

## 2017-19 Biennium Budget Decision Package

**FINAL**

**Agency:** 303 Department of Health

**Decision Package Code/Title:** B1-FPHS Modernization & LHJ Funding

**Budget Period:** 2017-19

**Budget Level:** PL - Performance Level

**Agency Recommendation Summary Text:** The Department of Health requests funding for an immediate investment in local public health to begin stabilizing the crumbling system and to fill the most critical gaps that threaten the health of our communities. The requested funding will restore key functions that have already been lost, improve local public health’s ability to respond to the threat of communicable and chronic diseases, and provide resources to the public health system to develop and implement two pilot projects specifically designed to test different ways to deliver public health services to see which are most successful and could be implemented at a larger scale.

**Fiscal Summary:** Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1	27,000,000	27,000,000	27,000,000	27,000,000
<b>Total Cost</b>	<b>27,000,000</b>	<b>27,000,000</b>	<b>27,000,000</b>	<b>27,000,000</b>
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	0	0	0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1	0	0	0	0
<b>Object of Expenditure</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
N - Grants, Benefits & Client Svc	27,000,000	27,000,000	27,000,000	27,000,000

### Package Description

**\*\* This decision package is one of two components of the Foundational Public Health Services (FPHS) initiative to rebuild and modernize the Governmental Public Health system. \*\***

## **History & Context**

The governmental public health system (public health system) in Washington has a critical role that is focused on protecting and improving the health of families and communities through monitoring and control of communicable diseases, promotion of healthy lifestyles, ensuring safe water and food, preventing injuries and ensuring safe and quality health care. Overall, public health is concerned with protecting the health of entire populations. These populations can be as small as a local neighborhood, or as big as an entire county or state.

**Public Health is essential.** Investing in disease prevention is an effective way to improve health - keeping thousands of Washingtonians from developing preventable diseases and reducing health care costs. The public health system works to prevent problems from happening – in contrast to the medical care system, which focuses primarily on treating individuals after they become sick or injured. Public health also works to give everyone a chance to live a healthy life.

After a century of effectively preventing death and illness and increasing the quality of life in Washington communities, the public health system now faces the dual challenge of a severe funding crisis and a change in the nature of preventable disease and illness in our state.

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**The cumulative effort of new and more complex disease threats, smoking, costly and preventable chronic diseases and injuries, increasing need to ensure that all children have a health start in life and several other factors threaten to produce lower life expectancies among today's children than among their parents – something that has never happened before in US history.**

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One example of new demands on the public health system was the work needed to prepare for possible Ebola cases in our state. Local health staff had to stop their routine communicable disease work to monitor travelers from Ebola impacted countries. As a state, we physically monitored over 359 people every day for 21 days each to ensure they were not sick; state and local health officers developed guidance for the health care system so they would be prepared – which sometimes changed daily; and the state public health laboratory had to ramp up for a new test for a biological agent that is considered extremely dangerous; This was unprecedented work for the public health system and resulted in hundreds of thousands of dollars in unexpected costs.

Monitoring and responding to Zika illnesses presents similar challenges. The unanticipated global outbreak of Zika virus infection is the most current but certainly not the last emerging infectious disease challenge to confront the US public health system. Despite a number of such threats in recent years, significant gaps remain in core areas of the public health system. Responding to these new diseases means much work is being left undone in other areas, which exposes our residents to unacceptable levels of risk.

Containing the growing health burden and economic impact of preventable diseases in Washington requires a public health approach. We need to reduce statewide and community rates of chronic disease through prevention programs, promoting positive changes in behavior and giving everyone a chance to live long, healthy lives free of preventable injury or illness.

In response to these problems, state and local public health officials and local leaders have defined a set of core services that government is responsible for in all communities in our state. These core

services are a subset of the essential work of the public health system and are called ***Foundational Public Health Services*** (FPHS) because they provide the foundation to support the work of the broader public health system and community partners.

To ensure that these core services are available statewide and to maximize return on investment, the Department of Health (DOH) and local health jurisdictions (LHJ) are working to modernize the public health system by looking at how services are currently provided and developing new models for how to deliver them.

The planning for this initiative has been occurring over the past several years and a comprehensive multi-year strategy to modernize and reliably fund the public health system to provide the FPHS will be presented in the December 2016 ***Foundational Public Health Services*** legislative report.

### **The Problem**

Due to a cascade of funding changes over the past 16 years, the local public health system is now unable to meet its basic responsibility to provide core public health services to all communities in our state.

Without funding to address critical gaps, risks to the public include:

- Continued program and service cuts, impacting response time and ability to work proactively. It takes local health jurisdictions longer to investigate – and stop – outbreaks of foodborne illness because of increased complexity of the diseases and program cuts.
- Increased health disparities across our communities. Communities of color and less affluent neighborhoods will continue to suffer from shorter life expectancies than their more affluent neighbors and further burden the healthcare system with conditions that could have been prevented at far lesser cost.
- Limited response capacity for all-hazard emergencies like H1N1 or the SR530 slide.
- Diminished ability to prevent and respond to re-emerging public health threats, including measles and Hepatitis C.
- Chronic disease issues like diabetes, asthma and obesity are left unaddressed.
- Diminished response to emerging issues like the heroin/opioid epidemic, suicide and violence.
- Reducing our ability to curb growing causes of preventable death.
- Lessened attention on improving immunization rates of children and adults putting communities at risk for the spread of diseases like Whooping Cough and Measles.
- Decreased partnership opportunities with school districts (including safety inspections), non-profits and local agencies.
- Limited ability to collect and share critical health information with the public.
- Limited ability to enact policy to protect communities and prevent adverse health outcomes.
- Most small/rural public health jurisdictions have no program to address tobacco related health concerns—our largest known killer.
- Reduced capacity to train staff on drug resistant TB, Ebola, Zika, and other emerging public health threats.
- Diminished ability to fill critical public health positions. Open nursing positions go for months without applicants. Some counties are down to fewer than 4 staff. For example, Ferry County has two part time staff to address disease outbreaks and curb preventable deaths.

## Funding Changes

- When the motor vehicle excise tax (MVET) was repealed in 2000, local public health lost one of its main revenue sources that was anticipated to be adequate and sustainable, and to grow with increases in population. To partially mitigate this loss, the Legislature appropriated an amount from the state general fund equal to about 90% of lost MVET revenues at the time. While this funding continues today, the appropriation has not increased with inflation or population, reducing its purchasing power over time.
- Limited Potential for Additional Revenue. Since 2001, property tax revenues have been limited to growth of 1% per year, plus the value of new construction. Effectively, this prohibits a primary governmental revenue source from keeping pace with changes in inflation and population. Over time, purchasing power per capita has been greatly reduced.
- Impact of Large Categorical Funding Changes. Funding from the federal government has become significantly categorical and limited to very specific programs. Categorical funds don't have the flexibility needed to meet the diverse health challenges in all our communities.
- Competition with Other Priorities. Every budget cycle, public health has to compete with other priorities for a smaller and smaller pool of county and city general resources.

As a consequence of the funding challenges described above, many LHJs are not able to meet their basic responsibility to provide core public health services to keep their community safe. When one part of the public health system is unable to provide the core communicable disease services, it leaves all communities vulnerable to disease outbreaks such as measles, pertussis, foodborne illness, lead poisoning and preventable suicides that could have been contained if the whole system was functioning as designed.

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**Many LHJs are not able to meet their basic responsibility to provide core public health services to keep their community safe.**

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As part of ***Public Health Modernization***, it is imperative to use existing resources more effectively and efficiently, add capacity to the current system, and find innovative ways to provide FPHS to all communities. However, building full capacity at each LHJ, no matter the size, would be cost-prohibitive and a different solution is needed.

## What It Will Buy

This budget request includes funding to fill the most critical LHJ gaps in core public health services and to test two innovative delivery models for core public health services across the state.

## **LHJ Funding - \$25 million per year**

This request is for an immediate investment in local public health to begin stabilizing the crumbling system and to fill the most critical gaps that threaten the health of our communities. The requested funding will restore key functions that have already been lost, and improve local public health's

ability to respond to the threat of communicable and chronic diseases. These are core public health services that need to be available to every community in the state.

The funding will be used specifically for two FPHS programs and the supporting services that provide the greatest threat to the health of Washingtonians: (1) Communicable Disease prevention, and; (2) Chronic Disease prevention. While each LHJ has different gaps, this funding will help raise the bar across the state in these areas but will still fall short of fully funding the FPHS that only government can provide. However, this funding will increase the overall capacity of the local public health system to provide the core public health services detailed below:

- ***Communicable Disease Monitoring and Prevention*** – Manage the threat of disease through monitoring, outbreak investigation; identification of causes; and preventing more cases.
- ***Chronic Disease and Injury Prevention:*** Containing the growing health burden and economic impact of preventable diseases in Washington requires a public health approach. We need to reduce statewide and community rates of chronic disease through prevention programs, promoting positive changes in behavior and giving everyone a chance to live a healthy life.

The funding is intended to be an interim solution until the comprehensive plan to modernize the Governmental Public Health System and secure reliable funding is fully implemented.

### **Service Delivery Pilots - \$2 million per year**

This budget request is to develop and implement two pilot projects specifically designed to test different service delivery elements to see which are most successful and could be implemented at a larger scale.

The pilots will use a new framework that will allow multiple jurisdictions to share staff and services without the need for someone to be physically present in every location to provide the FPHS. The pilots will be targeted towards providing capacity for LHJs that don't have adequate resources to do this critical work now.

The pilots will test different structures/elements to support this work including: number of LHJs in each collaborative; types of shared services; policy development; funding method; management structure; location of staff; expertise of staff; resource allocation; levels of support needed to meet the demands; contracting strategies; and communication methods.

The findings of the service delivery pilots will be incorporated into the ***Public Health Modernization*** framework and allocations for FPHS will be based on shared delivery models where practical. This is expected to result in increased efficiency and effectiveness in the delivery of services in the public health system.

The pilots will be focused on two critical parts of the public health system:

- ***Communicable disease monitoring and control*** – many LHJs are not able to provide these core services to their community because they lack money or are not able to hire skilled staff. This impacts prevention and response activities and leaves communities

vulnerable to disease outbreaks such as measles, pertussis, and foodborne illness that could have been contained if adequate services were available.

- ***Assessment/Epidemiology*** – many LHJs do not have access to specialized expertise to analyze community health data to identify which health problems in the community present the most significant impact to residents. Knowing the health status of the community helps focus investments from many sectors (government, hospitals, and community organizations) on the most critical problems. Activities in this area also include the ability to evaluate the frequency of diseases such as lead poisoning, anencephaly, and cancer clusters with the goal of identifying interventions to prevent additional cases. High quality health assessment ensures that the real problems get identified so that decision makers and communities can focus resources in the best places to most effectively address issues.

This is Phase I of the implementation plan. The December 2016 ***Foundational Public Health Services*** legislative report will outline the multi-year strategy to modernize and reliably fund the public health system.

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**Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.** Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

N/A – new project

**Decision Package expenditure, FTE and revenue assumptions, calculations and details:** Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Local health Jurisdictions will receive \$25M per fiscal year. The funding received will be allocated to LHJs using a methodology that provides a meaningful level of funding for each LHJ to address the most critical FPHS gaps in communicable and chronic disease programs. The December 2016 report will contain the detailed allocation plan.

There will be \$2M/year for developing and implementing the 2 service delivery pilots for 2 years. The funding for this work will be coordinated through DOH.

## Decision Package Justification and Impacts

### What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change. ([results washington link](#))

#### Goal 1: Access & Success – Providing every Washingtonian a world-class education that prepares him or her for a healthy and productive life, including success in a job or career, in the community and as a lifelong learner.

Children need to be healthy in order to learn. Preventing diseases through immunization and safe food practices are two examples of the impact of the public health system in ensuring that children are ready to learn. Regular physical activity among students at school, a measure related to maintaining healthy weight, is known to improve academic performance –this is a key public health strategy.

#### Goal 2: Business Vitality – Washington is a great place to grow your business

The public health system monitors and responds to communicable disease outbreaks and works to prevent chronic disease. The health of employees directly impacts the place where they work – employees that call in sick due to preventable illnesses impact the productivity of the business. Keeping employees healthy helps reduce health care expenditures for both the employee and business. Caring for sick children also impacts the productivity of the business when parents need to take time off to care for them.

#### Goal 3: Sustainable energy & a clean environment – Keep our land, water and air clean

The public health system is responsible for ensuring water is safe to drink and regulates all public drinking water systems in the state to ensure that people don't get sick.

#### Goal 4: Healthy & Safe Communities – Safe People – Help keep people safe in their homes, on their jobs and in their communities

The public health system is responsible for monitoring and responding to communicable disease outbreaks. The ability to achieve this goal is dependent on LHJs capacity to respond to illness reports and take appropriate actions to control the spread of disease. Preventing chronic diseases is increasingly a critical priority with tobacco use and unhealthy weight as significant causes of disability and premature death in Washington.

The **Assessment Pilot** will provide the capacity for all communities in the pilot to measure their success in achieving the performance measures in this goal. It would not be possible to measure many of the performance indicators in this goal if the public health system didn't collect the data needed to measure the progress. For example: 1.1 - Decrease the infant mortality rate for children; 1.2.Y.a – Increase percentage of 10<sup>th</sup> graders with healthy weight; and 1.2.Y.d.1: Decrease percentage of 10<sup>th</sup> graders who report smoking cigarettes in the past 30 days.

One outcome of this pilot will be the ability of all communities to get information on the results of these measures for their own community so they can target interventions in the areas needed to gain the desired health improvements identified in the **Results Washington** goals. Without this information, we could see disparities in health status because data to inform decisions wouldn't be specific enough to guide locally driven interventions.

The ***Communicable Disease Pilot*** will provide the capacity to communities who lack this ability to measure the success of this goal. 2.2: Decrease incidents of food-borne illnesses by 5% from the 2012 baseline by 2020. The ability to achieve this goal is dependent on LHJs capacity to respond to illness reports and take appropriate actions to control the spread of disease.

**Goal 5: Efficient, effective and accountability government - Transparency and Accountability – I know how my money is being spent.**

The goal of the service delivery pilots is to increase the efficiency and effectiveness of the governmental public health system by ensuring that all communities have access to the core public health services that they deserve. The service delivery pilots will have performance measures developed and will be evaluated periodically throughout the project period.

#### **Performance Measure detail:**

##### **LHJ Funding**

The requested funding is to fill the most critical gaps, restore key functions that have already been lost, and improve our ability to respond to the threat of communicable and chronic diseases. These are core public health services provided by LHJs that need to be available in every community in the state. The funding is to be used specifically for Communicable Disease and Chronic Disease FPHS. Because the critical needs are different at each LHJ, the performance measures are intended to reflect individual performance that can be summarized at a systems level.

**Note:** Notifiable Conditions are diseases that the health care system is required to report to public health. The ability of public health to respond effectively is directly linked to the timeliness of the report. Using timeliness as a proxy for the desired outcome of preventing disease (things that don't actually happen) is a critical system performance measure.

**Communicable Disease** - will be focused on measuring the ability of the system to respond to communicable diseases within the timelines established by state and national guidelines.

1. Percentage of LHJs with a detailed investment plan for the funding received.
2. Percent of notifiable conditions cases reported to the LHJ where investigation was initiated within the specified time frame.
3. Percent of notifiable condition cases reported to the LHJ with a completed investigation by public health.

**Chronic Disease** (for LHJs using funding for this purpose)

1. Percentage of LHJs with a detailed FPHS investment plan for the funding received.
2. Percentage of LHJs with community level data to inform priorities.
3. Percentage of FPHS investment plan activities completed.

##### **Service Delivery Pilots**

Performance measures will be identified as part of the pilot project development.

One of the performance measures for the ***Assessment Pilot*** will be the availability of a health assessment for every community.



One of the performance measures for the *Communicable Disease Pilot* will be to measure the ability of the system to respond to communicable diseases within the timelines established by state and national guidelines.

The two pilots will be evaluated for response time, customer satisfaction, communications, value added, effectiveness, and cost benefit.

**Fully describe and quantify expected impacts on state residents and specific populations served:**

**LHJ's**

**Note:** The impact to state residents is dependent on the level of funding received. This request does not fully fund the estimated costs of providing FPHS in every community in Washington so the full benefit of these services will not be realized until the public health system is fully funded for this work.

All Washington residents will have increased confidence in the public health system's ability to respond to outbreaks of communicable disease. Reports of outbreaks and severe communicable diseases will be followed up on by skilled staff to contain the spread of disease such as foodborne illness, measles, and pertussis. The public will be protected during public health emergencies such as Zika, Ebola, floods or earthquakes.

When fully funded, LHJs will have the capacity to address the leading risk factors of chronic disease across the state, not just in places where resources are available. Chronic diseases are leading causes of death and illness. They are also costly and contribute to rising health care costs. Preventing chronic diseases will reduce premature deaths, save money and increase the economic health of our communities.

**Service Delivery Pilots**

Residents in all communities served by the *Communicable Disease Pilot* will have confidence in the public health system's ability to respond to outbreaks of communicable disease. Reports of outbreaks and severe communicable diseases will be followed up on by skilled staff who will work across political boundaries to contain the spread of disease such as foodborne illness, measles, and pertussis. Staff will work with the public, healthcare and community organizations on the day to day activities in disease prevention, promoting immunizations, and infection control. The staff in the pilot will also work together to respond to public health emergencies such as Zika, Ebola, floods or earthquakes to ensure that appropriate monitoring and interventions are in place. Communities will be better prepared and able to manage an outbreak as a result of participating in the pilot.

Residents in all communities served by the *Assessment Pilot* will benefit from increased access to specialized skills that are needed to identify community health status and inform community priorities. This information will be used by all groups and organizations focused on improving the health of the public such as accountable communities of health, hospitals, regional coalitions, and community organizations. They will also benefit from the availability of skilled epidemiologists to monitor and respond to non-communicable diseases that threaten the health of the public, such as lead poisoning.

The organizational structure that is established for providing these services will ensure that FPHS are available no matter where you live. The structure will be developed to take advantage of economies of scale and is expected to result in increased effectiveness across the state. This increased efficiency and effectiveness will stretch every dollar, allowing the public health system to use scarce resources wisely.

Having a uniform, consistent set of FPHS across the state will ensure that all Washingtonians have an equal opportunity for good health no matter where they live.

**What are other important connections or impacts related to this proposal?** Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	This proposal will provide capacity to address critical public health problems in communities with inadequate resources. This proposal supports the Healthier Washington initiative and brings public health resources and knowledge to the planning/coordination groups.
Other local gov't impacts?	Yes	This proposal will provide capacity to address critical public health problems in communities with inadequate resources.
Tribal gov't impacts?	Yes	This proposal will provide capacity to address critical public health problems in tribal communities.
Other state agency impacts?	Yes	This proposal supports the work of DEL and OSPI to ensure children are healthy and ready to learn. It also supports the work of DSHS in behavioral and mental health planning and program implementation.
Responds to specific task force, report, mandate or exec order?	No	<b>Identify:</b>
Does request contain a compensation change?	No	<b>Identify:</b>
Does request require a change to a collective bargaining agreement?	No	<b>Identify:</b>
Facility/workplace needs or impacts?	Yes	Potential to increase space needs for staff for service delivery pilots.
Capital Budget Impacts?	No	<b>Identify:</b>
Is change required to existing statutes, rules or contracts?	No	<b>Identify:</b>
Is the request related to or a result of litigation?	No	<b>Identify lawsuit (please consult with Attorney General's Office):</b>
Is the request related to Puget Sound recovery?	No	<b>If yes, see budget instructions Section 14.4 for additional instructions</b>
Identify other important connections		

**Please provide a detailed discussion of connections/impacts identified above.**

The FPHS provided by public health are the foundation for many other activities/services provided by government and the private sector. The data collected and analyzed by public health provides the information needed to focus resources in the right places. Collaboration with public health allows the integration of prevention principles and public health knowledge to shape successful interventions to improve the health of all Washingtonians.

Residents in all communities will benefit from increased resources for communicable disease prevention activities. This means LHJs will be better prepared and able to manage outbreaks in their communities.

Increases in chronic disease prevention activities means they will also benefit from increased access to specialized skills that are needed to identify community health status and inform community priorities. This information will be used by all groups and organizations focused on improving the health of the public such as hospitals, regional coalitions, and community organizations. They will also benefit from the availability of skilled epidemiologists to monitor and respond to non-communicable diseases that threaten the health of the public, such as lead poisoning.

**What alternatives were explored by the agency and why was this option chosen?**

N/A

**What are the consequences of not funding this request?**

**LHJ Funding**

If new funding is not provided to begin stabilizing LHJs, the erosion of critical public health services will continue to the point that the State and local communities will not be protected from disease outbreaks and more needless, preventable deaths from chronic disease will occur. Some smaller local health departments will be unable to meet their responsibilities and the Secretary of Health will be forced to step in and provide services per RCW 43.70.130.

The ability of public health to respond effectively to communicable disease is directly linked to the timeliness of response. If one part of the state system is compromised, it impacts everyone.

**Service Delivery Pilots**

Implementing these pilots and testing different frameworks will provide information to effectively implement the concept of ***Foundational Public Health Services*** statewide as framed in the December 2016 FPHS Report to the Legislature. Ensuring that FPHS are available no matter where you live is a critical piece of ***Public Health Modernization***. Without testing innovative concepts, there will be lost opportunities to gain efficiencies in the public health system and provide the accountability for good stewardship of resources that the public expects from government.

The ability to innovate and ensure access to core public health services in areas currently without these services will not happen.


**How has or can the agency address the issue or need in its current appropriation level?**

N/A

**Other supporting materials:** Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

**Information technology:** Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes  Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)