AGENDA

PUBLIC HEALTH ADVISORY BOARD
Incentives and Funding Subcommittee

January 8, 2018
1:00-2:00 pm
Portland State Office Building, 800 NE Oregon St., Conference Room 918, Portland, OR 97232

Webinar: https://attendee.gotowebinar.com/register/1017967828287751171
Conference line: (877) 873-8017
Access code: 767068

Subcommittee Members: Carrie Brogoitti, Bob Dannenhoffer, Jeff Luck, Alejandro Queral, Akiko Saito

Meeting Objectives
- Review subcommittee tasks for 2018
- Discuss and recommend principles for public health funding
- Discuss updates needed to modernization funding formula for 2019-21

1:00-1:05 pm	**Welcome and introductions**	Sara Beaudrault, Oregon Health Authority
1:05-1:10 pm	**Subcommittee key tasks for 2018** • Review key tasks and timelines	Sara Beaudrault, Oregon Health Authority
1:10-1:40 pm	**Principles for public health funding** • Review funding principles and values developed in 2017 • Discuss and recommend funding principles for public health funding formulas	All
1:40-1:50 pm	**Modernization funding formula** • Review funding formula section of Statewide Public Health Modernization Plan • Discuss changes that are needed for 2019-21	All
1:50-1:55 pm	**Subcommittee business** • Decide who will provide update at January 18 PHAB meeting • Discuss subcommittee meeting structure. Should a Chair be appointed? • Discuss agenda for February 12 subcommittee meeting	All

1:55-2:00 pm	**Public comment**	
2:00 pm	**Adjourn**	Sara Beaudrault, Oregon Health Authority

PHAB Incentives and Funding subcommittee
Key tasks for 2018
January 8, 2018

Subcommittee members: Carrie Brogoitti, Bob Dannenhoffer; Jeff Luck, Alejandro Queral, Akiko Saito

Key tasks for January-June 2018

1. Develop principles for public health funding
2. Review and update public health modernization funding formula for 2019-21
3. Review county expenditures data
4. Make recommendations for mechanisms to award incentive and matching funds
5. Consult as needed on other issues related to public health funding

Anticipated timeline

	Agenda items	Outcomes and deliverables
January 8	• Discuss and recommend principles for public health funding • Discuss changes needed to public health modernization funding formula	• First set of funding principles for review at PHAB
February 12	• Final review of principles for public health funding • Review county expenditures data • Review revisions to public health modernization funding formula • Discuss data sources for funding formula indicators • Discuss mechanisms for awarding incentives and matching funds	• Final recommendations for principles for public health funding for review at PHAB • Final list of data sources for funding formula indicators
March (to be scheduled)	• Joint meeting with PHAB Accountability Metrics subcommittee	• Strategy for incorporating incentives into funding formula
April 9	• Review changes to public health modernization funding formula	
May 14	• Finalize public health modernization funding formula	• Final funding formula for adoption by PHAB
June 11	• Review report to Legislative Fiscal Office	

PHAB Incentives and Funding subcommittee
Funding principles – preliminary, for discussion
January 8, 2017

Purpose: The PHAB Incentives and Funding subcommittee will review and make recommendation to PHAB for funding principles that can be applied to increases or decreases in public health modernization funding and other state and federal funding. Funding principles will inform the changes that are needed to the public health modernization funding formula before it is submitted to Legislative Fiscal Office in June 2018.

2017 funding principles. This column lists principles and recommendations that were developed in response to how a legislative investment for 2017-19 should be allocated.	**2018 funding principles.** This column lists funding principles that can be applied to increases or decreases in public health funding.
PHAB (May 2017) 1. Public health modernization funding that remains with OHA should be focused on meeting the needs of the local public health system, especially small local health departments. 2. If funding is to be used for pilot sites, an RFP should be structured so that larger, more resourced counties do not have an advantage over smaller or less resourced counties. 3. Allocate funds for groups of counties who self-identified as working together to improve a need or capability. 4. Identify a key capability to focus on and identify which counties need more improvement based on the public health modernization assessment.	**Public health system approach to foundational programs[1]** 1. Ensure services are available across Oregon (not necessarily county by county), understanding that some services do not need to be available statewide. 2. Align funding with burden of disease and continuously assess how funds are allocated to burden of disease.[2] 3. Funding should be used to advance health equity in Oregon, which may include directing funds to areas of the state experiencing a disproportionate burden of disease or where health disparities exist.

[1] To the extent possible, public health funding should be used to focus on specific health outcomes, while allowing flexibility for local strategies and innovation.

[2] Annual LPHA expenditures data and findings from the public health modernization assessment should be reviewed to ensure funding addresses existing gaps in implementation of foundational programs.

5. Allocating funds for planning to all LPHAs will give LPHAs resources to implement cross-jurisdictional sharing and strategic partnerships with other organizations and to leverage additional funding.

PHD/CLHO Joint Leadership Team (JLT)

1. Initial funds should be focused on a specific health outcome to demonstrate progress.
2. Capacity building and planning are critical, and these pieces will be emphasized in the approach to meeting the improved health outcome.
3. Ensure all LPHAs are supported with any investment in public health modernization.
4. Limit a possible have/have-not scenario by directing funds to all LPHA size bands.
5. Support/incentivize regional approaches to service provision.
6. Utilize available funding to fill gaps identified in the public health modernization assessment.
7. Limit specific requirements for the delivery of foundational capabilities and programs, in lieu of common outcomes across the public health system.
8. Utilize OHA resources to increase capacity across the entire public health system, provide technical assistance, and perform state-level functions, such as assessment and epidemiology.
9. Invest in areas that can produce outcomes while also absorb any future funding shocks to the public health system.
4. Where possible, funding should be used to drive changes to the public health system intended to increase efficiency and improve health outcomes.

Transparency of state and local roles:

5. Improve transparency about funded work and state and local roles
6. The public health system should strive to define how it uses funds to:
    a. Support LPHAs and the public health system, and
    b. Fulfill unique functions of state and local public health authorities or fulfill shared functions in the most efficient manner.

Local public health authority funding formula

Legislative requirements

ORS 431.380 requires OHA to submit a funding formula to Legislative Fiscal Office by June 30 of every even-numbered year.

The local public health funding formula is comprised of three components, listed below. This funding formula is intended to equitably distribute monies made available to fund implementation of foundational capabilities and programs.

Baseline funds

Awarded based on county population health status and burden of disease

State matching funds

For local investment in foundational capabilities and programs

Performance-based incentives

To encourage the effective and equitable provision of services

Baseline funds. This component awards funding to LPHAs based on their county population, health status and burden of disease. Counties with a larger population will receive a larger portion of the pool of available funding. Similarly, counties with a greater burden of disease or poorer health status will receive a proportionally larger portion of the pool of available funding.

State matching funds for county investments. This component awards state matching funds for local public health authority investment in foundational programs and capabilities.

Performance-based incentives. This component uses performance-based incentives to encourage the effective and equitable provision of public health programs and capabilities by LPHAs.

OHA submitted an initial framework for the funding formula to the Legislative Fiscal Office on June 30, 2016. The funding formula described below was built from this framework. This funding formula will continued to be developed over the coming months and will be finalized at the conclusion of the 2017 legislative session.

PHAB has formed an incentives and funding subcommittee to develop the local public health funding formula. This subcommittee has met monthly since May 2016.

Guiding principles

The incentives and funding subcommittee has applied these guiding principles to decisions made about the funding formula:

- The funding formula should advance equity in Oregon, both in terms of health equity and building an equitable public health system.
- The funding formula should be designed to drive changes to the public health system intended to increase efficiencies and effectiveness.
- Decisions made about the funding formula will be compared with findings from the public health modernization assessment to ensure funds will adequately address current gaps in implementation of foundational programs.

Funding formula recommendations

The incentives and funding subcommittee makes the following recommendations:

1. All monies initially made available for implementing foundational capabilities and programs should be directed to the baseline component of the funding formula. Monies will be used to fill critical gaps that result from the historical un- or under-funding for foundational public health work. Payments to LPHAs for the other two components of the funding formula (state matching funds and performance-based incentives) will be incorporated into the funding formula in future biennia.
2. This funding formula dictates how funds will be distributed to LPHAs and does not inform how funds are split between state and local public health authorities. OHA Public Health Division and PHAB intend for the majority of funds to be distributed to LPHAs to address gaps and priorities locally. Dollars that remain with OHA Public Health Division will be specifically used to address statewide requirements to support local improvements, and to monitor implementation and accountability.
3. The funding formula must provide for the equitable distribution of monies. Some counties may receive proportionally more or less than an "equal" share based on need. While extra small and small counties will receive a proportionally larger per capita payment, extra-large and large counties will receive a proportionally larger total dollar amount of funding[‡]. This is

[‡] Counties were divided into five size bands based on county population in the public health modernization assessment report. County size bands are as follows: extra small = fewer than 20,000 residents; small = 20,000–75,000 residents; medium = 75,000–150,000 residents; large = 150,000–375,000 residents; extra large = greater than 375,000 residents.

consistent with the financial resource gaps identified in the public health modernization assessment.

4. The subcommittee recommends implementing three additional indicators to the baseline funds component of the funding formula: racial/ethnic diversity, poverty and limited English proficiency. These indicators may be linked to poorer health outcomes and also indicate increased demand for LPHA resources.
5. The subcommittee recommends incorporating a floor, or base, payment per county into the funding formula. This floor payment ensures each LPHA has the resources needed to implement the modernization framework, gain efficiencies and improve health outcomes. The subcommittee recommends using a tiered floor amount, based on county population.
6. The subcommittee recommends allocating all remaining funds across the six indicators included in the baseline funds component.

These initial recommendation will continue to be developed by the PHAB Incentives and Funding subcommittee in 2017.

See Appendix C for a funding formula example and methodology.

Key activities to complete the funding formula:

- Finalize indicators and data sources for 2017–19 funding formula
- Develop method to collect standardized information on county expenditures; establish method to validate expenditures data
- Develop funding formula components for state matching funds and performance-based incentives
- Submit revised funding formula to Legislative Fiscal Office

Appendix C: Local public health funding formula model

Funding formula methodology

Purpose:

Method with which to distribute funds to local public health authorities.

Formulas:

Total funding = baseline + matching funds + incentives

Baseline = county floor payments + burden of disease pool + health status pool + race/ethnicity pool + poverty pool + education pool + limited English proficiency pool

County indicator pool payment = (LPHA weight/sum of all LPHA weights) * Total indicator pool

Indicator	Allocation
Burden of disease	20%
Health status	20%
Race/ethnicity	20%
Poverty	10%
Education	10%
Limited English proficiency	20%
Total indicator pool	**100%** of available funds to be distributed across funding formula indicators

LPHA weight = LPHA population * LPHA indicator metric percentage

Explanations:

The county floor payments are broken into five tiers based on LPHA sizing established in the Public Health Modernization Assessment Report.

All remaining baseline funding, after county floor payments have been established, is to be distributed among the baseline indicator pools (burden of disease, health status, race/ethnicity, poverty, education, and limited English proficiency). Every baseline indicator pool is tied to a metric that every LPHA reports on.

All indicator pools are calculated using a weighted average taken by multiplying the individual LPHA population and the individual LPHA indicator metric percentage. To solve for the payment for each LPHA, multiply the total indicator pool by the individual LPHA weight divided by the sum of all LPHA weights.

Data sources:

Indicator	Data source
County population	Portland State University Certified Population estimate, Jul. 1, 2015
Burden of disease	Premature death: Leading causes of years of potential life lost before age 75, Oregon. Oregon death certificate data.
Health status	Quality of life: Good or excellent health, Oregon. Behavioral Risk Factor Surveillance System. Note: The Public Health Advisory Board will explore alternative data sources to measure health status in 2017.
Race/ethnicity	U.S. Census Bureau, American Community Survey population five-year estimate, 2012
Poverty	U.S. Census Bureau, American Community Survey population five-year estimate, 2012. Note: The Public Health Advisory Board will explore alternative measures of poverty, such as income inequality, in 2017.
Education	U.S. Census Bureau, American Community Survey population five-year estimate, 2012
Limited English proficiency	U.S. Census Bureau, American Community Survey population five-year estimate, 2012

Local public health funding formula model example

Local public health funding formula model: This model includes a base/floor payment for each county. Awards for each indicator (burden of disease, health status, race/ethnicity, poverty, education and limited English proficiency) are tied to each county's ranking on the indicator and the county population. **This funding formula example assumes a $10 million investment. This is an example only.**

County group (size bands):				
Extra small	Small	Medium	Large	Extra large

County group	Population[1]	Floor	County population	Burden of disease[2]	Health status[3]	Race/ ethnicity[4]	Poverty[4]	Education[4]	Limited English proficiency[4]	Matching funds[5]	Incentives[6]	Total award	Award %	% of total population	Award per capita	Avg award per capita
County 33	1,445	$ 30,000	$ -	$ 568	$ -	$ 171	$ 321	$ 297	$ 67	$ -	$ -	$ 31,425	0.3%	0.0%	$ 21.75	
County 31	7,100	$ 30,000	$ -	$ 3,353	$ 1,067	$ 592	$ 1,197	$ 945	$ 235	$ -	$ -	$ 37,388	0.4%	0.2%	$ 5.27	
County 12	7,295	$ 30,000	$ -	$ 4,652	$ 4,422	$ 1,078	$ 1,872	$ 1,735	$ 270	$ -	$ -	$ 44,029	0.4%	0.2%	$ 6.04	
County 11	7,430	$ 30,000	$ -	$ 2,787	$ 1,657	$ 806	$ 1,394	$ 1,731	$ 286	$ -	$ -	$ 38,661	0.4%	0.2%	$ 5.20	
County 18	8,010	$ 30,000	$ -	$ 3,992	$ 2,039	$ 1,993	$ 1,733	$ 2,240	$ 1,033	$ -	$ -	$ 43,030	0.4%	0.2%	$ 5.37	
County 24	11,630	$ 30,000	$ -	$ 4,539	$ 7,642	$ 12,890	$ 2,729	$ 5,302	$ 10,291	$ -	$ -	$ 73,393	0.7%	0.3%	$ 6.31	
County 1	16,425	$ 30,000	$ -	$ 8,673	$ 6,412	$ 2,007	$ 3,659	$ 3,232	$ 1,038	$ -	$ -	$ 55,020	0.6%	0.4%	$ 3.35	$ 5.44
County 7	21,085	$ 45,000	$ -	$ 9,707	$ 7,873	$ 5,124	$ 5,328	$ 6,193	$ 2,713	$ -	$ -	$ 81,937	0.8%	0.5%	$ 3.89	
County 15	22,445	$ 45,000	$ -	$ 13,862	$ 11,266	$ 14,596	$ 5,689	$ 6,769	$ 9,583	$ -	$ -	$ 106,765	1.1%	0.6%	$ 4.76	
County 8	22,470	$ 45,000	$ -	$ 15,280	$ 13,784	$ 4,519	$ 4,197	$ 3,986	$ 1,551	$ -	$ -	$ 88,318	0.9%	0.6%	$ 3.93	
County 13	24,245	$ 45,000	$ -	$ 7,658	$ 8,465	$ 24,510	$ 4,615	$ 8,304	$ 27,291	$ -	$ -	$ 125,843	1.3%	0.6%	$ 5.19	
County 28	25,690	$ 45,000	$ -	$ 12,659	$ 11,337	$ 8,275	$ 5,504	$ 5,196	$ 5,651	$ -	$ -	$ 93,622	0.9%	0.6%	$ 3.64	
County 30	26,625	$ 45,000	$ -	$ 11,545	$ 10,781	$ 3,760	$ 6,085	$ 4,702	$ 3,931	$ -	$ -	$ 85,804	0.9%	0.7%	$ 3.22	
County 26	30,135	$ 105,000	$ -	$ 15,489	$ 16,075	$ 14,911	$ 6,014	$ 8,096	$ 14,857	$ -	$ -	$ 180,441	1.8%	0.8%	$ 5.99	
County 22	31,480	$ 45,000	$ -	$ 13,844	$ 20,228	$ 34,104	$ 10,862	$ 12,053	$ 21,200	$ -	$ -	$ 157,291	1.6%	0.8%	$ 5.00	
County 4	37,750	$ 45,000	$ -	$ 20,438	$ 15,927	$ 9,976	$ 7,236	$ 6,627	$ 7,412	$ -	$ -	$ 112,616	1.1%	0.9%	$ 2.98	
County 20	47,225	$ 45,000	$ -	$ 28,909	$ 21,871	$ 13,019	$ 9,820	$ 10,554	$ 9,491	$ -	$ -	$ 138,665	1.4%	1.2%	$ 2.94	
County 5	50,390	$ 45,000	$ -	$ 23,353	$ 25,658	$ 7,405	$ 8,053	$ 10,058	$ 3,682	$ -	$ -	$ 123,209	1.2%	1.3%	$ 2.45	
County 6	62,990	$ 45,000	$ -	$ 38,344	$ 27,492	$ 12,038	$ 13,782	$ 13,814	$ 5,416	$ -	$ -	$ 155,886	1.6%	1.6%	$ 2.47	
County 17	67,110	$ 45,000	$ -	$ 39,167	$ 38,077	$ 25,122	$ 15,161	$ 16,302	$ 15,280	$ -	$ -	$ 194,110	1.9%	1.7%	$ 2.89	$ 3.50
County 27	78,570	$ 60,000	$ -	$ 28,270	$ 29,148	$ 33,073	$ 16,267	$ 14,405	$ 22,998	$ -	$ -	$ 204,162	2.0%	2.0%	$ 2.60	
County 29	79,155	$ 60,000	$ -	$ 35,353	$ 42,033	$ 65,744	$ 16,434	$ 25,414	$ 41,455	$ -	$ -	$ 286,432	2.9%	2.0%	$ 3.62	
County 16	83,720	$ 60,000	$ -	$ 48,681	$ 35,322	$ 18,691	$ 20,021	$ 18,279	$ 6,366	$ -	$ -	$ 207,360	2.1%	2.1%	$ 2.48	
County 2	90,005	$ 60,000	$ -	$ 24,940	$ 32,736	$ 20,226	$ 24,789	$ 9,388	$ 19,428	$ -	$ -	$ 191,507	1.9%	2.2%	$ 2.13	
County 34	103,630	$ 60,000	$ -	$ 38,754	$ 36,686	$ 52,654	$ 21,040	$ 26,496	$ 44,178	$ -	$ -	$ 279,807	2.8%	2.6%	$ 2.70	
County 10	109,910	$ 60,000	$ -	$ 63,924	$ 64,760	$ 18,241	$ 26,278	$ 25,153	$ 7,203	$ -	$ -	$ 265,558	2.7%	2.7%	$ 2.42	
County 21	120,860	$ 60,000	$ -	$ 53,922	$ 54,801	$ 32,735	$ 28,631	$ 24,335	$ 19,677	$ -	$ -	$ 274,101	2.7%	3.0%	$ 2.27	$ 2.57
County 9	170,740	$ 75,000	$ -	$ 61,851	$ 40,572	$ 43,408	$ 31,155	$ 23,424	$ 29,362	$ -	$ -	$ 304,771	3.0%	4.3%	$ 1.79	
County 14	210,975	$ 75,000	$ -	$ 96,357	$ 96,173	$ 80,527	$ 45,631	$ 45,562	$ 50,295	$ -	$ -	$ 489,544	4.9%	5.3%	$ 2.32	
County 23	329,770	$ 75,000	$ -	$ 132,122	$ 170,316	$ 275,697	$ 76,427	$ 104,449	$ 238,020	$ -	$ -	$ 1,072,031	10.7%	8.2%	$ 3.25	
County 19	362,150	$ 75,000	$ -	$ 153,750	$ 144,889	$ 95,062	$ 89,647	$ 62,298	$ 71,544	$ -	$ -	$ 692,191	6.9%	9.0%	$ 1.91	$ 2.38
County 3	397,385	$ 90,000	$ -	$ 137,903	$ 139,715	$ 106,736	$ 47,083	$ 54,889	$ 116,185	$ -	$ -	$ 692,510	6.9%	9.9%	$ 1.74	
County 32	570,510	$ 90,000	$ -	$ 161,260	$ 182,600	$ 305,107	$ 81,987	$ 103,795	$ 357,130	$ -	$ -	$ 1,281,878	12.8%	14.2%	$ 2.25	
County 25	777,490	$ 90,000	$ -	$ 315,095	$ 309,174	$ 286,202	$174,859	$ 149,478	$ 465,885	$ -	$ -	$ 1,790,693	17.9%	19.4%	$ 2.30	$ 2.16
Total	**4,013,845**	**$ 1,845,000**	**$ -**	**$ 1,631,000**	**$ 1,631,000**	**$ 1,631,000**	**$ 815,500**	**$ 815,500**	**$ 1,631,000**	**$ -**	**$ -**	**$ 10,000,000**	**100.0%**	**100.0%**	**$ 2.49**	**$ 2.49**

[1] Source: Portland State University Certified Population estimate Jul. 1, 2015

[2] Source: Oregon State Health Profile. Premature death, 2010–14. Oregon death certificate data.

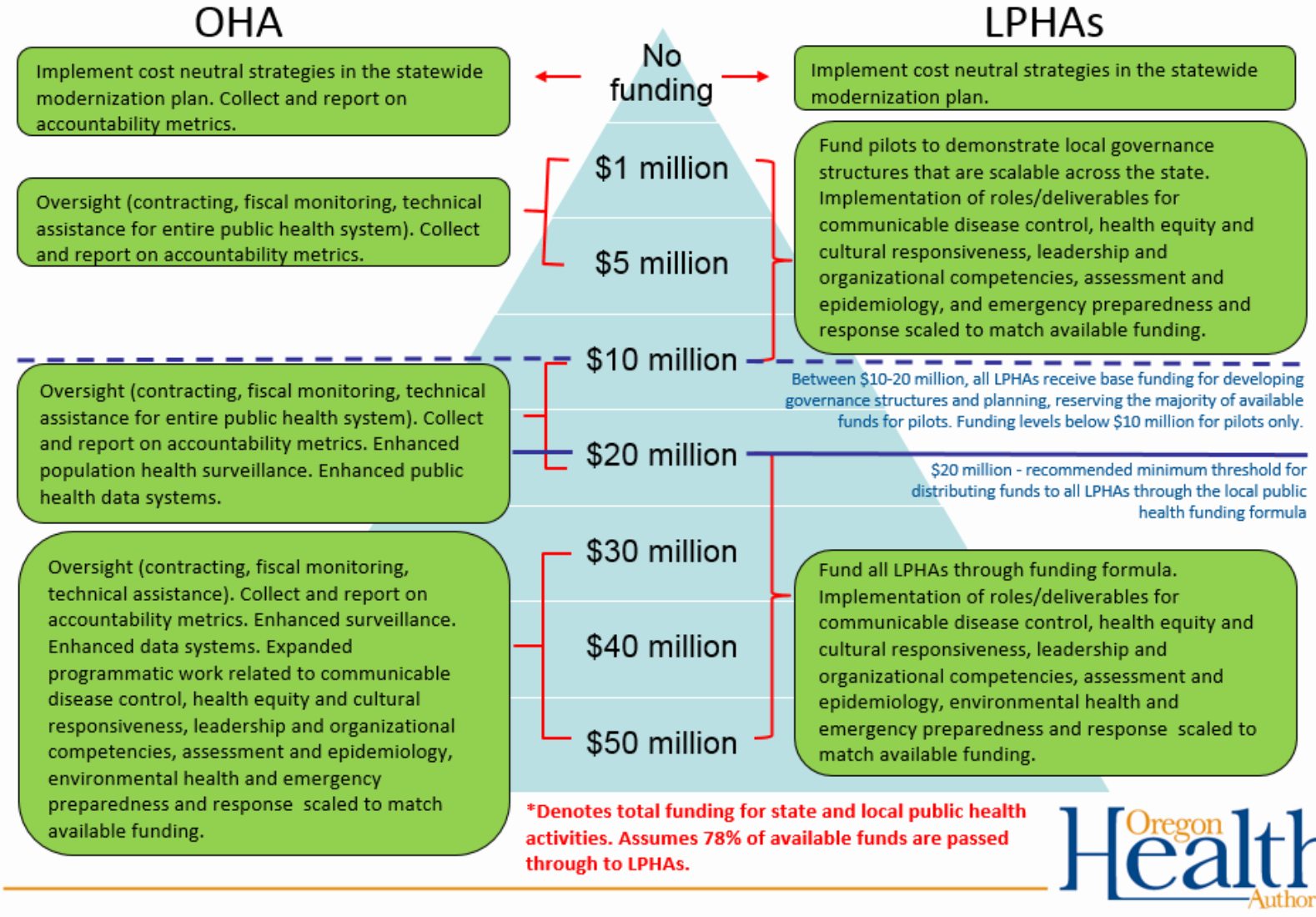
[3] Source: Oregon State Health Profile. Good or excellent health, 2010–2013. BRFSS

[4] Source: American Community Survey population five-year estimate, 2012

[5] Limitations exist for calculating current county contributions for public health. An updated process will be developed to address these limitations. Matching funds will be awarded based on actual, not projected expenditures, and will be limited to county contributions that support public health modernization. Given the change in process, matching funds will not be awarded until 2019.

[6] The accountability metrics subcommittee will define a set of accountability metrics. Following selection of accountability metrics, baseline data will be collected. Funds will not be awarded for achievement of accountability metrics until 2019.

Scope of work at a range of funding levels for 2017-19*



***Denotes total funding for state and local public health activities. Assumes 78% of available funds are passed through to LPHAs.**

Oregon Health Authority