

**Jerry Isaac  
President  
Tanana Chiefs Conference**

**Testimony for the Subcommittee on Indian and Alaska Native Affairs Oversight Hearing on the  
fiscal year 2013 budget request of the Indian Health Service.  
March 6, 2012**

Members of the Committee, Thank you for the honor of presenting testimony today.

My name is Jerry Isaac and I am the President of the Tanana Chiefs Conference. TCC is a non-profit intertribal consortium of 39 federally recognized Tribes located in the Interior of Alaska. TCC serves approximately 13,000 Native American people in Fairbanks and our rural villages. Our traditional territory and current services area occupy a mostly roadless area almost the size of Texas, stretching from Fairbanks clear up to the Brooks Range, and over to the Canadian border.

TCC is a Co-Signer of the Alaska Tribal Health Compact under Title V of the Indian Self Determination and Education Assistance Act, Pub. L. 93-638. My testimony will discuss both TCC and another Co-Signer of the Alaska Tribal Health Compact, Southcentral Foundation. SCF serves about 60,000 beneficiaries in Anchorage, the Matanuska-Susitna Valley and 60 rural villages in the Anchorage Service Unit.

I will be testifying on two matters. First, I will provide an overview of the Joint Venture Construction Program and specially address TCC and SCF's Joint Venture staffing needs for two new facilities. Second, I will explain the impact suffered by TCC and others from the contract support cost shortfall, and how that shortfall will have the most impact for those entities starting to operate replacement or joint venture facilities in fiscal year 2013.

1. TCC and SCF require the full staffing package amount in FY 2013, as contractually agreed to in our respective Joint Venture Agreements.

The Joint Venture Construction Program is authorized in Section 818(e) of the Indian Health Care Improvement Act, Public Law 94- 437. The authorization directed the Secretary of HHS to make arrangements with Indian tribes to establish joint venture projects. The program is executed through a JVCP agreement—a contract—in which a tribal entity borrows non-IHS funds for the construction of a tribally owned health care facility, and, in exchange, the IHS promises to lease the facility, to equip the facility and to staff the facility.

In the Conference Report which accompanied the Department of the Interior, Environment, and Related Agencies Appropriation Act, 2010, the conferees explained the importance of the Joint Venture program. That program is a unique way of addressing the persistent backlog in IHS health facilities construction projects serving American Indians and Alaska Natives. The conferees reported, “The conferees believe that the joint venture program provides a cost-effective means to address this backlog and to increase

access to health care services for American Indians and Alaska Natives. The conferees are aware that IHS is currently reviewing competitive applications from Tribes and Tribal organizations to participate in the 2010 joint venture program and encourage the Service to move forward with the process in an expeditious manner.”

IHS has followed the direction of Congress and/or the Conference report. In 2010 IHS signed two legally binding separate Joint Venture Construction Agreements with TCC and SCF. In the agreements IHS agreed to “request funding from Congress for Fiscal year on the same basis as IHS requests funding for any other Facilities.” Given that IHS has requested funding for the various JV projects across the country at different percentages and not in correlation to clinic opening dates, it appears that IHS has not requested funding on the same basis across all facilities.

TCC and SCF are concerned, to say the least, at the proposed funding for our Joint Venture projects. IHS requested 35% of the staffing package for TCC (or around \$8 million) and 50% of the staffing package for SCF (or around \$13.5 million) even though each of our facilities will be open twice as long as those percentages reflect. In effect, we are being half funded, even though other facilities are, correctly, being fully funded.

Both TCC and SCF have remained in close contact with IHS throughout the construction of our projects. We are on budget and ahead of schedule. Both Secretary Sebelius and Dr. Roubideaux were able to visit with TCC and SCF last year. Since those visits, both dates of completion for the clinics have moved up. It is possible that the IHS funding requests were based on last year’s projected opening dates. Now, TCC’s current beneficial occupancy date for our JV clinic is October 15, 2012, and SCF’s current beneficial occupancy date for their JV clinic is July 16, 2012. TCC and SCF JV clinics will open much earlier than what is reported in the IHS Budget Justification.

IHS may have requested a smaller percentage of funds for Alaska because the Alaskan projects are larger projects and it may be the trend in the Lower 48 that larger projects are unable to spend the funds appropriated in the first year. But, TCC and SCF need and will spend far more than the IHS requested amounts. Alaska is a unique place in which the additional costs for recruitment, training and program creation are far higher than in the Lower 48.

It is important to note that TCC has never before owned its own primary care medical facility. This is because the majority of our current clinic space is leased from Banner Health at Fairbanks Memorial Hospital (FMH). Additionally, TCC has purchased lab, radiology, housekeeping, laundry, groundskeeping and maintenance services from FMH. These are services that TCC will begin self performing when we move into the new clinic. Already we have started the planning process for the transition and recruitment of the staff we will need later this year.

TCC has involved IHS in all aspects of this project. Staff within IHS have written that our Joint Venture partnership could be characterized as a model for what can be achieved between Tribal Health Organizations and IHS to improve access to health care for

American Indian and Alaska Native people. TCC and SCF are well on our way to upholding our end of the Joint Venture agreements. We need IHS, and Congress, to hold up the government's side of the bargain.

TCC will be fully operational nearly all of FY 2013, and SCF will be fully operational the entire year. Our staffing packages should be provided in the full amounts proportionate to our operations. Any reduction from the full staffing amount will only result in decreasing our ability to provide services to our beneficiaries. It will also be a contract breach of our JV contract with IHS. Worse yet, it could endanger our ability to service the debt we have incurred in constructing the new clinic.

2. The Administration's contract support cost request will worsen the national CSC shortfall and require further program cuts for Self-Determined Tribes; the burden will fall especially hard on Tribes which operating new facilities in FY 2013.

Related to the Joint Venture Construction Program is our concern with IHS's requested funding for contract support costs. These costs are owed to Tribes and tribal organizations like TCC that perform contracts on behalf of the United States pursuant to the Indian Self-Determination Act. "Contract support costs" are the fixed and fully audited costs which we incur and must spend to operate IHS's programs and clinics. The law and our contracts say that these costs must be reimbursed.

The Indian Self Determination Act depends upon a contracting mechanism to carry out its goal of transferring essential governmental functions from federal agency administration to tribal government administration. To carry out that goal and meet contract requirements, the Act requires that IHS fully reimburse every tribal contractor for the "contract support costs" that are necessary to carry out the contracted federal activities. (Cost-reimbursable government contracts similarly require reimbursement of "general and administrative" costs.) Full payment of fixed contract support costs is essential: without it, offsetting program reductions must be made, vacancies cannot be filled, and services are reduced, all to make up for the shortfall. In short, a contract support cost shortfall is equivalent to a program cut.

Funding contract support costs in full permits the restoration of Indian country jobs that are cut when shortfalls occur. The FY 2010 reduction in the contract support cost shortfall produced a stunning increase in Indian country jobs. Third-party revenues generated from these new positions will eventually more than double the number of restored positions, and thereby double the amount of health care tribal organizations like ours will provide in our communities.

The problem is that for 2013, IHS has requested only a \$5 million increase. Yet, the current shortfall is already \$50 to \$60 million, and with several new clinics becoming operational, the FY 2013 shortfall will likely grow to over \$90 million. Against that contract requirement, a \$5 million increase is obviously inadequate.

When contract support costs are not paid, we have no choice but to take the shortfall in funding out of the programs themselves. Because TCC will be creating and expanding programs to operate the JV Clinic, our reliance on CSC will also expand. This is true for all Tribes initiating new federal facilities, because the initial operation of a new facility is heavily reliant on contract support.

Letting the CSC shortfall increase, on top of underfunding TCC's and SCF's JV staffing requirements, will end up punishing a majority of the Native beneficiaries in Alaska. The government has a legal duty and trust responsibility to provide for the full staffing packages and the full contract support costs which the government, by contract, has committed to pay. We are not expecting a favor; we are only expecting the government to hold up its end of the bargain.

Members of the Committee, Thank you for the honor of presenting testimony today.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

May 27, 2011

Alaska Area Native Health Services  
4141 Ambassador Drive, Suite 300  
Anchorage, Alaska 99508-5928

Victor Joseph, Health Director  
Tanana Chiefs Conference  
122 First Avenue, Ste. 600  
Fairbanks, Alaska 99701

Re: Indian Health Service (IHS) Joint Venture Construction Project (JVCP) Staffing Summary Update

Dear Mr. Joseph:

I am writing this letter to update previous communication concerning staffing positions for the IHS JVCP with the Tanana Chiefs Conference (TCC) for the new Chief Andrew Isaac Health Center.

The IHS has finalized its peer review for staffing. The current approved staff needs based on the IHS Resources Requirements Methodology (RRM) is 411 positions. These positions are approved by memorandum, dated March 17, by Dr. Charlene Avery, Director, Office of Clinical and Preventive Services. The number of staff to be funded will be 85% of the calculated RRM for the anticipated fiscal year (FY) 2013 opening date of the facility. IHS recently estimated the number of existing funded positions is 133. This will be subtracted from the RRM opening value to arrive at the number of new positions to be funded.

The IHS currently estimates approximately \$95,000 is the average salary for Alaska staffing packages. This does not include operating costs. The actual budget request is based on RRM. It includes average salaries for each approved position and calculates the dollars requested using each position. The composition of the types of staff approved will cause some variation in the request. The operating costs are a 30% addition to this salary total. The operating costs are 30% of the total and should not be confused with 30% of the staffing.

An approximation of the recommended FY 2013 budget increase would be:

(RRM at opening X 85%) equals the IHS funded positions. This includes staffing currently being funded plus new staffing.

Thus the "new staffing" will be:  $.85 \times \text{RRM} - \text{existing staff}$ .

The new request is:  $\text{new staff} \times \$95,000(\text{approximately}) / .7 = 29.6 \text{ m.}$

Subject to Congressional appropriations, these new funds are like all other recurring IHS funding that are part of the P.L. 93-638 compact between the IHS and TCC.

The IHS is very pleased with the current design and looks forward to the continued development of this JVCP. The approved RRM determination is being forwarded to you and you should receive it soon.

Sincerely,

Dale Mossefin, P.E.,  
Director, Division of Health Facility Engineering  
Alaska Area Native Health Service

cc: Christopher Mandregan, Jr., Area Director, AANHIS  
Denman Ondelacy P.E., Director, OEH&E, AANHIS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Indian Health Service  
Rockville MD 20852

MAR 18 2011

cc: Natascha  
Brian

Mr. Victor Joseph  
Health Director  
Tanana Chiefs Conference  
122 First Avenue, Suite 600  
Fairbanks, AK 99701-4897

Dear Mr. Joseph:

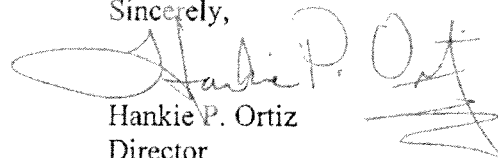
Thank you for meeting with Mr. Robert McSwain, Deputy Director for Management Operations, Indian Health Service (IHS), and other IHS staff on February 23 at the IHS Headquarters in Rockville, Maryland. We appreciated your update about the Tanana Chiefs Conference (TCC) Joint Venture Construction Project (JVCP) and thank you for sharing your concerns with regard to the IHS budget. TCC has completed impressive activities to date, even exceeding timelines for your planned health care facility anticipated to open in January 2013. The information you shared will assist the IHS to address similar health issues that affect other Alaska Native and American Indian communities.

The Agency's top priority is to renew and strengthen our partnership with Tribes. We are happy to hear that our technical assistance provided to TCC was well received. We look forward to hearing more about your local partnership with the Fairbanks Memorial Hospital (FMH) for accessibility of its facility to ensure the continuity of services between TCC and FMH. The IHS acknowledges your plan to adopt an Improved Patient Care Model to expand services to meet future health care needs of the communities you serve within your region. Through our partnership, we are confident that the IPC screening process problems you raised concerning your chronic care and preventative screening services will be corrected.

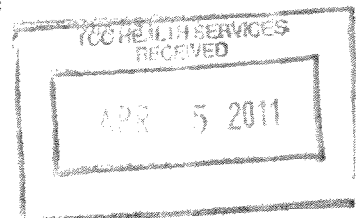
We appreciate the information that you provided to assist us with our budget requests. While Congress still debates the 2011 national budget, the IHS remains on a continuing resolution. For up-to-date information regarding budget issues please visit the Director's Corner on the IHS website, located at [www.ihs.gov](http://www.ihs.gov), and access the Director's Blog through the Director's Corner hyperlink.

We look forward to future updates from TCC as you reach your targeted goals. If my office may provide further assistance, please contact Ms. Tena L. Larney, Program Analyst, Office of Tribal Self-Governance, at (301) 443-7821 or by email at [Tena.Larney@ihs.gov](mailto:Tena.Larney@ihs.gov).

Sincerely,



Hankie P. Ortiz  
Director  
Office of Tribal Self-Governance





DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Alaska Area Native Health Services  
4141 Ambassador Drive, Suite 300  
Anchorage, Alaska 99508-5928

March 10, 2011

Mr. Victor Joseph, Health Director  
Tanana Chiefs Conference  
122 First Avenue, Ste. 600  
Fairbanks, Alaska 99701

Re: Indian Health Service Joint Venture Construction Project

Dear Mr. Joseph:

I am writing this letter in response to Tanana Chiefs Conference (TCC) invitation to attend project ceremonies to celebrate progress made on the new Chief Andrew Isaac Health Center. While I will be unable to attend, I want to extend my congratulations to TCC and the TCC project team members on the outstanding progress that has been made on this project.

The consultation between the TCC and Indian Health Service (IHS) project team members on the development of this project has been outstanding. I believe our Joint Venture partnership can be characterized as a standard model for what can be achieved between Tribal Health Organizations and IHS for improving access to health care services for American Indian and Alaskan Natives.

TCC has excelled in developing a project team with complementary skills to achieve effective project performance goals. A particularly strong asset of the TCC project team is how members have worked together in a unified and cohesive manner. That team cohesion is achieved by the vision of TCC's Executive Board's leadership and strong leadership within the project team. TCC's leadership has promoted a strong vision of the organization's future health programs. This project is one step to achieve that vision.

IHS staff from Alaska, Maryland, and Washington have reviewed, provided comment, and have consulted with TCC project team members at various stages this project. IHS is very excited with the current design and look forward to the continued development of this Joint Venture Construction Project.

Sincerely,

Dale Mossefin, P.E.,  
Director, Division of Health Facility Engineering  
Alaska Area Native Health Service

cc: Denman Ondelacy P.E., Director, OEH&E, AANHS



Alaska Area Native Health Services  
4141 Ambassador Drive, Suite 300  
Anchorage, Alaska 99508-5928

November 8, 2011

Mr. Victor Joseph, Health Director  
Tanana Chiefs Conference  
122 First Avenue, Ste. 600  
Fairbanks, Alaska 99701

Re: Indian Health Service (IHS) Joint Venture Construction Project (JVCP);  
New Chief Andrew Isaac Health Center.

Dear Mr. Joseph:

IHS has made a number of site visits this past year observing construction progress for the referenced project. We are very pleased to congratulate you and the Tanana Chiefs Conference (TCC) again on the outstanding progress you have made in the construction of the new health care clinic. We understand the project continues to progress on schedule and within budget.

The project continues to have significant visibility not only in Alaska but also nationally. Secretary Sebelius, Health and Human Services, had opportunity to learn of TCC projects during her visit to Fairbanks in September. The Director of IHS and the Alaska Area Native Health Service Director each have monitored and requested project progress updates. IHS Headquarters Office of Environmental Health and Engineering Program Directors have conducted project site visits.

We continue to receive exceptionally positive feedback on the progress this project is making. A recent example is a report from staff that TCC has earned enough points to obtain a LEED "Silver Certification" rating and there is a possibility a "Gold Certification" might be achieved. A LEED Gold Certification exceeds IHS and Health and Human Services sustainability requirements and demonstrates the commitment TCC leadership has placed on a sustainable building design. LEED promotes sustainable buildings and development practices that implement strategies for better environmental and health performance. LEED certification provides independent, third-party verification that your building was designed and built using strategies aimed at achieving high performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

TCC's leadership promoted a strong vision of the organization's future health programs.

The consultation between the TCC and Indian Health Service (IHS) project team members on this project continues to be outstanding. TCC has involved IHS in nearly all aspects of this project, demonstrated a true partnership as envisioned by the Joint Venture Agreement, and has



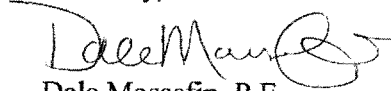
Subject  
November 9, 2011

Page 2

fostered an outstanding working relationship. I believe our Joint Venture partnership could be characterized as a model for what can be achieved between Tribal Health Organizations and IHS for improving access to health care services for American Indian and Alaskan Natives.

IHS is very excited with the current design and construction progress. We look forward to the continued development of this Joint Venture Construction Project and the day new and expanded health care services are delivered from the new clinic.

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Mossefin", with a stylized flourish at the end.

Dale Mossefin, P.E.,  
Director, Division of Health Facility Engineering  
Alaska Area Native Health Service

cc: Christopher Mandregan, Jr., Area Director, AANHS  
Denman Ondelacy P.E., Director, OEH&E, AANHS  
Kelly Leseman, P.E., IHS Project Engineer, AANHS