
SUBSTITUTE HOUSE BILL 1825

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Health Care & Wellness (originally sponsored by Representatives Schual-Berke, Curtis, Dunshee, Moeller, Lovick, Morrell, Seaquist, McCoy, Clibborn, Barlow, Green, Appleton, Pedersen, Darneille, P. Sullivan, Kenney, Rolfes, Simpson, McIntire, Roberts, Ormsby and Chase)

READ FIRST TIME 02/12/07.

1 AN ACT Relating to public health funding; amending RCW 82.24.020
2 and 43.70.520; adding new sections to chapter 43.70 RCW; and adding a
3 new section to chapter 43.135 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.24.020 and 2003 c 114 s 1 are each amended to read
6 as follows:

7 (1) There is levied and there shall be collected as provided in
8 this chapter, a tax upon the sale, use, consumption, handling,
9 possession or distribution of all cigarettes, in an amount equal to the
10 rate of eleven and one-half mills per cigarette. All revenues
11 collected during any month from this tax must be deposited into the
12 local public health financing account created in section 3 of this act.

13 (2) An additional tax is imposed upon the sale, use, consumption,
14 handling, possession, or distribution of all cigarettes, in an amount
15 equal to the rate of five and one-fourth mills per cigarette. All
16 revenues collected during any month from this additional tax shall be
17 deposited in the violence reduction and drug enforcement account under
18 RCW 69.50.520 by the twenty-fifth day of the following month.

1 (3) An additional tax is imposed upon the sale, use, consumption,
2 handling, possession, or distribution of all cigarettes, in an amount
3 equal to the rate of ten mills per cigarette through June 30, 1994,
4 eleven and one-fourth mills per cigarette for the period July 1, 1994,
5 through June 30, 1995, twenty mills per cigarette for the period July
6 1, 1995, through June 30, 1996, and twenty and one-half mills per
7 cigarette thereafter. All revenues collected during any month from
8 this additional tax shall be deposited in the health services account
9 created under RCW 43.72.900 by the twenty-fifth day of the following
10 month.

11 (4) Wholesalers subject to the payment of this tax may, if they
12 wish, absorb one-half mill per cigarette of the tax and not pass it on
13 to purchasers without being in violation of this section or any other
14 act relating to the sale or taxation of cigarettes.

15 (5) For purposes of this chapter, "possession" shall mean both (a)
16 physical possession by the purchaser and, (b) when cigarettes are being
17 transported to or held for the purchaser or his or her designee by a
18 person other than the purchaser, constructive possession by the
19 purchaser or his or her designee, which constructive possession shall
20 be deemed to occur at the location of the cigarettes being so
21 transported or held.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.70 RCW
23 to read as follows:

24 (1) Protecting the public's health across the state is a
25 fundamental responsibility of the state. With the commitment to state
26 funding of the public health system as provided in section 3 of this
27 act, the state expects that measurable benefits will be realized to the
28 health of the residents of Washington. A transparent process that
29 shows the impact of increased public health spending on performance
30 measures related to the health outcomes in subsection (2) of this
31 section is of great value to the state and its residents. In addition,
32 a well-funded public health system is expected to become a more
33 integral part of the state's emergency preparedness system.

34 (2) This increase in public health funding shall deliver the
35 following outcomes, subject to available funding:

36 (a) Create a disease response system capable of responding at all
37 times;

- 1 (b) Stop the increase in, and reduce, sexually transmitted disease
- 2 rates;
- 3 (c) Reduce vaccine preventable diseases;
- 4 (d) Build capacity to quickly contain disease outbreaks;
- 5 (e) Decrease childhood and adult obesity and types I and II
- 6 diabetes rates, and resulting kidney failure and dialysis;
- 7 (f) Increase childhood immunization rates;
- 8 (g) Improve birth outcomes and decrease child abuse;
- 9 (h) Reduce animal-to-human disease rates; and
- 10 (i) Monitor and protect drinking water across jurisdictional
- 11 boundaries.

12 (3) Benchmarks for these outcomes shall be drawn from the national
13 healthy people 2010 goals, other reliable data sets, and any subsequent
14 national goals.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.70 RCW
16 to read as follows:

17 (1) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

19 (a) "Base year" means the calendar year ending December 31, 2006.

20 (b) "Core public health functions of statewide significance" or
21 "public health functions" means health services that:

22 (i) Address: Communicable disease prevention and response;
23 preparation for, and response to, public health emergencies caused by
24 pandemic disease, earthquake, flood, or terrorism; prevention and
25 management of chronic diseases and disabilities; promotion of healthy
26 families and the development of children; assessment of local health
27 conditions, risks, and trends, and evaluation of the effectiveness of
28 intervention efforts; and environmental health concerns;

29 (ii) Promote uniformity in the public health activities conducted
30 by all local health jurisdictions in the public health system, increase
31 the overall strength of the public health system, or apply to broad
32 public health efforts; and

33 (iii) If left neglected or inadequately addressed, are reasonably
34 likely to have a significant adverse impact on counties beyond the
35 borders of the local health jurisdiction.

36 (c) "Local funding" means discretionary local resources for public
37 health functions, including amounts from general and special revenue

1 funds, but excluding amounts received from fees and licenses and other
2 user fee types of payments for service. "Local funding" does not
3 include payments received from the state or federal government.

4 (d) "Local health jurisdiction" or "jurisdiction" means a county
5 board of health organized under chapter 70.05 RCW, a health district
6 organized under chapter 70.46 RCW, or a combined city and county health
7 department organized under chapter 70.08 RCW.

8 (e) "Population" means the most recent population estimates by the
9 office of financial management for state revenue allocations.

10 (2) The local public health financing account is created in the
11 state treasury. All receipts from RCW 82.24.020(1) must be deposited
12 in the account. Money in the account may be spent only after
13 appropriation. Expenditures from the account must be used for the
14 purposes specified in subsections (3) and (4) of this section.

15 (3) Beginning January 1, 2008, and on the first business day of
16 each January thereafter, the state treasurer shall distribute from the
17 local public health financing account five million four hundred twenty-
18 five thousand dollars to be shared equally amongst all local health
19 jurisdictions to address core public health functions of statewide
20 significance.

21 (4) Beginning January 1, 2008, and on the first business day of
22 each fiscal quarter thereafter, the state treasurer, in consultation
23 with the department of revenue or the department of health, as
24 necessary, shall distribute money in the local public health financing
25 account as provided in this subsection. The distributions under this
26 subsection (4) are subsequent to the distribution under subsection (3)
27 of this section.

28 Appropriated funds remaining following the distribution of moneys
29 under subsection (3) of this section must be apportioned to local
30 health jurisdictions in the manner provided in this subsection (4).
31 The apportionment factor for each jurisdiction is the population of the
32 jurisdiction's county as a percentage of the statewide population for
33 the prior calendar year. For two or more counties that have jointly
34 created a health district under chapter 70.46 RCW, the combined
35 population of all counties comprising the health district must be used.
36 Money received by a jurisdiction under this subsection (4) must be used
37 to fund core public health functions of statewide significance, and

1 until July 1, 2008, money shall be used to fund only known deficiencies
2 in core public health functions of statewide significance of the
3 jurisdiction.

4 (5) To receive distributions under subsections (3) and (4) of this
5 section in calendar year 2010 and thereafter, total local funding spent
6 by the jurisdiction on public health functions in the calendar year
7 prior to the previous calendar year must have equaled or exceeded total
8 local funding spent by the jurisdiction on public health functions in
9 the base year. The department of health shall notify the state
10 treasurer to discontinue distributions if the jurisdiction does not
11 meet this requirement.

12 (6) The department may adopt rules necessary to administer this
13 section.

14 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.70 RCW
15 to read as follows:

16 (1) The department shall accomplish the tasks included in
17 subsection (2) of this section by utilizing the expertise of varied
18 interests, as provided in this subsection.

19 (a) In addition to the perspectives of local health jurisdictions,
20 the state board of health, the Washington health foundation, and
21 department staff that are currently engaged in development of the
22 public health services improvement plan under RCW 43.70.520, the
23 secretary shall actively engage:

24 (i) Individuals or entities with expertise in the development of
25 performance measures, accountability and systems management, such as
26 the University of Washington school of public health and community
27 medicine, and experts in the development of evidence-based medical
28 guidelines or public health practice guidelines; and

29 (ii) Individuals or entities who will be impacted by performance
30 measures developed under this section and have relevant expertise, such
31 as community clinics, public health nurses, large employers, tribal
32 health providers, family planning providers, and physicians.

33 (b) In developing the performance measures, consideration shall be
34 given to levels of performance necessary to promote uniformity in core
35 public health functions of statewide significance among all local
36 health jurisdictions, best scientific evidence, national standards of
37 performance, and innovations in public health practice. The

1 performance measures shall be developed to meet the goals and outcomes
2 in section 2 of this act. The office of the state auditor shall
3 provide advice and consultation to the committee to assist in the
4 development of effective performance measures and health status
5 indicators.

6 (c) On or before November 1, 2007, the experts assembled under this
7 section shall provide recommendations to the secretary related to the
8 activities and services that qualify as core public health functions of
9 statewide significance and performance measures. The secretary shall
10 provide written justification for any departure from the
11 recommendations.

12 (2) By January 1, 2008, the department shall:

13 (a) Adopt a list of activities and services performed by local
14 health jurisdictions that qualify as core public health functions of
15 statewide significance as defined in section 3 of this act; and

16 (b) Adopt appropriate performance measures with the intent of
17 improving health status indicators applicable to the core public health
18 functions of statewide significance that local health jurisdictions
19 must provide pursuant to section 3 of this act.

20 (3) The secretary may revise the list of activities and the
21 performance measures in future years as appropriate. Prior to
22 modifying either the list or the performance measures, the secretary
23 must provide a written explanation of the rationale for such changes.

24 (4) The department and the local health jurisdictions shall abide
25 by the list of activities and services and the performance measures
26 developed pursuant to this section.

27 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.70 RCW
28 to read as follows:

29 Beginning November 15, 2009, the department shall report to the
30 legislature and the governor annually on the distribution of funds
31 under section 3 of this act and the use of those funds. The initial
32 report must discuss the performance measures adopted by the secretary
33 and any impact the funding in this act has had on local health
34 jurisdiction performance and health status indicators. Future reports
35 shall evaluate trends in performance over time and the effects of
36 expenditures on performance over time.

1 **Sec. 6.** RCW 43.70.520 and 1993 c 492 s 467 are each amended to
2 read as follows:

3 (1) The legislature finds that the public health functions of
4 community assessment, policy development, and assurance of service
5 delivery are essential elements in achieving the objectives of health
6 reform in Washington state. The legislature further finds that the
7 population-based services provided by state and local health
8 departments are cost-effective and are a critical strategy for the
9 long-term containment of health care costs. The legislature further
10 finds that the public health system in the state lacks the capacity to
11 fulfill these functions consistent with the needs of a reformed health
12 care system.

13 (2) The department of health shall develop, in consultation with
14 local health departments and districts, the state board of health, the
15 health services commission, area Indian health service, and other state
16 agencies, health services providers, and citizens concerned about
17 public health, a public health services improvement plan. The plan
18 shall provide a detailed accounting of deficits in the core functions
19 of assessment, policy development, assurance of the current public
20 health system, how additional public health funding would be used, and
21 describe the benefits expected from expanded expenditures.

22 (3) The plan shall include:

23 (a) Definition of minimum standards for public health protection
24 through assessment, policy development, and assurances:

25 (i) Enumeration of communities not meeting those standards;

26 (ii) A budget and staffing plan for bringing all communities up to
27 minimum standards;

28 (iii) An analysis of the costs and benefits expected from adopting
29 minimum public health standards for assessment, policy development, and
30 assurances;

31 (b) Recommended strategies and a schedule for improving public
32 health programs throughout the state, including:

33 (i) Strategies for transferring personal health care services from
34 the public health system, into the uniform benefits package where
35 feasible; and

36 (ii) ~~((Timing of increased funding for public health services
37 linked to specific objectives for improving public health))~~ Linking

1 funding for public health services to performance measures that relate
2 to achieving improved health outcomes; and

3 (c) A recommended level of dedicated funding for public health
4 services to be expressed in terms of a percentage of total health
5 service expenditures in the state or a set per person amount; such
6 recommendation shall also include methods to ensure that such funding
7 does not supplant existing federal, state, and local funds received by
8 local health departments, and methods of distributing funds among local
9 health departments.

10 (4) The department shall coordinate this planning process with the
11 study activities required in section 258, chapter 492, Laws of 1993.

12 (5) By March 1, 1994, the department shall provide initial
13 recommendations of the public health services improvement plan to the
14 legislature regarding minimum public health standards, and public
15 health programs needed to address urgent needs, such as those cited in
16 subsection (7) of this section.

17 (6) By December 1, 1994, the department shall present the public
18 health services improvement plan to the legislature, with specific
19 recommendations for each element of the plan to be implemented over the
20 period from 1995 through 1997.

21 (7) Thereafter, the department shall update the public health
22 services improvement plan for presentation to the legislature prior to
23 the beginning of a new biennium.

24 (8) Among the specific population-based public health activities to
25 be considered in the public health services improvement plan are:
26 Health data assessment and chronic and infectious disease surveillance;
27 rapid response to outbreaks of communicable disease; efforts to prevent
28 and control specific communicable diseases, such as tuberculosis and
29 acquired immune deficiency syndrome; health education to promote
30 healthy behaviors and to reduce the prevalence of chronic disease, such
31 as those linked to the use of tobacco; access to primary care in
32 coordination with existing community and migrant health clinics and
33 other not for profit health care organizations; programs to ensure
34 children are born as healthy as possible and they receive immunizations
35 and adequate nutrition; efforts to prevent intentional and
36 unintentional injury; programs to ensure the safety of drinking water
37 and food supplies; poison control; trauma services; and other

1 activities that have the potential to improve the health of the
2 population or special populations and reduce the need for or cost of
3 health services.

4 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.135 RCW
5 to read as follows:

6 RCW 43.135.035(4) does not apply to the transfer in RCW
7 82.24.020(1).

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