

Indian Health Service Testimony

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FY 2027 President's Budget

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Good afternoon, Chair Murkowski, Vice Chair Schatz, and Members of the Committee. Thank you for your support and for inviting me to speak with you about the President's Fiscal Year (FY) 2027 Budget Request for the Indian Health Service (IHS).

The Indian Health Service is an agency within the Department of Health and Human Services (HHS), and our mission is to raise the physical, mental, social, and spiritual health of American Indians and Alaska Natives (AI/ANs) to the highest level. This mission carries out statutory authorities to provide health care to AI/ANs in accordance with the special Government-to-Government relationship with AI/AN Tribes through a network of over 600 Federal and Tribal health facilities and 41 Urban Indian Organizations (UIOs) that are located across 37 states and provide health care services to approximately 2.8 million AI/AN people annually.

The Budget aligns with the [President's Management Agenda](#)¹ by modernizing IHS governance, strengthening enterprise-wide accountability, and deploying a new Electronic Health Record (EHR). These investments provide data to drive quality, efficiency, and health care service delivery across IHS-operated, Tribal, and urban Indian health programs. In FY 2027, the budget takes critical steps toward three interconnected priorities: advancing the future of the Indian Health Service, meeting the goals of the [Make America Healthy Again](#) (MAHA) initiative, and honoring tribal self-governance and aligning with tribal recommendations and Secretary Kennedy's commitment and desire for better AI/AN health outcome.

Advancing the Future of Indian Health

The IHS organizational model, which has not been examined in several decades, is unsustainable and in need of reform. The IHS modeled its organizational structure on the Department of the Interior, which was responsible for providing healthcare services to AI/AN communities before Congress moved that responsibility to HHS in the Transfer Act of 1954. Since then, technology, health care practices, and the role of IHS have drastically changed. As the Agency has grown and become more complex, the structure has created bottlenecks and accountability challenges. Repeat findings from Government Accountability Office (GAO) reports, HHS Office of the Inspector General audits, and internal reviews point to persistent operational and oversight issues

¹[President Trump's Management Agenda | Performance.gov](#)

stemming from the Agency's decentralized accountability structures. The IHS was added to the GAO High Risk List in 2017 and has only met one of the five criteria for removal in nine years. Fragmented decision-making, inconsistent policies across IHS Areas, gaps between Agency strategy and field execution, and delays in hiring, procurement, and facilities management threaten the long-term viability of the IHS. As of FY 2025, 65 percent of the IHS budget is directly operated by Tribes through Indian Self-Determination and Education Assistance Act (ISDEAA) agreements, which is a major achievement that also strains the Agency's remaining resources. The Agency has not built sufficient institutional capacity proportional to the demands of transferring tribal programs under the ISDEAA and requires a more streamlined approach that promotes efficiency, accountability, tribal self-governance, and customer service.

Tribal Consultation and Urban Confer is central to designing a modernized IHS. Since June 2025, the IHS has conducted 14 Tribal Consultations and 2 Urban Confers totaling 23 hours of engagement with Tribes and UIOs. Approximately 114 Tribes, Tribal Organizations, and Urban Indian Organizations have submitted written comments on the current realignment proposal. Employee input is also key to a successful organizational change. The IHS has held four town halls and listening sessions with more than 4,000 staff participants and launched an Agency-wide survey with over 1,600 respondents. The IHS also established a website dedicated to proposed IHS Realignment updates². Internal agency deliberations on the proposed modernized organizational structure continue.

Lastly, the IHS is working diligently to address the vacancy rate through a hiring initiative³ which will rebuild and strengthen the IHS workforce.

Prioritizing High Quality Health Care

The FY 2027 President's Budget includes \$9.1 billion in total discretionary funding for the IHS. The Budget also proposes an FY 2028 advance appropriation for the same budget lines for which we have previously received advance appropriations.

The Budget maintains the operating level for Hospitals and Health Clinics with increases for staffing of newly constructed facilities, current services, and a new IHS Operated Hospital Oversight initiative. This funding supports the largest portion of clinical care at IHS and Tribal health facilities, which plays a critical role in delivering primary medical care and community health services, especially in small, rural, and hard-to-reach areas. These facilities offer inpatient and outpatient medical care, laboratory and pharmacy services, diagnostic imaging, medical records, nutrition, physical therapy, and more. Some IHS and Tribal hospitals also provide secondary medical services, including emergency medicine, orthopedics, ophthalmology, radiology, and general and gynecological surgery. Investing in IHS, Tribal, and urban Indian hospitals and health clinics is vital to addressing the root causes of chronic disease and improving the overall quality of care.

² <https://www.ihs.gov/tribalconsultation/ihs-realignment/>

³ https://www.ihs.gov/sites/newsroom/themes/responsive2017/display_objects/documents/pressrelease_01292026.pdf

The Budget includes an increase of \$84 million to fully fund the staffing and operation of two federal newly constructed or expanded facilities and three Joint Venture Construction Program (JVCP) projects:

New/Expanded Federal Facilities:

Phoenix Indian Medical Center in Arizona
Bodaway Gap (Echo Cliffs) Health Center in Arizona

Tribal Joint Venture Construction Projects:

Omak Clinic in Washington
Mount Edgecumbe Medical Center in Alaska
Fred LeRoy Health and Wellness Center in Nebraska

The JVCP model enables Tribes to fund construction, while IHS provides support for staffing and operations, exemplifying shared commitment and investment. These new facilities will significantly increase patient access, improve care coordination, and enhance service delivery.

There is strong evidence that JVCP has significantly improved access to care in Tribal communities through increased capacity to serve more patients and provide a broader range of services. Fully staffing these five new facilities will expand health care access to a user population of approximately 137,000 AI/AN patients by ensuring qualified providers are hired and retained, many in rural and underserved areas. These staffing funds enable new sites to fulfill their health care purpose to improve health outcomes and advance long-term wellness to deliver prevention-focused, patient-centered care that addresses chronic disease, behavioral health, and maternal health needs at the Tribal community level.

To maintain services at the FY 2025 level and shore up the base operating budgets of IHS, Tribal and urban Indian health programs, the FY 2027 Budget requests a \$265 million increase for Current Services. These resources permit the IHS to meet the rising cost of providing direct health care services, including tribal and federal pay costs, medical and non-medical inflation, and population growth.

Over the past year, the IHS has worked to strategically improve the oversight of IHS-operated hospitals across the country. The FY 2027 President's Budget requests \$5 million for a new initiative to build enterprise-wide oversight for all IHS operated hospitals. The new oversight structure will allow IHS to supervise the delivery of quality medical care, oversee biomedical equipment needs, critical systems repairs and upgrades, environmental improvements, and facility enhancements to use resources as effectively as possible to upgrade patient care and safety. By taking an enterprise-wide approach to the management of IHS-operated hospitals, IHS can deliver more specialized oversight, ensure best practices are implemented across operations, and provide accountable high quality medical care to our AI/AN patients.

Patients at the Heart Electronic Health Record (PATH EHR) Modernization

According to the most recent Centers for Disease Control and Prevention life expectancy study published in July 2025⁴, AI/ANs born in 2022 have an average life expectancy that is 9.6 years fewer than the U.S. population. AI/AN life expectancy dropped by 6.2 years between 2019 and 2021, which was consistent with the drop in life expectancy across Indian Country due to the COVID-19 pandemic. However, with Congress's renewed focus on Indian health care, AI/AN life expectancy regained 2.3 years in 2022 - the greatest increase across all populations for that year. AI/AN life expectancy continued to increase in 2023, when it was 70.1 years (8.3 years fewer than the total U.S. population). The AI/AN population today shares the same life expectancy as the general United States population in 1962. This means advances in life-extending medical science have not yet fully trickled down to our AI/AN communities. AI/ANs also experience disproportionate rates of mortality for most major health issues, including chronic liver disease and cirrhosis, diabetes, unintentional injuries, assault and homicide, and suicide.

A central component in addressing these disparities is the modernization of the existing IHS EHR, which the Trump Administration began eight years ago with the goal of creating generational change in the health status of AI/ANs nationwide. Benefits from implementation of PATH EHR include improved patient safety, improved patient outcomes, better disease management, and enhanced population health. The EHR is a cornerstone of IHS operations and is used to document patient information, manage referrals, track prescriptions, and bill for over \$3.0 billion in revenue generated annually. It serves as the primary platform for health care delivery across Indian Country, supporting both direct service and tribally-operated facilities.

GAO identified IHS' current EHR system as one of the ten most critical legacy systems in need of replacement. The PATH EHR will be interoperable with the Department of Veterans Affairs, Department of War, tribal and urban Indian health programs, academic affiliates, and community partners. The PATH EHR initiative will equip IHS with the capability to deliver higher-quality, data-driven care while reinforcing its mission to improve the physical, mental, social, and spiritual health of AI/AN communities.

The FY 2027 President's Budget requests an increase of \$93 million for a total of \$287 million to support the ongoing modernization of IHS Health IT infrastructure to include licensing, hosting, training, site remediation, implementation, and support costs to implement a modernized EHR system to improve health outcomes through investments that promote efficiency, prevention, and long-term cost reduction. These investments will enable earlier identification and management of chronic disease, improved care coordination, and reduced medical errors, resulting in better patient outcomes and reducing long-term costs in Indian Country.

⁴ [https://www.cdc.gov/nchs/data/nvsr/nvsr74/nvsr74-06.pdf#:~:text=Results%E2%80%94%20the%20overall%20expectation%20of%20life,the%20Asian%20non%2DHispanic%20population%20\(84.4%20to%2085.2\)](https://www.cdc.gov/nchs/data/nvsr/nvsr74/nvsr74-06.pdf#:~:text=Results%E2%80%94%20the%20overall%20expectation%20of%20life,the%20Asian%20non%2DHispanic%20population%20(84.4%20to%2085.2))

Health Care Facilities Construction

The FY 2027 President's Budget requests an increase of \$5 million for a total of \$191 million for Health Care Facilities Construction to support the remaining projects on the 1993 IHS Health Care Facilities Construction Priority List. Additionally, Secretary Kennedy has announced a commitment of \$1 billion in existing HHS resources over the coming fiscal years for projects on the Health Care Facilities Construction Priority List.

The Indian health system faces substantial physical infrastructure challenges. IHS hospitals are approximately 42 years old on average, which is over three times the average age of hospitals in the United States.⁵ Infrastructure deficiencies not only limit the health care services that can be provided but outdated facilities and equipment contribute to lengthy patient wait times, facility certification issues, security concerns and the chronic health care provider vacancies.

There were originally 42 projects on the Priority List. To date, 36 projects have been completed or are currently under construction. The remaining six facility replacement projects include Phoenix Indian Medical Center, Gallup Indian Medical Center, Whiteriver Hospital, Albuquerque West Health Center, Albuquerque Central Health Center, and Sells Alternative Rural Hospital. Collectively, these projects represent approximately \$6.3 billion in total unfunded construction costs.

Supporting Tribal Self-Determination and Self-Governance

The IHS is firmly committed to supporting Tribal self-determination and self-governance, recognizing that Tribal leaders and communities are best positioned to identify and address the unique health care needs of their local communities. Over time, the share of the IHS budget administered directly by Tribes through ISDEAA contracts and compacts has steadily increased, with 65 percent of IHS funding now managed by Tribes. Across Indian Country, Tribes deliver individual and community health services through 20 hospitals, 340 health centers, 78 health stations, 147 Alaska village clinics, and seven school health centers.

In recognition of this dynamic, the FY 2027 Budget maintains an indefinite discretionary appropriation with a score of \$2 billion for Contract Support Costs (CSC). The updated CSC estimate reflects anticipated increases in CSC payments due to the U.S. Supreme Court's 2024 decision in *Becerra v. San Carlos Apache Tribe*, which requires the Federal Government to reimburse Tribes for CSC incurred not only on the funding they receive from IHS, but also on qualifying expenditures of program income they collect from third parties for services provided under their ISDEAA agreements. In addition, the budget maintains an indefinite discretionary appropriation with a score of \$929 million for ISDEAA Section 105(l) lease agreements, which provides financial support to Tribes to fund the operation costs of tribal facilities operated under the ISDEAA. This funding is essential to ensuring that Tribes have the resources necessary to operate safe and functional health facilities.

⁵ [The American Hospital Association Trends Affecting Hospitals and Health Systems Chartbook 2018 edition \(page 42\): https://www.aha.org/system/files/2018-06/2018-AHA-Chartbook.pdf](https://www.aha.org/system/files/2018-06/2018-AHA-Chartbook.pdf)

Investments in CSC and Section 105(*I*) Lease funding ensure that Tribal communities have the financial support to deliver locally tailored, cost-effective care that strengthens long-term health outcomes. By ensuring Tribes have the financial support needed to effectively administer and manage their own health programs, these investments demonstrate the Federal Government's recognition of Tribal Nations' sovereign right of self-determination and self-governance and reaffirms the special Government-to-Government relationship with Tribes.

The FY 2027 President's Budget maintains \$6 million to prepare for the initial delivery of health care services for the new federally recognized Lumbee Tribe of North Carolina and requests an additional \$6 million in funding for the United Keetoowah Band of Cherokee.

Advance Appropriations

Advance appropriations continue to improve the overall health status of AI/ANs. Advance appropriations directly support the core principles of MAHA by ensuring that IHS, Tribal, and urban Indian health programs have stable and predictable funding projections to continue providing high quality health care services to tribal communities.

The FY 2027 President's Budget builds on this success by requesting advance appropriations for FY 2028, using the same policy principles as past advance appropriations enacted by Congress. The total request for FY 2028 advance appropriations is \$5.6 billion for all programs except for the Electronic Health Record, Indian Health Care Improvement Fund, Contract Support Costs, Section 105(*I*) Leases, Sanitation Facilities Construction, and Health Care Facilities Construction.

Closing

The FY 2027 President's Budget represents a significant step toward fulfilling the Federal Government's trust responsibility to providing quality health care, consistent with its statutory authorities and its Government-to-Government relationship with each Tribe. The Budget strengthens the IHS's capacity to deliver quality and accessible care across all service areas. We look forward to continuing our work in partnership with HHS, Tribal government, Urban Indian Organizations, and Congress to ensure a healthier future. Thank you for your continued support and dedication to the health and well-being of Indian Country.