
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1825

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Appropriations (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 03/05/07.

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

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.70 RCW
5 to read as follows:

6 (1) Protecting the public's health across the state is a
7 fundamental responsibility of the state. With any new state funding of
8 the public health system as provided in section 3 of this act, the
9 state expects that measurable benefits will be realized to the health
10 of the residents of Washington. A transparent process that shows the
11 impact of increased public health spending on performance measures
12 related to the health outcomes in subsection (2) of this section is of
13 great value to the state and its residents. In addition, a well-funded
14 public health system is expected to become a more integral part of the
15 state's emergency preparedness system.

16 (2) Distributions from the local public health financing account in
17 section 3 of this act shall deliver the following outcomes, subject to
18 the availability of amounts appropriated to the account for this
19 specific purpose:

- 1 (a) Create a disease response system capable of responding at all
2 times;
- 3 (b) Stop the increase in, and reduce, sexually transmitted disease
4 rates;
- 5 (c) Reduce vaccine preventable diseases;
- 6 (d) Build capacity to quickly contain disease outbreaks;
- 7 (e) Decrease childhood and adult obesity and types I and II
8 diabetes rates, and resulting kidney failure and dialysis;
- 9 (f) Increase childhood immunization rates;
- 10 (g) Improve birth outcomes and decrease child abuse;
- 11 (h) Reduce animal-to-human disease rates; and
- 12 (i) Monitor and protect drinking water across jurisdictional
13 boundaries.
- 14 (3) Benchmarks for these outcomes shall be drawn from the national
15 healthy people 2010 goals, other reliable data sets, and any subsequent
16 national goals.

17 **Sec. 2.** RCW 82.24.020 and 2003 c 114 s 1 are each amended to read
18 as follows:

19 (1) There is levied and there shall be collected as provided in
20 this chapter, a tax upon the sale, use, consumption, handling,
21 possession or distribution of all cigarettes, in an amount equal to the
22 rate of eleven and one-half mills per cigarette. Amounts appropriated
23 for the purposes of this act from the receipts of this tax in the
24 operating budget must be deposited into the local public health
25 financing account created in section 3 of this act.

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

32 (3) An additional tax is imposed upon the sale, use, consumption,
33 handling, possession, or distribution of all cigarettes, in an amount
34 equal to the rate of ten mills per cigarette through June 30, 1994,
35 eleven and one-fourth mills per cigarette for the period July 1, 1994,
36 through June 30, 1995, twenty mills per cigarette for the period July
37 1, 1995, through June 30, 1996, and twenty and one-half mills per

1 cigarette thereafter. All revenues collected during any month from
2 this additional tax shall be deposited in the health services account
3 created under RCW 43.72.900 by the twenty-fifth day of the following
4 month.

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

9 (5) For purposes of this chapter, "possession" shall mean both (a)
10 physical possession by the purchaser and, (b) when cigarettes are being
11 transported to or held for the purchaser or his or her designee by a
12 person other than the purchaser, constructive possession by the
13 purchaser or his or her designee, which constructive possession shall
14 be deemed to occur at the location of the cigarettes being so
15 transported or held.

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

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

20 (a) "Base year funding" means the 2007 budgeted amount of local
21 funding for public health functions passed through ordinance by each
22 county by December 31, 2006.

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

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

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

36 (iii) If left neglected or inadequately addressed, are reasonably

1 likely to have a significant adverse impact on counties beyond the
2 borders of the local health jurisdiction.

3 (c) "Local funding" means discretionary local resources for public
4 health functions, including amounts from general and special revenue
5 funds, but excluding amounts received from fees and licenses and other
6 user fee types of payments for service. "Local funding" does not
7 include payments received from the state or federal government.

8 (d) "Local health jurisdiction" or "jurisdiction" means a county
9 board of health organized under chapter 70.05 RCW, a health district
10 organized under chapter 70.46 RCW, or a combined city and county health
11 department organized under chapter 70.08 RCW.

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

14 (2) The local public health financing account is created in the
15 state treasury. Any funds appropriated in the operating budget from
16 the receipts of the tax in RCW 82.24.020(1) for the purposes of this
17 act on or after the effective date of this act shall be deposited into
18 this account. Expenditures from the account must be used for the
19 purposes specified in subsections (3) and (4) of this section, except
20 for such moneys appropriated to the department of health for the
21 purpose of conducting its responsibilities under sections 4, 5, and 7
22 of this act.

23 (3) During the month of January 2008, and during the month of each
24 January thereafter, the state treasurer shall distribute from the local
25 public health financing account any amounts in the account up to a
26 maximum of five million four hundred twenty-five thousand dollars to be
27 shared equally amongst all local health jurisdictions to address core
28 public health functions of statewide significance.

29 (4) During the month of January 2008, and during the first month of
30 each fiscal quarter thereafter, the state treasurer, in consultation
31 with the department of revenue or the department of health, as
32 necessary, shall distribute money in the local public health financing
33 account as provided in this subsection. The distributions under this
34 subsection (4) are subsequent to the distribution under subsection (3)
35 of this section.

36 Appropriated funds remaining following the distribution of moneys
37 under subsection (3) of this section must be apportioned to local
38 health jurisdictions in the manner provided in this subsection (4).

1 The apportionment factor for each jurisdiction is the population of the
2 jurisdiction's county as a percentage of the statewide population for
3 the prior calendar year. For two or more counties that have jointly
4 created a health district under chapter 70.46 RCW, the combined
5 population of all counties comprising the health district must be used.
6 Money received by a jurisdiction under this subsection (4) must be used
7 to fund core public health functions of statewide significance, and
8 until July 1, 2008, money shall be used to fund only known deficiencies
9 in core public health functions of statewide significance of the
10 jurisdiction.

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

18 (6) In the event of an extraordinary financial circumstance beyond
19 the control of a county that results in funding for local public health
20 functions being reduced to an amount lower than the base year funding,
21 the county may petition the secretary for a waiver from the local
22 funding requirement in subsection (5) of this section. The secretary,
23 after reviewing the county's petition and determining that the local
24 funding reduction is necessary, may grant the county a waiver from the
25 requirements of subsection (5) of this section. In order for the
26 waiver to continue beyond one calendar year, the county must
27 demonstrate to the secretary that an effort is being made to restore
28 funding to the base year funding level.

29 (7) The department may adopt rules necessary to administer this
30 section.

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

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

36 (a) In addition to the perspectives of local health jurisdictions,
37 the state board of health, the Washington health foundation, and

1 department staff that are currently engaged in development of the
2 public health services improvement plan under RCW 43.70.520, the
3 secretary shall actively engage:

4 (i) Individuals or entities with expertise in the development of
5 performance measures, accountability and systems management, such as
6 the University of Washington school of public health and community
7 medicine, and experts in the development of evidence-based medical
8 guidelines or public health practice guidelines; and

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

13 (b) In developing the performance measures, consideration shall be
14 given to levels of performance necessary to promote uniformity in core
15 public health functions of statewide significance among all local
16 health jurisdictions, best scientific evidence, national standards of
17 performance, and innovations in public health practice. The
18 performance measures shall be developed to meet the goals and outcomes
19 in section 1 of this act. The office of the state auditor shall
20 provide advice and consultation to the committee to assist in the
21 development of effective performance measures and health status
22 indicators.

23 (c) On or before November 1, 2007, the experts assembled under this
24 section shall provide recommendations to the secretary related to the
25 activities and services that qualify as core public health functions of
26 statewide significance and performance measures. The secretary shall
27 provide written justification for any departure from the
28 recommendations.

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

30 (a) Adopt a prioritized list of activities and services performed
31 by local health jurisdictions that qualify as core public health
32 functions of statewide significance as defined in section 3 of this
33 act; and

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

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

5 (4) The department and the local health jurisdictions shall abide
6 by the prioritized list of activities and services and the performance
7 measures developed pursuant to this section.

8 (5) The department, in consultation with representatives of county
9 governments, shall provide local jurisdictions with financial
10 incentives to encourage and increase local investments in core public
11 health functions. The local jurisdictions shall not supplant existing
12 local funding with such state-incented resources.

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

15 Beginning November 15, 2009, the department shall report to the
16 legislature and the governor annually on the distribution of funds
17 under section 3 of this act and the use of those funds. The initial
18 report must discuss the performance measures adopted by the secretary
19 and any impact the funding in this act has had on local health
20 jurisdiction performance and health status indicators. Future reports
21 shall evaluate trends in performance over time and the effects of
22 expenditures on performance over time.

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

25 (1) The legislature finds that the public health functions of
26 community assessment, policy development, and assurance of service
27 delivery are essential elements in achieving the objectives of health
28 reform in Washington state. The legislature further finds that the
29 population-based services provided by state and local health
30 departments are cost-effective and are a critical strategy for the
31 long-term containment of health care costs. The legislature further
32 finds that the public health system in the state lacks the capacity to
33 fulfill these functions consistent with the needs of a reformed health
34 care system. The legislature further finds that public health nurses
35 and nursing services are an essential part of our public health system,

1 delivering evidence-based care and providing core services including
2 prevention of illness, injury, or disability; the promotion of health;
3 and maintenance of the health of populations.

4 (2) The department of health shall develop, in consultation with
5 local health departments and districts, the state board of health, the
6 health services commission, area Indian health service, and other state
7 agencies, health services providers, and citizens concerned about
8 public health, a public health services improvement plan. The plan
9 shall provide a detailed accounting of deficits in the core functions
10 of assessment, policy development, assurance of the current public
11 health system, how additional public health funding would be used, and
12 describe the benefits expected from expanded expenditures.

13 (3) The plan shall include:

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

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

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

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

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

24 (i) Strategies for transferring personal health care services from
25 the public health system, into the uniform benefits package where
26 feasible; and

27 ~~((Timing of increased funding for public health services~~
28 ~~linked to specific objectives for improving public health)) Linking~~

29 funding for public health services to performance measures that relate
30 to achieving improved health outcomes; and
31 (c) A recommended level of dedicated funding for public health
32 services to be expressed in terms of a percentage of total health
33 service expenditures in the state or a set per person amount; such
34 recommendation shall also include methods to ensure that such funding
35 does not supplant existing federal, state, and local funds received by
36 local health departments, and methods of distributing funds among local
37 health departments.

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

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

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

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

15 (8) Among the specific population-based public health activities to
16 be considered in the public health services improvement plan are:
17 Health data assessment and chronic and infectious disease surveillance;
18 rapid response to outbreaks of communicable disease; efforts to prevent
19 and control specific communicable diseases, such as tuberculosis and
20 acquired immune deficiency syndrome; health education to promote
21 healthy behaviors and to reduce the prevalence of chronic disease, such
22 as those linked to the use of tobacco; access to primary care in
23 coordination with existing community and migrant health clinics and
24 other not for profit health care organizations; programs to ensure
25 children are born as healthy as possible and they receive immunizations
26 and adequate nutrition; efforts to prevent intentional and
27 unintentional injury; programs to ensure the safety of drinking water
28 and food supplies; poison control; trauma services; and other
29 activities that have the potential to improve the health of the
30 population or special populations and reduce the need for or cost of
31 health services.

32 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.70 RCW
33 to read as follows:

34 (1) Each local health jurisdiction shall submit to the secretary
35 such data as the secretary determines is necessary to allow the
36 secretary to assess whether the local health jurisdiction has used the

1 funds in a manner consistent with achieving the performance measures in
2 section 4 of this act.

3 (2) If the secretary determines that the data submitted
4 demonstrates that the local health jurisdiction is not spending the
5 funds in a manner consistent with achieving the performance measures,
6 the secretary shall:

7 (a) Provide a report to the governor identifying the local health
8 jurisdiction and the specific items that the secretary identified as
9 inconsistent with achieving the performance measures; and

10 (b) Provide technical assistance to the local health jurisdiction
11 to support the jurisdiction in achieving consistency with the
12 performance measures.

13 (3) Upon a determination by the secretary that a local health
14 jurisdiction that had previously been identified as not spending the
15 funds in a manner consistent with achieving the performance measures
16 has resumed consistency, the secretary shall notify the governor that
17 the jurisdiction has returned to consistent status.

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