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INSIGHT

Advance Appropriations for the Indian Health Service (IHS)

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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. In FY2022, IHS provided health care to approximately 2.7 million eligible American Indians and Alaska Natives through a system of programs and facilities located on or near Indian reservations, and through contractors in certain urban areas.

The enactment of the FY2023 Consolidated Appropriations Act (CAA; P.L. 117-328) provided IHS with both FY2023 annual appropriations and FY2024 advance appropriations. Prior to the CAA, IHS was the only major federal provider of health care solely funded through regular discretionary appropriations on an annual basis. Other federal health care providers, such as the Veterans Health Administration (Department of Veterans Affairs), receive the majority of their funding through discretionary advance appropriations, and a number of health programs, including Medicare and Medicaid (HHS), receive mandatory funding, which is controlled outside appropriations acts.

This Insight describes advance appropriations conceptually, summarizes IHS advance appropriations in the CAA, provides a brief history of the prior interest in providing advance appropriations to IHS, and presents future considerations for this IHS funding schedule. (For further background, see CRS Report R46265, *Advance Appropriations for the Indian Health Service: Issues and Options for Congress*.)

What Are Advance Appropriations?

The annual appropriations process provides agencies with the authority to *obligate* federal funds for specified purposes, and subsequently expend those funds. The funding is available for obligation during a single fiscal year, unless otherwise specified. This *period of availability* typically begins on the first day of the fiscal year of the appropriations act (October 1), also referred to as the *budget year*, even when those appropriations are enacted after the start of the fiscal year. For example, appropriations provided by the CAA, which was enacted on December 31, 2022, were generally available for FY2023 obligations (October 1, 2022-September 30, 2023), unless otherwise specified.

Advance appropriated funding becomes available one or more fiscal years after the budget year covered by the appropriations act. For example, in the CAA, advance appropriations were enacted for FY2024 and

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FY2025 for specified accounts and activities. Such funding is routinely provided for only a small number of accounts. For these accounts, the amount of funding that will be available is sometimes adjusted in subsequent appropriations acts. For instance, an account might be appropriated some funds a year in advance, and then provided the remainder of its funds in the budget year. Advance-appropriated funds also might be subsequently reduced in future appropriations acts through a rescission.

Advance Appropriations for IHS in the CAA

The CAA provided FY2023 annual appropriations and FY2024 advance appropriations for two IHS accounts. For the Indian Health Services account, the CAA provided $4.9 billion in FY2023 annual appropriations and $4.6 billion in FY2024 advance appropriations. (The FY2023 and FY2024 appropriations are each available to be obligated for two fiscal years.) For the Indian Health Facilities account, it provided $959 million in FY2023 annual appropriations and $500 million in FY2024 advance appropriations. (These funds are available until expended.) In other words, the law provided both annual and advance appropriations for two of IHS's funding accounts; only annual appropriations were provided for the other two IHS accounts (Contract Support Costs and Payments for Tribal Leases). Both FY2023 annual appropriations and FY2024 advance appropriations might be adjusted in subsequent appropriations laws.

Prior Interest in Advance Appropriations for IHS

Since FY1997, IHS has once (in FY2006) received full-year appropriations by the start of the fiscal year. As such, IHS activities generally have been funded for a portion of each year under a continuing resolution (CR), which is a temporary appropriations law that provides funding until action on regular appropriations are completed. Under a CR, IHS is limited in its ability to make longer-term, potentially cost-saving purchases. In addition, most of IHS's services are provided by Indian tribes under contracts with the federal government. Under a CR, these contracts can be issued only for the duration of the CR and must be reissued for each subsequent CR (or when full-year appropriations are enacted). This can be a time-consuming process for both IHS and the tribes, which may divert resources from other needed activities.

IHS is also subject to funding lapses due to an absence of funding under regular or continuing appropriations. In these cases, agencies typically initiate a partial shutdown of services, unless they meet an exception that requires the services to continue, such as the protection of life or property. The majority of IHS services qualify for this exception. As such, even without appropriations, IHS continues to provide health services—doing so with unpaid providers and the related hurdles of restocking supplies, among other concerns.

The use of regular appropriations to fund IHS created a number of challenges for the agency, which was the subject of House and Senate hearings and a 2018 Government Accountability Office report. Bills were introduced in recent Congresses that would have authorized advance appropriations for IHS. None were enacted. The issue of advance appropriations was also raised in the context of the budget resolution (e.g., S.Con.Res. 14, §4002).

Future Considerations

Implementing advance appropriations may present a number of issues for IHS. IHS may face challenges in forecasting its future budget needs, because the agency does not have a health benefits package that includes a specific set of services from which the agency could derive estimates of future costs. IHS also has difficulty estimating its future service population, because new tribes may be federally recognized. External changes, such as disease outbreaks may create unexpected demand for services. IHS may also be

impacted by economic changes that affect insurance coverage of its service population and whether individuals use the IHS system.

Congress may wish to monitor how IHS develops its estimates for FY2025 and IHS's use of its FY2024 appropriation to determine how advance appropriations affected agency operations (e.g., the extent to which there were new efficiencies because the agency was able to make multiyear purchases or issue fewer contracts).

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