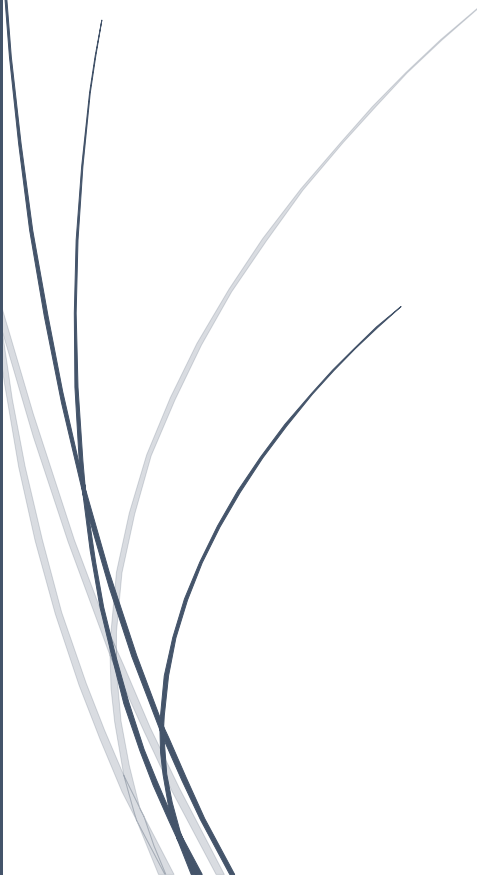




2/1/2019

# 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 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.

**Background and Findings:** The Michigan Public Health Code (P.A. 368 of 1978, as amended) required local governing entities to provide the following essential services: Infectious Disease Control, Sexually Transmitted Disease Control and Prevention, Immunizations, Hearing Screening and Vision Services, Public Water Supply/Private Groundwater, Onsite Wastewater Treatment and Food Protection. The Michigan Public Health Code, Section 333.2475 states “the department shall reimburse local governing entities for the reasonable and allowable costs of delivery of those services in accordance with the following schedule: First year-20%, Second year-30%, Third year-40%, and Fourth year and thereafter, 50%.” The current cost-sharing funding formula was created in 1988 by University of Michigan’s Dr. John Romani on behalf of the Department. The formula was implemented in 1993 and transitioned into the Local Public Health Operations funding in FY 1998, and then to the Essential Local Public Health Services method in FY 2013. The workgroup concluded that state 50-50 cost share for the mandated Essential Public Health Services is not being met. The state currently is funding local health departments at approximately 25-30% of cost share.

### **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. The workgroup recommends the Legislature meet the statutory 50-50 cost share requirement while implementing the revised funding formula outlined in the report. To meet the 50-50 cost share, it would require an additional \$36 Million.
3. If the above recommendation is not met at a minimum, the Legislature should hold harmless all local health departments when implementing the revised funding formula, which would require an increased appropriation of approximately \$6 to \$8 Million.
4. If the Legislature will not provide the additional funds as proposed in options 2 or 3, the workgroup strongly recommends making no changes to Essential Local Public Health Services funding at the present time.

### **Conclusion:**

As of FY 2017, Michigan provided the 9<sup>th</sup> 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 ELPHS programming, it is incumbent upon the State of Michigan to increase funding to protect the public’s health by meeting the state-mandated 50-50 cost share for state-mandated Essential Local Public Health Services.

## The Essential Public Health Services Funding Committee

Alexis Adams	City of Detroit Health Department
<b>Eric Adelman</b>	Kadima Center and PHAC Member
<b>James Averill</b>	MDARD – State Veterinarian and PHAC Member
Ken Bowen	Ionia County Health Department Health Officer
Jamie Dean	Monroe County Health Department and Chair of Local Health Financial Administrators Forum
Dana DeBruyn	MDEQ
Laura de la Rambelje	MDHHS
Nick Derusha	Luce-Mackinac-Alger-Schoolcraft District Health Department Health Officer
Sean Dunleavy	MDARD
Amy Epkey	MDEQ
Steven Hall	Central Michigan District Health Department Health Officer and Michigan Association of Local Public Health President
Farah Hanley	MDHHS
Jeanette Hensler	MDHHS
<b>Joneigh Khaldun</b>	City of Detroit Health Department Health Officer and PHAC Member
Christine Lopez	District Health Department #10 and Local Health Financial Administrators Forum
Karen MacMaster	MDHHS
Cindy Masterson	MDHHS
Hailey McWilliams	MDHHS
Sylvia Renteria	MDEQ
Bill Ridella	Macomb County Health Department Health Officer
<b>Kristen Schweighoefer</b>	Washtenaw County Health Department, PHAC Member, and Michigan Association of Local Environmental Health Administrators President
Tim Slawinski	MDARD
Gillian Stoltman	Oakleaf Consulting and MDHHS Population Health Administration Consultant
Orlando Todd	MDHHS
Maria Tyszkiewicz	MDARD
Jessica Van Winkle	MDHHS
Janine Whitmire	MDHHS

**Bold = PHAC Member**

## Introduction

The workgroup developed a funding template that included factors and methodology for the proposed revised funding formula.

The current funding formula used to allocate ELPHS funds to the local health departments has not been changed since it was implemented in 1993. Based on the Michigan Public Health Code (P.A. 368 of 1978, as amended) there shall be a 50/50 cost share for state mandated Essential Local Public Health Services.<sup>1</sup>

The Essential Local Public Health Services include:

- Infectious Disease Control
- Sexually Transmitted Disease Control and Prevention
- Immunization
- Hearing Screening and Vision Services<sup>2</sup>
- Public Water Supply/Private Ground Water Supply
- Onsite Sewage Management
- Food Protection

## Legislative Mandate

(Michigan Public Health Code)

**333.2475 Reimbursement for costs of services; equitable distribution; schedule; local expenditure in excess of prior appropriation.**

Sec. 2475.

(1) The department shall reimburse local governing entities for the reasonable and allowable costs of required and allowable health services delivered by the local governing entity as provided by this section. Subject to the availability of funds actually appropriated reimbursements shall be made in a manner to provide equitable distribution among the local governing entities and pursuant to the following schedule beginning in the second state fiscal year beginning on or after the effective date of this part:

- (a) First year, 20%.
- (b) Second year, 30%.
- (c) Third year, 40%.
- (d) Fourth year and thereafter, 50%.

(2) Until the 50% level is reached, a local governing entity is not required to provide for required services if the local expenditure necessary to provide the services is greater than those funds appropriated and expended in the full state fiscal year immediately before the effective date of this part.

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<sup>1</sup> Michigan Public Health Code – 333.2475

<sup>2</sup> Hearing and Vision are funded through appropriations from the Michigan Department of Education

## ELPHS Funding History

A cost-sharing funding formula was created in 1988 by University of Michigan's Dr. John Romani on behalf of the Department. The Cost-Sharing method was implemented in 1993 and transitioned into the Local Public Health Operations funding in FY 1998. The Local Public Health Operations funding method transitioned into the Essential Local Public Health Services method in FY 2013.

## How the Cost-Sharing Program was Managed

In the years that Cost-Sharing was used (1993-1998), the Department of Community Health (MDCH) appointed a local funding formula committee under the condition that it be:

- Represented by Twenty-four (24) Local Health Department Officers/Administrators
  - Recommended by the Michigan Association for Local Public Health and approved by MDCH
  - Geographically-representative
  - Representative of various-sized local health departments
  - Included representative(s) from a local non-profit agency, as applicable.

The Local Funding Formula Committee reviewed and recommended funding distributions and MDCH issued annual cost-sharing planning and funding guidelines to local health departments. Local health departments submitted annual budget requests for cost-shared services that were adjusted based upon cost parameters and then allocations were forwarded to the local health departments.

## Cost-Sharing Services

At the time, the following services were included under the cost-sharing agreement:

- Public Water Supply/Private Groundwater Supply
- Onsite Sewage Treatment Management
- Food Protection
- Immunization
- Vision Screening
- Hearing Screening
- Sexually Transmitted Disease Control
- General Communicable Disease Control

## Annual State-to-Local and Local-to-Local Appropriation Assessment (1993-2018)

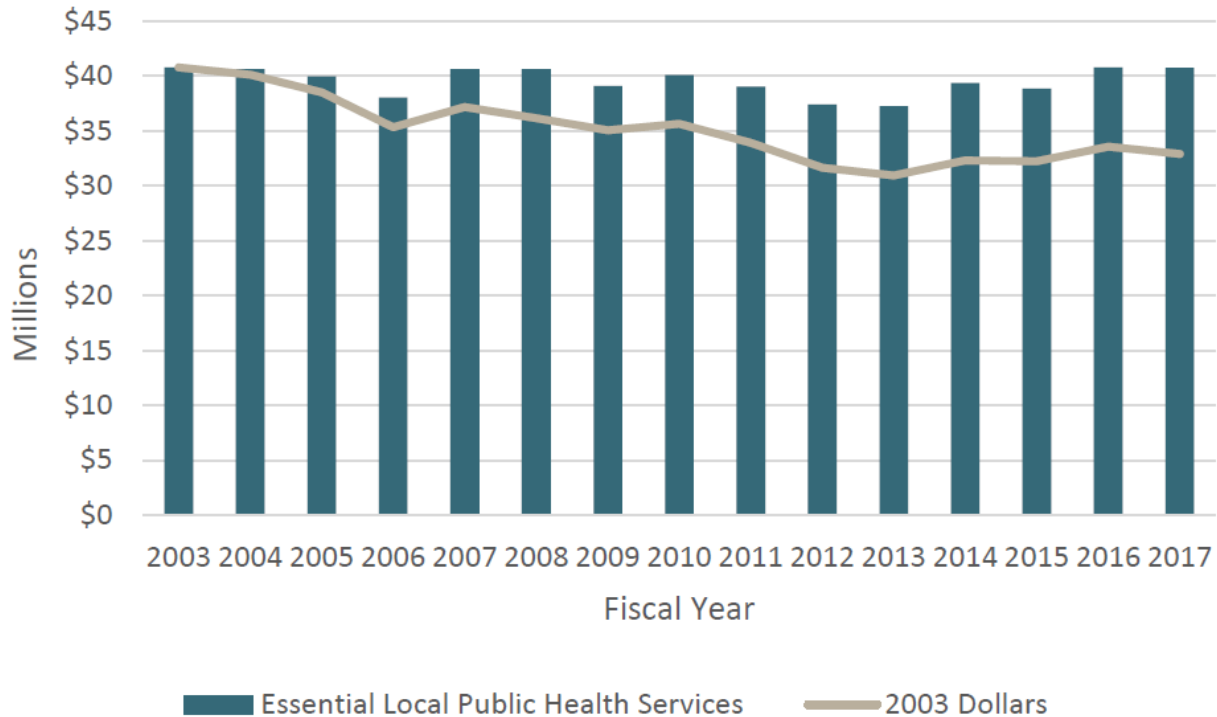
FY	Aggregate State Appropriation Value	% Annual Change	Title in Appropriations	MOE Appropriation Value	% Annual Change
1993	\$17,047,970		Cost-Sharing	\$73,744,157	
1994	\$17,904,500	5.02%	Cost-Sharing	Could Not Acquire	
1995	\$33,012,600	84.38%	Cost-Sharing	Could Not Acquire	
1996	\$33,512,600	1.51%	Cost-Sharing	Could Not Acquire	
1997	\$36,833,500	9.91%	Cost-Sharing	Could Not Acquire	
1998	\$36,412,600	-1.14%	Cost-Sharing	Could Not Acquire	
1999	\$38,712,600	6.32%	LPHO	Could Not Acquire	
2000	\$39,874,000	3.00%	LPHO	Could Not Acquire	
2001	\$41,070,200	3.00%	LPHO	Could Not Acquire	
2002	\$41,070,200	0.00%	LPHO	Could Not Acquire	
2003	\$40,769,300	-0.73%	LPHO	Could Not Acquire	
2004	\$40,610,819	-0.39%	LPHO	Could Not Acquire	
2005	\$39,941,400	-1.65%	LPHO	Could Not Acquire	
2006	\$38,043,381	-4.75%	LPHO	\$119,317,111	
2007	\$40,618,400	6.77%	LPHO	\$127,601,491	6.9%
2008	\$40,618,400	0.00%	LPHO	\$123,905,610	-2.9%
2009	\$39,082,800	-3.78%	LPHO	\$119,653,313	-3.4%
2010	\$40,082,800	2.56%	LPHO	\$105,003,470	-12.2%
2011	\$37,379,700	-6.74%	LPHO	\$107,032,700	1.9%
2012	\$37,386,100	0.02%	LPHO	\$102,656,206	-4.1%
2013	\$37,386,100	0.00%	ELPHS	\$90,085,738	-12.2%
2014	\$39,386,100	5.35%	ELPHS	\$86,917,555	-3.5%
2015	\$40,886,100	3.81%	ELPHS	\$80,937,270	-6.9%
2016	\$38,889,204	-4.88%	ELPHS	\$94,663,184	17.0%
2017	\$39,810,536	2.37%	ELPHS	Could Not Acquire	
2018	\$39,810,536	0.00%	ELPHS	Could Not Acquire	

Table 1

Table 1 provides annual ELPHS state appropriations and local Maintenance of Effort (MOE) since FY 1993.

With the exception of the additional \$4 Million funding in FY 2019 (see table 4), ELPHS appropriations have remained relatively stable around \$40 Million since FY 2003. An August 2018 independent analysis noted that after adjusting for inflation using the Consumer Price Index it would require an additional \$16 Million in FY 2019 for local health departments to maintain the state-mandated essential services at the same level provided in FY 2003.<sup>3</sup>

### Essential Local Public Health Services Expenditures, FY2003 - FY2017



Source: Michigan State Budget Office

Table 2

<sup>3</sup> Citizens Research Council. "An Ounce of Prevention: What Public Health Means for Michigan." August 2018. Page 15. [https://crcmich.org/PUBLICAT/2010s/2018/rpt403\\_public\\_health.pdf](https://crcmich.org/PUBLICAT/2010s/2018/rpt403_public_health.pdf)



A further internal analysis revealed a larger shortfall in the 50-50 cost share. While it would take an additional \$16 Million to maintain ELPHS funding at the same level of service as afforded in FY 2003, it would take an additional \$36 Million for the state to meet its statutory requirement of the 50-50 cost share. A five-year analysis of state ELPHS contributions and local contributions is available in Table 3.

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES FINANCIAL OPERATIONS ADMINISTRATION BUREAU OF GRANTS AND PURCHASING						
ESSENTIAL LOCAL PUBLIC HEALTH SERVICES (ELPHS) FIVE YEAR TOTAL EXPENDITURES BY STATE AGENCY						
FISCAL YEAR 2018						
State Agency	ELPHS State Funds	Local Funds	Total Expenditures	% ELPHS State Funds	Increase in State Funds to match Local Funds 50/50	
MDARD	\$ 8,786,993	\$ 23,754,519	\$ 32,541,512	27%		
MDEQ	\$ 9,404,139	\$ 15,940,098	\$ 25,344,237	37%		
MDHHS	\$ 21,551,004	\$ 36,675,673	\$ 58,226,677	37%		
<b>Grand Total</b>	<b>\$ 39,742,136</b>	<b>\$ 76,370,290</b>	<b>\$ 116,112,426</b>	<b>34%</b>	<b>\$ 36,628,155</b>	
FISCAL YEAR 2017						
State Agency	ELPHS State Funds	Local Funds	Total Expenditures	% ELPHS State Funds	Increase in State Funds to match Local Funds 50/50	
MDARD	\$ 8,658,894	\$ 22,831,430	\$ 31,490,324	27%		
MDEQ	\$ 9,633,605	\$ 14,839,460	\$ 24,435,379	39%		
MDHHS	\$ 21,311,361	\$ 32,978,947	\$ 54,871,807	39%		
<b>Grand Total</b>	<b>\$ 39,603,859</b>	<b>\$ 70,649,838</b>	<b>\$ 110,797,510</b>	<b>36%</b>	<b>\$ 31,045,979</b>	
FISCAL YEAR 2016						
State Agency	ELPHS State Funds	Local Funds	Total Expenditures	% ELPHS State Funds	Increase in State Funds to match Local Funds 50/50	
MDARD	\$ 8,550,151	\$ 19,680,032	\$ 28,230,183	30%		
MDEQ	\$ 9,366,461	\$ 15,068,524	\$ 24,434,985	38%		
MDHHS	\$ 20,744,675	\$ 35,437,388	\$ 56,286,113	37%		
<b>Grand Total</b>	<b>\$ 38,661,287</b>	<b>\$ 70,185,944</b>	<b>\$ 108,951,281</b>	<b>35%</b>	<b>\$ 31,524,658</b>	
FISCAL YEAR 2015						
State Agency	ELPHS State Funds	Local Funds	Total Expenditures	% ELPHS State Funds	Increase in State Funds to match Local Funds 50/50	
MDARD	\$ 8,313,330	\$ 20,247,835	\$ 28,561,165	29%		
MDEQ	\$ 9,147,729	\$ 13,202,352	\$ 22,350,081	41%		
MDHHS	\$ 19,752,982	\$ 35,199,095	\$ 54,940,727	36%		
<b>Grand Total</b>	<b>\$ 37,214,042</b>	<b>\$ 68,649,281</b>	<b>\$ 105,851,973</b>	<b>35%</b>	<b>\$ 31,435,239</b>	
FISCAL YEAR 2014						
State Agency	ELPHS State Funds	Local Funds	Total Expenditures	% ELPHS State Funds	Increase in State Funds to match Local Funds 50/50	
MDARD	\$ 8,298,844	\$ 20,367,286	\$ 28,666,130	29%		
MDEQ	\$ 9,090,726	\$ 11,396,717	\$ 20,487,443	44%		
MDHHS	\$ 21,842,799	\$ 32,387,192	\$ 54,229,991	40%		
<b>Grand Total</b>	<b>\$ 39,232,368</b>	<b>\$ 64,151,195</b>	<b>\$ 103,383,563</b>	<b>38%</b>	<b>\$ 24,918,827</b>	
MDARD: Michigan Department of Agriculture and Rural Development						
MDEQ: Michigan Department of Environmental Quality						
MDHHS: Michigan Department of Health and Human Services						

Table 3

## Local Health Department requirements under the 2019 Comprehensive Agreement

Part II. Sec. I(M) of the 2019 Comprehensive Agreement with local health departments mandates compliance with the Minimum Program Requirements, as assessed as part of the Michigan Local Public Health Accreditation Program. Sec. I(P) describes the process if a local health department receives a “Not Accredited” status as part of their most recent review of the Michigan Local Public Health Accreditation Program.

Part II. Sec. I(O) mandates compliance with the maintenance of effort for Essential Local Public Health Services, as defined by the current Department appropriation act.<sup>4</sup>

Both of these sections include requirements that the local health departments must meet. Without adequate funding for these essential services, many local health departments are currently struggling to meet these standards.

### Current Programmatic Funding Formulas

Having considered the ELPHS funding history, MDHHS could not identify rational, equitable funding formulas that reflect the reality of needs in each local health department. Rather, 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.
  - 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.

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<sup>4</sup> This citation references Budget Transfers and Adjustments in the Comprehensive Agreement.

- 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

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

## Funding Recommendations

### 1. Demonstration of Proposed Formula Factors

The workgroup concluded that state 50-50 cost share for the mandated Essential Local Public Health Services is not being met. The state currently is funding local health departments at approximately 25-30% of their costs. To maintain ELPHS at the same service level as in FY 2003 would require an additional \$16 Million. To meet the 50-50 cost share, it would require an additional \$36 Million.

The workgroup recommends the Legislature meet the statutory 50-50 cost share requirement. The workgroup also recommends a formula for the appropriate distribution of ELPHS funds based on the cost of maintenance of such programs. The workgroup believes that this new formula will be more equitable across local health departments, as opposed to the current distribution method.

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. While appreciated, 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.

Other factors to consider 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 that should be included in the formula, and then prioritized those factors. 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**

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**

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**

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. The 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. The workgroup recommends that the Legislature meet the statutory 50-50 cost share requirement while implementing the revised funding formula outlined in the report. To meet the 50-50 cost share, it would require an additional \$36 Million.
3. If the above recommendation is not met at a minimum, the Legislature should hold harmless all local health departments when implementing the revised funding formula, which would require an increased appropriation of approximately \$6 to \$8 Million.
4. If the Legislature will not provide the additional funds as proposed in options 2 or 3, the workgroup strongly recommends making no changes to Essential Local Public Health Services funding at the present time.

### **Conclusion**

As of FY 2017, Michigan provided the 9<sup>th</sup> lowest state funding<sup>5</sup> 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 ELPHS programming, it is incumbent upon the State of Michigan to increase funding to protect the public's health, preferably by meeting the state-mandated 50-50 cost share for state-mandated Essential Local Public Health Services.

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<sup>5</sup> Citizens Research Council. "An Ounce of Prevention: What Public Health Means for Michigan." August 2018. Page 17. [https://crcmich.org/PUBLICAT/2010s/2018/rpt403\\_public\\_health.pdf](https://crcmich.org/PUBLICAT/2010s/2018/rpt403_public_health.pdf)