



# Growing Dollars for Prevention: A California Wellness Trust

August 8, 2019

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## *Asleep at the Switch*

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

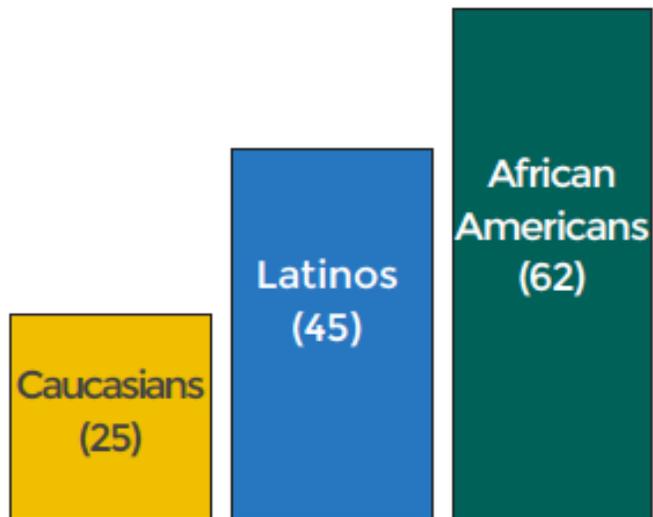
Source: Frieden, AJP, 2004

Heart Disease  
Cancer  
Stroke  
Pulmonary Disease  
Injuries  
Sexually Transmitted  
Diseases  
Tuberculosis  
Food Safety

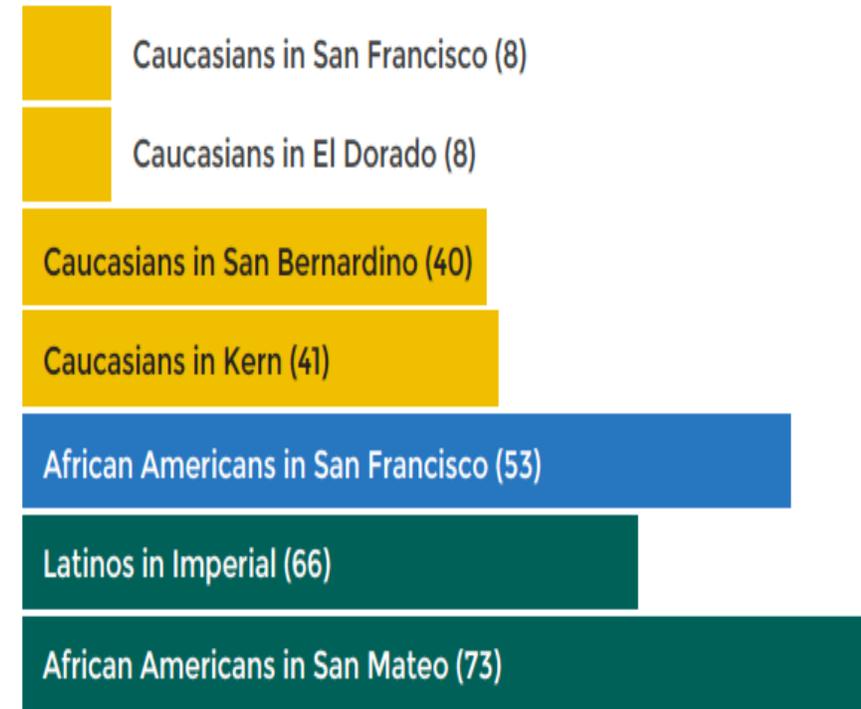
*Funding for local public health programs is inversely proportional to the risk of death from the very conditions these programs address*

# Even less funding is available to support assets and build power in communities to right injustice

 **CALIFORNIA  
DIABETES DEATHS  
BY RACE<sup>15</sup>**  
Deaths per 100,000



 **CALIFORNIA  
DIABETES  
DEATHS BY  
GEOGRAPHY<sup>15</sup>**  
Deaths per 100,000



# 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 often  
constrained to  
small scale

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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 health care costs

- Six leading chronic diseases cost \$98 billion in 2010 in California
- The majority of these illnesses can be prevented or delayed

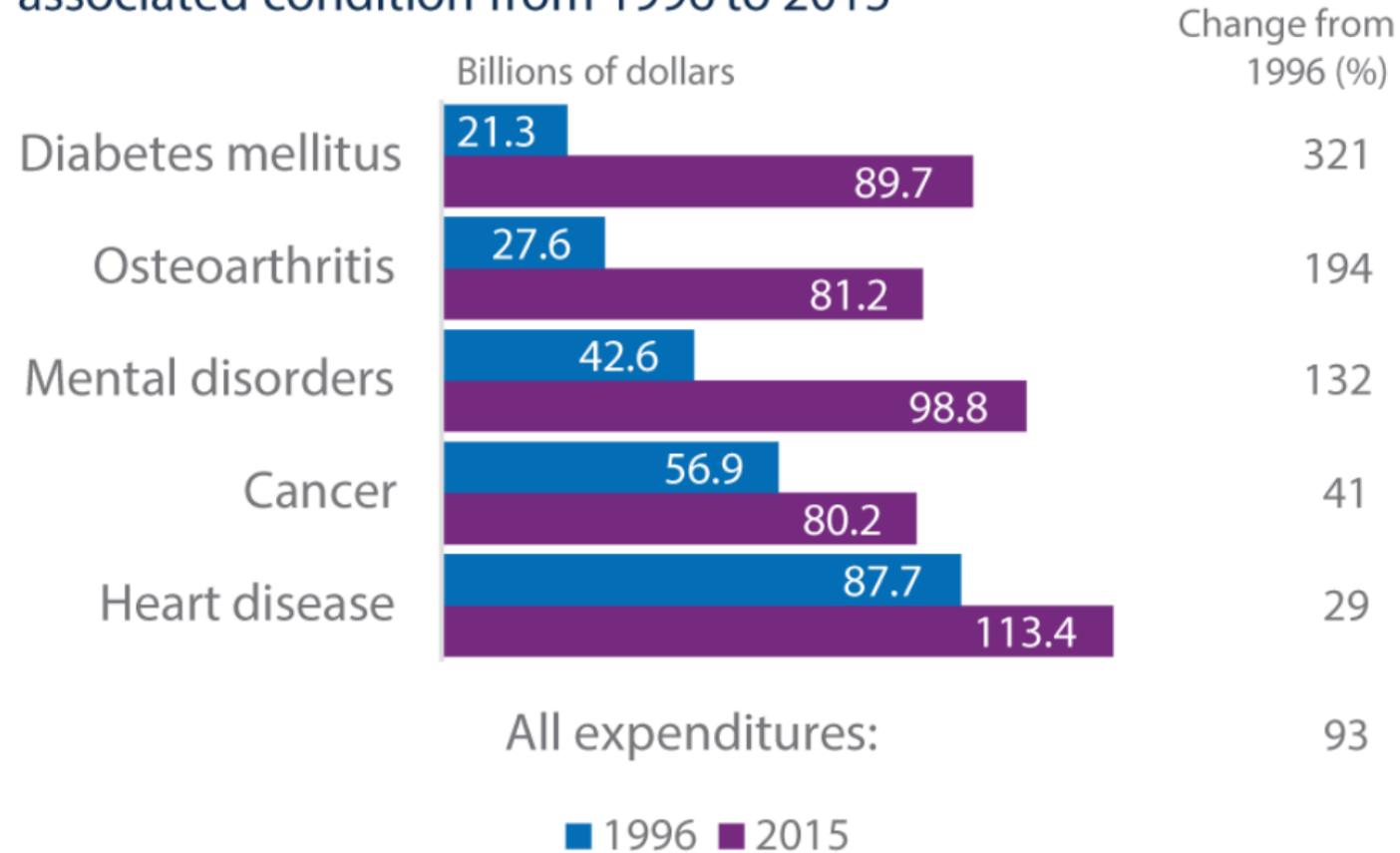
Impact on  
Businesses  
more than  
\$106 billion

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

- Source: DeVol, R., Bedroussian, A. (2007). An Unhealthy American: The Economic Burden of Chronic Disease, Charting a New Course to Save Lives and Increase Productivity and Economic Growth. Retrieved from <http://www.chronicdiseaseimpact.com/ebcd.taf?cat=state&state=CA>

## 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



Time for a Change

# California Alliance for Prevention Funding

*Making Prevention Possible*



The logo for the California Alliance for Prevention Funding features a yellow arc above the text. The text is arranged in two lines: "California Alliance for" in a teal color and "Prevention Funding" in a dark teal color.

California Alliance for  
Prevention Funding

The title "CALIFORNIA WELLNESS TRUST PROPOSAL" is displayed in large, white, bold, sans-serif capital letters. It is centered on the right side of the page and is framed by two thick white horizontal lines, one above and one below the text.

**CALIFORNIA  
WELLNESS TRUST  
PROPOSAL**

# The Challenge

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Creating a sustainable flow of funding to support prevention of chronic disease, injury and premature death and to promote health equity in California



# The Solution: A California Wellness Trust



## Purpose of a California Wellness Trust

Assure sustained, dedicated funding of programs that promote greater equity in health and prevent the leading causes of premature illness, injury, and death, including, but not limited to, heart disease, cancer, diabetes, violence, and falls.



Because today's public health problems have many underlying causes in common

Funding will focus on shared solutions, for example:

- promoting a healthy diet
- increasing access to healthy food and safe physical activity
- preventing adverse childhood experiences
- improving neighborhood safety
- reducing harmful substance use
- preventing senior falls or
- reducing high blood pressure

Funds should be distributed and coordinated, according to established criteria, among:

- Community-based, regional, and statewide nonprofit organizations
- Local health departments
- State government



Funds should reach every California county, with a focus on the most under-resourced communities.

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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.



# PROPOSED GOVERNANCE

## INDEPENDENT STATEWIDE COMMISSION WITH SPENDING AUTHORITY ("FIRST FIVE" APPROACH)

Commission include but not limited to: state health officer; representatives of local health departments, residents who experience health inequities; and primary prevention and community-based equity advocates and experts

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graph TD; A[Commission include but not limited to: state health officer; representatives of local health departments, residents who experience health inequities; and primary prevention and community-based equity advocates and experts] --> B[Responsible for administration and evaluation]; B --> C[Small staff];
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Responsible for administration and evaluation

Small staff

Invest at least \$10 per person

Less than 1/1000<sup>th</sup> of what we spent on healthcare in 2018

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\$11,193



\$10

## POTENTIAL REVENUE SOURCES FOR PREVENTION

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. The table below shows examples of potential revenue sources and the resulting estimated annual revenue, including an excise tax on sugary beverages, a sales tax on alcohol and an excise tax on alcohol.<sup>9</sup>



### 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



### 10¢ EXCISE TAX ON ALCOHOL

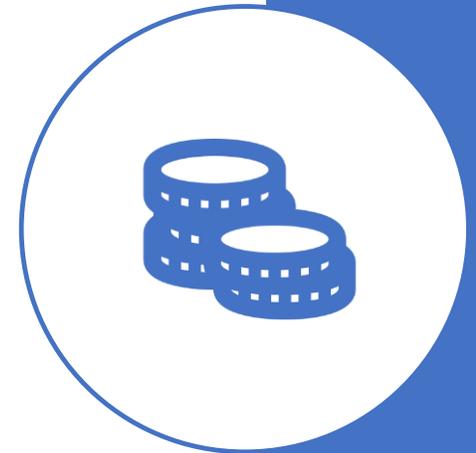
Wine 5 oz = \$357 million annual revenue

Spirits 1.5 oz = \$494 million annual revenue

Beer 12 oz = \$718 million annual revenue

# Other possible revenue options studied

- Per member per month fee on health insurers
- Tobacco legal settlement funds
- Fee on medical providers
- Community benefits
- Bonds



## PROPOSED ALLOCATIONS

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

### LOCAL NONPROFITS 30% = \$120 MILLION

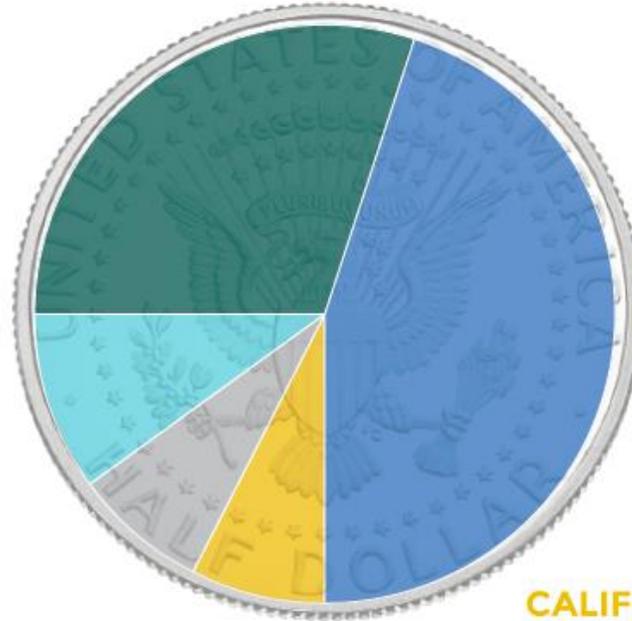
Competitive grants awarded by state entity. Prioritize geographic diversity.

### REGIONAL & STATE NONPROFITS 10% = \$40 MILLION

Competitive grants awarded by the state entity for technical assistance and prevention work.

### ADMINISTRATIVE ENTITY 5-10% = NOT TO EXCEED \$20 MILLION

Direct allocation for Trust management and evaluation.



### 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.

### 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.

State  
Wellness  
Trusts/Funds  
are a Proven  
Approach

## 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



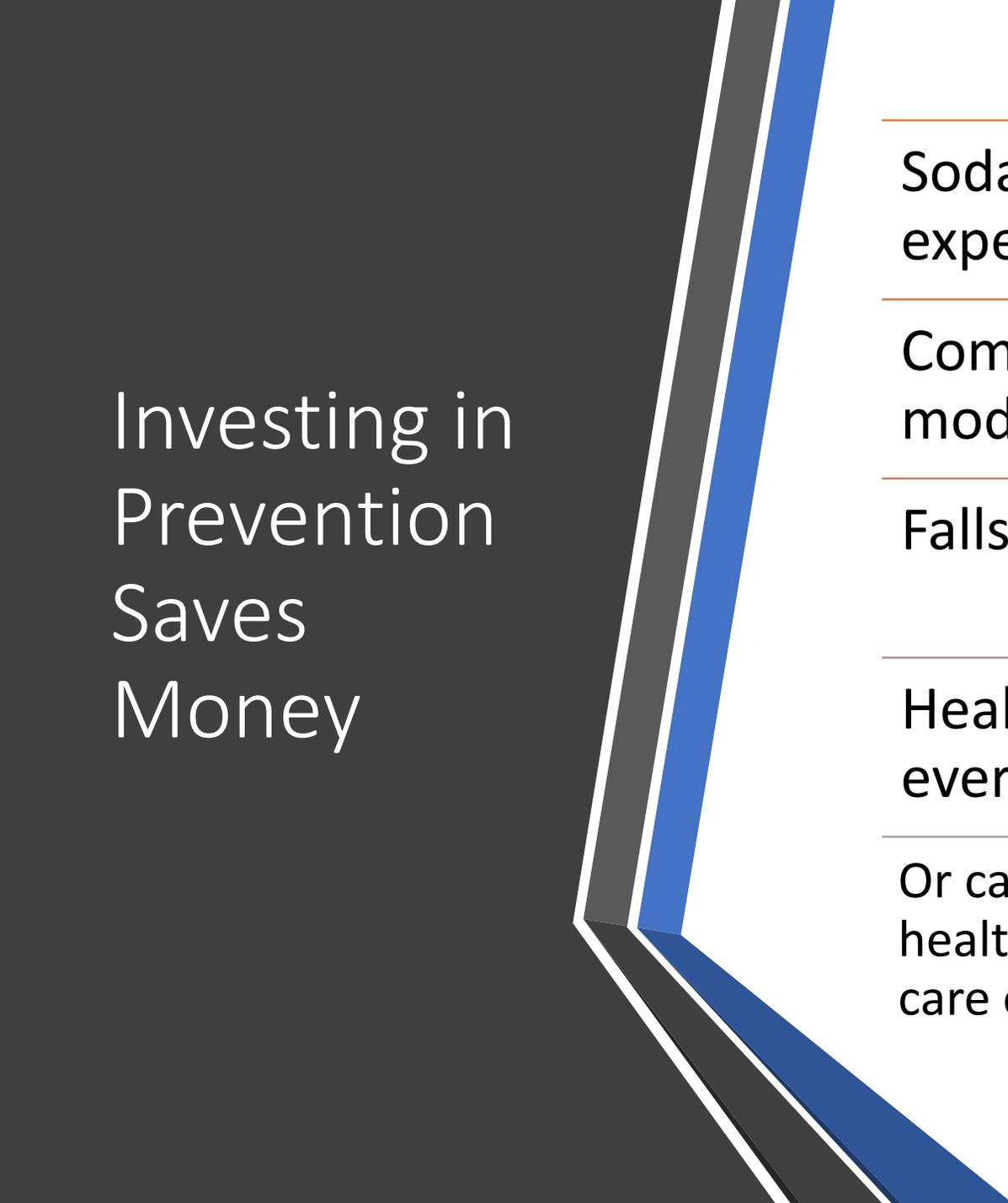
## MINNESOTA STATE HEALTH IMPROVEMENT PLAN

- **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 11<sup>th</sup> 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

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

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

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Falls Prevention \$3 for every \$1

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Healthier school competitive food \$4.60 for every \$1

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

# The next two years

1

Build a statewide movement to invest in prevention and health equity

2

Advocate to make investing in prevention an integral part of the new government's plan for health

3

CMA-CDA 2020 soda tax ballot initiative may be an avenue – needs greater investment in prevention and health equity

4

Other potential legislative or ballot initiatives



# Los Angeles County has already taken action with a Board Order

May, 2018

DIRECT the Chief Executive Officer to work with the Los Angeles County's state legislative team to advocate for: development of a California state "Prevention and Wellness Trust Fund" that will support community disease prevention and wellness efforts that address the root causes of prevalent and preventable physical and mental health conditions, including trauma mitigation, resulting in reductions in downstream healthcare spending.



Contra Costa  
County followed  
with language in  
the county's  
legislative agenda.

SUPPORT funding and policy changes to support population-based chronic disease prevention efforts such as the creation and funding of a State Wellness Trust with allocations to counties and other key partners to implement programs, policies and strategies to prevent chronic disease. Collectively, these include efforts to move up-stream from the treatment of illness associated with chronic disease to advance a policy, systems and organizational-change approach ....

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California Alliance for  
Prevention Funding

Supported by the Gordon and Betty Moore Foundation,  
Robert Wood Johnson Foundation, and Blue Shield of  
California Foundation.

The views expressed here do not necessarily reflect  
the views of the foundations

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All materials available at:

<https://www.ca-allianceforpreventionfunding.org>