secretary's Council on Program Integrity (SCPI) oversees the Initiative. One of the first major undertakings of SCPI has been to launch a Program Integrity Task Force for the Aberdeen Area of IHS, comprised of senior officials from across the department, specifically to address the important issues we are discussing today. This task force will ensure that IHS benefits from the expertise and support of professionals in other parts of the Department who can assist in addressing concerns you have identified and support IHS's efforts to implement corrective actions as needed.

Mr. Chairman, this concludes my statement. Thank you again for your long-standing commitment to improve Indian health, both in the Aberdeen Area and throughout IHS, and for the opportunity to testify today on the Aberdeen Area Indian Health Service programs.

I will be happy to answer any questions you may have.