

Institute of Medicine
COMMITTEE ON PUBLIC HEALTH STRATEGIES TO
IMPROVE HEALTH
Meeting on:
Public Health Funding

***Financing Mechanisms &
Models for a Public Health System of Accounts***

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Objectives

- Sample of mechanisms used to finance public health services
- Examination of components needed for a Public Health System of Accounts

Funding

State	Local
<ul style="list-style-type: none">• \$28.92 per capita¹• Range<ul style="list-style-type: none">– \$3.55 Nevada– \$169.92 Hawaii• Research did not reveal statistically significant differences in the mean state per capita funding between the 3 organizational types of SHDs (stand alone, mixed function, umbrella)²	<ul style="list-style-type: none">• \$29.57 per capita¹• Range<ul style="list-style-type: none">– \$8 to \$102 per capita

¹Trust for America's Health, 2010

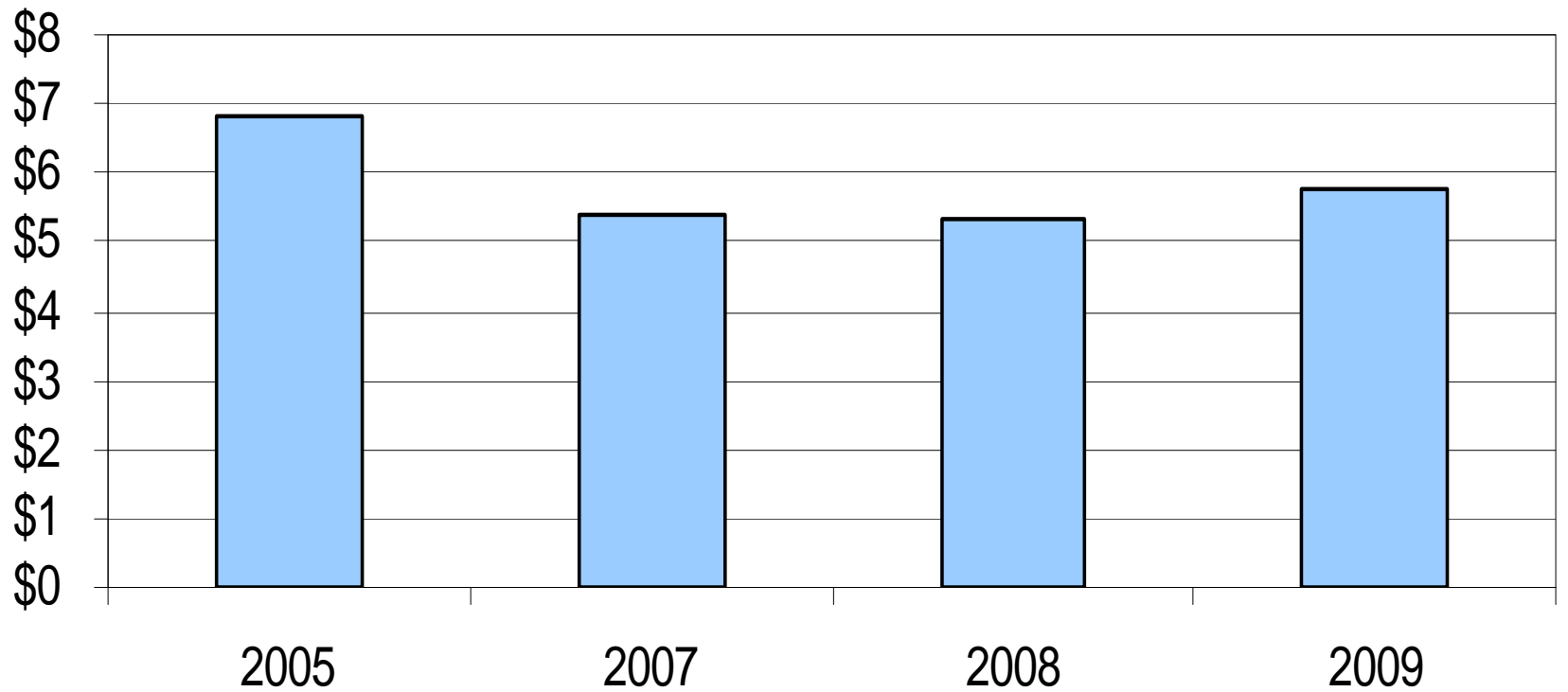
²Wang, Scott, Honoré, 2009

Financing Mechanisms

- Federal
 - Block (typically broad discretion)
 - Categorical (specific)
 - Competitive and formula based
 - Special authority and appropriations (ARRA, ACA, etc)
- State and County Government Revenues through Appropriation Processes
- Statute language mandating state funding to Local Health Agencies (LHA)
- State funding formulas to fund LHAs for specific services
 - Basic Public Health Services (WV)
 - Core Functions (MO)
 - Grant-in-Aid (GA)
- Taxes (e.g., property, sales tax, tobacco excise tax)
- Insurance
 - Medicaid
 - Medicare
 - Private Insurance
- Program Fees
- Fines

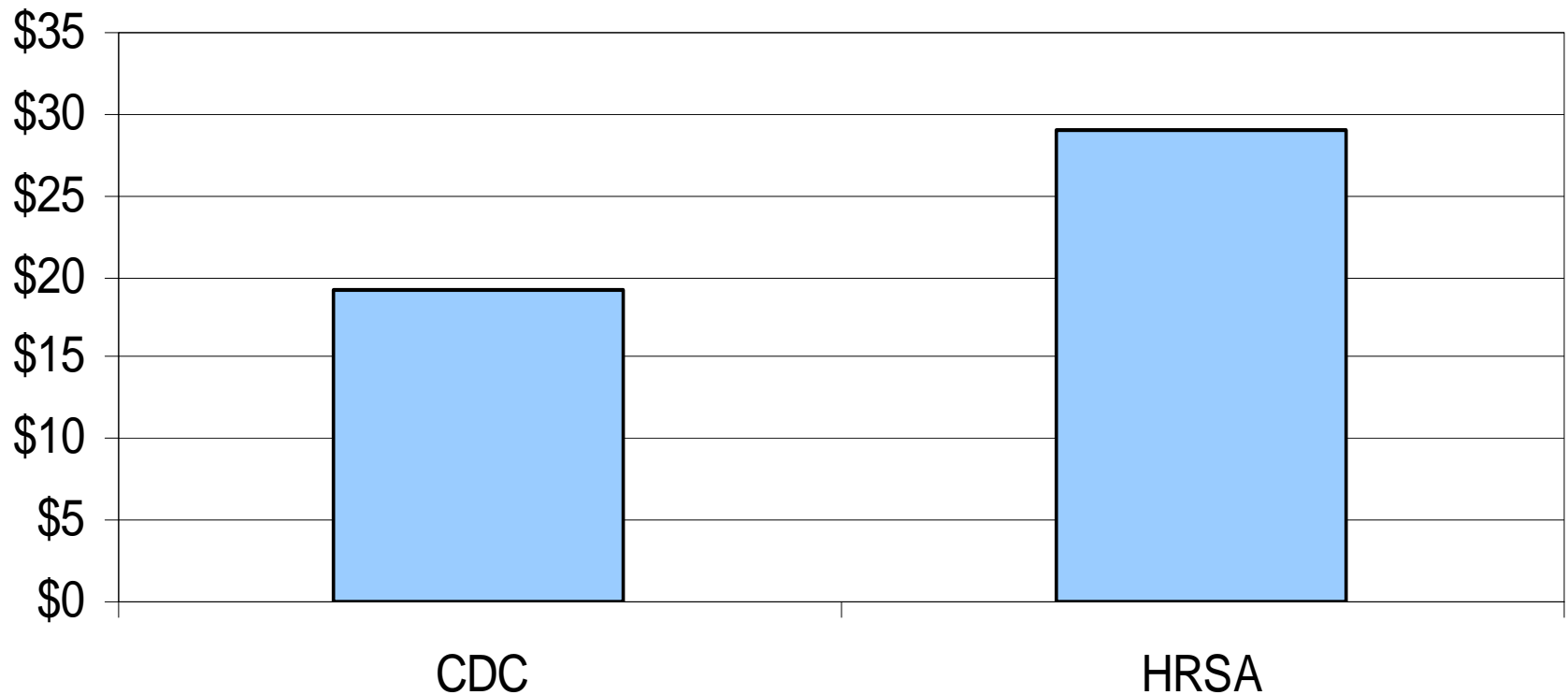
Federal Funding

CDC Funding Distributed to States for Public Health (Billions)



Federal Funding

2009 Per Capita Funding for Public Health



Federal Formulas

- Can be prescribed in the law or by regulation
 - Law can specify formula components (variables, hold harmless, thresholds, minimums, etc)
 - Law can state objectives and direct the agency to develop the formula

Sample of State Funding Mandates for Local Public Health Agencies

California	Florida	Connecticut
<ul style="list-style-type: none">• 1991/92 Revenue Realignment shifted certain responsibilities from state agency to local government• Shift in responsibilities funded with dedicated 0.5 % sales tax and 75% of Vehicle License Fees• Counties match varies based on formula in statute• State also provides basic allotment	<ul style="list-style-type: none">• Centralized system with state funds allocated to LHDs as restricted (categorical) and non-categorical on a per capita basis• Funding floor for non-categorical, primary care, and school health programs	<ul style="list-style-type: none">• \$1.18 per capita to municipalities• Must match with \$1 per capita from annual tax receipts• Additional per capita allocations for regional operations

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State Distribution of Funding to LHAs

Wisconsin

Performance-Based contract for consolidated services (funding from multiple sources – Lead, Oral Health, Immunization, MCH)

Each service in the contract could have different variables in the formula:

- Population
- Targeting Vulnerable populations
- Risk Factors
- Land/Density

Missouri

LHA Core Public Health Services Contract (dedicated state funding)

Formula Components:

- Population
- Poverty
- Local Tax Contribution
- Multi-County (consolidation)
- \$7.4 million

Fees and Fines

- Newborn Screenings (all except 5 states and DC)
 - Rates vary from high of \$139 to \$14¹
- Environmental Health
 - Regulation and Licensing (i.e., healthcare facilities, body art salons)
 - Inspection certifications (i.e., restaurants, residential buildings)
 - Permits (i.e., swimming pools, water systems, mobile home parks)
- Reports and Certificates
 - Vital Records (i.e., birth, death, marriage)
- Fines
 - Rape Crisis Trust Fund financed with \$150 fine levied on convicted perpetrators (FL)

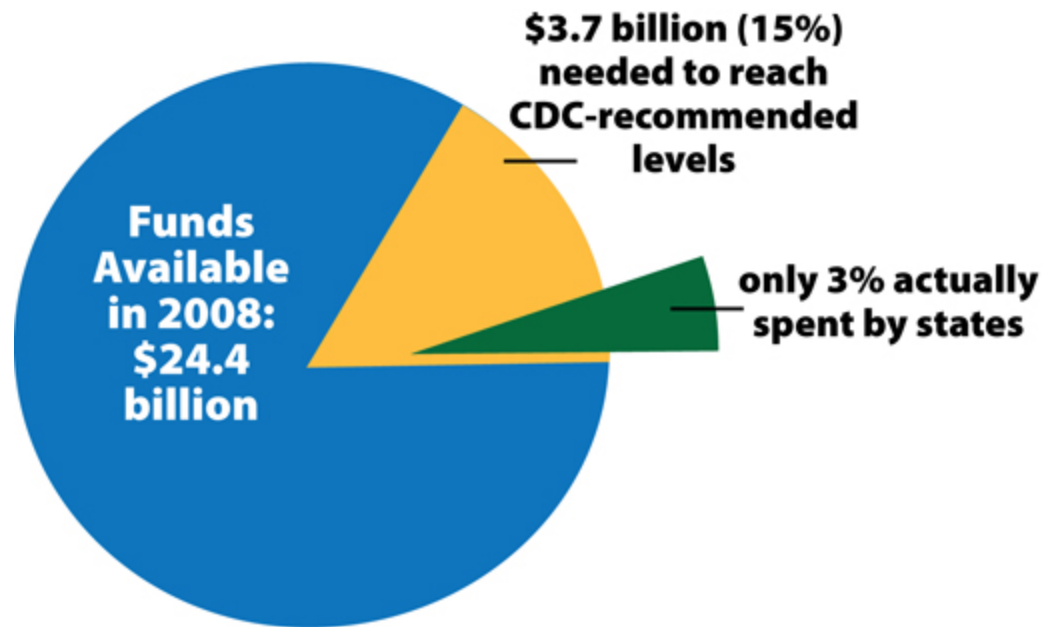
¹ Therrell, BL, et al. Financing Newborn Screening: Sources, Issues, and Future Consideration, 2007

Taxes

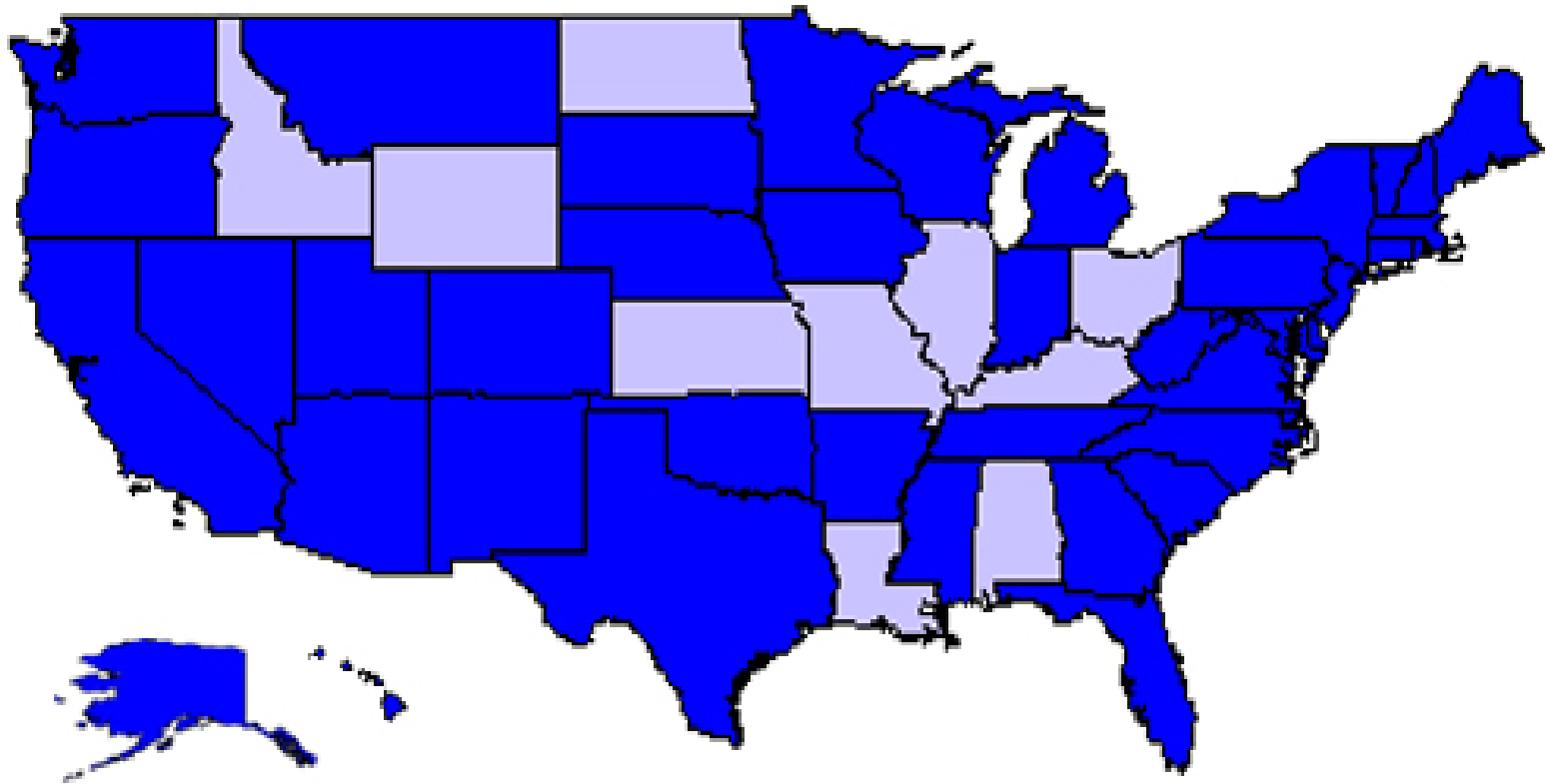
- Sales Taxes
 - California
- Disease specific excise taxes (tobacco)
- Taxing districts - need authority from state for local taxing districts
 - Mosquito control
 - TB
 - Property taxes
- Benefits/Limitations
 - Ability to align local funding with local priorities
 - Avoid annual funding fluctuations
 - Unpopular

Tobacco

- \$24.4 billion available to states from excise taxes and settlements
- Less than 3% allocated to tobacco control programs



Dedicated Public Health Property Tax Levy



- States with counties that levy a tax
- States where No counties levy a tax

Comparison of Public Health & School Tax

State	Per Capita Public Health Property Tax	Per Capita Local Property Tax Collections	Per Capita School Property Tax
Alabama	\$7.52	\$343	\$171
Arkansas	\$0.00	\$222	\$101
Illinois	\$6.92	\$1,460	\$864
Kentucky	\$14.93	\$425	\$270
Louisiana	\$8.31	\$529	\$201
Mississippi	\$0.00	\$661	\$296
Missouri	\$14.15	\$806	\$511
Tennessee	\$0.00	\$654	\$0.00 (DSD) ¹

¹ Dependent School Districts are funded with general funds
Honoré, Fos, Wang, and Moonesinghe, 2010

Property Taxes

- Research Results¹
 - Levying a dedicated property tax for counties with per capita income above \$28,000 associated with improved health outcomes when compared to counties without a tax
 - Levying a tax in counties with low per capita income may lead to poor health outcomes
- 32% of LBH have ability to request a public health levy²
- 5 States currently have dedicated property tax for Senior Services (KS, LA, OH, MI, ND)
 - \$200 million for Ohio in 2006³

¹ Honoré, Fos, Wang, and Moonesinghe, 2010

² NACCHO, 2008

² Payne, Applebaum, Molea, and Ross, 2007

Tax Revenue Opportunities

- Dedicated public health tax on local industries
 - Casinos
- Research found that two counties with a significant increase of tax revenues from casino gaming (*\$46 million and \$1.3million annually*) did not allocate more to public health services¹
 - There is no dedication of gaming industry revenues to public health
 - Total state-wide gaming revenues for the two states were *\$322.2 million and \$1.4 billion*

¹ Honoré, Simoes, Moonesinghe, Wang, and Brown, 2007

Observations

- No single solution
- Funding must be a diverse mix of sustainable revenue streams and beyond the scope of what currently exist
- Rationale and transparency in per capita allocations?
- What is the public health business model? Is it sustainable?
 - Public support for increased funding in some but not all public health priority areas¹
 - Yet public health is highly reliant on ***federal*** government financing
- Feasibility of justifying dedicated % of tax base to value of public health (i.e., demand for services)?

¹ Blendon, Benson, SteelFisher, Connolly, 2010

System of Accounts

Fundamental Question

- What is the portfolio of public health functions and activities? (i.e., what should be included in the accounting of public health activities)
- What do we want to know about those activities?
- Do we have uniform data systems in place to compile data that can answer those questions?

Higher Education Uniform National Functional Categories

Describes “Why” Funding is Received (Revenue) or Spent (Expenses)

Instruction

Research

Public Service

Academic Support

Student Services

Institutional Support

Natural Categories

“What”

Salaries

Fringe

Travel

Supplies

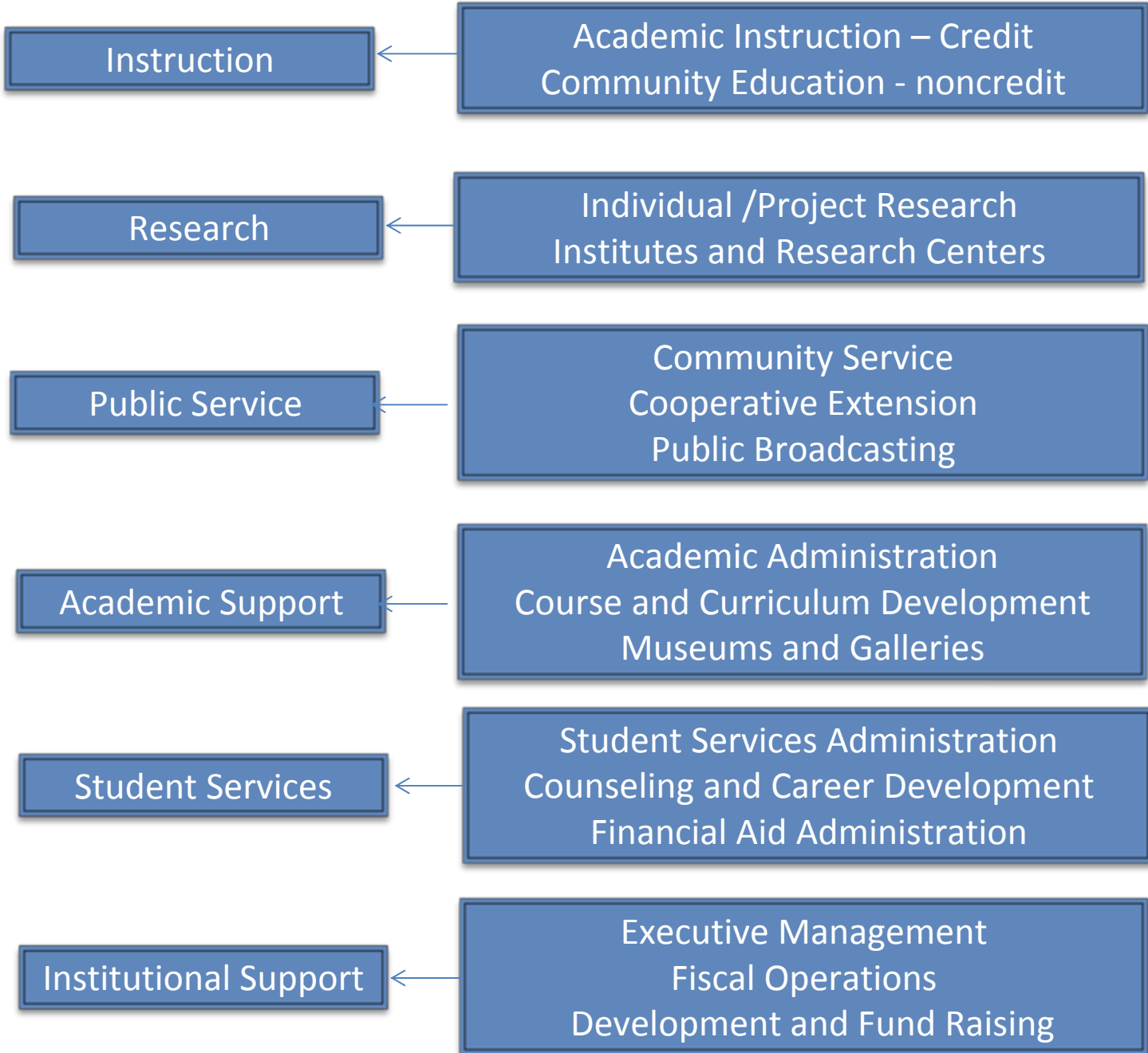
Equipment

Contractual Services

Etc...

Function Code

Sub Code Examples



Functional Category Peer Analysis

1. Comparison Institution 2. Data Report 3. Comparison Group 4. Variables 5. Output

My Comparison Institution - Florida State University [CHANGE](#)

Data Report Type - Create a Statistical Analysis Report [CHANGE](#)

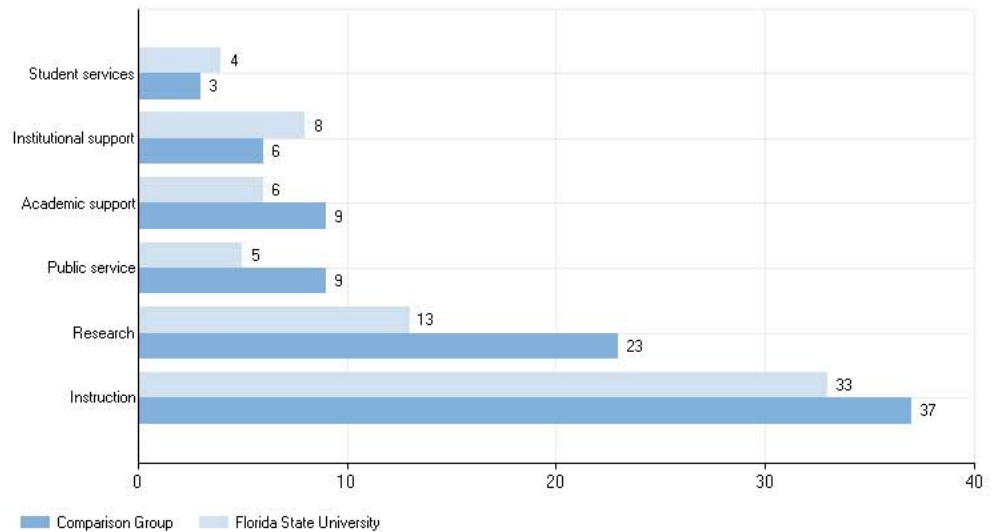
Comparison Group - You have selected 4 institution(s) [CHANGE](#) [VIEW](#)

Variables selected - You have selected 8 variables. [CHANGE](#)

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Percent distribution of core expenses, by function: Fiscal year 2009



NCES Headlines

- [NCES Releases Elementary/Secondary Information System \(ELSi\)](#)
- [Nation's Report Card: Science 2009 Trial Urban District Assessment](#)

- [NAEP Science 2009 District Snapshot Reports](#)
- [Public High School Teachers of CTE in 2007-08](#)

Performance Peer Analysis

1. Comparison Institution 2. Data Report 3. Comparison Group 4. Variables **5. Output**

My Comparison Institution - Florida State University [CHANGE](#)

Data Report Type - Create a Statistical Analysis Report [CHANGE](#)

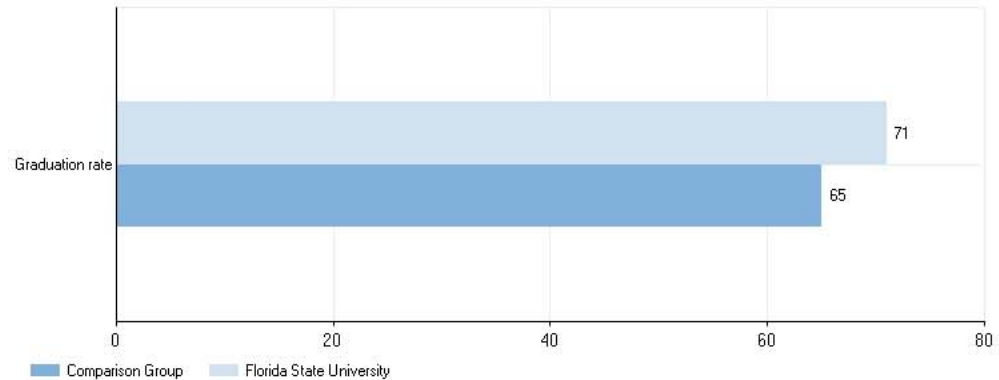
Comparison Group - You have selected 4 institution(s) [CHANGE](#) [VIEW](#)

Variables selected - You have selected 8 variables. [CHANGE](#)

STATISTICS DATA [Download Statistic](#)

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Graduation rate cohort as a percent of all undergraduates and as a percent of total entering students (Fall 2009); graduation rate and transfer-out rate (2003 cohort); and retention rates (Fall 2009)



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[ED.gov](#) | [Institute of Education Sciences](#) | [NCER](#) | [NCEE](#) | [NCSE](#)

No Uniformity in Public Health Classifications

West Virginia	Florida	Georgia
<ul style="list-style-type: none">• Primary Care Services• Clinical/Categorical Programs• Enhanced Public Health Services• Basic Public Health Services	<ul style="list-style-type: none">• Primary Care• Communicable Disease• Environmental Health	<ul style="list-style-type: none">• Emergency Preparedness• Injury Prevention• Adolescent & Adult Health Promotion• Infant & Child Health Promotion• Infant & Child Essential Health Services• Adolescent & Adult Essential Health Treatment Services• Infectious Disease Control• Immunization• Inspection & Environmental Hazard Control• Epidemiology• Vital records• Emergency Preparedness

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<ul style="list-style-type: none"> • Primary Care Services • Clinical/Categorical Programs • Enhanced Public Health Services <li style="padding-left: 20px;">TOBACCO • Basic Public Health Services 	<ul style="list-style-type: none"> • Primary Care <li style="padding-left: 20px;">TOBACCO • Communicable Disease • Environmental Health 	<ul style="list-style-type: none"> • Emergency Preparedness • Injury Prevention • Adolescent & Adult Health Promotion <li style="padding-left: 20px;">TOBACCO • Infant & Child Health Promotion • Infant & Child Essential Health Services • Adolescent & Adult Essential Health Treatment Services • Infectious Disease Control • Immunization • Inspection & Environmental Hazard Control • Epidemiology • Vital records • Emergency Preparedness

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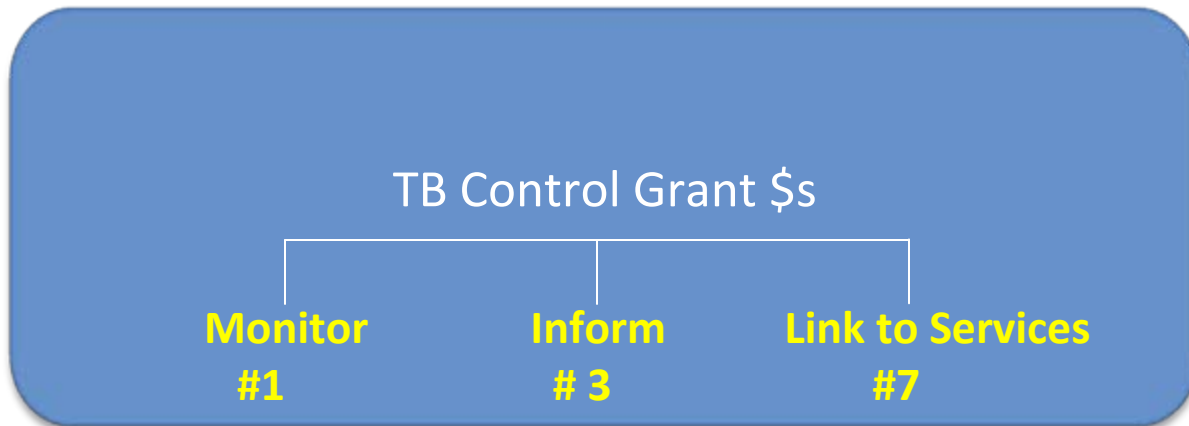
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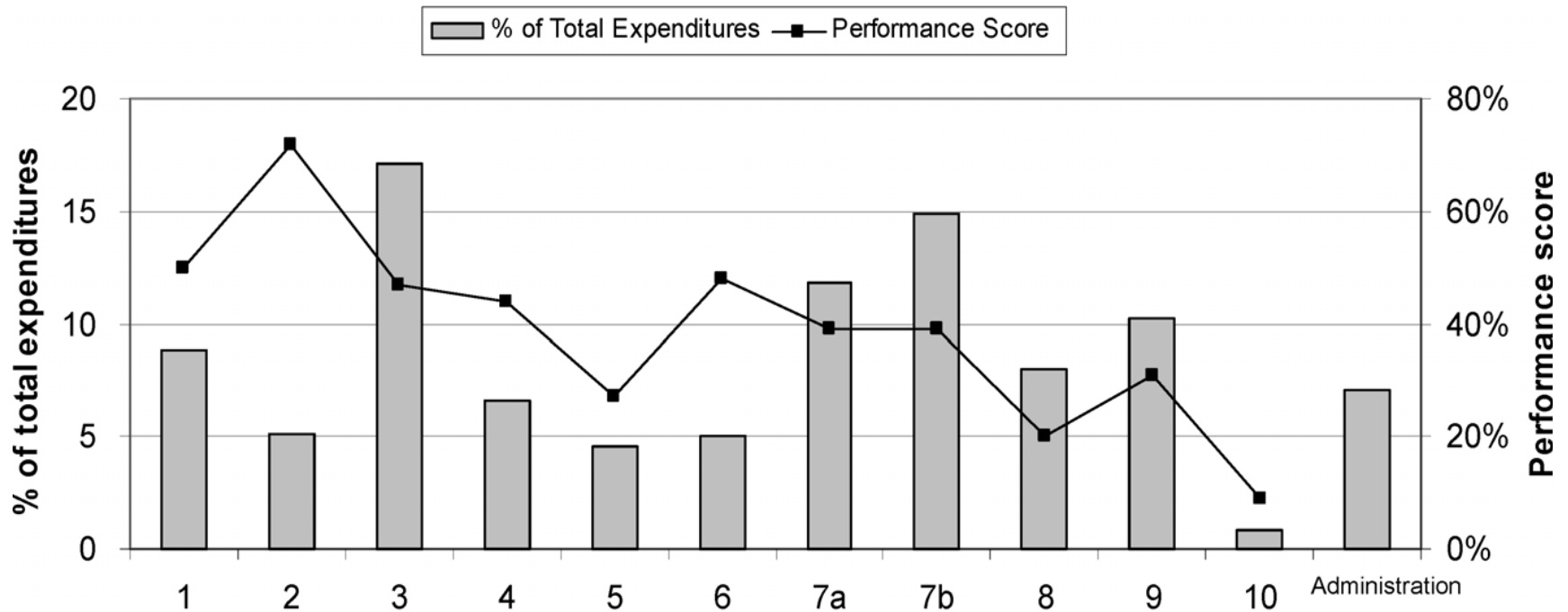
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10 Essential Services

- Funding (Revenue) from one Source likely to be spent (Expenditure) on multiple Essential Services
- Challenge is how to uniformly allocate to appropriate Essential Service(s)



Comparison of expenditures to performance scores



Essential service categories

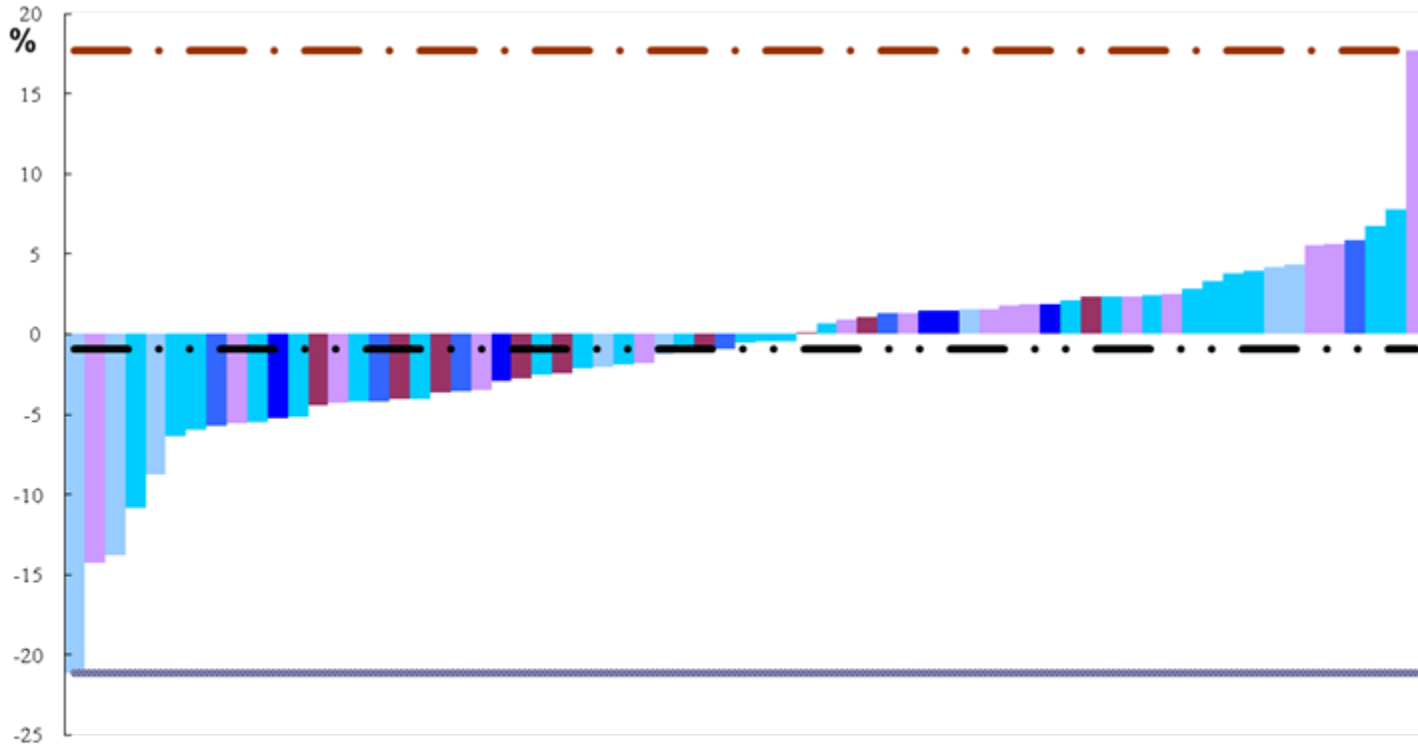
1. Monitor health status 2. Diagnose and investigate 3. Inform, educate, and empower 4. Mobilize community partnerships
 5. Develop policies and plans 6. Enforce laws and regulations 7a. Link people to needed services 7b. Assure the provision of care
 8. Assure competent workforce 9. Evaluate health services 10. Research

- Funding is agency specific
- Performance is a system measure

NACCHO Finance Module

- Identify list of uniform financial and operational categories
- Develop electronic ratio analysis system for agency and peer analysis
- Based on existing model and pilots in 5 states

2008 Total Margin



County Population

- < 25,000
- 25,000-49,999
- 50,000-99,999
- 100,000-499,999
- 500,000-1,000,000
- > 1,000,000

Maximum

Mean

Minimum

Thank You

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