Oregon Health Authority

AGENDA

PUBLIC HEALTH ADVISORY BOARD
Incentives and Funding Subcommittee

June 13, 2017
1:00-2:00 pm
Portland State Office Building, 800 NE Oregon St., Room 918, Portland, OR 97232

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

Meeting Chair: Akiko Saito

Subcommittee Members: Diane Hoover, Jeff Luck, Alejandro Queral, Akiko Saito, Tricia Tillman

Meeting Objectives
- Approve May meeting minutes
- Debrief funding formula discussion at May PHAB meeting
- Have an initial planning discussion about selection criteria for modernization pilots
- Prepare for July subcommittee meeting

1:00-1:05 pm	**Welcome and introductions** • Approve May 9 meeting minutes	Akiko Saito, Meeting Chair
1:05-1:15 pm	**PHAB funding formula discussion** • Debrief PHAB discussion about principles for funding formula floor and minimum threshold for awarding funds to all LPHAs through the funding formula • Determine whether changes are needed based on PHAB feedback	Subcommittee members
1:15-1:45 pm	**Selection criteria** • Discuss selection criteria for LPHA pilot projects if funding falls below the level for allocating funds to all LPHAs • Make recommendations to present to PHAB at June meeting <u>Discussion questions</u> 1. What mechanisms can be put in place to support less-resourced counties in a competitive grant process? 2. How can the grant application be structured to incentivize regional approaches?	Subcommittee members

	3. What is the right balance for awarding funds to areas that are most ready versus areas of greatest need? 4. What mechanisms should be used to ensure equity in selection criteria? 5. How can funding formula indicators be used in selection criteria?	
1:45-1:50 pm	**Subcommittee business** • Confirm that Akiko will give subcommittee update at June 15 PHAB meeting • Select Chair for July 11 subcommittee meeting • Develop agenda for July 11 subcommittee meeting	Akiko Saito, Meeting Chair
1:50-2:00 pm	**Public comment**	
2:00 pm	**Adjourn**	Akiko Saito, Meeting Chair

Public Health Advisory Board (PHAB)
Incentives and Funding Subcommittee meeting minutes DRAFT
May 9, 2017
1:00-2:00 pm

Welcome and roll call

Meeting Chair: Jeff Luck

PHAB members present: Diane Hoover, Jeff Luck, Akiko Saito

Oregon Health Authority (OHA) staff: Sara Beaudrault, Chris Curtis, Angela Rowland

Members of the public: Channa Lindsay, Darren Yesser, Maria Tafolla, Kelly McDonald

February meeting minutes

The February 14th meeting minutes were not approved since a quorum was not present.

Proposal for role of Incentives and funding subcommittee

Meeting Goal: Review funding formula to confirm that funding formula principles remain intact at different funding levels.

HB 2310 passed out of the House and is now in the Ways and Means Committee. OHA Public Health Division (PHD) is developing a framework for how to align the scope of work for state and local public health departments with different funding levels. PHD is doing this planning work now so we are prepared for any funding outcome from the legislative session. More information will be provided at the May 18 Coalition of Local Health Officials (CLHO) and PHAB meetings, with additional work at the June meetings.

The subcommittee is being asked to finalize the funding formula, specifically to make recommendations on the floor funding component of the funding formula and to set a threshold for distributing funds to all local public health authorities (LPHAs) through the funding formula. This funding formula only addresses funding to LPHAs. It is understood that if the legislature provides funds to OHA for

public health modernization, the majority of funds will be allocated to LPHAs and a portion of funds will remain with OHA.

Funding Formula Floor

The subcommittee discussed the current funding formula at different funding levels as well as the set floor amount. The model developed by the subcommittee includes five floor tiers, one for each county size band. At the $10 million funding level, tiers range from $30,000 to $90,000. In this model, floor payments total $1.8 million.

Akiko noted that floor payments ensure stable funding. She commented that the CLHO Public Health Emergency Preparedness committee avoids reducing the floor when there are budget cuts in order to maintain staffing and stability. At funding levels above $10 million, floor payments could be proportionally increased.

The subcommittee discussed whether the floor tier amounts are sufficient for extra small and small counties. Diane noted that in her experience working at smaller agencies, change can be implemented with fewer resources as agency leaders have more direct control over the agency. Jeff would like to hear feedback from additional PHAB members who represent small and extra small counties.

Minimum funding level for using the funding formula

Initial recommendation, to be discussed at May 18 PHAB meeting:

- If less than $5M per year for LPHAs, direct all funds to pilot projects. Subcommittee members recommend considering that pilots from each size band are selected. Funds would not be distributed through the funding formula.
- If $5M-$10M per year, include floor payments at the levels set in the $10M model (ranging from $30,000-$90,000, totaling $1.8 million). All remaining funds would be used for pilots. Funds would not be distributed through the funding formula.
- If funds are equal to or above $10M per year, funds would be distributed to all LPHAs through the funding formula.
- For annual LPHA funding above $10M, floor payments would be proportionally increased.

Action Item: PHD will provide funding formula examples at different funding levels: $5M, $10M, and $15M increasing floor payment proportionally. These will be reviewed at the May 18 PHAB meeting.

Subcommittee Business

Jeff will provide the subcommittee update at the next PHAB meeting on May 18, 2017.

Public Comment

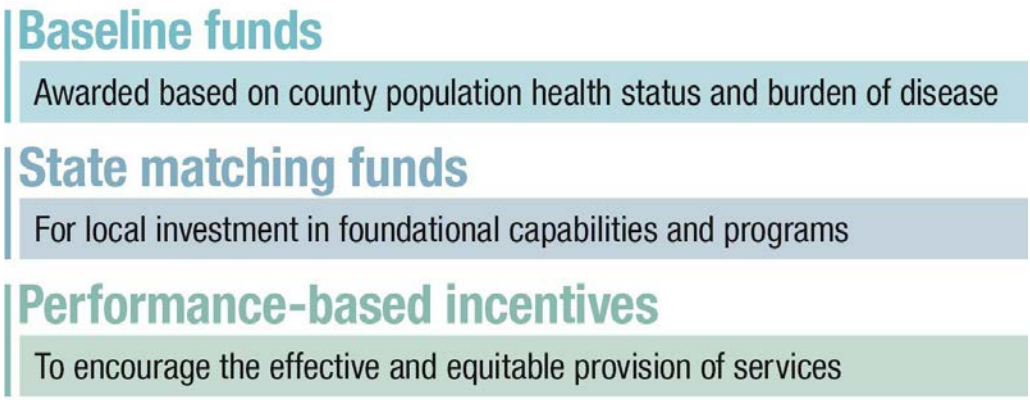
No public testimony.

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. 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. Floor payments should not fall below the levels established by the subcommittee in the $10 million annual model (see Appendix C). In this model, tiers range from $30,000 to $90,000 based on county population. At higher funding levels, floor payments should be proportionally increased.

6. The subcommittee recommends allocating all remaining funds across the six indicators included in the baseline funds component.

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

Funding levels for 2017-19

- PHAB makes the following recommendations for allocating funds in 2017-19:
- At funding levels at or above $20 million: award funds to all LPHAs though the modernization funding formula.
- At funding levels between $10-20 million: all LPHAs should receive the floor payment, with remaining funds allocated to pilot projects. Floor payments will be used for planning and infrastructure development.
- At funding levels below $10 million, all funds are allocated to pilot projects.

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.