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Indian Health Service (IHS) Funding: 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.[1] 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).[2]

The Snyder Act of 1921[3] provides general statutory authority for IHS.[4] In addition, specific IHS programs are authorized by two acts: the Indian Sanitation Facilities Act of 1959[5] and the Indian Health Care Improvement Act (IHCIA).[6] 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,[7] unlike most agencies within HHS, which receive their appropriations through the Labor, Health and Human Services and Education appropriations act.[8] 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 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

[1] For more information about the Indian Health Service (IHS), see CRS Report R43330, *The Indian Health Service (IHS): An Overview*.

[2] P.L. 93-638; 25 U.S.C. §§450 et seq.

[3] P.L. 67-85, as amended; 25 U.S.C. §13.

[4] 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).

[5] P.L. 86-121; 42 U.S.C. §2004a.

[6] 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*.

[7] For more information, see CRS Report R44061, *Interior, Environment, and Related Agencies: FY2016 Appropriations*.

[8] For more information, CRS Report R44287, *Labor, Health and Human Services, and Education: FY2016 Appropriations*.

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.[9] This mandatory funding was extended through FY2017 in the Medicare Access and CHIP Reauthorization Act (MACRA, P.L. 114-10). For FY2017, the President's budget also proposes a new Tribal Behavioral Health Initiative that would provide mandatory funding to IHS for tribes in crisis situations and that would expand the number of scholarship and loan repayment awards for behavioral health providers.

FY2016 Budget Request and Funding History

Table 1 presents IHS's fund from FY2010 through the amounts proposed in the President's FY2017 budget justification. The table shows increases 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. Both these collections, and proposed and actual mandatory funding, 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	2017 Req.
Indian Health Services Account	**4,699**	**4,731**	**4,971**	**4,880**	**5,189**	**5,483**	**5,628**	**5,984**
Clinical and Preventive Services	**4,139**	**4,171**	**4,335**	**4,277**	**4,436**	**4,652**	**4,737**	**4,998**
Clinical Services	3,845[a]	3,877[b]	4,038[c]	3,987[d]	4,142[e]	4,348[f]	4,431[g]	4,682[g]
Purchased/Referred Care (non-add)[h]	*(779)*	*(780)*	*(844)*	*(801)*	*(879)*	*(914)*	*(914)*	*(962)*
Preventive Health	144	144	147	143	147	154	156	166
Special Diabetes Program for Indians[i]	150	150	150	147	147	150	150	150
Other Health Services	**560**	**560**	**636**	**603**	**753**	**831**	**891**	**985**
Urban Health Projects	43	43	43	41	41	44	45	48
Indian Health Professions	41	41	41	38	28	48	48	59
Indian Health Professions Expansion (non-add)								*(10)*
Tribal Management/Self-Governance	9	9	9	8	6	8	8	8
Direct Operations	69	69	72	68	66	68	72	70
Contract Support Costs[j]	398	398	471	448	612	663	718	800
Indian Health Facilities Account	**401**	**410**	**448**	**427**	**460**	**469**	**533**	**578**
Maintenance and Improvement	60[k]	60[k]	61[l]	59[l]	62[l]	62[l]	83[m]	85[m]

[9] 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	2017 Req.
Sanitation Facilities Construction	96	96	80	75	79	79	99	103
Health Care Facilities Construction	29	39	85	77	85	85	105	132
Facilities/Environmental Health Support	193	193	199	194	211	220	223	234
Medical Equipment	23	23	23	21	23	23	23	24
Total, Program Level	**5,100**	**5,140**	**5,418**	**5,307**	**5,649**	**5,951**	**6,160**	**6,562**
Less Funds from Other Sources								
Tribal Crisis Response Fund								15[n]
Indian Health Professions Expansion								10
Collections	891	915	954	1,021	1,060	1,151	1,194	1,194
Rental of Staff Quarters	6	6	8	8	8	8	9	9
Special Diabetes Program for Indians[h]	150	150	150	147	147	150	150	150
Total, Discretionary Budget Authority	**4,052**	**4,069**	**4,307**	**4,131**	**4,435**	**4,642**	**4,808**	**5,185**

Sources: Funding amounts are from HHS Budget documents 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 $1,021 million in collections from Medicare, Medicaid, CHIP, private insurance, and other programs.

e. Includes $1,060 million in collections from Medicare, Medicaid, CHIP, the Department of Veterans Affairs, private insurance, and other programs.

f. Includes $1,151 million in collections from Medicare, Medicaid, CHIP, the Department of Veterans Affairs, private insurance, and other programs.

g. Includes an estimated $1,194 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*.

j. Beginning in FY2016, Contract Support Costs were funded as an indefinite discretionary appropriation. For FY2018 and beyond, the President's budget includes a proposal to reclassify Contract Support Costs as a mandatory three-year appropriation.

k. Includes $6 million that IHS received from rental of staff quarters.

l. Includes $8 million that IHS received from rental of staff quarters.

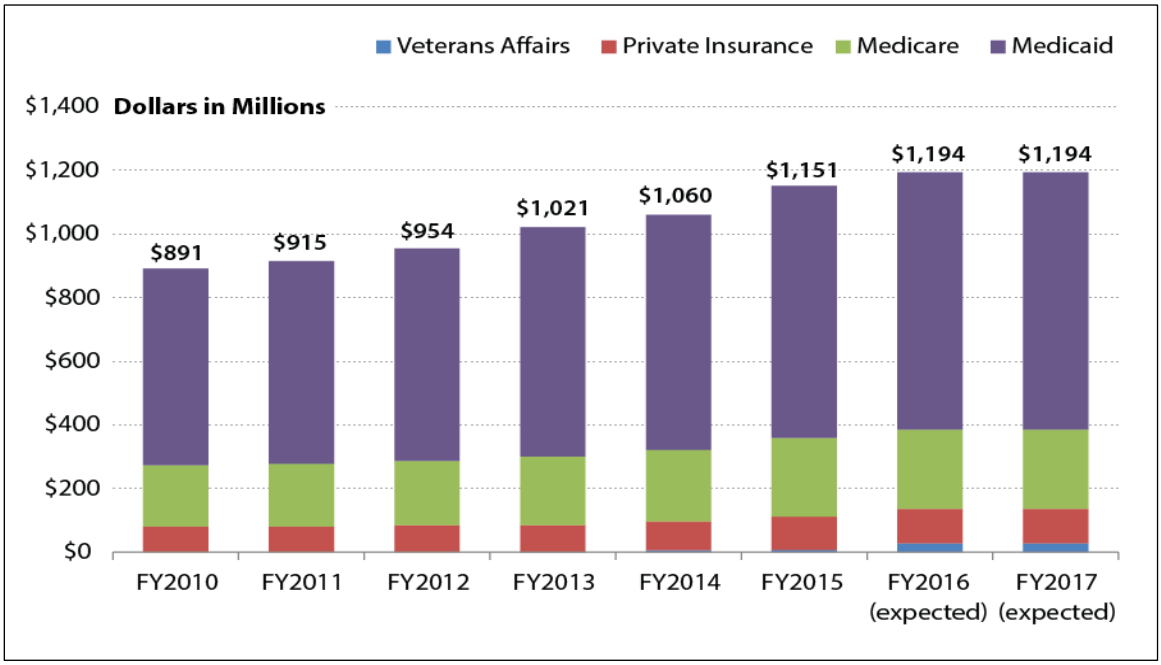
m. Includes $9 million that IHS expects to receive from rental of staff quarters.

n. These funds would be part of a new Administration legislative proposal that would aim to improve Tribal Behavioral Health through funding for crisis response for Indian Tribes that experience a behavioral health crisis and would increase funding for IHS scholarship and loan repayment for behavioral health providers.

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 69% of all reimbursements collected in FY2015, the most recent year of final data available—followed by Medicare (22% in FY2015) and private insurance (9% in FY2015). 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 and FY2015). For FY2013, reimbursements were approximately $340,000; therefore, these funds are not visible in **Figure 1**. However, reimbursements have increased since FY2014 and are expected to increase in FY2016.

Figure 1. IHS Reimbursements by Source, FY2010-FY2017 (Expected) (Dollars in Millions)



Source: Funding amounts for FY2010, FY2011, FY2012, FY2013, FY2014, FY2015, FY2016, and FY2017 are taken from IHS's FY2012, FY2013, FY2014, FY2015, FY2016, and FY2017 congressional budget justification documents, respectively. These documents are available at http://www.hhs.gov/budget/.

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