

DRAFT
STATEMENT OF BASIS AND PURPOSE
AND SPECIFIC STATUTORY AUTHORITY FOR
FUNDING FORMULA TO ALLOCATE LOCAL PLANNING AND SUPPORT
DISTRIBUTIONS TO LOCAL PUBLIC HEALTH AGENCIES, 6 CCR 1014-10
January 1, 2014

Basis and Purpose.

The State Board of Health (Board) is required to establish, by rule, a formula for allocating moneys to county or district public health agencies. The major considerations regarding this rule are a) compliance with state law (C.R.S. 25-1-501 et seq.), and b) respect for the spirit of the law that suggests that high quality public health services should be provided to all Colorado residents and visitors at a minimum standard regardless of where the service is provided in the state. To that end, the proposed funding formula provides an equitable distribution of funds to all local public health agencies

Specific Statutory Authority. These rules are promulgated pursuant to the following statutes: The Colorado State Board of Health promulgates this rule pursuant to the following statute: Section §25-1-503(1)(f), C.R.S.

Major Factual and Policy Issues Encountered.

Local public health agencies (LPHA) allow the Colorado Department of Public Health and Environment to accomplish its mission and goals throughout the state, ensuring that programs and mandates are met and appropriate in the local context. The 2008 Public Health Act eliminated the Organized Health Departments and Nursing Services and created one type of Local Public Health Agency. Core Public Health Services were passed into rule in 2011, requiring all LPHAs to provide or assure the same set of public health services.

Pursuant to Section 25-1-512, C.R.S., the Department allocates moneys appropriated by the General Assembly to LPHAs to help them perform their health and environmental duties. These moneys come from the General Fund and from tobacco settlement revenues for Local Planning and Support. These funds are often referred to as the “per capita” funds, a reference to terminology that was formerly in statute. The state general fund allocation typically comprises a small, but critical percent of the total budget of a local public health agency. The additional funding that local public health agencies use may include a combination of other funding such as other state grants and contracts, federal funding, local contributions, clinical fees, license fees and fines and private foundation funding. The percentage of the budget that comes from state general fund support varies from one local public health agency to another, depending on the size of the population and the services provided. To receive these funds, counties are required to contribute a minimum of \$1.50 per capita according to C.R.S. 25-1-512 (1)(B)(I). The median local contribution ranges from \$9.00 for agencies serving a population of at least 100,000 persons to \$20.55 for agencies serving a population less than 10,000 persons.

The Local Planning and Support Funds in the Long Bill are to be used for:

- Core Public Health Services: The county or district public health agency shall use these moneys to provide support for core public health services, as established by the State Board of Health pursuant to C.R.S. §25-1-503, and in accordance with 6 CCR 1014-7; core public health services include:
 - Assessment, Planning, and Communication
 - Vital Records and Statistics
 - Communicable Disease Prevention, Investigation, and Control
 - Prevention and Population Health Promotion
 - Emergency Preparedness and Response
 - Environmental Health
 - Administration and Governance
- Statewide and County/District Public Health Planning: The county or district public health agency shall participate in assessment and planning efforts at the state, regional and local level facilitated by the Office of Planning and Partnerships as required by C.R.S. §25-1-505. These efforts shall include maintaining and improving local capacity to provide services as established by the State Board of Health.

With these requirements, LPHAs apply these funds based on their community needs, availability and constraints of other funding, and unforeseen emergencies to the provision of core services, for example:

- Communicable disease reporting and investigations
- Environmental health inspections, consultation, and response
- Health promotion policy and program development, implementation and evaluation.

These funds are also often applied to basic infrastructure as general operating funds, based on need and other funding available. It is imperative that the appropriate infrastructure is in place at the local level to identify and coordinate the responses to disease outbreaks or natural disasters such as fires and floods.

Development of Local Planning and Support Funding Formula

After core public health services were put into rule, a new funding formula could be developed for distributing Local Planning and Support funds in an equitable manner. Historically, two different types of public health agencies have served Colorado's residents and visitors. The primary difference between these two types of agencies was the scope of public health services provided. In the past, the Local Planning and Support funds were distributed in a way that reflected these two types of agencies; the Nursing Services received less funding and provided fewer public health services than the Organized Health Departments. In developing the proposed funding formula, Colorado's goal was to develop a formula that: 1) recognizes that there is now one type of public health agency across the state, and 2) recognizes that all local public health agencies must provide or assure the same set of Core Public Health Services to meet their local needs.

In 2011, an assigned workgroup of the Public Health Improvement Steering Committee, co-chaired by one Department representative and one local public health representative, was brought together to inform development of the funding formula. This Workgroup included managers from various programs within the Department as well as thirteen leaders from local

public health agencies, representing a variety of population sizes and geographic locations. This Workgroup researched national literature and models, considered relevant factors such as geography, population density, poverty, and examined the prior funding formula that was based on the past structure of fifteen health departments and thirty-nine nursing services.

The Workgroup agreed on the following guiding principles - The new funding formula should:

- Support the effective and efficient, statewide delivery of core public health services, recognizing that the allocated funds available are incapable of providing adequate funding to support all services in all jurisdictions in Colorado.
- Mitigate the immediate impact of any excessive change.
- Be easily explained and implemented.
- Foster shared services and regional approaches.
- Take into consideration the population served by each agency, the additional costs involved in operating small or rural agencies, and the scope of services provided by each agency. (CRS 25-1-512, 1a)

The Workgroup reviewed historical funding trends, proposed new funding formulas, and supported communication about the development of a new funding formula with all local public health agencies. In the spring of 2012, the Workgroup submitted the proposed funding formula to the Board of Health for approval. The Board approved the proposed funding formula, and it was used to disburse funds for fiscal years 2012-2013 and 2013-2014.

Funding Formula:

This formula defines an overall structure for allocating funds that addresses the varying structures and sizes of local public health agencies in the state. The formula requires inherent flexibility given that the total amount of funding available from the General Assembly varies from year to year, state population growth and movement of residents between counties, and LPHA's may change their levels of service. The proposed funding formula is made up of three components as follows:

- Core Services Base Funding. The total amount of this base funding considers factors such as whether the agency provides all services or a combination of providing and assuring core services and the level of services provided. The data used to evaluate the provision of core services comes from several sources, including reports and contracts.
- Regional Distribution. Local Public Health Agencies serving multiple counties shall receive a regional distribution per county for formal districts or for contractual arrangements where a county serves as the public health director for another county. The regional distribution will be set at the same amount as the smallest base funding amount.
- Per Capita. The remaining amount in the Local Planning and Support Distributions to Local Public Health Agencies shall be distributed on a per capita basis using population estimates from the Department of Local Affairs for the fiscal year.

Alternative Rules Considered and Why Rejected.

Alternative resource allocation scenarios were considered, but were not found to be equitable to all local public health agencies or efficient in the process required to apply a funding formula each year. As this funding was distributed by funding formula for decades, it did not seem fair to develop a formula that resulted in substantial losses or gains for individual agencies. Other solutions that included funding based only on population or base funding were too simplistic and

resulted in substantial losses and gains. Other formula considerations that included geographic location, travel costs, population density, comparative salaries poverty, health disparities, and risk behaviors, were too complex to efficiently distribute funds on a yearly basis as the data required would be too onerous for all the parties involved.

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT
Colorado State Board of Health
FUNDING FORMULA TO ALLOCATE LOCAL PLANNING AND SUPPORT
DISTRIBUTIONS TO LOCAL PUBLIC HEALTH AGENCIES - NEW RULE
6 CCR 1014-10
January 1, 2014

- 1.1 This funding formula allocates state funds allocated to Local Planning and Support Distributions to Local Public Health Agencies in the state budget pursuant to the authority in section 25-1-503 et seq.
- 1.2 Each county and district public local health department subject to Section 25-1-501 et seq., C.R.S., shall receive funding from the Local Planning and Support Distributions to Local Public Health Agencies based on the following formula:
- A. Core Services Base Funding. The amount of this base funding considers a number of factors related to the provision or assurance of the following core public health services according to 6 CCR 1014-7:
- Assessment, Planning, and Communication
 - Vital Records and Statistics
 - Communicable Disease Prevention, Investigation, and Control
 - Prevention and Population Health Promotion
 - Emergency Preparedness and Response
 - Environmental Health
 - Administration and Governance, and
- B. Regional Distribution. Local Public Health Agencies serving multiple counties shall receive a regional distribution equal to the minimum Core Services Base Funding distributed that year per each additional county served, and
- C. Per Capita. The remaining amount in the Local Planning and Support Distributions to Local Public Health Agencies shall be distributed on a per capita basis using the Department of Local Affairs population estimates for the fiscal year.
- 1.3 The formula shall be reviewed every 5 years or earlier, if necessary, with input from the Colorado Department of Public Health and Environment and county and district public health agencies.