PUBLIC HEALTH
LEADERSHIP FORUM

Developing a Financing System to Support Public Health Infrastructure

"An effective public health system that can assure the nation's health requires the collaborative efforts of a complex network of people and organizations in the public and private sectors, as well as an alignment of policy and practice of governmental public health agencies at the national, state, and local levels. In the United States, governments at all levels (federal, state, and local) have a specific responsibility to strive to create the conditions in which people can be as healthy as possible. For governments to play their role within the public health system, policy makers must provide the political and financial support needed for strong and effective governmental public health agencies." —The Future of the Public's Health in the 21st Century, Institute of Medicine, 2003

This statement from the Institute of Medicine (now NASEM) underscores the fundamental obligation of government to promote and protect the health of people in America through investment in public health. Some 15 years since the publication of the NASEM report, this investment is lacking. Current best research indicates that an annual outlay of $32 per person is required to put in place the foundational public health capabilities needed to promote health across the nation. Yet national investment in public health capabilities is currently about $19 per person, leaving a **$13 per person gap** in annual spending. To "create the conditions in which people can be as healthy as possible," and to protect national security, this gap must be filled.

To develop a national plan do so, The Public Health Leadership Forum (PHLF or Forum)[1] convened national experts in the public health community, policy arena and key partner sectors to begin developing policy options for long-term, sustainable financing.

This group aligned around core principles and a set of criteria necessary to establish a sustainable financing structure. The proposed Public Health Infrastructure Fund for state, territorial, local and tribal governmental public health[2] would provide the $4.5 billion needed to fully support core public health foundational capabilities, allocated in accordance with the determined principles. Their deliberations, research and proposal led to the development of this white paper — a product of the Public Health Leadership Forum.

ONLY 51%

of the population is served by a comprehensive public health system.

—National Longitudinal Survey of Public Health.

1 The Public Health Leadership Forum at RESOLVE is an ongoing platform to engage public health leaders and practitioners, along with other diverse stakeholders and experts, in problem solving dialogue to address issues regarding the transforming health system.

2 In this paper, "state" governmental public health is used as shorthand and also includes territorial and tribal governments.

All people in America deserve a minimum level of public health protection.

This initiative is guided by the core value that for all people in America, **where you live should not determine your level of public health protection**. Public health deficiencies anywhere jeopardize the health and security of the nation. Disasters natural and man-made can happen anywhere; disease outbreaks do not recognize political boundaries; and the costs of poor health outcomes that can be prevented by public health intervention are borne nationally through expenditures in the publicly funded health care systems. To effectively respond to emergencies such as pandemics or natural disasters and to address pervasive health challenges like diabetes and heart disease, **federal, state, local, territorial and tribal officials need a predictable minimum capacity in every part of the country**. Moreover, the health care system increasingly relies on public-private partnerships to develop population health solutions that engage individuals both inside and outside the walls of the clinical environment. Their success depends on strong, reliable partners in public health agencies.

Yet currently, public health capacity varies tremendously in the more than 3,000 state, local, territorial, and tribal public health agencies across the country. For policymakers, this variability presents a challenge. As a nation, we must invest in building the foundational capabilities of governmental public health departments. If we do, we will have a public health system better able to respond to emergencies and to the new expectations of public health in partnering with health systems, social services, and communities in addressing all the determinants of health.

Public health foundational capabilities are part of the nation's infrastructure.

There is a growing consensus among public health professionals and experts that there is a definable set of capabilities that every health department should have to protect the public's health. These capabilities may either be provided directly by each agency or through partnerships such as regional collaborations. As defined by the Public Health National Center for Innovations (PHNCI), "foundational capabilities are cross-cutting skills and capacities... [that are] key to protecting the community's health and achieving equitable health outcomes."[3] These foundational capabilities are the building blocks for provision of the more visible services of public health including but not limited to immunization and smoking cessation programs, emergency preparedness and food safety. Foundational capabilities include:

1. **Assessment (including Surveillance, Epidemiology and Laboratory Capacity)** — The ability to track the health of a community through data, case finding, and laboratory tests with particular attention to those most at risk.
2. **All Hazards Preparedness** — The capacity to respond to emergencies of all kinds — from natural disasters to bioterrorist attacks.
3. **Policy Development/Support** — The ability to translate public health science into appropriate policy and regulation.
4. **Communications** — The ability to reach the public effectively with timely, science based information.
5. **Community Partnership Development** — The capacity to harness and align community resources and actors to advance the health of all members of the community.
6. **Organizational Competencies (Leadership/Governance; Health Equity)** — The ability to lead internal and external stakeholders to consensus and action, with a particular focus on advancing health equity in communities.
7. **Accountability/Performance Management (including Quality Improvement; Information Technology; Human Resources; Financial Management; Legal)** — The ability to apply business practices that assure efficient use of resources, achieve desired outcomes and foster a continuous learning environment.

3 The Public Health National Center for Innovations (2014, March). Foundational Public Health Services. Retrieved from https://phnci.org/fphs

Assuring foundational capabilities will require new resources.

Federal funding for local public health comes mainly through the Centers for Disease Control and Prevention (CDC). Though other agencies (Health Resources & Services Administration, Substance Abuse and Mental Health Services Administration, U.S. Department of Agriculture) fund public health programs and activities, it is CDC that largely provides funding for these foundational functions. This CDC funding has lost its purchasing power over the years. And even when there have been temporary increases that support foundational capacity and capability (e.g., after the anthrax attacks in 2001 and in the Recovery Act in 2009), these increases have not been sustained, which has made it difficult for state, territorial, tribal and local authorities to maintain foundational capabilities at an ideal level. Consistency in funding for these foundational capabilities is just as important as the level of investment. Similarly, state sources of public health investments are variable over time, and often even more so than federal investment because of requirements for balanced budgets. State budgets are particularly vulnerable to shifts during recessions, as was seen during the recent Great Recession.

Current investments in foundational capabilities show a $4.5 billion gap.

A number of efforts have assessed the potential costs of assuring foundational capabilities and several have estimated the gap between current funding and what ultimately would be needed to meet the goal of foundational capabilities being in place throughout the country at a minimum level. The most recent and comprehensive national study in this regard concluded that the national annual cost for implementing foundational capabilities would be $32 per person, with the gap between current spending and needed spending at approximately $13 per person. This estimate is corroborated by independent, state-level analyses done in Washington[4] and Oregon[5].

Based on these analyses, the total cost of foundational capabilities is about $9.5 billion, with a total gap of approximately **$4.5 billion per year**.[6]

Filling the gap.

A new, permanent and stable mandatory funding source, providing an additional $4.5 billion a year is needed to establish and maintain foundational public health capabilities to assure public health protection for individuals and communities through state, territorial, tribal and local governmental public health. It should be noted that these estimates are average costs over time and the needed funding will rise according to some measure reflecting inflation and increasing population.

New investments should be guided by underlying principles.

To ensure an effective and equitable system any strategy for financing governmental public health foundational capabilities should be grounded in a core set of principles that guide how funding is sourced and deployed. The following principles, developed through dialogue in the PHLF, outline the underlying criteria any fund or financing mechanism should meet.

Three key concepts emerge from these principles:

1. If public health financing is a shared responsibility, then federal dollars will need to be used to leverage increased investment by states through a matching requirement;
2. Given that there are marked differences in local foundational capabilities, closing the gap is in the federal interest. The federal investment needs to be designed to incentivize states to reliably provide the match; and,
3. The administering agency distributing these funds would need to set clear benchmarks for progress to assure quality provision of these capabilities and offer technical assistance to jurisdictions needing such help.

The gap between current spending and needed spending to fully implement foundational public health capabilities is $13 per person, or $4.5 billion total, per year.

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4 Foundational Public Health Services Preliminary Cost Estimation Model, Foundational Public Health Services Subgroup Public Health Improvement Partnership Agenda for Change Workgroup, September 2013, https://www.doh.wa.gov/Portals/1/Documents/1200/FPHSt-Report2013.pdf.

5 State of Oregon Public Health Modernization Assessment Report, Berk Consulting, June 2016, https://www.oregon.gov/oha/ph/About/TaskForce/Documents/PHModernizationReportwithAppendices.pdf.

6 Mamaril, C.B., Mays, G., Branham, K., Bekemeier, B., Marlowe, J., Timna, L., Estimating the Cost of Providing Foundational Public Health Services, *HSR: Health Services Research*, 28 December 2017. https://doi.org/10.1111/1475-6773.12816. This is an estimate looking at statewide spending. This analysis does not attribute current spending for foundational capabilities by source (i.e., which level of government).

Principles for Financing Governmental Public Health

1. All people in America should be served by a public health agency (regardless of how it is organized at the local level) that ensures equitable access to and protection by certain foundational public health capabilities provided by governmental public health.
2. Financing of foundational public health capabilities is a governmental responsibility and should be assured through sustainable, dedicated revenue streams.
3. Responsibility for financing and assuring foundational public health capabilities should be shared by local, state and federal government — just as provision of these capabilities has a federal, state, territorial, tribal and local benefit.
4. Foundational public health capabilities should be assessed and provided in every community based on national standards.
5. Investment of funds should promote equity in health outcomes for all people in America, both within and among communities.
6. Quality provision of foundational public health capabilities should be a condition of continued funding, with performance evaluated using evidence-based approaches.

Key elements of a Proposed Public Health Infrastructure Fund.

The Public Health Infrastructure Fund (the Fund) is proposed as a means to close the gap in foundational public health capabilities across the country while adhering to the previously defined financing principles and related implications. The Fund would be used to provide grants to enhance and maintain the foundational public health capabilities of state, local, territorial and tribal governments.

- Initial grants would support development of a state plan for foundational capabilities that builds on or supports revisions to the existing State Health Improvement Plan (SHIP).
  - State plans must be co-developed with local health departments who will be participating in building foundational capabilities.
- Funds may be used for accreditation and reaccreditation; after three years all states, local, tribal, and territorial governments receiving funds should be accredited.
- Funds would be distributed on a per capita (population) basis. The Health and Human Services Secretary would be authorized to develop a risk adjustment formula to account for different levels of need.
- There would be a 10% state matching requirement. (Thus the federal cost would be approximately $4 billion.) The match could be waived by the Secretary in the event of a public health emergency or other extenuating circumstances.
- There would be a 10% set-aside for federal support of technical assistance, research and demonstration projects, and oversight.
- Similar to the Community Health Center Fund (CHCF)[7], the Public Health Infrastructure Fund would be in addition to current appropriations.

7 The Community Health Center Fund: In Brief, EveryCRSRReport.com, July 2018, https://www.everycrsreport.com/reports/R43911.html.

Capacity must be built over time.

While the funding gap to assure foundational public health capabilities is significant and should be filled, public health agencies may have limited ability to rapidly absorb significant infusions of new funds and adopt or enhance their current capabilities. As such, the federal share of the estimated $4.5 billion shortfall for foundational capabilities should be phased in over a five-year period, with clear performance milestones along the way. Some capabilities, such as information technology, may require capital investments upfront that would not need to be maintained at the same level, while others, such as policy and communications capacity would require a more "even" investment over time. These distinctions would be reflected in the initial plan for building capacity.

Conclusion

Foundational public health capabilities are necessary in every jurisdiction, serving every person, to form the interdependent system that keeps the nation healthy, vital and safe. Achieving foundational public health protection for all people in America will require a significant transformation of the U.S. public health system supported by dedicated, sustainable resources. We proposed a Public Health Infrastructure Fund, resourced by new local and federal dollars to address the $4.5 billion shortfall needed to establish foundational capabilities for public health to enable the conditions in which people and communities can have optimal health.

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