Growing Dollars for Prevention: A California Wellness Trust

California Alliance for Prevention Funding
Web Forum
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Asleep at the Switch

- Non-infectious diseases were 20% of deaths in 1900
- Now they are 80%

Funding for local public health programs is inversely proportional to the risk of death from the very conditions these programs address

Source: Frieden, AJPH, 2004
Even less funding is available to support assets and build power in communities to right injustice.
The Federal Funding Graveyard of Good Ideas

- STEPS
- CPPW
- CTG
- PICH
- ½ of the Prevention and Public Health Fund ($3 per capita)
Even the best ideas are constrained to small scale
Discontinuity or abrupt ends to even the best community programs and initiatives.
Impact on People

Millions living with, disabled by, or dying from diseases we know how to prevent
Impact on Businesses

> $100 billion

Lower productivity and lost work days for people with chronic disease and their caregivers cost California businesses well over $100 billion each year.

Impact on health care costs

• Six leading chronic diseases cost $98 billion in 2010 in California
• Or $2,450 per Californian
• The majority of these illnesses can be prevented or delayed
Spending Associated With Diabetes, Osteoarthritis, and Mental Disorders Has More Than Doubled Since 1996

Percent change in total direct health expenditure by associated condition from 1996 to 2015

<table>
<thead>
<tr>
<th>Condition</th>
<th>Billions of dollars</th>
<th>Change from 1996 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diabetes mellitus</td>
<td>21.3</td>
<td>89.7</td>
</tr>
<tr>
<td>Osteoarthritis</td>
<td>27.6</td>
<td>81.2</td>
</tr>
<tr>
<td>Mental disorders</td>
<td>42.6</td>
<td>98.8</td>
</tr>
<tr>
<td>Cancer</td>
<td>56.9</td>
<td>80.2</td>
</tr>
<tr>
<td>Heart disease</td>
<td>87.7</td>
<td>113.4</td>
</tr>
</tbody>
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All expenditures: 93
Time for a Change
Trying to solve this
The Challenge

Creating a sustainable flow of funding to support prevention of noncommunicable disease, injury and premature death and to promote health equity in California
Funding should support policies, systems and environmental changes and community programs that work outside of health care settings to make California’s communities more conducive to health.
Funds should be distributed and coordinated among: community-based, regional and statewide nonprofit organizations; local health departments and state government, according to established criteria.
Funds must benefit all Californians and promote greater equity and health, reaching residents from urban to rural areas, young and old, and across California’s diverse races and ethnicities.
Funds shall be used to address social, environmental, economic and behavioral determinants of chronic disease and injury at any phase of the life cycle, and to close gaps in health outcomes and inequities, including:

- Promote access to healthy foods
- Promote a safe, physical activity promoting environment
- Prevent unintentional and intentional injury
- Prevent harmful use of substances
- Address the social determinants of chronic disease
- Support evidence-based as well as innovative approaches shaped by community priorities and experiences
Proposed Governance

- Independent statewide commission with spending authority ("First Five" approach)
- Small staff
- Responsible for administration and evaluation
- Commission includes but not limited to: state health officer; representatives of local health departments (LHDs); residents who experience health inequities; and primary prevention and community-based equity advocates and experts
Invest at least $10 per person
Less than $11,193
Less than 1/1000th of what we spent on healthcare in 2018

$10
CAPF recommends using a tax on one or more products that are major contributors to chronic disease and/or injuries as a funding source for a State Wellness Trust.

**Excise Tax on Sugary Beverages**
- 1¢/oz. = $1.2 billion annual revenue
- 2¢/tsp. = $1.6 billion annual revenue
- 2¢/oz. = $1.8 billion annual revenue

**Sales Tax on Alcohol**
- 1% = $280 million annual revenue
- 2% = $560 million annual revenue
- 3% = $850 million annual revenue

**Excise Tax on Alcohol**
- Wine 5 oz = $357 million annual revenue
- Spirits 1.5 oz = $494 million annual revenue
- Beer 12 oz = $718 million annual revenue
PROPOSED ALLOCATIONS

Based on $400 million total annual investment ($10/capita)

LOCAL NONPROFITS
30% = $120 MILLION
Competitive grants awarded by state entity. Prioritize geographic diversity.

REGIONAL & STATE NONPROFITS
10% = $40 MILLION
Competitive grants awarded by the state entity for technical assistance and prevention work.

LOCAL HEALTH DEPARTMENTS
45% = $180 MILLION
Direct allocation. Fixed floor $250,000. Remainder divided according to formula based 50% on population and 50% on number of people living in poverty.

ADMINISTRATIVE ENTITY
5-10% = NOT TO EXCEED $20 MILLION
Direct allocation for Trust management and evaluation.

CALIFORNIA DEPARTMENT OF PUBLIC HEALTH
5-10% = $20-40 MILLION
Media, campaigns, Health in All Policies, statewide policy initiatives, epidemiologic surveillance and other prevention work.
OKLAHOMA TOBACCO SETTLEMENT ENDOWMENT TRUST

- Earnings from an endowment funded by the Tobacco Master Settlement Agreement.
- $11.70 per capita annual investment resulted in:
  - 29% decrease in Oklahomans with children who reported drinking regular soda one or more times per day
  - Decrease of cigarette sales by one billion packs since 2001
  - Decline in smoking (45% among youth & 32% among adults), ten times faster than similar states
  - $1.2 billion in direct medical costs for tobacco avoided
  - Health research centers attracting $3 for every $1 invested
MINNESOTA STATE HEALTH IMPROVEMENT PLAN

• Annual tax on healthcare providers and insurers

• $3.20 per capita annual investment has resulted in:
  • Increased access to healthy food & physical activity for 339,000 students
  • 31% decrease in smoking among 11th graders & adults
  • Adult obesity now firmly below neighboring states
MASSACHUSETTS PREVENTION & WELLNESS TRUST FUND

• One-time assessment on acute care hospitals & commercial insurers

• $2.10 per capita annual investment during a four-year pilot (2012-2016) resulted in:
  • Decline in pediatric asthma
  • Decrease in senior falls & related hospitalizations
  • Reduction in blood pressure
  • Increase in controlled & treated hypertension
Investing in Prevention Saves Money

Soda Taxes: $55 savings in healthcare expenditures for every $1 over 10 years

Communities Putting Prevention to Work model: $7.40 for every $1 over 11 years

Falls Prevention: $3 for every $1

Healthier school competitive food: $4.60 for every $1

Or can simply be more cost-effective than healthcare or help reduce rate of growth of health care expenditures

The next two years

- Build a statewide movement to invest in prevention and health equity
- Advocate to make investing in prevention an integral part of the new government’s plan for health
- CMA-CDA 2020 soda tax ballot initiative may be an avenue
- Other potential legislative or ballot initiatives (AB 138)
CAPF Member Organizations:

- American Heart Association
- American Cancer Network – Cancer Action Network
- American Lung Association
- Bay Area Health Inequities Initiative
- California Chronic Care Coalition
- California Department of Public Health (ex-officio)
- CA4Health
- County Health Executives Association of California
- California Conference of Local Health Officers
- California Health Plus Advocates
- California Pan Ethnic Health Network
- ChangeLab Solutions
- Health Officers Association of California (Co-Chair)
- Latino Coalition for a Healthy California
- Policy Link
- Prevention Institute
- Public Health Advocates
- Public Health Institute (Co-Chair)
- Public Health Alliance of Southern California
- San Joaquin Valley Public Health Consortium
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