

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**STATEMENT**

**OF**

**MARY SMITH**

**PRINCIPAL DEPUTY DIRECTOR**

**INDIAN HEALTH SERVICE**

**BEFORE THE**

**SUBCOMMITTEE**

**OF**

**INDIAN, INSULAR AND ALASKA NATIVE AFFAIRS**

**HOUSE NATURAL RESOURCES COMMITTEE**

**OVERSIGHT HEARING ON**

**THE PROPOSED FY 2017 PRESIDENT'S BUDGET**

**FOR THE**

**INDIAN HEALTH SERVICE**

**March 22, 2016**

## STATEMENT OF THE INDIAN HEALTH SERVICE

Chairman and Members of the Subcommittee:

Good morning. I am Mary Smith, Principal Deputy Director of the Indian Health Service (IHS). Accompanying me today are Elizabeth Fowler, Deputy Director for Management Operations, and Gary Hartz, Director of the Office of Environmental Health and Engineering. I am pleased to provide testimony on the proposed FY 2017 President's Budget for the IHS, which will allow us to continue to make a difference 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.

The IHS is an agency within the Department of Health and Human Services (HHS) that provides a comprehensive health service delivery system for approximately 2.2 million AI/ANs from 567 federally recognized Tribes in 36 states. The IHS system consists of 12 Area offices, which are further divided into 170 Service Units that provide care at the local level. Health services are provided through facilities managed directly by the IHS, by Tribes under authorities of the Indian Self-Determination and Education Assistance Act, through services purchased from private providers, and through Urban Indian health programs.

As an agency we are committed to ensuring a healthier future for all AI/AN people, and the IHS budget is critical to our progress in accomplishing this. From FY 2008 through FY 2016, IHS appropriations have increased by 43 percent thanks in part to your committee, and these investments are making a substantial impact in the quantity and quality of health care we are able to provide to AI/ANs. The FY 2017 President's Budget proposes to increase the total IHS program level to \$6.6 billion, which will add \$402 million to the FY 2016 enacted funding level, and if appropriated, this funding level would represent a 53 percent increase in funding for the IHS since FY 2008.

The overall funding increases proposed in the President's Budget are consistent with tribal priorities and would continue to address long-standing health disparities among AI/AN, compared to other Americans. Specific investments include expanding behavioral and mental health services, improving health care quality, capacity, and workforce, supporting self-

determination by fully funding Contract Support Costs (CSC) of Tribes who manage their own programs, and ensuring increased health care access through addressing critical health care facilities infrastructure needs.

### **Prioritizing Health Care Services**

More specifically, the President's Budget proposal includes funding for pay costs, inflation and population growth increases totaling \$159 million, which are critical to maintaining the budgets of our IHS and Tribal hospitals, clinics and other programs at current year levels, and ensure continued support of services that are vital to improving health outcomes.

The Budget also includes program increases of \$49 million to grow health care services by targeting funding increases to help close the gap in health disparities experienced by AI/AN and improve their overall health and well-being. Of the \$49 million, \$46 million will be focused on critical behavioral health services, including \$15 million for Generation Indigenous substance abuse and suicide prevention projects to increase the number of child and adolescent behavioral professionals; \$21 million to fund continued integration between medical care, behavioral health, and Tribal community organizations to provide the entire spectrum of prevention to impact health outcomes; \$4 million to fund implementation of pilot projects for the Zero Suicide Initiative in IHS, Tribal, Urban (I/T/U) organizations; \$2 million to fund a youth pilot project to provide a continuum of care for AI/AN youth after they are discharged and return home from Youth Regional Treatment Centers; and \$4 million for domestic violence prevention to fund approximately 30 additional I/T/U organizations. And \$3 million to expand services provided through the Catastrophic Health Emergency Fund and Urban Indian Health Programs.

### **Improving the Quality of Health Care Delivery**

The Budget includes funding increases intended to strengthen the provision of high-quality care. The Budget proposes an additional \$20 million for health information technology (IT) to fund improvement, enhancement, modernization, and security of health IT systems used for patient care data. And an additional \$2 million for the IHS Quality Consortium, which will coordinate quality improvement activities among the 27 IHS Hospitals, Critical Access Hospitals and over 200 Outpatient Ambulatory Clinics to reduce hospital acquired conditions, avoidable readmissions, support the IHS Quality Consortium Work Plan with associated buildup of professional Quality

staff and development of a National Quality Manager Council. Additionally, this funding would help to address recent standard of care issues at three of our Great Plains Area hospitals.

### **Increasing Access to Quality Health Care Services through Improved Infrastructure**

The Budget includes funds for infrastructure that is critical to health care delivery. Funding increases totaling \$43 million are proposed as follows: \$33 million to fund additional staff for five newly-constructed facilities opening between 2016 and 2017, including three Joint Venture facilities where Tribes funded the construction and equipment costs; \$9 million for Tribal clinic leases and maintenance costs, specifically where Tribal space is ineligible for IHS Maintenance and Improvement funds, such as Village Built Clinics in Alaska; \$.5 million to provide additional funds in reducing the maintenance backlog of \$473 million at Federal and Tribal facilities.

In addition, a total budget of \$133 million is proposed, 1) to complete construction of the Phoenix Indian Medical Center Northeast Ambulatory Care Center (\$53 million), 2) to begin design of the White River Hospital (\$15 million), 3) to continue construction of the Rapid City Health Center (\$28 million), 4) to continue construction of the Dilkon Alternative Rural Health Center (\$15 million), 5) to fund the Small Ambulatory Grants Program (\$10 million), and 6) to fund the replacement and addition of new staffing quarters in isolated and remote locations to enhance IHS recruitment and retention of health care professionals (\$12 million).

Public and private collections represent a significant portion of IHS and Tribal health care delivery budgets and are critical to support the IHS priority to improve the quality of and access to care. Third party collections from Medicare, Medicaid, the Veterans Health Administration, and private insurance allows IHS and contracting tribes to provide additional health care services, purchase new equipment, hire necessary medical staff, and make essential building improvements. IHS estimates that in FY 2017 it will collect approximately \$1.2 billion in funds from Medicare, Medicaid, private insurance companies, and the Department of Veterans Affairs.

### **Supporting Indian Self-Determination**

The Budget supports self-determination by continuing the separate indefinite appropriation account for CSC through FY 2017. Additionally, the Budget proposes to reclassify CSC as a mandatory, 3-year appropriation in FY 2018, with sufficient increases year over year to fully fund the estimated

need for both the IHS and the Bureau of Indian Affairs. This funding approach continues the policy to fully fund CSC and helps to support self-determination.

### **Mandatory Funding Proposal for Mental Health Initiatives**

The Budget includes a HHS-wide 2-year mandatory proposal to address mental and behavioral health. For the IHS, the proposal includes a new \$15 million Tribal Crisis Response Fund, which would allow the IHS to expeditiously assist Tribes experiencing behavioral health crises, and an additional \$10 million to increase the number of AI/AN behavioral health professionals through the American Indians into Psychology program and IHS scholarships and loan repayment programs.

### **Legislative Proposals**

I would also like to highlight two of our legislative proposals. First, IHS is seeking a consistent definition of “Indian” in the Affordable Care Act (ACA). Currently, the ACA includes different definitions of “Indian” when outlining eligibility requirements for certain coverage provisions. These definitions are not consistent with eligibility requirements used for delivery of other federally supported health services to AI/AN under Medicaid, the Children’s Health Insurance Program, and the IHS. The Budget proposes to standardize ACA definitions to ensure all AI/ANs will be treated equally with respect to the Act’s coverage provisions, including access to qualified health plans with no cost sharing.

IHS is also seeking permanent reauthorization of the Special Diabetes Program for Indians (SDPI). The SDPI grant program provides funding for diabetes treatment and prevention to approximately 301 I/T/U health programs. Most recently, the SDPI has been reauthorized through September 2017. Reauthorization of the SDPI beyond FY 2017 will be required to continue progress in the prevention and treatment of diabetes in AI/AN communities. Permanent reauthorization allows the programs more continuity and the ability to plan more long term interventions and activities.

### **Great Plains Hospitals**

Finally, I want to acknowledge that we are working aggressively with the full support of the HHS to address quality of care issues at three of our facilities in the Great Plains Area – Winnebago, Rosebud, and Pine Ridge. The challenges there are long-standing, especially around recruitment

and retention of providers, but the deficiencies cited in the reports by the Centers for Medicare and Medicaid Services (CMS) are unacceptable. We have an intense effort underway right now through our corrective action plans to address the problems cited by CMS at these three hospitals. We brought in independent third-party reviewers to advise us on addressing the specific deficiencies found by CMS. The equipment identified in the CMS findings has already been replaced or procurement actions are underway. To further assist with addressing and implementing corrective actions, additional U.S. Public Health Service officers are supplementing IHS personnel in the Great Plains Area. I am also pleased to report that as part of our continuing workforce improvement efforts we recently received approval for an emergency department physicians' pay package. At the same time, we are working to improve communications with the Tribes impacted. More broadly, we are redoubling their efforts to ensure that sustained, quality care is delivered consistently across IHS facilities. The HHS Secretary established the Executive Council on Quality Care, in which IHS is an active participant, and we are partnering with CMS to establish an agreement that will address systemic issues. As part of these longer-term efforts to make sustained change, we transformed our Hospital Consortium into a Quality Consortium and I have a new Deputy Director, Dorothy Dupree, who in addition to her work as the Deputy Director, will work across the IHS to focus on quality improvement for the health care programs directly managed by IHS. We are also developing a strategic framework and sustainability plan for the Great Plains Area, in consultation with the Tribes, that is agile and will be used to evaluate and ensure quality across the entire system.

I close by emphasizing that even with all the challenges we face, I know that, working together throughout HHS, with our partners across Indian Country and in Congress, we can improve our Agency to better serve Tribal communities. I appreciate all your efforts in helping us provide the best possible health care services to the people we serve, and in helping to ensure a healthier future for American Indians and Alaska Natives.

Thank you and I am happy to answer any questions you may have.