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# Indian Health Service FY2016 Budget Request and Funding History: Fact Sheet

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## IHS Overview

The Indian Health Service (IHS) within the Department of Health and Human Services (HHS) is the lead federal agency charged with improving the health of American Indians and Alaska Natives. IHS provides health care for approximately 2.2 million eligible American Indians/Alaska Natives through a system of programs and facilities located on or near Indian reservations, and through contractors in certain urban areas.<sup>1</sup> IHS provides services to members of 566 federally recognized tribes. It provides services either directly or through facilities and programs operated by Indian Tribes or Tribal Organizations through self-determination contracts and self-governance compacts authorized in the Indian Self-Determination and Education Assistance Act (ISDEAA).<sup>2</sup>

The Snyder Act of 1921<sup>3</sup> provides general statutory authority for IHS.<sup>4</sup> In addition, specific IHS programs are authorized by two acts: the Indian Sanitation Facilities Act of 1959<sup>5</sup> and the Indian Health Care Improvement Act (IHCIA).<sup>6</sup> The Indian Sanitation Facilities Act authorizes the IHS to construct sanitation facilities for Indian communities and homes. IHCIA authorizes programs such as urban health, health professions recruitment, and substance abuse and mental health treatment, and permits IHS to receive reimbursements from Medicare, Medicaid, the State Children's Health Insurance Program (CHIP), the Department of Veterans Affairs (VA), and third-party insurers.

## Funding Sources

The IHS has three major sources of funding, described here in order of magnitude: (1) discretionary appropriations, (2) collections, and (3) mandatory appropriations. The IHS receives its discretionary appropriations through the Interior/Environment appropriations act,<sup>7</sup> unlike most agencies within HHS, which receive their appropriations through the Labor, Health and Human Services and Education appropriations act.<sup>8</sup> IHS's discretionary appropriations are divided into two accounts: (1) Indian Health Services and (2) Indian Health Facilities.

As a second source of funding, IHS collects funds as reimbursement for health services provided. IHS, unlike other federal agencies, has the authority to receive reimbursement from other federal programs such as Medicaid, Medicare, and the Department of Veterans Affairs. IHS also receives

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<sup>1</sup> For more information about the Indian Health Service (IHS), see CRS Report R43330, *The Indian Health Service (IHS): An Overview*.

<sup>2</sup> P.L. 93-638; 25 U.S.C. §§450 et seq.

<sup>3</sup> P.L. 67-85, as amended; 25 U.S.C. §13.

<sup>4</sup> The Snyder Act established this authority as part of the Bureau of Indian Affairs within the Department of the Interior. The Transfer Act of 1954 (P.L. 83-568) transferred this authority to the U.S. Surgeon General within the Department of Health, Education, and Welfare (now the Department of Health and Human Services).

<sup>5</sup> P.L. 86-121; 42 U.S.C. §2004a.

<sup>6</sup> P.L. 94-437, as amended; 25 U.S.C. §§1601 et seq., and 42 U.S.C. §§1395qq and 1396j (and amending other sections). This act was permanently reauthorized as part of the ACA. See CRS Report R41630, *The Indian Health Care Improvement Act Reauthorization and Extension as Enacted by the ACA: Detailed Summary and Timeline*.

<sup>7</sup> For more information, see CRS Report R43617, *Interior, Environment, and Related Agencies: FY2015 Appropriations*.

<sup>8</sup> For more information, see CRS Report R43967, *Labor, Health and Human Services, and Education: FY2015 Appropriations*.

reimbursements from state programs (such as workers compensation) and from private insurance. IHS, under the authority for reimbursements given in IHCIA, is able to retain these payments to increase services available to its beneficiaries. In addition to reimbursements (its largest source of collections), IHS collects rent from facilities it owns.

The third and smallest source of IHS funding is a mandatory appropriation of \$150 million annually to support Special Diabetes Programs for Indians.<sup>9</sup> This mandatory funding was recently extended through FY2017 in the Medicare Access and CHIP Reauthorization Act (MACRA, P.L. 114-10).

## FY2016 Budget Request and Funding History

**Table 1** presents IHS’s FY2016 budget request and prior budget years to show the increase in both appropriated funds and funds collected by IHS. The table presents IHS’s two budget accounts—Indian Health Services and Indian Health Facilities—and the funds collected and allocated to programs under these two accounts. These collections and mandatory funding received from the Special Diabetes Program for Indians are subtracted from program-level funding to show the agency’s discretionary budget authority.

**Table 1. Indian Health Service (IHS)**  
(Millions of Dollars, by Fiscal Year)

Program or Activity	2010	2011	2012	2013	2014	2015	2016 (Req.)
<b>Clinical and Preventive Services</b>	<b>4,139</b>	<b>4,171</b>	<b>4,335</b>	<b>4,277</b>	<b>4,436</b>	<b>4,607</b>	<b>4,858</b>
Clinical Services	3,845 <sup>a</sup>	3,877 <sup>b</sup>	4,038 <sup>c</sup>	3,987 <sup>d</sup>	4,142 <sup>e</sup>	4,303 <sup>f</sup>	4,545 <sup>g</sup>
Purchased/Referred Care (non-add) <sup>h</sup>	(779)	(780)	(844)	(801)	(879)	(914)	(984)
Preventive Health	144	144	147	143	147	154	163
Special Diabetes Program for Indians <sup>i</sup>	150	150	150	147	147	150	150
<b>Other Health Services</b>	<b>560</b>	<b>560</b>	<b>636</b>	<b>603</b>	<b>753</b>	<b>831</b>	<b>886</b>
Urban Health Projects	43	43	43	41	41	44	44
Indian Health Professions	41	41	41	38	28	48	48
Tribal Management/Self-Governance	9	9	9	8	6	8	8
Direct Operations	69	69	72	68	66	68	68
Contract Support Costs	398	398	471	448	612	663	718
<b>Indian Health Facilities</b>	<b>401</b>	<b>410</b>	<b>448</b>	<b>427</b>	<b>460</b>	<b>469</b>	<b>649</b>
Maintenance and Improvement	60 <sup>j</sup>	60 <sup>j</sup>	61 <sup>k</sup>	59 <sup>k</sup>	62 <sup>k</sup>	62 <sup>k</sup>	98 <sup>k</sup>
Sanitation Facilities Construction	96	96	80	75	79	79	115
Health Care Facilities Construction	29	39	85	77	85	85	185
Facilities/Environmental Health Support	193	193	199	194	211	220	227

<sup>9</sup> U.S. Department of Health and Human Services, Indian Health Service, “Special Diabetes Program for Indians,” January 2015, <http://www.ihs.gov/newsroom/factsheets/diabetes/>.

Program or Activity	2010	2011	2012	2013	2014	2015	2016 (Req.)
Medical Equipment	23	23	23	21	23	23	24
<b>Total, Program Level</b>	<b>5,100</b>	<b>5,140</b>	<b>5,418</b>	<b>5,307</b>	<b>5,649</b>	<b>5,906</b>	<b>6,392</b>
Less Funds from Other Sources							
Collections	891	915	954	1,021	1,060	1,106	1,131
Rental of Staff Quarters	6	6	8	8	8	8	9
Special Diabetes Program for Indians <sup>h</sup>	150	150	150	147	147	150	150
<b>Total, Discretionary Budget Authority</b>	<b>4,052</b>	<b>4,069</b>	<b>4,307</b>	<b>4,131</b>	<b>4,435</b>	<b>4,642</b>	<b>5,103</b>

**Sources:** Funding amounts for FY2010, FY2011, FY2012, and FY2013 are taken from IHS's FY2012, FY2013, and FY2014 congressional budget justification documents, respectively. Funding amounts for FY2014, FY2015, and FY2016 are taken from the FY2016 HHS Budget in Brief. These documents are available at <http://www.hhs.gov/budget/>.

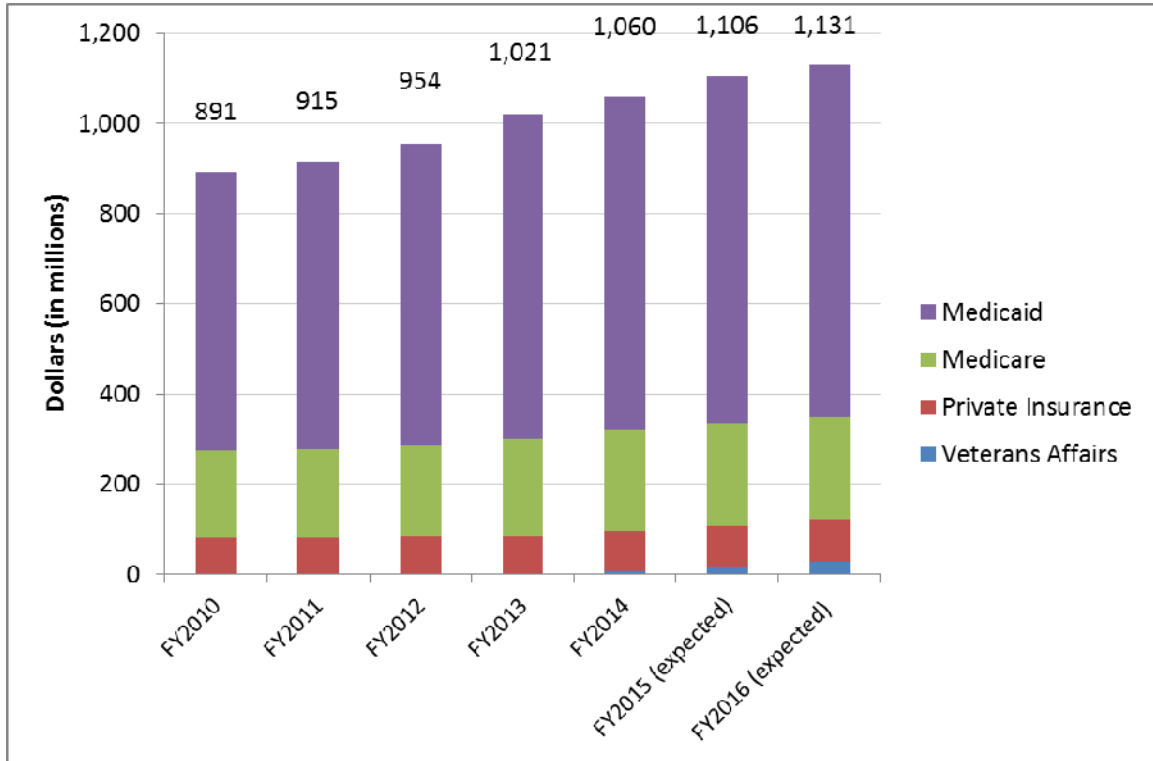
**Notes:** Individual amounts may not add to subtotals or totals due to rounding.

- a. Includes \$891 million in collections from Medicare, Medicaid, CHIP, private insurance, and other programs.
- b. Includes \$915 million in collections from Medicare, Medicaid, CHIP, private insurance, and other programs.
- c. Includes \$954 million in collections from Medicare, Medicaid, CHIP, private insurance, and other programs.
- d. Includes an estimated \$1,021 million in collections from Medicare, Medicaid, CHIP, private insurance, and other programs.
- e. Includes an estimated \$1,060 million in collections from Medicare, Medicaid, CHIP, the Department of Veterans Affairs, private insurance, and other programs.
- f. Includes an estimated \$1,106 million in collections from Medicare, Medicaid, CHIP, the Department of Veterans Affairs, private insurance, and other programs.
- g. Includes an estimated \$1,131 million in collections from Medicare, Medicaid, CHIP, the Department of Veterans Affairs, private insurance, and other programs.
- h. This was previously referred to as "Contract Health Services."
- i. PHSA Sec. 330C provides an annual appropriation of \$150 million through FY2017 for this program. These mandatory funds were subject to a 2% sequestration in FY2013 and FY2014. See CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*, coordinated by Karen Spar.
- j. Includes \$6 million that IHS received from rental of staff quarters.
- k. Includes \$8 million that IHS received (or is expected to receive) from rental of staff quarters.

## IHS Collections

Collections from third party payors for health services provided comprise a growing percentage of IHS's clinical services budget. Medicaid is the largest source of IHS's collections—approximately 70% of all reimbursements collected in FY2014, the most recent year of final data available—followed by Medicare (21% in FY2014) and private insurance (8% in FY2014). Beginning in FY2014, IHS began receiving reimbursements from the VA for services provided to IHS beneficiaries who were also eligible for services through the VA (these reimbursements were 0.7% of all of IHS's third party collections in FY2014). For FY2013, reimbursements were approximately \$340,000; therefore, these funds are not visible in **Figure 1**. However, reimbursements increased in FY2014 and are expected to increase in both FY2015 and FY2016 (see **Figure 1**).

**Figure I. IHS Reimbursements by Source, FY2010-FY2016 (Expected)**  
(Dollars in Millions)



**Source:** Funding amounts for FY2010, FY2011, FY2012, FY2013, FY2014, FY2015, and FY2016 are taken from IHS's FY2012, FY2013, FY2014, FY2015, and FY2016 congressional budget justification documents, respectively. Funding amounts for FY2014, FY2015, and FY2016 are taken from the FY2016 HHS Budget in Brief. These documents are available at <http://www.hhs.gov/budget/>.

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