AMENDED IN ASSEMBLY MAY 31, 2016

AMENDED IN ASSEMBLY APRIL 6, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL No. 2424

Introduced by Assembly Member Gomez

February 19, 2016

An act to add Part 8 (commencing with Section 106050) to Division 103 of the Health and Safety Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2424, as amended, Gomez. Community-based Health Improvement and Innovation Fund.

Existing law establishes the State Department of Public Health, within the California Health and Human Services Agency, vested with certain duties, powers, functions, jurisdiction, and responsibilities over specified public health programs.

This bill, among other things, would create the Community-based Health Improvement and Innovation Fund in the State ~~Treasury~~ *Treasury*, and the moneys in the fund would be available, upon appropriation by the Legislature, for certain purposes, including, but not limited to, reducing health inequity and disparities in the rates and outcomes of priority chronic health conditions, as defined, preventing the onset of priority chronic health conditions using community-based strategies in communities statewide and with particular focus on health equity priority populations, as defined, and strengthening local and regional collaborations between local public health jurisdictions and health care providers, and across government agencies and community partners to create healthier communities, using a ~~health in all policies~~

health-in-all-policies approach. The department would be required to use a specified percentage of moneys from the fund for certain public health and administrative activities and would be required to award a specified percentage of moneys from the fund to eligible applicants to be used to improve health and health equity, as provided.

This bill would create an advisory committee, with the members serving terms not to exceed 4 years, and would require the advisory committee to provide expert input and offer guidance to the department on the development, implementation, and evaluation of the fund. *The bill would require the department to develop an evaluation framework, as specified, for all activities funded through the fund.* The bill would require the advisory committee to produce, and periodically revise, a comprehensive master plan for advancing chronic disease and injury prevention throughout the state and would require the advisory committee to submit the master plan and its revisions to the Legislature triennially.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Part 8 (commencing with Section 106050) is added to Division 103 of the Health and Safety Code, to read:

PART 8. COMMUNITY-BASED HEALTH IMPROVEMENT AND INNOVATION FUND

106050. The Legislature finds and declares all of the following:

(a) Over the past century, chronic diseases have emerged as a predominant challenge to public health. Chronic disease and injury account for eight of every 10 deaths and affects the quality of life of 14 million Californians.

(b) Obesity and diabetes in particular have grown rapidly, posing a grave threat to health. Today over one-half of California adults are estimated to have either diabetes or prediabetes. Thirteen million adults in California, 46 percent of the adult population, are estimated to have prediabetes or undiagnosed diabetes, while another 2.5 million adults, 9 percent of the adult population, have already been diagnosed with diabetes.

(c) The health inequities in this state are stark:

(1) Ethnic minorities and individuals who have low incomes have higher rates of diabetes. Nearly one-in-five ~~African-Americans~~ *African Americans* and Latinos in California have diabetes, more than double the rate of Whites.

(2) Nearly 12 years of life separate the life expectancy at the top and at the bottom of neighborhood clusters in California, from a life expectancy of 87 years in parts of northwest Santa Clara County to 75.3 years in the City of ~~Twenty-Nine~~ *Twentynine* Palms and the City of Barstow in the County of San Bernardino.

(3) Economically disadvantaged children are far less likely to complete the fitness requirements of the physical fitness test offered to students in grade school.

(4) Adolescents covered by Medi-Cal reported significantly higher rates of drinking sugar-sweetened beverages and less daily consumption of vegetables than the general California adolescent population and were significantly more likely to be obese.

(d) The following 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, hyperlipidemia, and uncontrolled high blood pressure. These risk factors and chronic conditions are largely preventable and inequitably distributed.

(e) The State Department of Public Health estimates that as much as 80 percent of heart disease, stroke, and type II diabetes and more than 30 percent of cancers can be prevented by eliminating the underlying risk factors.

(f) The economic burden of chronic disease in California weighs heavily on families, employers, and all levels of government. Approximately $98 billion, or 42 percent of all health care expenditures in the state, was spent on treating just six common chronic health conditions (arthritis, asthma, cardiovascular disease, diabetes, cancer, and depression) in 2010.

(g) 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.

(h) The cost of health care continues to surpass the rate of inflation, causing increasing strain on the budgets of families, employers, and the government.

(i) Despite the fact that chronic disease results in decreased quality of life, premature death, and exorbitant medical costs, investments in measures that prevent chronic disease have been minimal.

(j) The United States spends only 2.6 percent of health care dollars on all public health, yet 75 percent of health care costs are attributable to preventable health conditions.

(k) Paying for prevention works and upstream strategies have a remarkable history of success, measured in both cost avoidance and health improvement. In the County of Los Angeles, smoking amongst high school students fell from 27 percent to 7 percent between 1997 and 2013, thanks to investment in policy and environmental changes as well as education.

(*l*) Childhood obesity amongst Los Angeles Unified School District 5th graders decreased by 10.6 percent (from 31.2 percent to 27.9 percent) between 2010 and 2013, and leveled off among 7th and 9th graders, after nine years of steady increases, reflecting investments to reduce the consumption of ~~sugar-sweetened~~ *sugar–sweetened* beverages, promote healthier eating, and increase physical activity.

(m) The California Health and Human Services Agency, in partnership with the State Department of Public Health, has defined ambitious health improvement goals for the state through the "Let's Get Healthy California" initiative, including making California the healthiest state in the nation by 2022, reducing health disparities, and achieving better health at lower cost. These goals cannot be met by improvements in health care or on an individual basis alone. Meeting these goals requires urgent and substantial investment in community-based prevention of chronic disease.

(n) The existing limited resources of funding for chronic disease prevention are threatened, declining from past levels, and subject to significant restrictions.

(o) Strategic investment in upstream prevention will protect, not deplete, the coffers of government. Investment in prevention has a strong evidence base of positive return on investment through reducing health care costs on a long-term basis.

106051. For purposes of this part, the following terms have the following definitions:

(a) "Department" means the State Department of Public Health.

(b) "Fund" means the Community-based Health Improvement and Innovation Fund.

(c) "Health equity priority population" means, for each condition, populations that exhibit significant disparities with respect to prevalence of a priority chronic health condition or injury or worse outcomes such as higher hospitalization or death rates. Priority populations may be defined based on race, ethnicity, geography, socioeconomic ~~status~~ *status,* including income or education, other factors as defined by the department, or current findings and recommendations of research, including assessments of innovations funded by the fund.

(d) "Local health jurisdiction" means *a* county health department or *a* combined health department in the case of counties acting jointly or *a* city health department within the meaning of Section 101185.

(e) "Priority chronic health conditions" means asthma, type II diabetes, cardiovascular and cerebrovascular disease, cancer, dental disease, obesity, and other chronic conditions and injuries that are prevalent, largely preventable, and associated with high health care costs, as defined by the department. High-burden conditions whose prevention is not adequately supported by other funding streams shall be prioritized.

106052. (a) (1) There is hereby created in the State Treasury the Community-based Health Improvement and Innovation Fund. The fund shall consist of any revenues deposited therein, including any fine or penalty revenue allocated to the fund, any revenue from appropriations specifically designated to be credited to the fund, any funds from public or private gifts, grants, or donations, any interest earned on that revenue, and any funds provided from any other source.

(2) A target level of annual statewide investment from the fund shall be established as a set dollar amount per capita, to be allocated for the purposes described in subdivision (b) and as described in ~~subdivision (c).~~ *Section 106053.*

(b) (1) Moneys in the fund shall be available, upon appropriation by the Legislature, for any of the following purposes:

(A) Reducing health inequity and disparities in the rates and outcomes of priority chronic health conditions.

(B) Preventing the onset of priority chronic health conditions using community-based strategies in communities statewide and with particular focus on health equity priority populations.

(C) Strengthening local and regional collaborations between local public health jurisdictions and health care providers, and across government agencies and community partners to create healthier communities, using a ~~health in all policies~~ *health–in–all–policies* approach.

(D) Contributing to a stronger evidence base of effective community-based prevention strategies for priority chronic health conditions.

(E) Evaluating effectiveness and cost-effectiveness of innovative community-based prevention strategies for priority chronic health conditions, as a basis for future decisions about investment in those strategies in order to reduce the costs of providing health care services and to improve population health status.

(2) Moneys in the fund shall be used to address social, environmental, and behavioral determinants of chronic disease and injury at any phase of the life cycle, including, but not limited to, all of the following:

(A) Promotion of healthy diets and food environments.

(B) Promotion of physical activity and of a safe, physical activity-promoting environment.

(C) Prevention of unintentional and intentional injury.

(3) In expending moneys from the fund, policy, systems, and environmental change approaches are to be emphasized, although funds can support implementation of community-based programs.

(4) Moneys in the fund shall not be used for clinical services.

(c) Revenues deposited in the fund that are unexpended at the end of a fiscal year shall remain in the fund and not revert to the General Fund.

106053. (a) The department shall be allocated an amount not greater than 20 percent of the annual appropriation from the fund for all of the following activities:

(1) Mandatory activities for which the funds shall be used are as follows:

(A) Statewide media and communications campaigns, which shall be allocated 9 percent of ~~those~~ *total* funds.

(B) Evaluation of program activities, which shall be allocated at least 5 percent of ~~those~~ *total* funds.

(C) Other activities, which shall be allocated no more than 6 percent of ~~those~~ *total* funds, as follows:

(i) Overall program implementation and oversight, including review and approval of local health improvement plans, and granting of and monitoring the implementation of local health jurisdiction awards and competitive grant awards.

~~(i) Mandatory activities, including all of the following:~~

~~(I) Overall program implementation and oversight.~~

~~(II) Review and approval of local health improvement plans.~~

~~(III) Granting of and monitoring the implementation of local health jurisdiction awards and competitive grant awards.~~

(ii) The definition of criteria for evidence-based and innovative approaches to improving health and health equity, with evaluation criteria appropriate to each type of approach. *Criteria for evidence-based projects shall include cost-effectiveness or projections of return on investment to the state.*

(iii) The definition of priority chronic health conditions and health equity priority populations based on public health data.

(iv) The definition of criteria for participation of community partners in local health jurisdiction funding.

(v) The development of tools that can be used by the state and by grantees to monitor progress towards improving health and health equity, including establishment of a health equity index.

(2) Discretionary activities, as may be appropriate to support community-based prevention of priority chronic health conditions throughout the state, for which the funds may be used, include, but are not limited to, any of the following:

(A) Research, development, and dissemination of best practices, including training and technical assistance for grantees.

(B) Development of infrastructure, including, but not limited to, data resources or information technology resources to be shared statewide.

(C) Coordination of local efforts.

(D) Development and promotion of statewide initiatives.

(b) The department shall award at least 80 percent of total moneys made available in the annual appropriation from the fund to eligible applicants to be used consistent with the purposes described in subdivision (b) of Section 106052. Moneys from the

fund shall be distributed and awarded according to the following criteria:

(1) (A) At least 50 percent of ~~those~~ *total* funds shall be awarded to local health jurisdictions and shall be allocated on a formula basis to local health jurisdictions, or their nonprofit designee, with approved applications for three-year funding cycles.

(B) Each local health jurisdiction shall submit an application for a three-year funding cycle, to be reviewed and approved by the department, that includes all of the following information:

(i) A detailed assessment of community health needs within the local health jurisdiction with respect to priority chronic health conditions and health equity priority populations.

(ii) A health improvement and evaluation plan that includes initiatives focused on health equity priority populations.

(iii) The level of local funds, including in-kind resources, for community-based prevention activities that was provided in the most recently completed fiscal year.

(iv) Documentation of the existence and activities of a community health partnership, which includes leading health care providers, local health jurisdictions, community partners, including those serving health equity priority populations, businesses, and other relevant local government agencies and community leaders.

(v) How funds will be used in a manner consistent with principles of effectiveness, cost efficiency, relevance to community needs, maximal impact to improve community health, and sustainability of impact over time.

(C) Each local health jurisdiction with an approved application shall receive a base award of two hundred fifty thousand dollars ($250,000) for a three-year funding cycle. The balance of the funds shall be awarded to local health jurisdictions proportional to the number of residents living below the federal poverty level.

(D) Health improvement and evaluation plans shall emphasize sustainable policy, systems, and environmental change approaches to creating healthier communities.

(E) Local health jurisdictions may come together if they so desire to submit combined regional applications.

(F) No single recipient may receive more than 30 percent of the funding allocated to local health jurisdictions on a formula basis.

(G) Recipients of funds pursuant to this paragraph shall maintain the level of local funds, including in-kind resources, for

community-based prevention activities that were provided in the most ~~recent~~ *recently* completed fiscal year prior to July 2016. Funds provided pursuant to this paragraph shall supplement and not supplant existing funding for community-based prevention activities of priority chronic health conditions.

(H) Local health jurisdiction investments shall prioritize communities in the third and fourth quartiles of the California Health Disadvantage Index or other criteria of health equity priority populations subsequently adopted by the department.

(I) The initial year of funding may be used for needs assessment, planning, and development.

(2) At least 30 percent of ~~those~~ *total* funds shall be allocated for competitive grants as follows:

(A) (i) Competitive grants shall be awarded to local or regional level entities or statewide nonprofit organizations. *Funds provided pursuant to this paragraph shall supplement and not supplant existing funding for community-based prevention activities of priority chronic health conditions.*

(ii) Local or regional level entities include community-based organizations or local public agencies, in partnership with other entities, including, but not limited to, other community-based organizations, other local public agencies, schools, religious organizations, businesses, labor unions, health care plans, hospitals, clinics, other health care providers, or other community-based entities.

(iii) Each participating health care plan or hospital shall identify monetary, in-kind, or both, contributions to projects.

(iv) Local or regional projects shall prioritize investments that serve communities in the third and fourth quartiles of the California Health Disadvantage Index or other criteria of health equity priority populations subsequently adopted by the department.

(v) At least 10 percent of the funds awarded as competitive grants shall be used for statewide nonprofit organizations.

(vi) Organizations receiving competitive grants shall coordinate efforts with any local health jurisdictions where they are carrying out activities.

(B) (i) Competitive grant applicants shall identify projects as either an evidence-based or an innovative project.

(ii) Applications for evidence-based projects shall provide evidence of cost-effectiveness or projections of return on investment to the state.

~~(ii)~~

(iii) At least 10 percent of the funding for competitive grants shall be set aside for innovative projects that test previously untested strategies in order to improve the evidence base of effective community-based prevention strategies for priority chronic health conditions.

~~(iii)~~

(iv) Applications for innovative projects shall provide a rationale for the defined approach and any evidence that suggests the innovative project will be effective, as well as a plan and resource allocation for the evaluation.

~~(iv)~~

(v) Competitive grants may be used by organizations for policy systems or environmental change efforts, direct program delivery, or for technical assistance to other grantees.

106054. (a) (1) An advisory committee, with the members serving terms not to exceed four years, shall provide expert input and offer guidance to the department on the development, implementation, and evaluation of the fund.

(2) The advisory committee shall include, at a minimum, experts on priority chronic health conditions, effective nonclinical prevention strategies, policy strategies for chronic disease prevention, and the unique needs of health equity priority populations.

(3) The advisory committee shall include representatives from the State Department of Health Care Services, the Health in All Policies Task Force, the California Health and Human Services Agency, the California Conference of Local Health Officers, and the California Public Employees' Retirement System.

(b) The department shall develop a robust evaluation framework for all activities funded through the fund. *This evaluation framework shall include all of the following:*

(1) Regular monitoring of local health jurisdiction awards to ensure activities are conducted pursuant to approved plans and consistent with all requirements of this part.

(2) Measures to ensure funding provided pursuant to this part supplement and do not supplant existing funding or effort.

(3) Data collection and reporting requirements for grant awardees sufficient to assess impact and monitor compliance with this part.

(4) A plan to analyze the impact of this part on process measures relevant to community health promotion and, if practicable, on outcome measures.

(c) The department may define state priorities and require activities funded by the fund to align with those priorities in a manner that is consistent with the intent of this part. The department may narrow the list of priority chronic health conditions if necessary to ensure an effective program.

(d) The department shall require activities pursuant to this part to be conducted in a manner consistent with principles of effectiveness, cost efficiency, relevance to community needs, maximal impact to improve community health, and sustainability of impact over time.

~~(d)~~

(e) (1) Based on the results of programs supported by this part and any other proven methodologies available to the advisory committee, the advisory committee shall produce a comprehensive master plan for advancing chronic disease and injury prevention throughout the state.

(2) The master plan shall include recommended implementation strategies for each priority chronic health condition throughout the state and identify areas where innovative solutions are especially needed.

(3) The advisory committee shall submit the master plan, and revisions to the master plan, to the Legislature triennially.

(4) The master plan and its revisions shall include recommendations on specific goals for reduction of the burden of preventable chronic conditions and injuries by 2030, administrative arrangements, funding priorities, integration and coordination of approaches by the department, the University of California, the Health in All Policies Task Force, and their support systems, and progress reports relating to each health equity priority population.

(5) A report submitted pursuant to paragraph (3) shall be submitted in compliance with Section 9795 of the Government Code.

106055. Implementation of this part shall be contingent on an appropriation provided for this purpose in the annual Budget Act or other measure.

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