

HOUSE BILL REPORT

HB 1825

As Reported by House Committee On:

Health Care & Wellness

Appropriations

Title: An act relating to public health funding.

Brief Description: Providing dedicated funding for public health services.

Sponsors: 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.

Brief History:

Committee Activity:

Health Care & Wellness: 2/7/07, 2/8/07 [DPS];

Appropriations: 3/1/07, 3/3/07 [DP2S(w/o sub HCW)].

Brief Summary of Second Substitute Bill

- Establishes a Local Public Health Financing Account.
- Establishes a structure for identifying public health services to be funded and performance measures associated with those services.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Cody, Chair; Morrell, Vice Chair; Hinkle, Ranking Minority Member; Barlow, Campbell, Curtis, Green, Moeller, Pedersen, Schual-Berke and Seaquist.

Minority Report: Without recommendation. Signed by 2 members: Representatives Alexander, Assistant Ranking Minority Member and Condotta.

Staff: Chris Blake (786-7392).

Background:

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 Activities and Funding

Public health services in Washington are provided by the Washington State Department of Health (Department) and the 35 local health jurisdictions. The activities of these agencies are generally divided into five categories, including 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 Fiscal Year 2004, \$590 million was spent in Washington on public health activities. This includes funding from federal, state, local, and fee sources. When adjusted for inflation and population growth, between 1998 and 2004 spending on public health grew 18 percent. Seventy percent of this increase in spending was attributable to increases in federal spending. Thirteen percent of the increase was the result of increased user fees.

Joint Select Committee on Public Health Finance

In 2005, the Legislature passed HCR 4410 which created the Joint Select Committee on Public Health Finance (Select Committee). The Select Committee was comprised of eight legislators from the health policy and fiscal committees of both chambers of the House of Representatives and the Senate. The Select Committee was assigned the responsibility of reviewing all funding sources and expenditures for public health services and recommending potential sources of future funding.

Cigarette Tax

Cigarettes are subject to a tax rate of \$2.025 per package of 20 cigarettes. Revenue from the first 23 cents of the cigarette tax goes to the General Fund. The next 8 cents are dedicated to water quality improvement programs through June 30, 2021, and to the General Fund thereafter. The next 101 cents goes to the Health Services Account. The next 10.5 cents are dedicated to the Violence Prevention and Drug Enforcement Account. The remaining 60 cents go to the Education Legacy Trust Account.

Summary of Substitute Bill:

The Local Public Health Financing Account (Account) is created in the State Treasury. The Account is funded by redirecting the portion of the cigarette taxes sent to the General Fund to the Account. Spending from the Account is subject to appropriation.

Beginning January 1, 2008, all local health jurisdictions shall annually receive an equal portion of \$5,425,000 from the Account. The remaining funds shall be distributed to local health jurisdictions on a per capita basis. To continue to receive funds after 2010, a local health jurisdiction's public health spending must equal or exceed its 2006 calendar year spending.

Funds from the Account are to be spent on core public health functions of statewide significance. These functions are defined as health services related to communicable diseases, public health emergencies, chronic disease, healthy families and children, health assessment, and environmental health. The health services must either promote uniformity

across local health jurisdictions, increase the overall strength of the public health system, or apply to broad public health efforts. In addition, the health services must be of a nature that if they are left neglected, they are likely to impact counties beyond the local health jurisdiction.

The Department is directed to develop a list of activities and services performed by local health jurisdictions that qualify as core public health functions of statewide significance and corresponding performance measures by January 2008. In developing the list and the performance measures, the Department must consider the perspectives of local health jurisdictions, the Washington Health Foundation, and the State Board of Health. In addition, the Department must actively engage a broader group of interested parties including individuals with expertise in developing performance measures and individuals impacted by the performance measures. The Secretary of Health may modify the recommendations to the Department, upon providing written justification.

The Department must report to the Legislature and the Governor on the distribution of funds from the Account, the impact of the funds to improve compliance with performance measures and health status indicators, and trends in compliance over time. The report is to be submitted annually beginning November 15, 2009.

Substitute Bill Compared to Original Bill:

The substitute bill eliminates the components of the distributional formula related to the median spending by local health jurisdictions, annual spending that exceeds the previous year, and funding for multicounty collaboration. The distribution of \$5,425,000 is to be divided equally among all jurisdictions and is not dependent upon hiring two employees.

The Public Health Improvement Committee is eliminated. The list of activities and services that qualify as core public health functions of statewide significance and the performance measures are to be developed by the Department with an expanded group of interested parties that must be engaged in the process.

The November 2011 report by the Department is to be reported annually beginning November 2009. The report must also contain information relating to trends in public health performance over time.

Appropriation: None.

Fiscal Note: Requested on February 1, 2007.

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

Staff Summary of Public Testimony:

(In support) Washington is 44th in the nation in public health funding. The public depends on the numerous services provided by the public health system. Since the Motor Vehicle Excise Tax disappeared, local public health has struggled to maintain adequate quality and levels of

service with unstable and undedicated funding. The importance of public health services is on par with fire and police services. Public health infrastructure is critical for both quality of life as well as economic development strategies. The public health infrastructure is vulnerable due to the categorical nature of funding. All of the public health jurisdictions are prepared to implement accountability measures. There is a need to invest in preparing to respond to the emerging health threats of this century including infectious diseases, diabetes, mental health, and obesity. There are early warning signs that the public health system is not functioning well. Establishing a stable, permanent, and dedicated funding source will support the foundation of public health.

(Opposed) None.

Persons Testifying: Don Briscoe, International Federation of Professional Technical Engineers, Local 17; Deborah Bowden-DeQuire, Public Health; Roberta Kowald, Public Health Educator of Kitsap County; Geoffrey Crofoot, Snohomish Health District; Julia Patterson, King County Council; David Sullivan, Jefferson County Council; Gary Nelson, Snohomish County Council; John Wiesman, Clark County Public Health and Washington State; Barry King, Chelan-Douglas Health District Administrator; Dr. John Neff, Public Health Roundtable; and Dr. David Fleming, Public Health of Seattle and King County.

Persons Signed In To Testify But Not Testifying: John Neff, Center for Children with Special Needs at Children's Hospital and Regional Medical Center; Sandi Swarhout, Washington Health Foundation; and Karson Bennett, Public Health of Seattle and King County.

HOUSE COMMITTEE ON APPROPRIATIONS

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 29 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Buri, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist, P. Sullivan and Walsh.

Minority Report: Do not pass. Signed by 5 members: Representatives Alexander, Ranking Minority Member; Anderson, Chandler, Dunn and Kretz.

Staff: Bernard Dean (786-7130).

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

The Appropriations Committee eliminated the redirection of the General Fund portion of cigarette tax revenues to the Local Public Health Financing Account (Account) and instead specified that the Account may be funded through appropriations in the operating budget. The

\$5,425,000 per year that was to be shared equally among all jurisdictions is changed to any amounts made available in the Account up to a maximum of \$5,425,000. The base year for maintenance of effort requirements is changed from the calendar year ending December 31, 2006 to the budgeted amount for 2007 as established by county ordinance by December 31, 2006. Maintenance of effort requirements may be waived by the Department of Health in the event of extraordinary financial circumstances beyond the control of the county. The Secretary of Health (Secretary) is required to assess whether or not local health jurisdictions are using funds consistent with achieving performance measures and report to the Governor. The Secretary is directed to provide technical assistance to local health jurisdictions that are not using funds in a manner consistent with achieving performance measures. Legislative findings regarding the role of public health nurses in the public health system are added and several clarifying and technical changes are made.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The local public health system is deteriorating and is in financial crisis. If this bill doesn't pass, we will not be able to investigate over one-half of our communicable disease reports that we get from our physicians, we will not be able to fully immunize our children and protect them from diseases, we will not be able to reverse obesity, which will drive up diabetes, heart disease, stroke and cancer, we will not be able to give babies a healthy start on life, we will not be able to prevent child abuse and neglect, and we will not be able to effectively prevent animal to human diseases. If this bill does pass, you can expect performance measures accountability and measurable outcomes. We support the Joint Select Committee's recommendation to provide \$100 million of new funding to public health.

In Jefferson County, food safety is essential to our economic development strategy. Environmental health is also a critical part of economic development. Drug and alcohol treatment programs are important. These are all part of public health. Only a couple of FTEs would greatly enhance public services in smaller counties. Recently, many counties have had problems retaining staff. Every time you drink a glass of water or eat you are using public health.

Public health and public safety are core functions of local government. We have challenges in public health, such as SARS, West-Nile virus, drug-resistant tuberculosis, E. Coli, salmonella, bioterrorism, and sexually transmitted diseases. These issues permeate public health. We're prepared to deliver service and we are prepared to be accountable for outcomes. Under this bill each county would get base funding of \$155,000 per year for each jurisdiction and per capita funding.

Smaller rural counties desperately need public health funding to deliver core public health services. Wahkiakum County stands to gain \$183,000, but this makes a significant impact. We strongly urge support of this bill.

We support this additional funding and the accountability provided in this legislation. Washington currently ranks 15th in terms of our health performance. Public health is one of the lead measures. Our per capita spending on public health is 44th in the nation. We rank 22nd in sexually transmitted disease rates. Private groups are already putting forth resources and we need our partners in public health to do more.

(Opposed) None.

Persons Testifying: Representative Schual-Berke, prime sponsor; Greg Viodor, Washington Health Foundation; Eric Johnson, Washington State Association of Counties; John Wiesman, Clark County Local Public Health; Thomas Doumit, Wahkiakum County Commissioner; and David Sullivan, Jefferson County Commissioner.

Persons Signed In To Testify But Not Testifying: None.