



Institute of Medicine

Committee on Public Health Strategies to Improve Health

Dissemination Workshop

April 25, 2012

About the Institute of Medicine

The Institute of Medicine (IOM) is part of the National Academies and was founded in 1970.

The National Academy of Sciences was established by Congressional charter in 1863.

IOM serves as adviser to the nation on health improvement.

Study Overview

- Sponsor: The Robert Wood Johnson Foundation
- Project duration: November 2009 – April 2012
- Project deliverables: 3 reports on related topics (measurement, law, and now, funding)
- Committee: 18 members with expertise including public health practice and research, corporate wellness, medical care quality measurement, public health systems research, public health law, primary care, medical care system management, health economics and financing, public health information systems

Committee Members Present Today

Marthe R. Gold, MD, MPH (Chair), City University of New York Medical School

Steven M. Teutsch, MD, MPH (Vice Chair), Los Angeles County Public Health

Joyce D.K. Essien, MD, MBA, Director, Center for Public Health Practice Rollins School of Public Health, Emory University

David Fleming, MD, Director and Health Officer, Department of Public Health, Seattle/King County

Thomas Getzen, PhD, Professor of Risk, Insurance, and Healthcare Management, Fox School of Business, Temple University, Executive Director, International Health Economics Association (iHEA)

Robert M. Kaplan, PhD, Office of Behavioral and Social Sciences Research, NIH

Committee Members Present Today

Glen P. Mays, PhD, MPH, F. Douglas Scutchfield Endowed Professor in Health Services and Systems Research, University of Kentucky College of Public Health

Mary Mincer Hansen, RN, PhD, Director, Masters of Public Health Program Adjunct Associate Professor, Department of Global Health, Des Moines University

Poki Stewart Namkung MD, MPH, Health Officer, Santa Cruz County Health Services Agency

David A. Ross, ScD, Director, Public Health Informatics Institute, The Task Force for Global Health

Martín Jose Sepúlveda, MD, IBM Fellow and Vice President, Health Research, IBM Research, IBM Corporation

IOM Project Staff

Alina Baciu, Study Director

Amy Geller, Program Officer

Alejandra Martin, Research Assistant

Charge to the Committee

The committee will develop recommendations for funding state and local public health systems that support the needs of the public following health care reform. Recommendations should be evidence based and implementable. In developing their recommendations the committee will:

- Review current funding structures for public health
- Assess opportunities for use of funds to improve health outcomes
- Review the impact of fluctuations in funding for public health
- Assess innovative policies and mechanisms for funding public health services and community-based interventions and suggest possible options for sustainable funding.

Report Contents

Four chapters (containing 10 recommendations)

- Introduction and context
- Reforming public health and its financing
- Informing investment in health
- Funding sources and structures to build public health

Three Commissioned Papers Further Inform the Committee

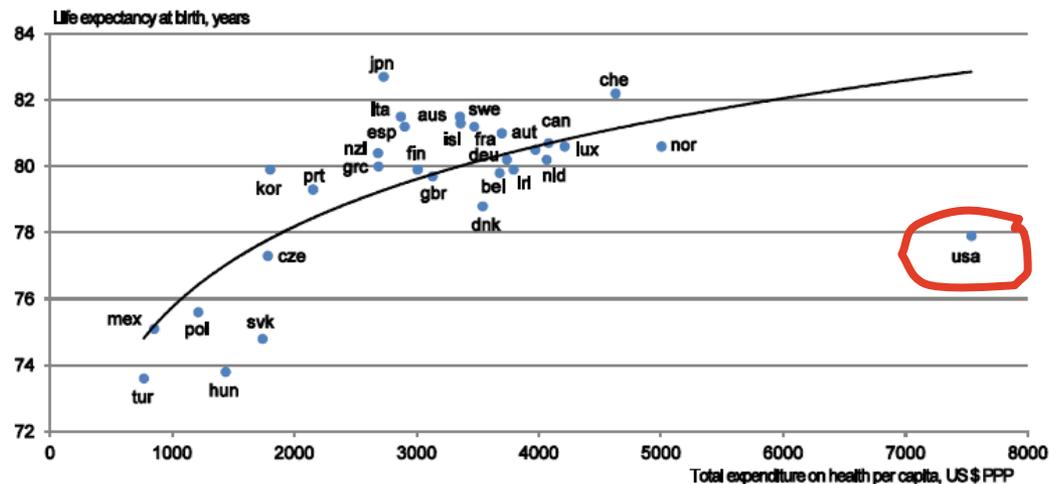
- S. Rosenbaum: The Patient Protection and Affordable Care Act: Opportunities for public health agencies and population health
- E. Salinsky: Financing mission-critical investments in public health capacity development
- S. Sessions: Financing state and local public health departments: A problem of chronic illness

What the US gets for its investment

Poor value for money invested

Lagging behind comparable, high-income nations on multiple measures of population health

Figure 1. There are large differences in life expectancy and health care spending across OECD countries 2008¹



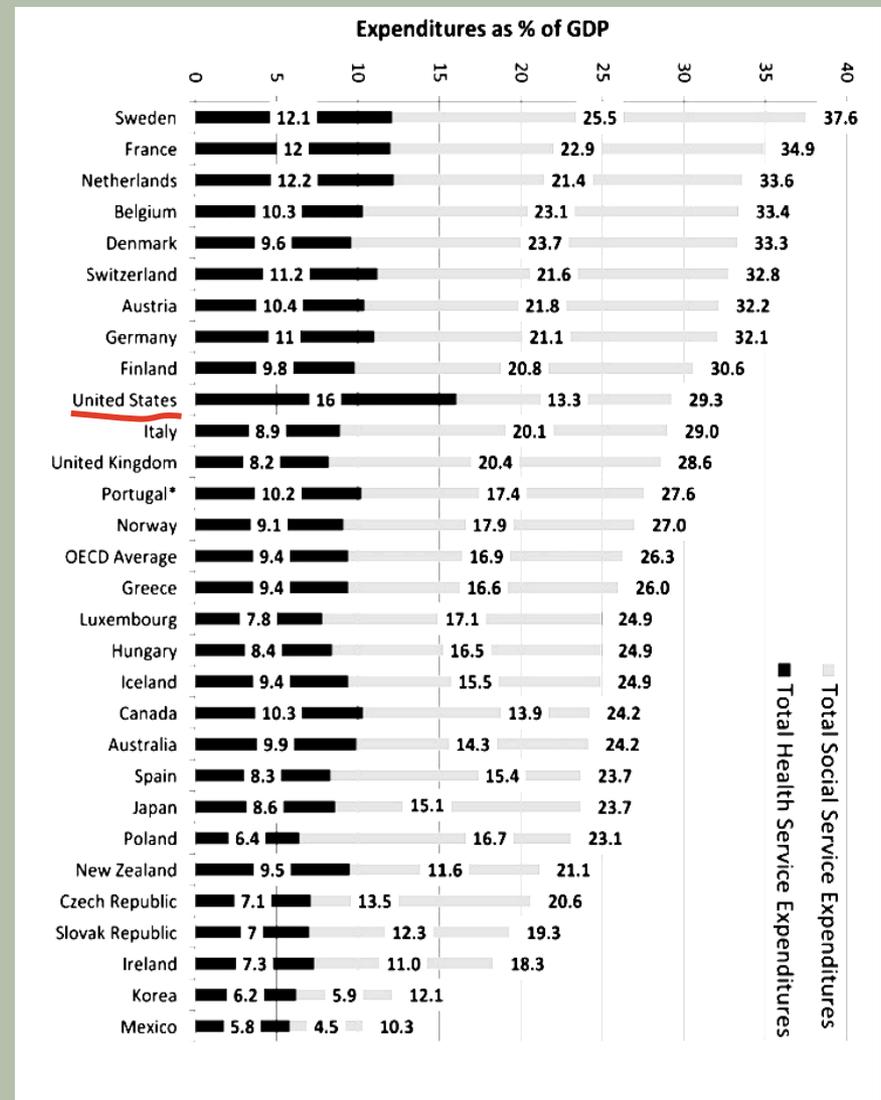
1. Or latest year available.
Source: OECD Health Data 2010.

US Social Spending

Ratio of non-health care social spending to health care social spending:

- 2.0 in the OECD countries
- 0.83 in the United States

Source: Bradley et al., 2011:3 (BMJ)



Achieving better value

- The US lags behind its peers on health status yet outspends every country in the world on health--largely in clinical care costs.
- Rising spending on medical care diverts funds from education, business development, and other systems that keep nations globally competitive.
- We need to assure our health dollars buy more by:
 - Eliminating inappropriate and unnecessary care
 - Limiting administrative costs
 - Achieving universal access
 - ***Implementing population-based health improvement strategies***

Recommendation 1

The Secretary of HHS should adopt an interim explicit life expectancy target, establish data systems for a permanent health-adjusted life expectancy target, and establish a specific per capita health expenditure target to be achieved by 2030. Reaching these targets should engage all health system stakeholders in actions intended to achieve parity with averages among comparable nations on healthy life expectancy and per capita health expenditures.

Funding for the Minimum Package

Current federal funding levels for public health departments fall well short of what is needed to allow departments to function smoothly in fulfilling their duties.

Governmental public health needs adequate funding to enable it to deliver the ***minimum package of public health services***—those foundational and programmatic services needed to promote and protect the public's health.

Estimating what public health needs

The information available to make an accurate estimate of the financial needs to support the public health system is limited.

Report includes several ways to use this information to arrive at a conservative initial estimate

- A \$24 billion investment by the federal government (representing a doubling of the current \$11.6 billion federal portion as defined by the National Health Expenditure Accounts)

Recommendation 8

To enable the delivery of the *minimum package of public health services* in every community across the nation, the committee recommends that Congress double the current federal appropriation for public health, and make periodic adjustments to this appropriation based on the estimated cost of delivering the *minimum package of public health services*.

Clinical Care and Health Departments

- Health care reform is intended to substantially extend insurance coverage.
- As coverage increases, the need for direct clinical service provision by public health departments should diminish.
- Although the “assurance” function may in some instances continue to require direct care provision by public health agencies, the primary activities of health departments are better directed at critical population-based activities that they are uniquely charged with providing.

Recommendation 4

The committee recommends that as clinical care provision in a community no longer requires financing by public health departments, public health departments should work with other public and private providers to develop adequate alternative capacity in a community's clinical care delivery system.

State and local Funds

Currently, local and state government funds are used to pay for clinical services delivered by public health departments.

As health care reforms lead to improvements in coverage, local and state funds could be “liberated.”

Recommendation 9

The committee recommends that state and local public health funding currently used to pay for clinical care that becomes reimbursable by Medicaid or state health insurance exchanges under Affordable Care Act provisions be reallocated by state and local governments to population-based prevention and health promotion activities conducted by the public health department.

Sources of funding for public health

Sufficient, stable, sustainable funding is needed to support state and local public health departments.

Various options for revenue generation exist. The best meet three criteria:

- Have a meaningful connection to population health
- Raise sufficient funds
- Do not have significant deleterious economic consequences

Recommendation 10

The committee recommends that Congress authorize a dedicated, stable, and long-term financing structure to generate the enhanced federal revenue required to deliver the *minimum package of public health services* in every community.

Such a financing structure should be established by enacting a national tax on all medical care transactions to close the gap between currently available and needed federal funds.

For optimal use of new funds, the Secretary of HHS should administer and be accountable for the federal share to increase the coherence of the public health system, support the establishment of accountabilities across the system, and ensure state and local co-financing.

Improving how public health funding is allocated, structured, used, and tracked

Resolving dysfunctions in funding

Allocation, structure, and requirements for use of public health funds are flawed.

Serious shortcomings in how public health is funded include:

- Poor alignment with population health needs
- The rich get richer
- Inflexible, fragmented, and poorly coordinated funding streams

Recommendation 2

To ensure better use of funds needed to support the functioning of public health departments, the committee recommends that:

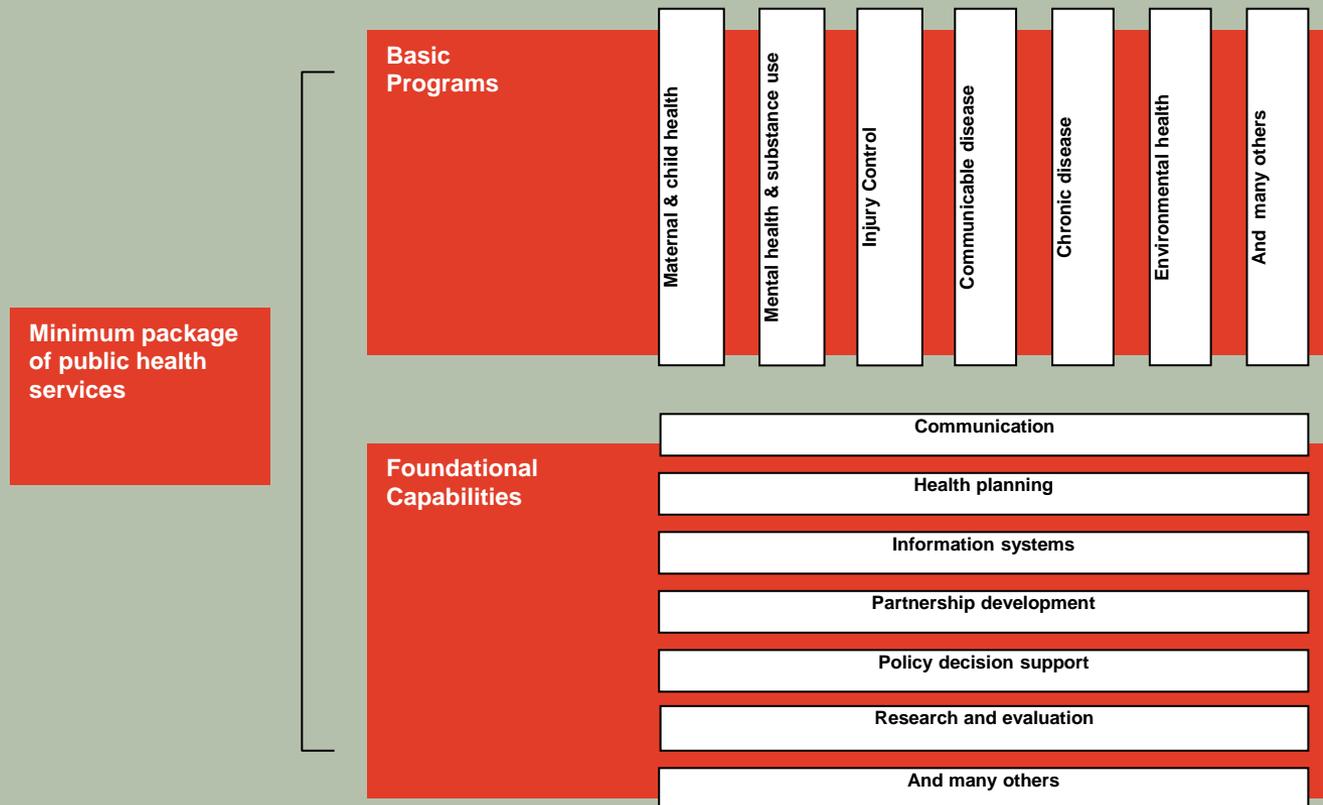
- (a) The Department of HHS (and other departments or agencies as appropriate) enable greater state and local flexibility in the use of grant funds to achieve state and local population health goals;
- (b) Congress adopt legislative changes, where necessary, to allow the Department of HHS and other agencies, such as the Department of Agriculture, the necessary funding authorities to provide that flexibility; and
- (c) Federal agencies design and implement funding opportunities in ways that incentivize coordination among public health system stakeholders.

What Every Health Department Needs

A well described and standardized set of public health services that:

- protect and promote the health of populations and are available and visible in all communities
- Provide adequate framework and infrastructure for program and financial management

The Minimum Package



The figure provides example of types of basic programs and foundational capabilities.

Recommendation 3

The public health agencies at all levels of government, the national public health professional associations, policymakers, and other stakeholders should endorse the need for a *minimum package of public health services*.

Tools to record financial information

There are many challenges to collecting and reporting financial information about the public health infrastructure

A key need is for standard tools, such as a chart of accounts to be used by all public health departments.

This would:

- permit apples to apples comparisons of public health departments
- support the development of better aggregated information about the revenues and expenditures of public health departments across the nation
- allow for greater understanding about resource allocation and link to community outcomes

Recommendation 5

The committee recommends that a technical expert panel be established through collaboration among government agencies and organizations that have pertinent expertise to develop a model chart of accounts for use by public health agencies at all levels to enable better tracking of funding related to programmatic outputs and outcomes across agencies.

Research and expert advice to inform national investment in health and to shape public health practice

Public health research

The evidence base for public health is thin in important areas:

- Prevention effectiveness – “what works best”
- Public health systems and services – “how best to deliver”

Research funding is inadequate and limits public health’s ability to adapt, retool, and respond in ways that are commensurate with contemporary needs and priorities.

Public health research

Industries characterized by high growth, innovation, and adaptation commonly devote 15% or more of their budgets to research and development

Public health needs a similar capacity for rapid-cycle discovery and learning:

- Early termination of strategies that do not produce expected benefits
- Rapid identification and spread of strategies that work

Recommendation 6

The committee recommends that Congress direct DHHS to develop a robust research infrastructure for establishing the effectiveness and value of public health and prevention strategies, mechanisms for effective implementation of these strategies, the health and economic outcomes derived from this investment, and the comparative effectiveness and impact of this investment. The infrastructure should include

- A dedicated stream of funding for research and evaluation.
- A national research agenda.
- Development of data systems and measures to capture research-quality information on key elements of public health delivery, including program implementation costs.
- Development and validation of methods for comparing the benefits and costs of alternative strategies to improve population health.

Expert investment advice

More information – both research and operational – is needed to reach an optimal balance of spending between medical care and public health.

The *minimum package of public health services* needs to be defined and the costs identified.

A knowledgeable body of experts is needed to work on these key issues as information becomes available.

Recommendation 7

Expert panels should be convened by the National Prevention, Health Promotion, and Public Health Council to determine

- The components and cost of the *minimum package of public health services* for local and state governments and the cost of main federal functions.
- The proportions of federal health spending that need to be invested in the medical care and public health systems.

The information developed by the panels should be included in the council's annual report to Congress.

Report Messages

- The United States gets poor value from its current health expenditures. It needs to change its investment strategies by simultaneously decreasing medical care system waste, and bending the curve to decrease health risks of its citizens.
- Public Health has the mandate and the skills to develop an evidence-based understanding of population health needs, and can develop strategies and collaborations to address these needs.
- Better coordination and deployment of current funding is critical, as are additional sources of predictable, adequate, and sustainable funding.

For more information about this report, visit

www.iom.edu/PHfunding

**For more information about the project, including
previous reports by this committee, visit**

www.iom.edu/PHstrategies or email

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