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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 three accounts: (1) Indian Health Services, (2) Contract Support Costs, and (3) Indian Health Facilities.

As a second source of funding, IHS collects funds as reimbursement for health services provided. IHS 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

[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 R44470, *Interior, Environment, and Related Agencies: FY2017 Appropriations*.

[8] For more information, see CRS Report R44691, *Labor, Health and Human Services, and Education: FY2017 Appropriations*.

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.[9] This mandatory funding was extended through FY2017 in the Medicare Access and CHIP Reauthorization Act (MACRA, P.L. 114-10), but no further appropriations have been enacted for FY2018. The President's budget requests continued mandatory funding for this program for FY2018.

FY2018 Budget Request and Funding History

Table 1 presents IHS's funding from FY2010 through the amounts proposed in the President's FY2018 budget submission. The table shows increases in both appropriated funds and funds collected by IHS. The table presents IHS's three budget accounts—Indian Health Services, Contract Support Costs, and Indian Health Facilities—and the funds collected and allocated to programs under these accounts. 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	2018 Req.
Indian Health Services Account	**4,300[a]**	**4,335[a]**	**4,500[a]**	**4,432[a]**	**4,714[a]**	**4,820[a]**	**4,909**	**5,035**	**4,918**
Clinical and Preventive Services	4,139	4,171	4,335	4,277	4,566	4,652	4,737	4,860	**4,753**
Clinical Services	3,845	3,877	4,038	3,987	4,271	4,348	4,431	4,553	4,446
Hospitals and Health Clinics	*1,754*	*1,763*	*1,811*	*1,749*	*1,791*	*1,837*	*1,857*	*1,935*	*1,870*
Purchased/ Referred Care	*779*	*780*	*844*	*801*	*879*	*914*	*914*	*929*	*914*
Collections	*891*	*915*	*954*	*1,021*	*1,172*	*1,151*	*1,194[b]*	*1,194[b]*	*1,194[b]*
Mental Health/Alcohol and Substance Abuse	*267*	*267*	*270*	*259*	*264*	*272*	*287*	*312*	*288*
Dental Services	*153*	*154*	*159*	*157*	*165*	*174*	*178*	*183*	*180*
Preventive Health	144	144	147	143	148	154	156	160	157
Special Diabetes Program for Indians	150	150	150	147[c]	147[c]	150	150	147[c]	150
Other Health Services	162	162	165	155	148	168	171	175	165

[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	2018 Req.
Urban Health Projects	43	43	43	41	41	44	44	48	45
Indian Health Professions	41	41	41	38	33	48	48	49	43
Tribal Management/Self-Governance	9	9	9	8	6	8	8	8	5[d]
Direct Operations	69	69	72	68	68	68	72	70	72
Contract Support Costs Account[e]	**398**	**398**	**471**	**448**	**587**	**663**	**718**	**718**	**718**
Indian Health Facilities Account	**401**	**410**	**448**	**427**	**460**	**469**	**532**	**554**	**456**
Maintenance and Improvement	60	60	61	59	62	62	82	84	69
Rental of Staff Quarters	*6*	*6*	*8*	*8*	*8*	*8*	*9*	*9*	*9*
Sanitation Facilities Construction	96	96	80	75	79	79	99	102	75
Health Care Facilities Construction	29	39	85	77	85	85	105	118	100
Facilities/Environmental Health Support	193	193	199	194	211	220	223	227	192
Medical Equipment	23	23	23	21	23	23	23	23	20
Total, Program Level	**5,100**	**5,144**	**5,418**	**5,307**	**5,761**	**5,951**	**6,160**	**6,307**	**6,092**
Less Funds from Other Sources									
Collections	891	915	954	1,021	1,172	1,151	1,194	1,194	1,194
Rental of Staff Quarters	6	6	8	8	8	8	9	9	9
Special Diabetes Program for Indians[f]	150	150	150	147	147	150	150	147	150
Total, Discretionary Budget Authority	**4,052**	**4,069**	**4,307**	**4,131**	**4,435**	**4,642**	**4,808**	**4,957**	**4,739**

Sources: Funding amounts are from HHS Budget documents available at http://www.hhs.gov/budget/. Amounts for FY2010-FY2015 and FY2018 are from IHS's congressional justifications. FY2016 and FY2017 are from IHS's operating plan for FY2017 available at https://www.ihs.gov/budgetformulation/includes/themes/newihstheme/display_objects/documents/FY2017-IHS-Operating-Plan.pdf.

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

a. From FY2010-FY2015, Contract Support Costs were included in the Indian Health Services account.

b. Estimated amount of collections included in the FY2018 Budget Justification.

c. PHSA Section 330C provides an annual appropriation of $150 million for this program, this amount was reduced in FY2013, FY2014, and FY2017 by 2% because of budget sequestration. See CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*.

d. The FY2018 budget does not request funds for Tribal Management Grants.

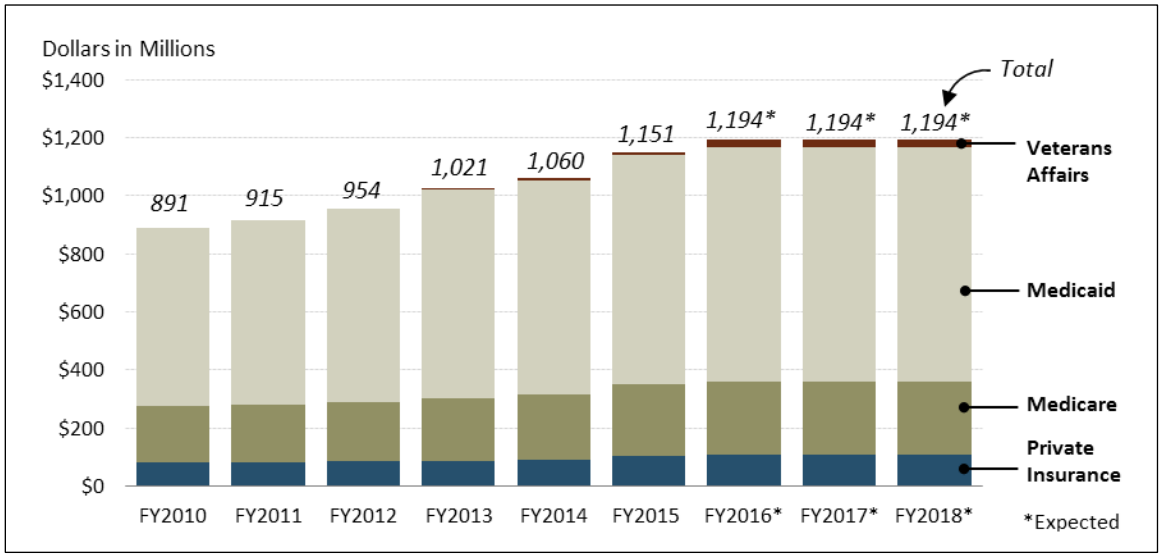
e. Beginning in FY2016, Contract Support Costs were funded as an indefinite discretionary appropriation.

f. This was previously referred to as "Contract Health Services."

IHS Collections

IHS facilities collect reimbursements from third-party payors for services provided to IHS beneficiaries who are also enrolled in other programs. These collections comprise a growing percentage of IHS's clinical services budget (see **Table 1**). 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 enrolled in 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**.

Figure 1. IHS Reimbursements by Source, FY2010-FY2015 (Actual), FY2016-FY2018 (Expected)



Sources: Figure created by CRS. Funding amounts for FY2010-FY2015 and FY2018 are taken from IHS's congressional budget justification documents, available at http://www.hhs.gov/budget/. FY2016 and FY2017 are from IHS's operating plan for FY2017, available at https://www.ihs.gov/budgetformulation/includes/themes/newihstheme/display_objects/documents/FY2017-IHS-Operating-Plan.pdf.

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