

Essential Local Public Health Services Funding Report

(FY2019 Appropriation Act - Public Act 207 of 2018)

February 1, 2019

Sec. 1234. (1) By February 1 of the current fiscal year, the department shall develop and report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office a revised distribution formula for the allocation of essential local public health services funding to local health departments.

(2) It is the intent of the legislature that the formula developed under this section will be implemented during the fiscal year beginning October 1, 2019.

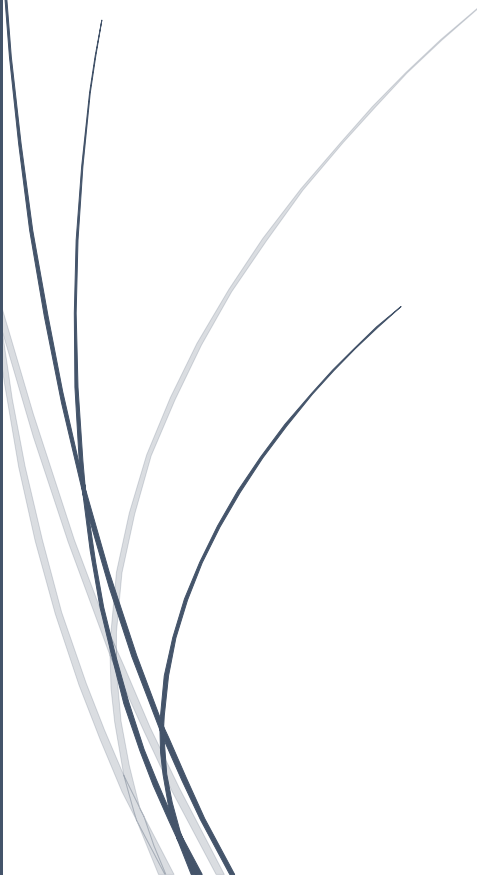




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Essential Local Public Health Services Funding Report

Presented by: Essential Local
Public Health Services Funding
Committee



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Executive Summary

Objective: The FY 2019 budget boilerplate Section 1234 charged Michigan Department of Health and Human Services (MDHHS) to develop and report to the Legislature a revised distribution formula for the allocation of Essential Local Public Health Services (ELPHS) funding to local health departments to be implemented during the fiscal year beginning October 1, 2019.

Project Participants: MDHHS referred this issue to the Public Health Advisory Council (PHAC). The PHAC formed a workgroup to consider the charge. The Workgroup consisted of four local health officers, four PHAC members (two of which are Health Officers), two local financial administrators, and financial and program administrators representing Michigan Department of Agriculture and Rural Development (MDARD), Michigan Department of Environmental Quality (MDEQ) and MDHHS.

Recommendations:

1. Funds should be disbursed as a block grant to local public health to meet the intended flexibility to address local health department needs.
2. Should the proposed formula be implemented, it will require an additional \$6 - \$8 Million to hold all local health departments harmless.
3. If the Legislature can not provide the additional funds, the workgroup strongly recommends making no changes to Essential Local Public Health Services funding at the present time. Revising the current funding formula to redistribute funds at the current funding levels would cause disruption across the local public health system.

Conclusion:

As of FY 2017, Michigan provided the 9th lowest state funding for public health in the United States. Given the opportunities to improve Michigan's public health system, and the challenges inherent in providing even minimal services through Essential Local Public Health Services (ELPHS) programming, the funding group believes it is incumbent upon the State of Michigan to increase funding for ELPHS.

Introduction

The Essential Local Public Health Services include:

- Infectious Disease Control
- Sexually Transmitted Disease Control and Prevention
- Immunization
- Hearing Screening and Vision Services¹
- Public Water Supply/Private Ground Water Supply
- Onsite Sewage Management
- Food Protection

Current Programmatic Funding Formulas

The workgroup met seven times to discuss the current funding formula, needs, and options to consider as part of a revised allocation methodology. Other discussions ensued relative to local public health funding which will be first recommended to the PHAC. As it pertains to the FY19 boilerplate report, the language states the following:

- (1) By February 1 of the current fiscal year, the department shall develop and report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office a revised distribution formula for the allocation of essential local public health services funding to local health departments.
- (2) It is the intent of the legislature that the formula developed under this section will be implemented during the fiscal year beginning October 1, 2019.

After considerable discussion and review, the workgroup did not identify a final, equitable funding formula that reflect the reality of needs in each local health department. While aggregate appropriations have been based upon funds disbursed in 1992, due to some flexibility in use of the funds across ELPHS programs, local health departments have been able to shift revenue to address community need. Subsequent changes in ELPHS appropriations to local health have been based upon the amount of funds present in a given program in a given year and have not been tied to actual cost to maintain ELPHS programs or to community need.

- **Public Water Supply/Private Groundwater Supply, Onsite Sewage Management and Food Protection** funding is appropriated from the Legislature to MDHHS (not MDEQ and MDARD). MDHHS determines how much each local health department receives and is based upon previous year allocations.
- **HIV/STD ELPHS** funding is based previous year allocations.
- **General Communicable Disease** and **Immunization** funding is based upon previous year allocations.

¹ Hearing and Vision are funded through appropriations from the Michigan Department of Education

- Additionally, for **General Communicable Disease** each of the 8 jurisdictions that house a regional epidemiologist receives \$7,500 (to provide for a workstation and other assets). If the regional epidemiologist has a split office among two (2) jurisdictions, each receives \$3,750.
- **Hearing and Vision** (ELPHS programs funded through Michigan Department of Education) utilize the following to distribute \$5,000,000 in funds:
 - Forty-Five (45) percent of the total funding represents base funding, determined by the proportion of eligible preschool and school-aged children in the local health department region.
 - The remaining fifty-five (55) percent is distributed through the following formula that is comprised of three (3) variables that drive up the cost of administering the program:
 - Twenty (20) percent is based on a proportion of eligible school buildings;
 - Twenty (20) percent is based on a proportion of students in need (Free/Reduced Lunch); and
 - Fifteen (15) percent is based on the average time traveled, as based on the geographic size of the local health department jurisdiction

The current funding for FY 2019 ELPHS appropriations are presented in the following table.

	MDARD FOOD	MDHHS HEARING *	MDHHS VISION *	MDHHS Other	TOTAL MDHHS	MDEQ PRIVATE & TYPE III WATER SUPPLY	MDEQ ON-SITE WASTEWATER TREATMENT	TOTAL MDEQ	TOTAL ELPHS
Allegan County Health Department	99,427.00	41,687.00	41,686.00	137,445.00	220,818.00	81,178.00	103,320.00	184,498.00	504,743.00
Barry Eaton District Health Department	150,992.00	45,965.00	45,965.00	149,227.00	241,157.00	221,234.00	212,558.00	433,792.00	825,941.00
Bay County Health Department	102,827.00	28,775.00	28,774.00	97,851.00	155,400.00	21,693.00	76,915.00	98,608.00	356,835.00
Benzie-Leelanau District Health Department	46,936.00	14,801.00	14,800.00	10,078.00	39,679.00	82,742.00	105,309.00	188,051.00	274,666.00
Berrien County Health Department	175,986.00	45,318.00	45,317.00	240,442.00	331,077.00	100,195.00	64,059.00	164,254.00	671,317.00
Branch/Hillsdale/St. Joseph Community Health Agency	147,783.00	48,509.00	48,509.00	459,795.00	556,813.00	162,757.00	182,499.00	345,256.00	1,049,852.00
Calhoun County Health Department	206,506.00	35,388.00	35,387.00	276,963.00	347,738.00	66,921.00	104,673.00	171,594.00	725,838.00
Central Michigan District Health Department	246,455.00	48,314.00	48,314.00	150,048.00	246,676.00	309,798.00	462,401.00	772,199.00	1,265,330.00
Chippewa County Health Department	50,238.00	26,205.00	26,204.00	132,869.00	185,278.00	40,175.00	68,403.00	108,578.00	344,094.00
City of Detroit Department of Health and Wellness	607,074.00	173,947.00	173,947.00	2,514,357.00	2,862,251.00	-	-	-	3,469,325.00
Dickinson-Iron District Health Department	63,606.00	14,474.00	14,473.00	45,247.00	74,194.00	24,938.00	69,090.00	94,028.00	231,828.00
District Health Department #10	243,354.00	70,808.00	70,808.00	456,153.00	597,769.00	301,296.00	256,656.00	557,952.00	1,399,075.00
District Health Department #2	85,262.00	20,355.00	20,354.00	98,743.00	139,452.00	80,016.00	125,154.00	205,170.00	429,884.00
District Health Department #4	90,593.00	24,186.00	24,185.00	45,940.00	94,311.00	185,068.00	172,358.00	357,426.00	542,330.00
Genesee County Health Department	518,758.00	106,562.00	106,562.00	761,128.00	974,252.00	139,502.00	296,442.00	435,944.00	1,928,954.00
Grand Traverse County Health Department	96,456.00	27,847.00	27,846.00	74,286.00	129,979.00	100,177.00	130,129.00	230,306.00	456,741.00
Health Department of Northwest Michigan	224,267.00	32,551.00	32,550.00	77,069.00	142,170.00	141,092.00	241,322.00	382,414.00	748,851.00
Huron County Health Department	39,765.00	22,140.00	22,139.00	70,423.00	114,702.00	47,739.00	56,041.00	103,780.00	258,247.00
Ingham County Health Department	242,740.00	67,809.00	67,808.00	1,041,852.00	1,177,469.00	53,583.00	108,792.00	162,375.00	1,582,584.00
Ionia County Health Department	61,592.00	23,429.00	23,428.00	41,178.00	88,035.00	20,283.00	60,853.00	81,136.00	230,763.00
Jackson County Health Department	137,977.00	42,096.00	42,095.00	193,348.00	277,539.00	92,093.00	108,107.00	200,200.00	615,716.00
Kalamazoo County Health and Community Services Department	337,432.00	62,143.00	62,142.00	681,979.00	806,264.00	145,365.00	111,821.00	257,186.00	1,400,882.00
Kent County Health Department	296,772.00	170,383.00	170,382.00	980,479.00	1,321,244.00	168,184.00	205,559.00	373,743.00	1,991,759.00
Lapeer County Health Department	88,620.00	27,477.00	27,476.00	183,830.00	238,783.00	28,328.00	28,328.00	56,656.00	384,059.00
Lenawee County Health Department	119,469.00	31,919.00	31,918.00	50,356.00	114,193.00	127,551.00	104,360.00	231,911.00	465,573.00
Livingston County Department of Public Health	137,749.00	40,187.00	40,187.00	101,147.00	181,521.00	150,980.00	148,612.00	299,592.00	618,862.00
Luce-Mackinac-Alger-Schoolcraft DHD	140,556.00	16,645.00	16,644.00	85,276.00	118,565.00	62,689.00	76,624.00	139,313.00	398,434.00
Macomb County Health Department	634,106.00	178,114.00	178,113.00	1,142,944.00	1,499,171.00	23,235.00	347,539.00	370,774.00	2,504,051.00
Marquette County Health Department	60,144.00	22,811.00	22,810.00	132,595.00	178,216.00	25,487.00	68,170.00	93,657.00	332,017.00

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES ESSENTIAL LOCAL PUBLIC HEALTH SERVICES (ELPHS) FUNDING									
FY 2019 Appropriation Amended									
	MDARD FOOD	MDHHS HEARING *	MDHHS VISION *	MDHHS Other	TOTAL MDHHS	MDEQ PRIVATE & TYPE III WATER SUPPLY	MDEQ ON-SITE WASTEWATER TREATMENT	TOTAL MDEQ	TOTAL ELPHS
Midland County Health Department	77,450.00	21,692.00	21,691.00	323,264.00	366,647.00	41,289.00	119,761.00	161,050.00	605,147.00
Mid-Michigan District Health Department	190,205.00	49,235.00	49,235.00	258,741.00	357,211.00	127,289.00	198,393.00	325,682.00	873,098.00
Monroe County Health Department	89,270.00	39,930.00	39,929.00	343,709.00	423,568.00	45,864.00	103,055.00	148,919.00	661,757.00
Muskegon County Health Department	115,405.00	49,821.00	49,820.00	520,109.00	619,750.00	103,969.00	55,984.00	159,953.00	895,108.00
Oakland County Department of Health and Human Services/ Health Division	954,477.00	253,969.00	253,968.00	2,557,216.00	3,065,153.00	571,324.00	413,718.00	985,042.00	5,004,672.00
Ottawa County Health Department	159,374.00	67,878.00	67,878.00	606,704.00	742,460.00	128,758.00	219,238.00	347,996.00	1,249,830.00
Public Health, Delta & Menominee Counties	59,087.00	21,848.00	21,847.00	152,258.00	195,953.00	40,696.00	99,633.00	140,329.00	395,369.00
Saginaw County Health Department	297,502.00	52,619.00	52,619.00	486,739.00	591,977.00	40,448.00	121,341.00	161,789.00	1,051,268.00
Sanilac County Health Department	71,631.00	23,972.00	23,971.00	110,142.00	158,085.00	24,074.00	33,242.00	57,316.00	287,032.00
Shiawassee County Health Department	82,146.00	24,789.00	24,789.00	89,670.00	139,248.00	35,893.00	58,931.00	94,824.00	316,218.00
St. Clair County Health Department	186,725.00	45,605.00	45,605.00	182,079.00	273,289.00	60,878.00	215,687.00	276,565.00	736,579.00
Tuscola County Health Department	47,629.00	27,989.00	27,989.00	142,622.00	198,600.00	2,826.00	8,574.00	11,400.00	257,629.00
Van Buren-Cass County District Health Department	112,097.00	46,009.00	46,009.00	395,809.00	487,827.00	5,860.00	11,897.00	17,757.00	617,681.00
Washtenaw County Public Health Department	310,470.00	69,653.00	69,653.00	388,425.00	527,731.00	100,103.00	381,485.00	481,588.00	1,319,789.00
Wayne County Health Department	1,232,148.00	266,126.00	266,125.00	1,742,284.00	2,274,535.00	9,987.00	80,798.00	90,785.00	3,597,468.00
Western Upper Peninsula Health Department	118,384.00	23,082.00	23,081.00	240,908.00	287,071.00	-	61,083.00	61,083.00	466,538.00
TOTAL-Local Health Department ELPHS	9,557,442	2,595,062	2,595,032	18,973,727	24,163,821	4,343,557	6,278,914	10,622,471	44,343,734
WSU-Detroit TB				575,564	575,564				575,564
WSU- STD and HIV Prevention				500,000	500,000				500,000
TOTAL Other ELPHS Detroit Agreements	-	-	-	1,075,564	1,075,564	-	-	-	1,075,564
	9,557,442	2,595,062	2,595,032	20,049,291	25,239,385	4,343,557	6,278,914	10,622,471	45,419,298

Table 2

MDHHS Other includes Immunizations, General Communicable Disease, and Sexually Transmitted Disease ELPHS programs

Funding Recommendations

Demonstration of Proposed Formula Factors

There is a resource base amount of funding necessary for local health departments to operate and to respond to unforeseen emergencies. The base described in the proposed funding formulas do not represent the actual costs to operate programs. Funding supplementals are not a sustainable way to maintain public health infrastructure. There is an opportunity cost to responding to emerging health threats if time and effort must be consumed to obtain funds sufficient to respond to a Per- and Polyfluoroalkyl Substances (PFAS) situation or hepatitis A outbreak. Base funding would not completely eliminate the need for occasional additional funds for new, unforeseen threats, but would contribute to response readiness.

Factors we recommend for consideration for base funding include:

- Actual administrative costs to implement ELPHS to consistently meet Minimum Program Requirements; such as but not limited to training of staff in food standardization or Registered Environmental Health Specialist (REHS)/ Registered Sanitarian (RS) credentials needed for certain on-site plan review and approval;
- Dramatic changes in public health needs and associated costs since 1992, including but not limited to environmental health threats, emergency management of epidemics (H1N1, hepatitis A), treating and preventing chronic disease, and efforts to reduce infant mortality;
- The importance of historical societal inequities, poverty, and issues such as lack of education, transportation, sufficient food and housing in determining the health of a population. Resources should be aligned to provide greater support for these populations;
- Geographical concerns for multi-county District Health Departments (maintenance of multiple sites across substantial distances to effectively reach residents);
- Costs to respond to expanded public health challenges that were not components of the ELPHS when cost-sharing was first implemented. Examples include increased number of required vaccines for school and day-care entry, antimicrobial resistant gonorrhea and unregulated contaminants in groundwater.
- Health Officers or other staff are performing multiple duties, such as a single person acting as both Health Officer and Environmental Health Director, or Health Officer and Financial Administrator and Nursing Director. This is not sustainable in the long term.

Failure to adequately support Essential Local Public Health Services may result in increased vulnerability of the residents of Michigan to public health threats. The Essential Local Public Health Services funding was established to protect citizens from infectious diseases, contaminated drinking water and barriers for children to benefit from education. Without these protections the state and counties are vulnerable to the financial and personal costs of such threats. The recent outbreaks of hepatitis A and measles in the state are examples of such threats to the public's health and the budgetary impact that control, prevention and mitigation can have.

Essential Local Public Health Proposed Formulas

The group discussed the factors noted above that should be included in the formula, and then prioritized those factors. The affected state agencies agreed that funds will be disbursed as a block grant to local public health to meet the intended flexibility to address local health department needs. Simplicity of the formula was also agreed upon. All formulas will include a base funding amount to assist with maintenance of essential services.

MDHHS Proposed Formula (Infectious Disease Control, Sexually Transmitted Disease Control and Prevention, Immunization and Hearing Screening and Vision Services)

The workgroup proposed a formula based upon 10 percent base funding, 50 percent population size, and 40 percent poverty index.

- Based on the new formula, if enacted today without additional ELPHS appropriations, 17 local health departments would lose funding. The amount of loss would range from \$8,725 to \$763,914.
- The amount required to hold all local health departments harmless if these changes to the formula are adopted is \$2.4 million.

MDEQ Proposed Formula (Public Water Supply/Private Ground Water Supply and Onsite Sewage Management)

The workgroup proposed combining the two separate allocation funding streams for Private & Type III Water Supply and Onsite Wastewater Treatment Management into one amount to allow for additional flexibility and ease of administration.

The proposed combined formula is to be built upon a base funding amount of \$75,000 for each local health department plus dividing the remaining funding balance through weighting by number of permits for private wells, Type III Public Wells and permits for residential and commercial onsite wastewater systems (under 10,000 gallons/day) within the jurisdiction. Using the current FY 2019 funding allocation for both MDEQ Programs creates a minimum Unit Price of \$237.60 per permit. This Unit Price will fluctuate with the number of permits issued and could be recalculated for redistribution of the MDEQ funding allocation on a periodic basis.

- Based on the new formula, if enacted today without additional ELPHS appropriations, 18 local health departments would lose funding. The amount of loss would range from \$8,444 to \$529,407 per local health department.
- Hold Harmless requires an additional \$2 Million.

Both environmental health programs are more than permitting. Education, complaint investigation, and ongoing monitoring for contaminants are essential elements. The downside to this formula is that as development and the economy increases and the economy improves, so do the number of permits. That in turn, will decrease the unit price if additional money is not added when formulas are reassessed.

MDARD Proposed Formula (Food Protection)

The proposed formula changes for Food Sanitation Services would include a minimum per unit price of \$267 and a minimum base funding of \$100,000.

- Based on the new formula, if enacted today without additional ELPHS appropriations, 24 local health departments would lose funding. The amount of loss would range from \$495 to \$338,844.
- To hold harmless would require a \$100,000 base funding for the 13 smaller local health departments and would provide a minimum per unit price of \$267 for the remaining 32 local health departments. This would require an additional \$1.5 Million above current FY 2019 LHD funding levels.

Recommendations

1. Funds should be disbursed as a block grant to local public health to meet the intended flexibility to address local health department needs.
2. Should the proposed formula be implemented, it will require an additional \$6 - \$8 Million to hold all local health departments harmless.
3. If the Legislature can not provide the additional funds, the workgroup strongly recommends making no changes to Essential Local Public Health Services funding at the present time. Revising the current funding formula to redistribute funds at the current funding levels would cause disruption across the local public health system.