

HOUSE BILL REPORT

HB 1985

As Reported by House Committee On:
Health Care & Wellness
Ways & Means

Title: An act relating to public health financing.

Brief Description: Concerning public health financing.

Sponsors: Representatives Moeller and Pedersen.

Brief History:

Committee Activity:

Health Care & Wellness: 2/10/09, 2/20/09 [DPS];

Ways & Means: 2/24/09, 3/2/09 [DP2S(w/o sub HCW)].

Brief Summary of Second Substitute Bill

- Requires local health jurisdictions to submit a report to the Department of Health by November 1, 2009, indicating the extent of the jurisdiction's compliance with the minimum standards for public health protection established in the Public Health Improvement Plan.
- Predicates state funding for local health jurisdictions as of July 1, 2011, on substantial compliance with the minimum standards for public health protection.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Driscoll, Vice Chair; Ericksen, Ranking Minority Member; Bailey, Campbell, Clibborn, Green, Herrera, Hinkle, Kelley, Moeller, Morrell and Pedersen.

Staff: Jim Morishima (786-7191)

Background:

Public Health.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Public health generally consists of five categories of activities: preventing and responding to communicable disease; protecting people from environmental health threats; assessing health status; promoting health and preventing chronic disease; and accessing health services. In Washington, public health services are provided primarily by a decentralized system of 35 local health jurisdictions and by the Department of Health (DOH) and other state agencies (such as the Washington State Board of Health).

Public Health Financing.

Public health is financed through a variety of sources, including:

- federal grants;
- state appropriations distributed by the Department of Community, Trade and Economic Development (DCTED) and the DOH;
- appropriations from local governments; and
- fees.

In 2007 the Legislature appropriated approximately \$20 million for the 2008-2009 biennium for local health jurisdictions to implement the provisions of E2SSB 5930. The DOH was required to distribute the funds to local health jurisdictions. The amount of funding provided to each local health jurisdiction was the greater of:

- \$100,000 per year; or
- \$75,000 plus a per capita amount for jurisdictions with a population of 400,000 or less, or \$25,000 plus a per capita amount for jurisdictions with a population of greater than 400,000.

Additionally, the DOH is authorized to use the Engrossed Second Substitute Senate Bill (E2SSB) 5930 funds to provide local health jurisdictions with financial incentives to encourage and increase local investments in core public health functions. A local health jurisdiction receiving such an incentive may not use the incentive to supplant existing local funding.

Public health jurisdictions are required to use the E2SSB 5930 funds for core public health functions of statewide significance as determined by the DOH. The DOH is required to use performance measures to determine whether the public health jurisdictions are using the funds properly. If the DOH determines that a local health jurisdiction is out of compliance, the local health jurisdiction will be given 60 days for corrective action. If the local health jurisdiction remains in non-compliance after the 60 days, the funding will be suspended until the jurisdiction is back in compliance.

The Public Health Improvement Plan.

In 1993 the Legislature required the DOH to develop a Public Health Improvement Plan (PHIP), which contains a variety of information relating to public health, including:

- recommended strategies for improving public health programs;

- recommendations for public health funding; and
- a definition of minimum standards for public health protection.

The minimum standards for public health protection have evolved over time and currently consist of 12 standards for public health and measures associated with those standards. The 12 standards are:

- Community Health Assessment;
- Communication to the Public and Key Stakeholders;
- Community Involvement;
- Monitoring and Reporting Threats to the Public's Health;
- Planning for and Responding to Public Health Emergencies;
- Prevention and Education;
- Helping Communities Address Gaps in Critical Health Services;
- Program Planning and Evaluation;
- Financial and Management Systems;
- Human Resource Systems;
- Information Systems; and
- Leadership and Governance.

Summary of Substitute Bill:

Every local health jurisdiction in the state must comply with the minimum standards for public health protection in order to receive state funding from:

- appropriations made to the DOH for distribution to local health jurisdictions under E2SSB 5930;
- appropriations to the DCTED for distribution to local health jurisdictions; and
- local capacity development funds administered by the DOH.

The Secretary of Health (Secretary) must establish a review process to determine whether a local health jurisdiction is out of substantial compliance with the minimum standards, which he or she must use to review every local health jurisdiction at least once every two years. If the Secretary finds that a local health jurisdiction is out of substantial compliance, he or she must notify the local health jurisdiction in writing. The local health jurisdiction must then submit a plan of correction within 60 days.

If the Secretary determines that the plan of correction is likely to bring the jurisdiction back into substantial compliance within 180 days, he or she shall provide technical assistance to the jurisdiction to help it implement the plan of correction. If the Secretary determines that the plan of correction is not likely to bring the jurisdiction back into substantial compliance within 180 days, he or she may reject the plan and direct the jurisdiction to resubmit it within 15 days.

The Secretary must suspend payments to a local health jurisdiction, or order the DCTED to suspend such payments, if:

- a jurisdiction fails to submit an approved plan of correction; or
- a jurisdiction with an approved plan of correction remains out of substantial compliance with the minimum standards 180 days after it submits the approved plan.

The Secretary must re-review a jurisdiction that is out of compliance every 180 days. Once the jurisdiction is back in compliance, payments to the local health jurisdiction must be resumed, plus any moneys the jurisdiction should have received during the period of suspension.

The Secretary may exempt a local health jurisdiction from the review process if the jurisdiction is accredited by an organization whose standards meet or exceed the minimum standards for public health protection in the PHIP.

The prohibition against a local health jurisdiction using incentive payments to supplant existing local funding is removed.

Substitute Bill Compared to Original Bill:

The substitute bill:

- eliminates the new account (the Public Health Improvement Account) and the funding formula for local health jurisdictions;
- requires local health jurisdictions to be in substantial compliance with the minimum standards for public health protection established in the PHIP in order to be eligible for three sources of state funding:
 - funds provided by the DOH to local health jurisdictions pursuant to 2007's E2SSB 5930;
 - funds provided by the DCTED; and
 - local capacity development funds administered by the DOH;
- requires the Secretary of Health to review local health jurisdictions every two years (as opposed to every three years) to ensure substantial compliance with the minimum standards;
- requires the DOH and the DCTED to suspend state public health funding to a local health jurisdiction that is out of compliance with the minimum standards;
- makes a variety of conforming changes to the provisions of E2SSB 5930, including:
 - requiring E2SSB 5930 funds to be used for core public health functions of statewide significance; and
 - restoring the DOH's authority, under E2SSB 5930, to provide local health jurisdictions with financial incentives; and
- removes the prohibition against local health jurisdictions using financial incentives provided under E2SSB 5930 to supplant existing local funding.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Public health jurisdictions are experiencing an enormous shortfall this year. This shortfall will result in real reductions in public health services, which are among the core functions of government. This bill is one of the things we need to save public health. Public health also needs a stable, dedicated funding source. The funding formula in this bill should be changed to prevent funds being redistributed among local health jurisdictions. Flexible funding for local health jurisdictions should not be disrupted. Public health affects people in their everyday lives; if the system becomes unstable, the rest of the system becomes fragile.

(Opposed) None.

Persons Testifying: Representative Moeller, prime sponsor; Sherri McDonald, Washington State Association of Local Public Health Officials; Mary Selecky, Secretary of Health; Laurie Jenkins, Tacoma-Pierce County Health Department; Ann Piazza, Washington State Nurses Association; and Susie Tracy, Washington State Medical Association.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 21 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

Minority Report: Do not pass. Signed by 1 member: Representative Chandler.

Staff: Chris Blake (786-7392)

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Health Care & Wellness:

The second substitute bill delays the requirement that a local health jurisdiction be in compliance with the minimum standards for public health protection in order to receive state funding. The requirement that the Department of Health (Department) establish a review process to evaluate whether a local health jurisdiction is in compliance is postponed until July 1, 2011.

Each local health jurisdiction must report to the Department by November 1, 2009, regarding the extent to which it is in compliance with the minimum standards for public health

protection. The Department must forward the reports to the Governor and the Legislature by December 1, 2009.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to the Secretary of Health's review process for local health jurisdictions, which takes effect July 1, 2011.

Staff Summary of Public Testimony:

(In support) This bill is necessary to stabilize Washington's public health system. Without dedicated funding for public health the state will spend more money, not less. The bill sets up accountability standards for public health. There is a dire lack of funding for public health. Local health jurisdictions are facing a \$66 million shortfall across the state.

(Opposed) None.

Persons Testifying: Susie Tracy, Washington State Medical Association and Public Health Roundtable; and Jeff Killip, Washington State Association Local Public Health Officials.

Persons Signed In To Testify But Not Testifying: None.