

# California Alliance for Prevention Funding

*Making Prevention Possible*



## CONCEPT PAPER

The California Alliance for Prevention Funding (CAPF) was convened in May 2015 by the Public Health Institute and partners to advocate for sustainable funding for prevention in California. It seeks substantive new funding to support prevention strategies, particularly non-clinical, upstream primary prevention that is not currently reimbursed, including the creation of a statewide Wellness Fund. A Wellness Fund would support proven policy and environmental interventions as well as innovative initiatives to reduce rates of preventable health conditions and their associated costs and inequity. A statewide Wellness Fund would support the implementation of the goals established by Let's Get Healthy California, particularly the strategic goals regarding primary prevention. In addition, and of key strategic importance is that, a state-level funding mechanism would complement efforts to address cost containment and population level health improvement consistent with both the Affordable Care Act and the 1115 Medicaid Waiver. A Wellness Fund can also be a critical support to the recently proposed state model of Accountable Communities for Health (ACH). With proper management, innovative investment strategies, and equitable distribu-

tion and implementation plans, a statewide Wellness Fund could help the State achieve greater health equity and advance the "Triple Aim" of health improvement: better care, better health, and lower costs.

### ALLIANCE MISSION

- Build a culture of health for all Californians.
- Reduce disparities
- Contain health costs through education and state-level advocacy for new and sustained funding.
- Promote health equity
- Prevent the leading causes of illness and injuries, particularly through upstream primary prevention.

The Trust for America's Health found that an investment of \$10 per person per year in proven community-based disease prevention programs could yield nearly \$1 over and above the cost of the program for the first one-to-two years of these programs, a return on investment (ROI)

of 0.96, rising to \$5.6 within 5 years and \$6.2 for every \$1 invested within 10 to 20 years. This return on investment represents medical cost savings only and does not include the significant gains that could be achieved in worker productivity, reduced absenteeism at work and school, and enhanced quality of life.<sup>1</sup> In short, strategic investment, in upstream prevention will protect, not deplete, the coffers of government. There is an urgent need for this strategic approach to funding, particularly for chronic

disease and injury prevention and to reduce health disparities in California. Over the past century, chronic disease and injury have emerged as predominant challenges to public health. According to the California Department of Public Health (CDPH), chronic disease accounts for eight of every ten deaths and affects the quality of life of 14 million Californians.<sup>2</sup> A relatively short list of risk factors is responsible for much of the burden of chronic disease: tobacco use, physical inactivity, unhealthful diet, excessive consumption of alcohol, high cholesterol, and uncontrolled high blood pressure.<sup>3</sup> These risk factors and chronic conditions are largely preventable. CDPH estimates that as much as 80 percent of heart disease, stroke, and type 2 diabetes and more than 30 percent of cancers can be prevented by eliminating their underlying risk factors.<sup>2</sup>

The economic burden of chronic disease in California weighs heavily on families, employers, and all levels of government. A 2015 report by CDPH estimates that approximately \$98 billion—42 percent of all health care expenditures in the state—

was spent on treating six common chronic health conditions (arthritis, asthma, cardiovascular disease, diabetes, cancer, and depression) in 2010.<sup>4</sup>

The indirect costs associated with chronic disease in California are also high. According to the Economic Burden of Chronic Disease (EBCD) Index, the projected impact of lower productivity and lost workdays for individuals with chronic conditions and their caregiving family members in California was estimated to be \$51 billion in 2010.<sup>5</sup> Despite

the fact that chronic disease results in decreased quality of life, premature death, and exorbitant medical costs, investments in primary prevention measures have been minimal. The United States spends only 3% of health care dollars on

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## FOUNDATIONAL PRINCIPLES

- CAPF supports establishment of a statewide mechanism to assure long term, sustainable funding of local and state initiatives to promote health equity and prevent the leading causes of illness, injury, and premature death 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: local health departments; community-based, regional and statewide nonprofit organizations; 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.

all public health, yet 75% of health care costs are attributable to preventable health conditions.<sup>6</sup> Paying for prevention works and upstream strategies have a remarkable history of success, measured in both cost avoidance and health

improvement. For example, in Los Angeles County, smoking amongst high school students fell from 27% to 7% between 1997 and 2013, thanks to policy and environmental changes as well as education. Childhood obesity amongst LA Unified School District 5th graders decreased 10.6% (31.2% to 27.9%) between 2010 and 2013, and leveled off among 7th and 9th graders, after nine years of steady increases, reflecting efforts to reduce the consumption of sugar sweetened beverages, promote healthier eating and increase physical activity. Nationally, while adult obesity is still growing, coincident with increased federal funding, our efforts have begun to bend the curve of the diabetes epidemic. Tragically, national prevention funding for these efforts is threatened.

The Affordable Care Act created the Prevention and Public Health Fund in 2010, which intended to provide communities across the nation with more than \$15 billion over a period of ten years, largely to combat chronic disease. However, the fund has already suffered from significant reductions.<sup>6</sup> California lost \$145 million, one third of the funding it would have received, between 2010 and 2016, if the original mandated Fund allocations had been maintained. California will lose an estimated \$318 million, or 55% of its usual share of originally mandated federal prevention dollars, between 2017 and 2022, through cuts approved to date.<sup>7</sup>

CDPH's Nutrition Education and Obesity Prevention Branch (NEOPB), which addresses California's obesity epidemic by focusing on healthy behavior changes in at-risk low-income communities, has major restrictions on the use of funds, and has also suffered a significant reduction in federal funds. These two streams for addressing the key risk factors together amount to

less than \$4 per capita annually in California as compared to over \$10,000 in per capita annual healthcare spending. The net effect is a dramatic decline in the ability and capacity of public health systems and their many community partners to advance well proven strategies that yield cost savings and health improvement. As our population ages and medical care becomes ever more complex and expensive, the need

## OPERATIONAL PRINCIPLES

A Wellness Fund should:

- Be accountable, effective, flexible and transparent
- Focus on disadvantaged communities, while reaching all California counties, and able to support community-wide and some state action
- Empower local action
- Address key risk factors for chronic disease and injury, including social determinants of health
- Support evidence-based primary prevention interventions
- Provide space for innovation and appropriate risk-taking, accompanied by evaluation
- Support Health in All Policies
- Leverage other assets
- Develop leadership for primary prevention and population health
- Fill gaps in prevention services and health outcomes
- Help to kick-start local or regional Accountable Communities for Health (ACH)

for stable funding for upstream prevention to keep our communities healthy has never been greater. The old adage, an ounce of prevention is worth a pound of cure, strikes a particularly resonant chord at a time when both the fiscal and physical health of the State are at risk.

Considering the inconsistent, non-comprehensive and insufficient nature of federal funding for prevention and public health, investment in systematic new funding for prevention is essential to sustain effective primary prevention efforts. States such as Massachusetts, Minnesota, and Oklahoma have successfully established health and wellness funds that scale-up evidence-based community prevention interventions to improve population health, decrease rates of preventable illnesses, and reduce health disparities.<sup>8-10</sup> This effort would bring that commitment to California, although the optimal approach to long-term funding would benefit from further study.

Key next steps to advancing the idea of an Alliance include broadening the discussion to new partners, stakeholders, and policymakers in California, as well analyzing further the various options for designing and financing sustainable funding stream(s). Critical elements will include defining potential funding sources, a governance structure, priorities, and eligible recipients and activities. This process can only be successful and gain statewide visibility with strong leadership and support from a variety of partners, community groups, individuals, and organizations.

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The Alliance invites your thoughts, input, and collaboration. Together we can spearhead the creation of a California Wellness Fund or other approaches to invest in primary prevention and improve the health of residents across the State.

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