PHAB Incentives and Funding subcommittee

Local public health funding formula description and methodology

May 15, 2018 *draft*

Background

ORS 431.380 requires that, from state moneys Oregon Health Authority (OHA) receives for funding foundational capabilities and programs, OHA shall distribute funds to local public health authorities (LPHAs) through a funding formula described in this section of statute. The full text of ORS 431.380 is included as **Appendix A**.

The Public Health Advisory Board (PHAB) is responsible for making recommendations to OHA on the development of and modification of plans for the distribution of funds to LPHAs under ORS 431.380. In addition to making recommendations for the 2017-19 and 2019-21 local public health funding formula, PHAB has also established a set of Funding Principles to be used as a resource in discussions about public health funding formulas. These Funding Principles are included as **Appendix B**. PHAB recommendations on the 2019-21 local public health funding formula should be considered in the context of these Funding Principles.

Three components to the local public health funding formula

1. Base funds awarded for population, health status, burden of disease, and ability of LPHA to invest in local public health. Includes floor payments (based on five tiers of county size bands);
2. Matching funds for county investment in local public health services and activities above the base funding amount;
3. Incentive funds for achieving accountability metrics.

A 30,000-foot view of the 2019-21 local public health funding formula

The funding formula described in this document is a model for how funds would be allocated through the funding formula in 2019-21. The PHAB Incentives and Funding subcommittee will convene in 2019 to review and make final recommendations for the funding formula model, and the Conference of Local Health Officials will be consulted, when actual funding levels for 2019-21 are known.

- Each component includes a floor payment, plus an additional method for allocating funds to counties.
- Floor payments favor extra-small and small counties. Additional methods are tied to county population and favor large and extra-large counties.

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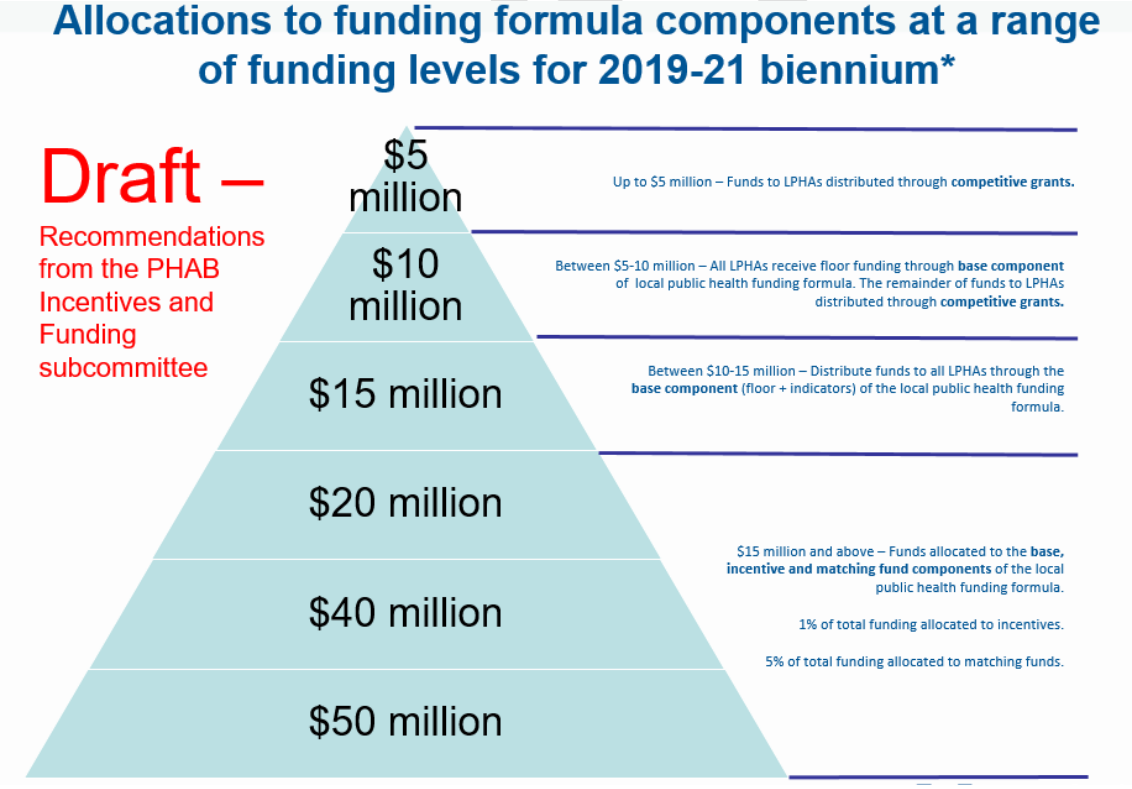
- In all components, extra-small and small counties receive a proportionally larger per capita allocation, and large and extra-large counties receive a proportionally larger dollar amount. This is consistent with the resource gaps identified in the 2016 public health modernization assessment.
- The funding formula advances health equity by directing funds to a set of indicators that measure health outcomes and county demographics.

Allocations to funding formula components at a range of funding levels for the 2019-21 biennium*

The Public Health Advisory Board's Incentives and Funding subcommittee made the following recommendations to OHA on allocating funds to each of the funding formula components at different total funding levels. These recommendations are incorporated into the local public health funding formula model for 2019-21.

Figure 1:



* Funding levels reflect total allocations to LPHAs (two years)

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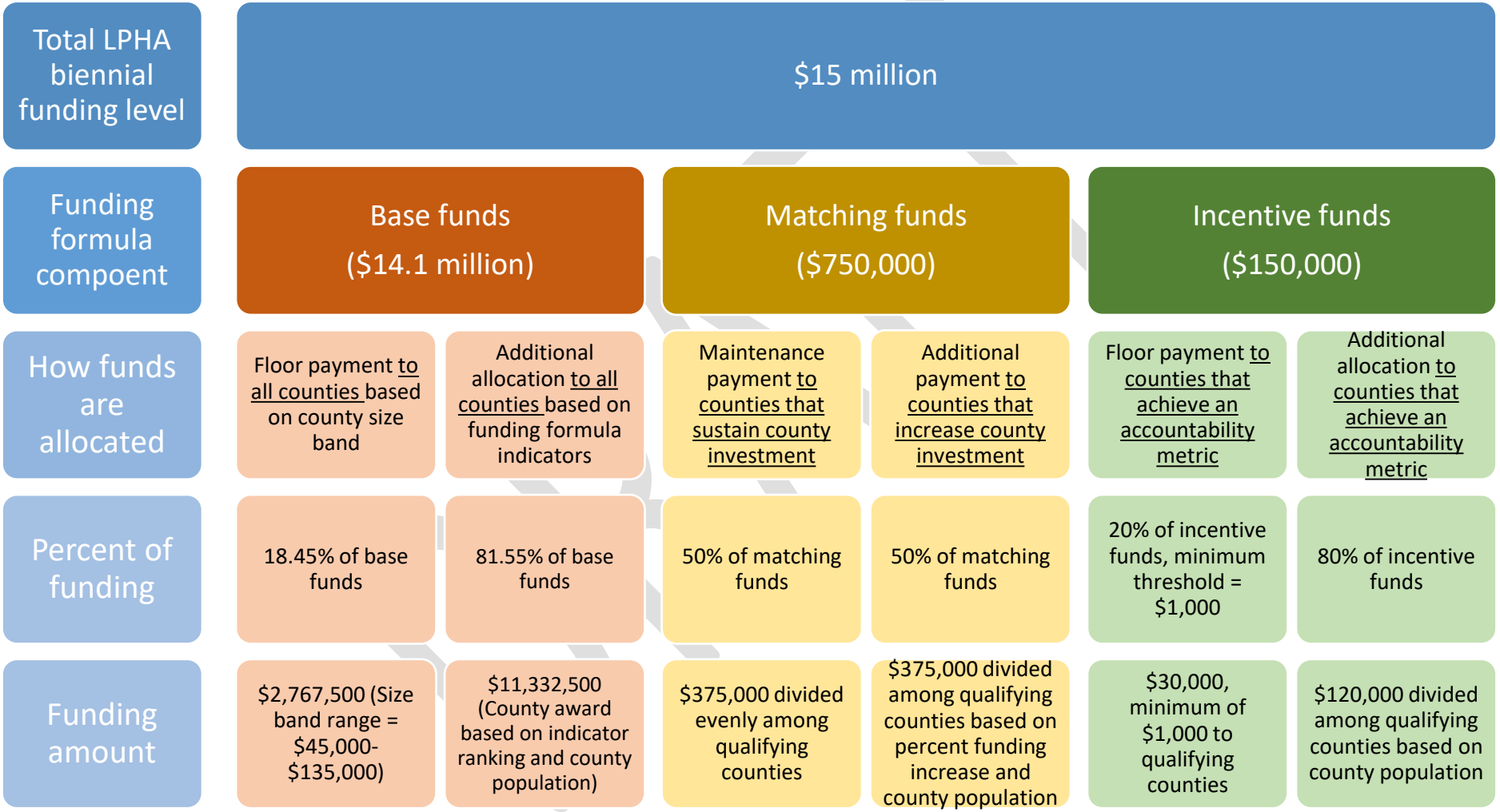
Figure 2: Description of funding formula components at the $15 million biennial funding level for LPHAs in 2019-21. See **Appendix C** for a complete description and methofology of the funding formula components.



FUNDING OF LOCAL PUBLIC HEALTH AUTHORITIES

431.380 Distribution of funds; rules. (1) From state moneys that the Oregon Health Authority receives for the purpose of funding the foundational capabilities established under ORS 431.131 and the foundational programs established under ORS 431.141, the Oregon Health Authority shall make payments to local public health authorities under this section. The Oregon Health Authority shall each biennium submit to the Oregon Public Health Advisory Board and the Legislative Fiscal Office a formula that provides for the equitable distribution of moneys. The Oregon Health Authority shall incorporate into the formula:

(a) A method for distributing to local public health authorities a base amount of state moneys received by the Oregon Health Authority pursuant to this subsection, taking into consideration the population of each local public health authority, the burden of disease borne by communities located within the jurisdiction of each local public health authority, the overall health status of communities located within the jurisdiction of each local public health authority and the ability of each local public health authority to invest in local public health activities and services;

(b) A method for awarding matching funds to a local public health authority that invests in local public health activities and services above the base amount distributed in accordance with paragraph (a) of this subsection; and

(c) A method for the use of incentives as described in subsection (3) of this section.

(2) The Oregon Health Authority shall submit the formula adopted under subsection (1) of this section to the Oregon Public Health Advisory Board and the Legislative Fiscal Office no later than June 30 of each even-numbered year. At the same time that the Oregon Health Authority submits the formula, the Oregon Health Authority shall submit to the Oregon Public Health Advisory Board and the Legislative Fiscal Office an estimate of the amount of state moneys necessary to fund in part or in whole the foundational capabilities established under ORS 431.131 and the foundational programs established under ORS 431.141.

(3) The Oregon Health Authority shall adopt by rule incentives and a process for identifying, updating and applying accountability metrics, for the purpose of encouraging the effective and equitable provision of public health services by local public health authorities.

(4) Nothing in this section prohibits the Oregon Health Authority from distributing state moneys that the Oregon Health Authority receives for the purpose of funding the foundational capabilities established under ORS 431.131 and the foundational programs established under ORS 431.141 to local public health authorities on an individual basis as opposed to a statewide basis, or through a competitive grant or contract process or on the basis of need, if the state moneys received are insufficient to adequately fund local public health authorities on a statewide basis. [1983 c.398 §2; 2009 c.595 §560; 2015 c.736 §28; 2017 c.627 §4]

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Appendix B – PHAB Funding Principles
May 15, 2018 *draft*

Public Health Advisory Board
Funding principles for state and local public health authorities
February 15, 2018

The Public Health Advisory Board recognizes that funding for foundational capabilities and programs is limited, but innovations can maximize the benefit of available resources. These funding principles are designed to apply to the public health system, which means state and local public health authorities in Oregon. These funding principles can be applied to increases or decreases in public health funding.

Public health system approach to foundational programs

1. Ensure that public health services are available to every person in Oregon, whether they are provided by an individual local public health authority, through cross-jurisdictional sharing arrangements, and/or by the Oregon Health Authority.

2. Align funding with burden of disease, risk, and state and community health assessment and plan priorities, while minimizing the impact to public health infrastructure when resources are redirected.

3. Use funding 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.

4. Use funding to incentivize changes to the public health system intended to increase efficiency and improve health outcomes, which may include cross-jurisdictional sharing.

5. Align public health work and funding to coordinate resources with health care, education and other sectors to achieve health outcomes.

Transparency across the public health system

6. Acknowledge how the public health system works to achieve outcomes, and direct funding to close the identified gaps across the system in all governmental public health authorities.

7. Improve transparency about funded work across the public health system and scale work to available funding.

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Appendix C – Detailed description of funding formula components

May 15, 2018 *draft*

This appendix provides additional detail and describes the methodology for each of the funding formula components. An example of the funding formula model at the $15 million biennial funding level for LPHAs is available at the end of this section.

The base component

- Includes a floor payment for each county and additional allocations through the indicator pool.

Floor payments

- Floor payments are based on five tiers of county size bands. At the $10 million level, floor payments range from $30,000-90,000 and total $1.845 million.
  - Floor payments increase proportionally at funding levels above $10 million (remaining at 18.45% of total base component funds).
  - Floor payments are intended to ensure stable funding for a basic level of public health staffing and operations.

Total funds	Range of floor payments[1]	Floor payment total	Indicator pool total
$10 million	$30,000-90,000	$1,845,000	$8,155,000
$15 million	$45,000-135,000	$2,767,500	$11,332,500
$20 million	$60,000-180,000	$3,690,000	$15,110,000

- All remaining base component funding is distributed through the indicator pool.

Indicator pool

Every county receives additional allocations through the indicator pool based on the county's ranking on a set of health and demographic indicators[2]. A description of each indicator, measure and data source is included as **Attachment D**. Each of the health and demographic indicators receives an equal percentage of available indicator pool dollars.

Methodology

Base funding = floor payment + indicator pool payment

[1] In the future PHAB may consider whether to establish a cap for the maximum dollar amount going to base component floor payments.

[2] Indicators include health status, burden of disease, racial and ethnic diversity, poverty, educational attainment, population density, limited English proficiency and rurality.

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Floor payment = based on county size band

Indicator pool payment = all remaining base component funds

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

LPHA weight = LPHA population * LPHA indicator percentage

The matching funds component

- Matching funds will be awarded for sustained or increased county general fund investments over time.
- Five percent of funds will be allocated to matching funds at or above the $15 million level. (At the $15 million, level $750,000 would be allocated to matching funds.
- Of the total funds allocated to matching funds, 50% will be awarded for sustained county general fund investments, and 50% will be awarded for increased county investment.
    - Maintenance payment: Awarded to counties that demonstrate sustained county general fund investment. Available funds awarded equally to all qualifying counties.
    - Additional allocation: Awarded to counties that demonstrate increased county general fund investment. Allocations for increased investment are determined based on the available pool, percent funding increase, and county population.

Total funds	Total matching funds	Maintenance payments	Additional allocation
$10 million	$0	$0	$0
$15 million	$750,000	$375,000	$375,000
$20 million	$1,000,000	$500,000	$500,000

Methodology

Compares county general fund investment over two years[3].

Matching funds = maintenance payment for sustained investment + additional allocation for increased investment

[3] If funding for matching funds is available in 2019-21, OHA may recommend an initial matching funds award based on one year of county general fund data.

Maintenance payment = All counties eligible to receive the same floor payment.

Additional allocation = Based on percent county funding increase, county population and total funds available to counties with funding increases

Additional allocation = (LPHA weight/sum of all LPHA weights) * total available pool for counties with funding increases

LPHA weight = LPHA population * percent county funding increase

The incentive funds component

- Each county that achieves an accountability metric will receive an incentive fund floor payment and an additional allocation.
  - All qualifying counties receive the same floor payment. Twenty percent of incentive funds will go to floor payments, with a minimum threshold of $1,000
  - Additional allocations are proportionally distributed to qualifying counties based on county population.
- One percent of funds will be allocated to incentive funds at or above the $15 million level. (At the $15 million, $150,000 would be allocated to incentive funds.
  - Available funds will be split across incentivized accountability metrics

Total funds	Total incentive funds	Floor payment (20%)	Additional Allocation (80%)
$10 million	$0	$0	$0
$15 million	$150,000	$30,000 (minimum payment to qualifying counties is $1,000)	$120,000
$20 million	$200,000	$40,000	$160,000

Methodology

Incentive funds = floor payment plus additional allocation based on county population

Floor payment = All qualifying counties receive the same floor payment.

Additional allocation = All qualifying counties receive proportion of remaining incentive funds based on county population

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Appendix C – Detailed description of funding formula components

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Figure 3: Local public health funding formula model - $15 million example

Total biennial funds available to LPHAs: $15 million
Base component: $14.1 million
Matching funds component: $750,000
Incetnive funds component: $150,000

Local public health funding formula model: At the $15 million level, the majority of funds are allocated to the base component of the funding formula, with 5% allocated to matching funds and 1% allocated to incentive funds. The data for matching and incentive funds are not based on actual LPHA data and are included for demonstration purposes only.

		Base component								Matching and Incentive fund components		Total county allocation				
County Group	Population[4]	Floor	Burden of Disease[2]	Health Status[3]	Race/ Ethnicity[1]	Poverty 150% FPL[1]	Rurality[5]	Education[1]	Limited English Proficiency[1]	Matching Funds	Incentives	Total Award	Award Percentage	% of Total Population	Award Per Capita	Avg Award Per Capita
Wheeler	1,480	$ 45,000	$ 666	$ 1,237	$ 167	$ 433	$ 3,614	$ 282	$ 11	$ 10,555	$ 1,041	$ 63,005	0.4%	0.0%	$ 42.57	
Wallowa	7,195	$ 45,000	$ 3,920	$ 2,409	$ 898	$ 1,671	$ 17,568	$ 1,110	$ 440	$ -	$ 1,198	$ 74,212	0.5%	0.2%	$ 10.31	
Harney	7,360	$ 45,000	$ 5,546	$ 5,329	$ 1,866	$ 1,908	$ 7,961	$ 1,736	$ 956	$ 11,103	$ 1,203	$ 82,607	0.6%	0.2%	$ 11.22	
Grant	7,415	$ 45,000	$ 3,415	$ 3,714	$ 1,175	$ 1,922	$ 18,105	$ 1,749	$ 453	$ 11,108	$ 1,204	$ 87,844	0.6%	0.2%	$ 11.85	
Lake	8,120	$ 45,000	$ 4,851	$ 2,940	$ 2,315	$ 2,440	$ 12,550	$ 2,965	$ 1,550	$ 11,174	$ 1,224	$ 87,008	0.6%	0.2%	$ 10.72	
Morrow	11,890	$ 45,000	$ 5,468	$ 8,059	$ 9,135	$ 2,847	$ 13,325	$ 6,714	$ 14,530	$ 11,525	$ 1,327	$ 117,931	0.8%	0.3%	$ 9.92	
Baker	16,750	$ 45,000	$ 9,605	$ 6,064	$ 2,853	$ 4,146	$ 16,768	$ 3,647	$ 1,279	$ 11,978	$ 1,461	$ 102,802	0.7%	0.4%	$ 6.14	$ 10.22
Crook	22,105	$ 67,500	$ 12,407	$ 14,321	$ 4,990	$ 6,066	$ 25,907	$ 6,216	$ 1,182	$ 12,478	$ 1,609	$ 152,675	1.0%	0.5%	$ 6.91	
Curry	22,805	$ 67,500	$ 17,601	$ 14,712	$ 5,735	$ 5,665	$ 21,549	$ 5,327	$ 2,090	$ 12,543	$ 1,628	$ 154,351	1.0%	0.6%	$ 6.77	
Jefferson	23,190	$ 67,500	$ 15,014	$ 11,931	$ 18,323	$ 6,655	$ 35,728	$ 8,678	$ 8,148	$ 12,579	$ 1,638	$ 186,194	1.2%	0.6%	$ 8.03	
Hood River	25,145	$ 67,500	$ 9,074	$ 13,552	$ 17,676	$ 5,570	$ 32,048	$ 11,234	$ 27,848	$ 12,761	$ 1,692	$ 198,956	1.3%	0.6%	$ 7.91	
Tillamook	26,175	$ 67,500	$ 14,966	$ 13,823	$ 7,723	$ 6,432	$ 44,482	$ 6,055	$ 4,798	$ 12,857	$ 1,721	$ 180,356	1.2%	0.6%	$ 6.89	
Union	26,900	$ 67,500	$ 13,877	$ 10,544	$ 5,487	$ 7,985	$ 27,652	$ 4,514	$ 2,876	$ [illegible]	$ [illegible]741	$ 155,101	1.0%	0.6%	$ 5.77	
Gilliam, Sherman, Wasco	30,895	$ 157,500	$ 17,967	$ 13,203	$ 13,822	$ 7,204	$ 31,306	$ 9,424	$ 13,099	$ [illegible]	$ [illegible]51	$ 301,506	2.0%	0.7%	$ 9.76	
Malheur	31,845	$ 67,500	$ 16,371	$ 24,878	$ 23,963	$ 11,024	$ 37,633	$ 14,372	$ 22,37[illegible]	$ [illegible]	$ [illegible]7	$ 233,380	1.6%	0.8%	$ 7.33	
Clatsop	38,820	$ 67,500	$ 23,260	$ 16,379	$ 10,608	$ 9,017	$ 36,966	$ 7,131	$ 8,59[illegible]	$ [illegible]	$ [illegible]	$ 195,565	1.3%	0.9%	$ 5.04	
Lincoln	47,960	$ 67,500	$ 33,412	$ 26,893	$ 16,240	$ 12,904	$ 44,030	$ 11,638	$ 11,356	$ [illegible]	$ [illegible]	$ 241,182	1.6%	1.2%	$ 5.03	
Columbia	51,345	$ 67,500	$ 26,206	$ 26,975	$ 10,778	$ 10,775	$ 54,660	$ 11,179	$ 5,490	$ [illegible]	$ [illegible]	$ 231,179	1.5%	1.2%	$ 4.50	
Coos	63,310	$ 67,500	$ 43,024	$ 37,914	$ 18,053	$ 18,169	$ 59,359	$ 15,937	$ 7,253	$ [illegible]	$ [illegible]	$ 286,272	1.9%	1.5%	$ 4.52	
Klamath	67,690	$ 67,500	$ 44,392	$ 39,615	$ 27,747	$ 19,730	$ 62,144	$ 19,035	$ 15,510	$ [illegible]	$ [illegible]	$ 315,264	2.1%	1.6%	$ 4.66	$ 5.92
Umatilla	80,500	$ 90,000	$ 38,594	$ 48,208	$ 51,967	$ 21,514	$ 57,197	$ 31,766	$ 63,943	$ [illegible]	$ [illegible]216	$ 424,328	2.8%	1.9%	$ 5.27	
Polk	81,000	$ 90,000	$ 33,809	$ 31,971	$ 33,202	$ 17,652	$ 39,357	$ 16,533	$ 27,221	$ [illegible]	$ 3,230	$ 310,944	2.1%	2.0%	$ 3.84	
Josephine	85,650	$ 90,000	$ 58,878	$ 44,531	$ 20,862	$ 27,423	$ 94,108	$ 21,755	$ 7,850	$ [illegible]402	$ 3,358	$ 387,165	2.6%	2.1%	$ 4.52	
Benton	92,575	$ 90,000	$ 28,614	$ 35,783	$ 33,364	$ 25,156	$ 42,495	$ 10,497	$ 27,576	$ 19,048	$ 3,548	$ 316,082	2.1%	2.2%	$ 3.41	
Yamhill	106,300	$ 90,000	$ 44,457	$ 55,267	$ 46,310	$ 23,547	$ 58,658	$ 28,929	$ 43,842	$ 20,327	$ 3,926	$ 415,264	2.8%	2.6%	$ 3.91	
Douglas	111,180	$ 90,000	$ 76,920	$ 70,818	$ 24,658	$ 28,816	$ 111,843	$ 27,483	$ 10,190	$ 20,782	$ 4,061	$ 465,572	3.1%	2.7%	$ 4.19	
Linn	124,010	$ 90,000	$ 63,597	$ 63,800	$ 34,134	$ 31,808	$ 95,682	$ 28,968	$ 19,890	$ 21,979	$ 4,414	$ 454,271	3.0%	3.0%	$ 3.66	$ 3.91
Deschutes	182,930	$ 112,500	$ 71,610	$ 56,766	$ 43,831	$ 37,241	$ 123,276	$ 29,040	$ 27,944	$ 27,472	$ 6,036	$ 535,717	3.6%	4.4%	$ 2.93	
Jackson	216,900	$ 112,500	$ 115,010	$ 108,637	$ 76,453	$ 56,995	$ 106,449	$ 54,601	$ 57,982	$ 30,639	$ 6,971	$ 726,237	4.8%	5.2%	$ 3.35	
Marion	339,200	$ 112,500	$ 150,805	$ 180,972	$ 222,330	$ 90,045	$ 108,495	$ 114,620	$ 274,618	$ 42,041	$ 10,338	$ 1,306,764	8.7%	8.2%	$ 3.85	
Lane	370,600	$ 112,500	$ 178,303	$ 162,417	$ 124,024	$ 101,372	$ 158,354	$ 74,802	$ 79,256	$ 44,969	$ 11,202	$ 1,047,199	7.0%	8.9%	$ 2.83	$ 3.26
Clackamas	413,000	$ 135,000	$ 164,469	$ 165,260	$ 137,396	$ 56,300	$ 182,521	$ 62,754	$ 138,794	$ 48,922	$ 12,369	$ 1,103,785	7.4%	10.0%	$ 2.67	
Washington	595,860	$ 135,000	$ 184,123	$ 215,723	$ 381,120	$ 98,862	$ 81,474	$ 124,322	$ 432,349	$ 65,971	$ 17,403	$ 1,736,347	11.6%	14.4%	$ 2.91	
Multnomah	803,000	$ 135,000	$ 358,519	$ 354,104	$ 459,545	$ 185,080	$ 25,488	$ 169,362	$ 527,450	$ 85,283	$ 23,106	$ 2,322,937	15.5%	19.4%	$ 2.89	$ 2.85
Total	**4,141,100**	**$ 2,767,500**	**$ 1,888,750**	**$ 1,888,750**	**$ 1,888,750**	**$ 944,375**	**$ 1,888,750**	**$ 944,375**	**$ 1,888,750**	**$ 750,000**	**$ 150,000**	**$ 15,000,000**	**100.0%**	**100.0%**	**$ 3.62**	**$ 3.62**

Matching and incentive funds data are not based on actual LPHA data and are included for demonstration purposes only

[1] Source: American Community Survey population 5-year estimate, 2012-2016.

[2] Source: Premature death: Leading causes of years of potential life lost before age 75. Oregon death certificate data, 2012-2016.

[3] Source: Quality of life: Good or excellent health, 2012-2015.

[4] Source: Portland State University Certified Population estimate July 1, 2017

[5] Source: U.S. Census Bureau, Population estimates,2010

County Size Bands

Extra Small	Small	Medium	Large	Extra Large

PHAB Incentives and Funding subcommittee

Appendix D – Funding formula indicators

May 15, 2018 *draft*

The following indicators are included in the base component of the funding formula. The Public Health Advisory Board recommends that the total indicator pool be split evenly across seven indicators.

	Measure	Indicator required by statute?	Data source	Percent allocation
Burden of disease	Premature death: Leading causes of years of potential life lost before age 75.	Yes	Oregon death certificate data	16.67%%
Health status	Quality of life: Good or excellent health.	Yes	Behavioral Risk Factor Surveillance System	16.67%
Racial and ethnic diversity	Percent of population not categorized as "White alone".	No	U.S. Census Bureau, American Community Survey population five-year estimate	16.67%
Poverty**	Percent of population living below 150% of the federal poverty level in the past 12 months.	No	U.S. Census Bureau, American Community Survey population five-year estimate	8.33%
Education**	Percent of population age 25 years and over with less than a high school graduate education level.	No	U.S. Census Bureau, American Community Survey population five-year estimate	8.33%
Limited English proficiency	Percent of population age 5 years and over that speaks English less than "very well".	No	U.S. Census Bureau, American Community Survey population five-year estimate	16.67%
Rurality New for 2019-21	Percent of population living in a rural area	No	U.S. Census Bureau Population estimates	16.67%
Total				100%

**PHAB recommended including two measures under one indicator for socioeconomic status.