DEPARTMENT OF HEALTH AND HUMAN SERVICES

STATEMENT OF

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BEFORE THE

SENATE COMMITTEE ON INDIAN AFFAIRS

BUDGET OVERSIGHT HEARING ON

THE PRESIDENT'S FY 2015 BUDGET REQUEST

FOR THE

INDIAN HEALTH SERVICE

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STATEMENT OF THE INDIAN HEALTH SERVICE

Good morning Chairman Tester, Vice Chairman Barrasso, and Members of the Committee. I am Dr. Yvette Roubideaux, Acting Director of the Indian Health Service. I am pleased to provide testimony on the President's Fiscal Year (FY) 2015 Budget request for the Indian Health Service (IHS), and to update you on our progress in addressing our agency mission to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives (AI/ANs) to the highest level.

INDIAN HEALTH SYSTEM

IHS is an agency within the Department of Health and Human Services (HHS) that provides a comprehensive health service delivery system for approximately 2.1 million American Indians and Alaska Natives (AI/ANs) from 566 federally recognized Tribes in 35 states. The IHS system consists of 12 Area offices, which are further divided into 168 Service Units that provide care at the local level. Health services are provided directly by the IHS, through tribally contracted and operated health programs, through services purchased from private providers, and through urban Indian health programs.

PRESIDENT'S FY 2015 BUDGET REQUEST

The President's FY 2015 Budget request in discretionary budget authority for the IHS is $4.6 billion; an increase of $200 million, or 4.5 percent, over the FY 2014 enacted funding level.

The request includes priority increases: $63 million for medical inflation, $70.8 million to staff and operate four newly constructed health facilities, $15.4 million for a general program increase for the Purchased/Referred Care (PRC) program (formerly known as Contract Health Services) that results in a total increase of $50.5 million when added to the $32.5 million for medical inflation for PRC and a program increase of $2.6 million for New Tribes, $2.5 million for pay

increases for federal and Tribal health program staff, $8 million for five new Tribes, $10 million to restore funding reductions made in FY 2014 to fund priorities, and $29.8 million for contract support costs (CSC), primarily for the estimated need for new and expanded contracts. The budget proposal also includes $85 million for health care facility construction to complete construction and the staff quarters for the Kayenta, AZ facility, begin and complete construction of the Fort Yuma, AZ facility, continue construction of the Gila River Southeast, AZ facility, and complete construction of the Northern California Youth Regional Treatment Center.

The President's FY 2015 Budget request also includes an Opportunity, Growth and Security government-wide initiative to grow the economy and create opportunities. For IHS, the initiative includes an additional $200 million to continue progress in constructing facilities on the IHS Health Care Facilities Construction priority list.

At the Program Level, the budget also estimates $1.2 billion in third party collections in FY 2015 that includes an estimated increase in Medicaid reimbursements of $22 million compared to FY 2014, which is anticipated to result from additional enrollees as the Affordable Care Act continues to be implemented. The Program Level funding also includes $39 million in estimated reimbursements from the Department of Veterans Affairs.

The FY 2015 President's budget also includes legislative proposals to reauthorize the Special Diabetes Program for Indians for an additional three years, to establish authority for Medicare-Like Rates for non-hospital and physician/non-physician services for Indian Health Service, Tribal and Urban Indian Health Programs, and to provide a tax exemption for the Indian Health Service Health Professions Scholarship and Health Profession Loan Repayment Programs similar to the National Health Service Corps programs.

IHS – CONTINUED PROGRESS

Over the past few years, we have been working to change and improve the IHS. The IHS budget is critical to our progress in accomplishing our agency priorities and improvements. If this proposed budget is enacted, IHS appropriations will have increased by 38 percent since FY 2008.

The appropriations increases received in the past six fiscal years are making a substantial difference in the quantity and quality of healthcare we are able to provide to AI/ANs. IHS remains a top Administration priority. In the President's FY 2015 Budget request the HHS discretionary budget overall decreased while IHS' budget increased.

IHS has made considerable progress in addressing our Agency priorities and reforms and the budget increases have been critical to this progress. Tribal consultation is fundamental to our Agency reform activities. This budget request was developed after a formal Tribal budget formulation process and incorporates Tribal budget priorities. Tribal consultation is a priority of President Obama, who has expressed a commitment to honoring treaty rights and making tribal consultation a priority. In order to continue our commitment to Tribal consultation, I plan to personally conduct listening sessions in all IHS Areas this year to hear views from Tribes on how we can continue to make progress on Agency reforms.

Tribal consultation helps us focus on budget priorities. For example, funding for the Purchased/Referred Care (PRC) program, formerly called the Contract Health Service program, is a top budget priority of IHS and Tribes and has increased by 60 percent since 2008. This increased funding is making a difference. Four years ago, most programs were funding only Medical Priority 1, or "life or limb" referrals. In FY 2013, 15 out of 66 Federal PRC programs were able to fund referrals beyond Medical Priority 1. This means these programs are paying for more than just life or limb care and more patients are accessing the health services they need, including preventive services such as mammograms and colonoscopies. The increased PRC funding also means that the IHS Catastrophic Health Emergency Fund (CHEF), which used to run out of funding for high cost cases in June, now is able to fund cases through August.

In this budget request, the Administration demonstrates its commitment to self-determination by continuing its FY 2014 commitment to fully fund the estimated amount of CSC for FY 2015. Of particular importance for the FY 2015 budget is Tribal consultation on a long term solution for funding CSC, as requested in the Explanatory Statement accompanying the Consolidated Appropriations Act of 2014. The Explanatory Statement requested the Department of the Interior and IHS consult with Tribes and work with Congress and the Office of Management and

Budget on long term accounting, budget, and legislative strategies. IHS will be engaging Tribes in multiple forums over the next several months to develop strategies for the long term CSC solution. A workplan on the plan for consultation is under development and will be submitted to Congress as requested.

Related to this is IHS' work to resolve all past claims for underpayment of CSC. IHS has heard the request from Tribes and Congress to accelerate the rate at which the Agency is resolving past claims. As a result, IHS has devoted additional resources and staff to resolving claims for unpaid CSC with a primary focus on speedy resolution through settlement whenever possible. IHS must analyze each claim individually and comply with the multi-step process required by the Contract Disputes Act. IHS is working to resolve the claims expeditiously and also believes that the Agency and Tribes working together to resolve the claims will have the most benefit for our ongoing relationship. IHS is also improving internal business practices related to the CSC claims settlement process. IHS is also consistently reviewing methods to enhance collaboration and streamline the process, and has offered an alternative claim resolution process that is less burdensome for Tribes but still is fair and consistent for all Tribes.

This work is showing results. As of March 18, 2014, IHS has analyzed, or is in the process of analyzing, over 550 claims. Since *Ramah* and as of March 18, 2014, IHS has made settlement offers on over 200 claims for 31 Tribes. Of those claims, 34 claims have been formally settled with five Tribes, and an additional 68 offers have been accepted by eight Tribes and are in the process of settlement. This is a considerable increase from the three settled claims reported as of November 2013. The total settlement amount for claims that have been formally settled, or are in the process of settlement, totals over $133 million. Our goal is to resolve the majority of currently pending claims with Tribes that are amenable to settlement and to extend settlement offers to all Tribes by the end of calendar year 2014. I personally have experienced the recent increased pace of our settlement process since I now receive emails almost every day from Agency attorneys requesting approval of settlement offers.

IHS is also continuing its work to reform the IHS. We are now focused on implementation and outreach activities to ensure that our patients benefit from the Affordable Care Act. We want every patient who visits our facilities to get education and assistance primarily from the business

office, which is a place where every patient spends some time in our facilities. All of our sites have been working hard to educate our patients on the Affordable Care Act provisions.

We have also been working with national and regional Tribal organizations to conduct outreach and education on the benefits of the Affordable Care Act. Our partners include the National Congress of American Indians, the National Indian Health Board, the National Council of Urban Indian Health, and the Self-Governance Communication and Education organization.

Our internal reform efforts are focused on improving the way we do business and how we lead and manage our staff. Overall, we have implemented many improvements. To improve the way we do business, we are working with HHS and our Area Directors to improve how we manage and plan our budgets and improve our financial management. We are working to make our business practices more consistent and effective throughout the system. We are also working on program integrity and responding to recommendations from oversight agencies to ensure we are effective and using federal resources wisely.

We are also working on strategies to improve recruitment and retention, which are big issues at all of our sites. This includes working on specific activities to make the hiring process more efficient and proactive, and less time-consuming. We need to make sure the way we do business is not causing us to lose the opportunity to hire and keep quality staff.

We are also continuing work on our priority of improving the quality of and access to care for our patients. We have emphasized the importance of customer service, and we are also working on a number of initiatives to help improve the quality of care and promote healthy Indian communities.

One of the most important of these is our Improving Patient Care, or IPC, program. The IPC is our patient-centered medical home initiative that is designed to improve the coordination of care for patients. This is about making changes that will result in measurable improvements in patient-centered care, including reduced waiting times, more access to appointments, and improvements in the quality of care. The patient-centered medical home is a big focus of the changing health care system in the United States.

We plan to expand this initiative throughout the entire IHS system – currently we have 127 sites. Many of these sites are doing really outstanding work, including reducing waiting times, improving no-show rates, and arranging the system so that patients can see the same providers each time they come to the clinic, which results in better coordination of care.

A few other initiatives are also helping us improve the quality of care. The Special Diabetes Program for Indians (SDPI) is continuing its successful activities. In partnership with our communities, we can prevent and treat diabetes in Indian country with innovative and culturally appropriate activities. Our 2011 SDPI Report to Congress clearly shows that the SDPI programs have done an incredible job of implementing activities to prevent and treat diabetes in the communities we serve. The data in the congressional report shows that the SDPI programs have dramatically increased access to diabetes treatment and prevention services. For example, access to diabetes clinics has increased from 31 percent to 71 percent of grant programs from the 1997 baseline before SDPI funding to 2010. Based on local needs and priorities, the SDPI grant programs have implemented proven interventions to address the diabetes epidemic, often where few resources existed before.

The most important impact of these combined and sustained clinical improvements is seen in the dramatic drop in the rate of end stage renal disease (ESRD) in American Indian and Alaska Native people with diabetes when compared with other racial and ethnic groups in the U.S.

Between 1995 and 2011, the incident rate of ESRD in American Indian and Alaska Native people with diabetes fell by nearly 39 percent – a greater decline than for any other racial or ethnic group. Given that the Medicare cost per year for one patient on hemodialysis was $82,285 in 2009, this reduction in the rate of new cases of ESRD means a decrease in the number of patients who would have required dialysis—translating into millions of dollars in cost savings for Medicare, IHS, and other third-party payers, as well as improved quality of life for patients who do not need dialysis.

Diabetes health outcomes have also improved significantly in American Indian and Alaska Native communities since the inception of the SDPI. One of the most important improvements has been a 10 percent reduction in the average Hemoglobin A1C levels of American Indians and Alaska Natives with diagnosed diabetes. Improved blood sugar control contributes to reductions

in complications from diabetes. This FY 2015 President's Budget request includes a proposal to reauthorize the SDPI for another 3 years to maintain and build upon this important progress.

We are also focusing on behavioral health issues, which Tribes have identified as a top priority. IHS is making progress on implementing its recently released National Behavioral Health Strategic Plan and its National Suicide Prevention Plan. And the evaluation data from our Methamphetamine and Suicide Prevention and Domestic Violence Prevention initiatives show very promising results as the programs are implementing evidence-based strategies.

IHS has a lead role in the First Lady's *Let's Move! in Indian Country* initiative, which includes our IHS Baby-Friendly Hospital initiative and a collaboration with the Notah Begay III Foundation involving activities to prevent childhood obesity. We are promoting breastfeeding in all IHS hospitals because it has been shown that breastfeeding can reduce childhood obesity. We are also encouraging all tribally-managed hospitals to join us in this effort.

We have also established a new hospital consortium to work on improving quality and maintaining accreditation requirements in our hospitals. We plan to establish a system-wide business approach to accreditation.

We are meeting regularly with the Department of Veterans Affairs (VA) to implement activities to better coordinate care for American Indian and Alaska Native veterans who are eligible for both VA and IHS care. We have also implemented the VA-IHS national reimbursement agreement at all federal facilities and are billing and receiving reimbursements from the VA for direct care provided to American Indian and Alaska Native veterans.

We have accomplished a great deal as we work to meet our priorities, and this is reflected in our Government Performance and Results Act (GPRA) measures. In FY 2011, for the first time ever, we met all of our clinical GPRA measurement goals. In FY 2012, we did great again. And the results are now in for 2013, and once again, we met all of our clinical targets. We are very proud of all the IHS and tribal sites that worked so hard to make improvements in the quality of the health care that we deliver. Our focus on improving the quality of care, along with more accountability system-wide, is making a difference. But we know that we still have much more to do.

In summary, we are working hard and in partnership with Tribes to change and improve the IHS through our reform efforts, and we thank you for your support and partnership. The increases IHS has received in its budget over the past few years are making a difference, and we look forward to working with you on the President's FY 2015 Budget request to help continue progress. Although we are in a challenging fiscal environment, the work of the past few years has clearly established that by working together, our efforts can change and improve the IHS to ensure that our AI/AN patients and communities receive the quality health care that they need and deserve.

Thank you and I am happy to answer questions.