

## Schedule 13 Funding Request for the 2013-14 Budget Cycle

Department: Public Health and Environment  
 Request Title: Local Public Health Agency Funding  
 Priority Number: R-3

Dept. Approval by: [Signature] 10/3/12  
 Date  
 OSPB Approval by: [Signature] 10/16/12  
 Date

- |                                     |                                |
|-------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> | Decision Item FY 2013-14       |
| <input type="checkbox"/>            | Base Reduction Item FY 2013-14 |
| <input type="checkbox"/>            | Supplemental FY 2012-13        |
| <input type="checkbox"/>            | Budget Amendment FY 2013-14    |

Line Item Information		FY 2012-13		FY 2013-14		FY 2014-15
		1	2	3	4	6
	Fund	Appropriation FY 2012-13	Supplemental Request FY 2012-13	Base Request FY 2013-14	Funding Change Request FY 2013-14	Continuation Amount FY 2014-15
<b>Total of All Line Items</b>	<b>Total</b>	8,165,459	-	8,165,459	375,466	375,466
	FTE	-	-	-	-	-
	GF	6,176,429	-	6,176,429	375,466	375,466
	GFE	-	-	-	-	-
	CF	1,989,030	-	1,989,030	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(1) Administration, (C) Local Public Health	Total	7,924,220	-	7,924,220	(7,924,220)	(7,924,220)
	FTE	-	-	-	-	-
Planning and Support, Distributions to Local Public Health Agencies	GF	5,935,190	-	5,935,190	(5,935,190)	(5,935,190)
	GFE	-	-	-	-	-
	CF	1,989,030	-	1,989,030	(1,989,030)	(1,989,030)
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(1) Administration, (C) Local Public Health	Total	241,239	-	241,239	(241,239)	(241,239)
	FTE	-	-	-	-	-
Planning and Support, Environmental Health Services Not Provided by Local Health Departments	GF	241,239	-	241,239	(241,239)	(241,239)
	GFE	-	-	-	-	-
	CF	-	-	-	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
(1) Administration, (C) Local Public Health	Total	-	-	-	8,540,925	8,540,925
	FTE	-	-	-	-	-
Planning and Support, Distributions to Local Public Health Agencies for provision of Public and Environmental Health Services	GF	-	-	-	6,551,895	6,551,895
	GFE	-	-	-	-	-
	CF	-	-	-	1,989,030	1,989,030
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes  No  If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: 20L Public Services Support Fund

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes  No  Not Required

Schedule 13s from Affected Departments:

Other Information:



# DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

John W. Hickenlooper  
Governor

*FY 2013-14 Funding Request  
November 1, 2012*

Christopher E. Urbina MD, MPH  
Executive Director & Chief Medical Officer

11/15/12

Signature

Date

**Department Priority: R-3  
Local Public Health Funding**

Summary of Incremental Funding Change for FY 2013-14	Total Funds	General Fund	Cash Funds	FTE
Total Net Public Health Request	\$375,466	\$375,466	\$0	0.0
Additional General Fund for distribution to Local Public Health Agencies	\$375,466	\$375,466	\$0	0.0
New combined line (1) Administration, (C) Local Public Health Planning and Support, Distributions to Local Public Health Agencies for Provision of Public and Environmental Health Services	\$8,165,459	\$6,176,429	\$1,989,030	0.0
Eliminate (1) Administration (C) Local Public Health Planning and Support, Distributions to Local Public Health Agencies	(\$7,924,220)	(\$5,935,190)	(\$1,989,030)	0.0
Eliminate (1) Administration, (C) Local Public Health Planning and Support, Environmental Health Services not Provided by Local Public Health Departments	(\$241,239)	(\$241,239)	\$0	0.0

### Request Summary:

This request is comprised of two parts:

- 1). Combine the two current Long Bill lines that are used to provide funding to local public health agencies into one line. As shown above, the current lines are "(1) Administration and Support, (C) Local Public Health Planning and Support, Distributions to Local Public Health Agencies" and "(1) Administration and Support, (C) Local Public Health Planning and Support, Environmental Health Services Not Provided by Local Health Departments." The Department proposes that the new line be titled "Distributions to Local Public Health Agencies for provision of Public and Environmental Health Services".

- 2). Increase the funding in the new combined line by \$375,466 General Fund to be distributed through a fair and equitable funding formula that provides support to each local agency to implement legislatively required core services. Additional moneys distributed through this funding formula will further implementation of the Public Health Act (C.R.S. 25-1-501 et seq.) and improve public health across the state.

### Problem or Opportunity:

Local public health agencies are the "arms" of the state, ensuring that programs and mandates are met and appropriate in the local context. These agencies work to ensure that public health is provided throughout the state of Colorado.

Over the last several years the funding provided by the State to Local Public Health Agencies has decreased steadily due to reductions in the Tobacco Master Settlement payments and some small General Fund reductions to balance the budget. At the same time, the Local Public Health Agencies have been asked to provide more services to the citizens in their jurisdictions, and provide services to more citizens as the population of the state increases by an average of 93,930 people per year based on the Colorado Department of Local Affairs estimates.

As such, the Department now has the opportunity to combine the lines in the Long Bill as there is now one type of public health agency that is required to provide environmental health services. Environmental health services includes restaurant and child care inspections as the primary responsibility; along with technical guidance and assistance in addressing other environmental issues including wildfires, hazardous spills, boiled water orders, well water and on site waste water systems, and other environmental health consultation.

**Table 1 – Local Public Health Agency Funding**

<b>FY</b>	<b>Total</b>	<b>General Fund</b>	<b>Cash Fund (MSA)</b>
2009-10 (Actual)	\$8,540,933	\$5,962,731	\$2,578,202
2010-11 (Actual)	\$8,099,292	\$5,962,731	\$2,136,561
2011-12 (Actual)	\$7,981,128	\$5,935,190	\$2,045,938
2012-13 (Approp)	\$7,924,220	\$5,935,190	\$1,989,030
Net Change from FY 2009-10 to 2012-13	(\$616,713)	(\$27,541)	(\$589,172)

**Brief Background:**

The 2008 Public Health Act eliminated the Organized Health Departments and Nursing Services and created one type of Local Public Health Agency (LPHA). The primary difference between these two types of agencies was the scope of public health services provided. As required by the Public Health Act, Core Public Health Services were passed into rule in 2011, requiring all LPHAs to provide or assure the same core set of public health services<sup>1</sup>.

Pursuant to Section 25-1-512, C.R.S., the Department allocates moneys appropriated by the General Assembly to LPHAs to help them perform their health and environmental duties. These moneys come from the General Fund and from tobacco settlement revenues for Local Planning and Support. The General Fund component is frequently referred to as a “per capita” payment, a reference to terminology that was formerly in statute.

Since the passage of the 2008 Public Health Act, more agencies are adding or assuring core public health services. Currently, Local Public Health Agencies are identified by the “Tier” level of service that they provide. A portion of the General Fund dollars are distributed as a base amount determined by this tier and the services provided. Distributing funds by population alone would not be efficient, given the extreme differences in county population sizes and cost in running an agency.

- Tier 1 LPHA’s do not provide all core public health services. In some cases, such as restaurant inspections, the Department must provide these services for the county.
- Tier 2 LPHA’s ensure that all core public health services are provided, through contracting with other agencies for some services.
- Tier 3 LPHA’s provide all core public health services for their jurisdiction, but serve smaller populations, and have fewer restaurants and facilities to inspect.

<sup>1</sup> Assessment, Planning, and Communication, Vital Records and Statistics, Communicable Disease Prevention, Investigation, and Control, Prevention and Population Health Promotion, Emergency Preparedness and Response, Environmental Health, and Administration and Governance

The Tier 3 may need to be further divided based on the population of the county and the number of facilities requiring inspection. For example, Summit County has a population of 30,000 and as a tourist seat, has over 400 restaurant, child care, and school facilities to inspect. Summit County provides all core public health services for their county. Similarly, Hinsdale County also provides all core public health services, but their population base is much smaller at 900 residents and facility inspections are much smaller at 30. Therefore, giving Hinsdale County the same base funding for Tier 3 services as Summit may not be equitable. This funding decision is still being considered.

- Tier 4 LPHA's provide all core public health services in their jurisdiction, serve the largest populations, and often provide services to Tier 2 LPHA's.

#### **Proposed Solution:**

The Department proposes increasing the General Fund component of the Local Health Agency Funding line by \$375,466; to enable LPHA's to increase the level of core services provided. This funding will increase the amount of money available to each agency. The funding will then be distributed to each agency based on a funding formula that includes population, level of services provided (Tier), additional counties served, and numbers of facilities in the county that require environmental health services.

The counties are required, by statute, (C.R.S. 25-1-512 (2012)) to contribute \$1.50 per capita to public health services. This proposal will increase the General Fund contribution to the State's payments to \$1.23 per capita, from the current \$1.18 per capita.

#### **Alternatives:**

Alternate resource allocation scenarios were considered, but were not found to be equitable to all LPHA's. Other solutions included doing nothing, or basing an increase on the projected tiers that each agency would be in, and the

population of the state at that time. The department decided this solution (the per capita calculation) was preferable because Local Public Health agencies can move between tiers based on needs and it is difficult to predict exactly where each agency will be, and base calculations on those assumptions. For example, X County may be a Tier 1 agency now – but they could become a Tier 3 agency next month. If they were to lose key staff to turnover, they may have to drop back to a Tier 2 agency.

#### **Anticipated Outcomes:**

By increasing the base amount of funding available to LPHA's the Department anticipates that LPHA's will choose to provide or assure more services at the local level, thus increasing their "Tier" of services and meeting the requirements of the Public Health Act. The Department anticipates that with the additional funding each LPHA will have the capacity to ensure all core public health services are provided (Tier 2) or will provide the services for themselves or other counties (Tiers 3 and 4). This will ensure that public health services are provided at the local level throughout the state.

Additionally, the LPHA's can focus their public health services on local needs. For example, a one county may not need the same amount of staff for food safety inspections given the number of restaurants or may not need to provide travel immunizations if another agency can provide it more cost effectively. Some counties have a higher teen pregnancy rate or obesity rate and need to target dollars in those areas.

Overall, the goal is to move the Tier 1 agencies into Tiers 2 or 3. Given the small population sizes of many of the counties, providing regional, shared services is more cost efficient.

**Table 2 – Tiers – Agency Count**

Tier	1	2	3	4
FY 2012-13 Agencies per tier	11	18	9	16
FY 2013-14 Agencies per tier	0	20	16	18

**Assumptions for Calculations:**

The Department of Local Affairs (DOLA) publishes population estimates which are noted below:

Calendar Year	Population	Fiscal Year Average
2012	5,196,177	
2013	5,285,509	5,240,843 (FY 2012-13)
2014	5,380,606	5,333,057 (FY 2013-14)
2015	5,474,968	5,427,787 (FY 2014-15)

Current General Fund amounts (FY 2012-13) are \$5,935,190 (Distributions to Local Public Health Agencies)+ \$241,239 (Environmental Health Services not Provided by Local Public Health Departments)= \$6,176,429.

Based on the DOLA population estimates, the State contributes \$1.18 per capita to the LPHA funding formula. (\$6,176,429 (Calculated above)/ 5,240,843 (FY 2012-13 population from the table above)

For FY 2013-14 the population increase will be 92,214 which is 5,333,057 (Calendar year 2014) – 5,240,843 (Calendar year 2013). At \$1.18 per capita, the additional funds needed would be \$108,813 to maintain the current level of funding.

The department believes it is necessary to increase the payments to LPHA’s in order to encourage the local provision of public health services (i.e. increasing the Tiers). In order to do this, an increase in the General Fund is necessary. The counties must contribute \$1.50 per capita to public health services. To match that, the Department would need an increase of \$1,706,578 General Fund ( $\$1.50 - 1.18 = 0.32 \times 5,333,057 = \$1,706,578$ ). Because the Department does contribute additional funds to

LPHA’s via the Master Settlement, this amount would be too high at this time.

Therefore, the Department proposes increasing the General Fund amount to \$1.23 per capita, or an increase of \$0.05 per person. This would be an increase of \$266,653.

The total General Fund increase would be \$266,653 (for the per capita piece) + \$108,813 (for the population increase) = \$375,466.

**Consequences if not Funded:**

Part 1: If the two lines in the Long Bill are not combined, the funding will be provided to LPHAs through two distributions, continuing the existing inefficiency.

Part 2: If funding is not increased, it will be difficult for LPHAs to add or assure all core public health services, especially environmental health. Thus without additional funding, it will be difficult to realize the true intent of the Public Health Act where public health services that meet local needs are available statewide.

**Impact to Other State Government Agency:**

Many other state agencies will benefit such as HCPF, Transportation, and Education which rely on local public health agencies to support their related initiatives.

**Current Statutory Authority or Needed Statutory Change:**

No statutory change is necessary for the implementation of this request.

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