

# Indian Health Service Budget Updates

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TRIBAL SELF-GOV ADVISORY COMMITTEE MEETING

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# Overview

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- Unobligated Balances Update
- NIHB Full Funding Study & Mandatory Subgroup Updates
- FY 2024 Appropriations Update
- Section 105(I) Lease Policy

# Unobligated Balances Update

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# Unobligated Balances at IHS

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There are key differences between unobligated balances at the IHS and unobligated balances at other Agencies.

- For predominantly grant-making Agencies, funds are obligated once a grant is awarded, and then funds are expended or outlaid over time for specific purposes.
- The IHS provides direct health care services, and unobligated balances = operating budgets for hospitals and health clinics in most of our funding lines.

# Unobligated Balances at IHS (*cont.*)

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- Tribal Health Programs: Funds are **obligated and outlaid** at the time of transfer to the Tribe through the ISDEAA funding agreement. At the IHS, funds are obligated at different points in time, depending on the type of health program receiving those funds.
- Urban Indian Organizations: Funds are **obligated** at the time of FAR contract renewal, and **outlaid** for specific purposes over time.
- IHS-operated Health Programs: Funds are **obligated** as they are needed for specific purposes over time like payroll, supply purchases, support contracts, etc. **These types of expenditures are usually captured as outlays for other Agencies that make grants, with the grant award representing the obligation.**

# Unobligated Balances at IHS (*cont.*)

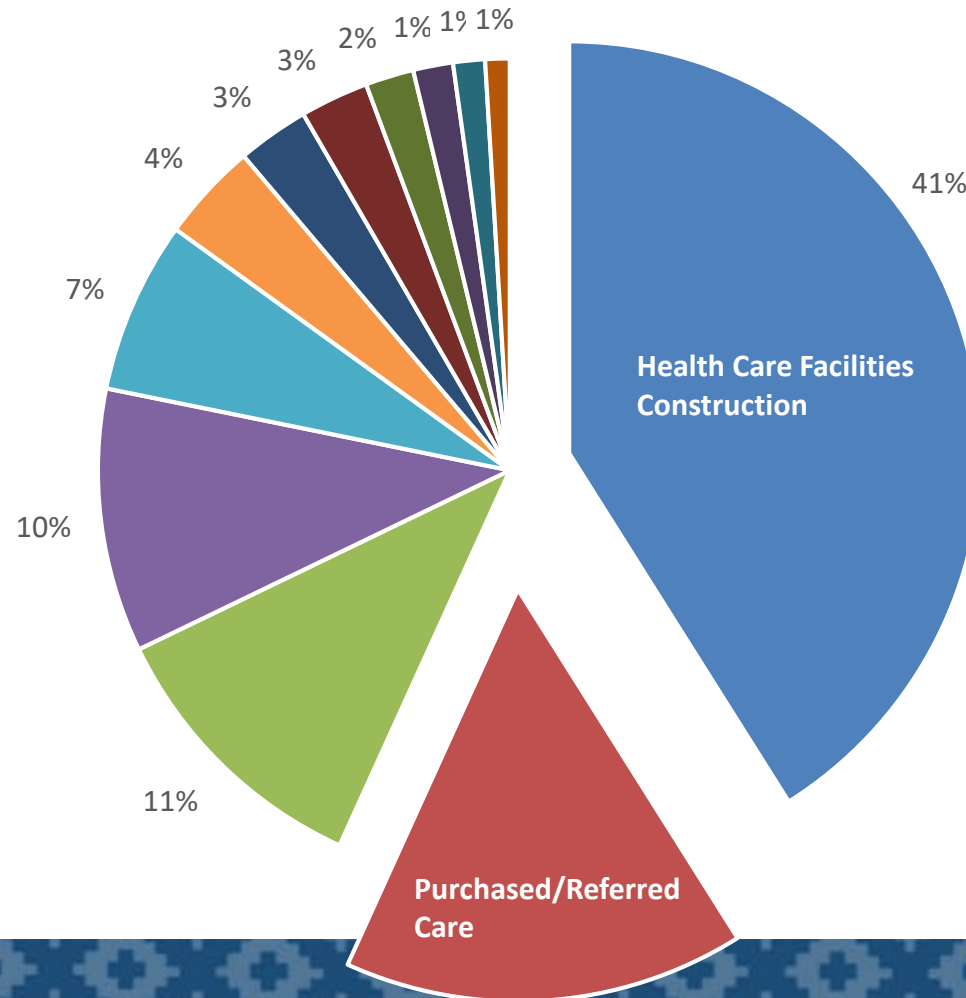
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Amounts displayed on IHS unobligated balances reports are almost entirely at individual IHS-operated health programs, gradually being obligated as costs arise throughout the year.

- Aggregate information provided in unobligated balances reports represents smaller unobligated balance amounts at individual hospitals and health clinics.
- Each hospital and health clinic carefully tracks its funds to ensure that resources are spent in a timely way and for the appropriate purposes with oversight from IHS Area Offices and HQ.

# Prior Year Unobligated Balances *(as of mid-FY 2023)*

- Health Care Facility Construction (41%)
- Purchased/Referred Care (16%)
- Maintenance & Improvement (11%)
- Hospitals & Health Clinics (10%)
- Facility & Environmental Health Support (7%)
- Other (4%)
- Electronic Health Record System (3%)
- Special Diabetes Program for Indians (3%)
- Alcohol & Substance Abuse (2%)
- Indian Health Professions (2%)
- Equipment (1%)
- Sanitation Facilities Construction (1%)



The IHS obligates funding for Health Care Facilities Construction Projects when the full funding package has been appropriated by Congress. This funds management strategy is favored by the Appropriations Committees.

PRC balances have increased over the last several years for a number of reasons: Medicaid expansion, and the suspension of most health care services during the pandemic.



# Unobligated Balances Oversight

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The IHS is taking steps to improve visibility and accountability for unobligated balances.

- The IHS developed a Status of Funds Dashboard that uses UFMS and FBIS data that displays funding balances at the Agency, Area, and Service Unit Levels in real time.
- The IHS is conducting an Agency-wide effort to identify the root causes of unobligated balances and create targeted solutions to address those causes for the long term.
- IHS HQ is also reviewing unobligated balances by location to identify high balance Service Units and work collaboratively with the relevant Areas and CEOs to update plans for expending those funds.



# Unobligated Balances Oversight - PRC

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The IHS is considering program updates and expanded use of contracts to increase access to care, and obligate direct service PRC funds in a more timely way.

- The IHS is updating the medical priority system to designate more services at the highest priorities.
- The IHS is also considering expanding the use of PRC funds for contracted health care professionals to provide specialty care services in IHS facilities.
- The top 5 specialty types for which PRC services are authorized include: nephrology, oncology/hematology, cardiology, perinatology/OB/Gyn, and Gastroenterology.

# Unobligated Balances Oversight - SDPI

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The IHS is working with the TLDC to identify options for spending unobligated balances. The IHS will also conduct Tribal Consultation on how best to use these unobligated balances.

- In the meantime, these funds can be used for contingencies in the event that reauthorization is delayed.
- As a reminder, funding from the previous grant cycle that has not been expended by a grantee by the end of the grant period in December 2022, or the end of and extension if an extension was received, must be returned to the IHS.
- While this is a change from prior practice, this is a longstanding government-wide requirement that the IHS must implement.

# NIHB Full Funding Study & NTBFW Mandatory Subgroup Update

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# NTBFW Subgroup on Mandatory Funding

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The National Tribal Budget Formulation sub-workgroup on Mandatory Funding met on August 16.

- ❑ The IHS will be reaching out to schedule the next meeting ASAP.
- ❑ At the next sub-workgroup meeting, NIHB will provide an overview of the Full Funding Study, and then the Tribal Representatives will caucus to discuss goals and deliverables for the subgroup.

# FY 2024 Appropriations Update

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# FRA Implications for FY 2024/2025 Funding

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The Fiscal Responsibility Act (FRA), 2023 was signed by the President on June 3, 2023.

- ❑ The bill includes a two-year debt limit suspension, and a two-year budget deal.
- ❑ The bill protects direct COVID-19 appropriations for the IHS, but rescinds \$419 million in resources transferred to the IHS from appropriations for HHS and CDC.

# FRA Implications for FY 2024/2025(*Cont.*)

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The FRA keeps FY 2024 non-defense discretionary spending roughly flat with FY 2023.

- ❑ This is a government-wide funding level. Funding for individual Agencies may ultimately differ depending on the outcome of final FY 2024 appropriations.
- ❑ The bill increases funding for FY 2025 by 1%.
- ❑ There are no budget caps after FY 2025, only non-enforceable appropriations targets.

# FRA Implications for FY 2024/2025(*Cont.*)

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The FRA also includes specific deadlines by which Congress must pass annual appropriations for FY 2024 and FY 2025.

- ❑ Under the FRA, Congress must pass all 12 spending bills by January 1, 2024.
- ❑ If Congress does not meet this deadline, the FRA triggers a 1% across the board funding reduction.
- ❑ Congress has enacted final appropriations for all 12 spending bills before January 3 out of the last 5 years.



# FY 2024 Appropriations Update

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The Senate 302(a) allocation is consistent with the FRA budget caps. The House 302(s) allocation is over \$100 billion below the FRA budget caps.

- ❑ The House 302(b) allocation for Interior is \$25.5 billion, which is roughly 34% below FY 2023.
- ❑ The Senate 302(b) allocation for Interior is \$37.9 billion, which is roughly 3% below FY 2023.

# FY 2024 Advance Appropriations

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The FY 2024 Advance Appropriation provides \$5.1 billion for the IHS, and becomes available on October 1.

- ❑ Nearly all funding lines in the Services and Facilities Accounts receive the same funding level as FY 2023 under the advance appropriation.
- ❑ We await Congressional Action on the remaining funding lines and accounts.

# Payment Processes

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HHS financial systems will re-open after Oct. 1 for FY 2024 activities. **All of the timelines and requirements to receive a payment remain the same.** For example:

- Funds will be paid out according to performance periods.
- If you are a FY Tribe, the earliest you could receive a payment for FY 2024 is Oct. If you are a CY Tribe, the earliest you could receive a payment for FY 2024 is January.
- Similarly, if your UIO contract performance period is Oct. – Sept., the earliest you could receive a payment for FY 2024 is October. If your performance period is Nov. – Oct., the earliest you could receive a payment for FY 2024 is Nov., etc.

# Payment Processes (*Cont.*)

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HHS financial systems will re-open after Oct. 1 for FY 2024 activities. **All of the timelines and requirements to receive a payment remain the same.** For example:

- Title I Tribes must have a signed ISDEAA contract and annual funding agreement in place to receive a FY 2024 payment.
- Similarly, Title V Tribes must have a signed ISDEAA compact and funding agreement in place to receive a FY 2024 payment.
- UIOs must have a signed FAR contract in place to receive a FY 2024 payment. Payment will be made in accordance with contract interim or advance payment terms and contract financing requirements.

# Payment Processes (*Cont.*)

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Making payments under the advance appropriation requires the same partnership between IHS, Tribes, and Urban Indian Organizations as prior fiscal years.

- The IHS is working to ensure that all of the steps that the Agency must take to issue FY 2024 payments can be completed as expeditiously as possible.
- The IHS is available to provide support to any Tribe or UIO that needs assistance completing the required steps on their end to receive an FY 2024 payment.

# Listening Sessions

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The IHS held a listening session for Tribal and Urban Indian Organization Leaders on August 17.

- ❑ The next listening session is scheduled for September 6 from 3:00pm ET to 4:30pm ET.
- ❑ The session will be held on [Zoom](#) and the DTLL/DUIOLL can be found [here](#).

# Section 105(I) Lease Policy

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## Section 105(/) Lease Policy

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The IHS will engage in Tribal Consultation on a Section 105(/) Lease Policy before the end of the calendar year.

- ❑ The IHS will engage the Facilities Appropriation Advisory Board (FAAB) at a minimum before embarking on nation-wide Consultation.
- ❑ IHS Chief Financial Officer is joining the FAAB meeting on Sept. 13 & 14 to discuss the development of a Section 105(/) Lease Policy.



## Section 105(/) Lease Policy (*cont.*)

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The IHS also has key input from the joint-HHS/DOI Section 105(/) Lease Tribal Consultation that took place in August 2021.

- The IHS welcomes any feedback from the TSGAC on this approach, as well as insights on key topics that should be addressed in the policy.

