

STUDY OF THE STATE DEPARTMENT OF HEALTH PLAN FOR A COMMUNITY HEALTH GRANT PROGRAM - FINAL REPORT DRAFT

The 1999 Legislative Assembly enacted Section 9 of 1999 House Bill No. 1004 which directs the State Department of Health to develop a comprehensive plan for a community health grant program and to submit the plan to the Legislative Council during the 1999-2000 interim. The Legislative Council is directed to study the plan and report its findings and recommendations, along with any legislation required to implement the recommendations, to the 57th Legislative Assembly. The Legislative Council assigned this duty to the 1999-2000 interim Budget Committee on Health Care.

The following is a draft of the portion of the 1999-2000 interim Budget Committee on Health Care report to the Legislative Council relating to the study of the State Department of Health plan for a community health grant program.

STUDY OF THE STATE DEPARTMENT OF HEALTH PLAN FOR A COMMUNITY HEALTH GRANT PROGRAM

Section 9 of 1999 House Bill No. 1004 directs the State Department of Health to develop a comprehensive plan for a community health grant program and to submit the plan to the Legislative Council during the 1999-2000 interim. The Legislative Council is directed to study the plan and submit its recommendations to the 2001 Legislative Assembly. The Legislative Council assigned this responsibility to the Budget Committee on Health Care.

Background

As a result of a multistate settlement agreement negotiated between various state's attorneys general and tobacco manufacturers, North Dakota will receive annual distributions of tobacco settlement proceeds. During the 1999-2001 biennium, North Dakota's share of tobacco settlement distributions is anticipated to be approximately \$52.2 million. North Dakota may receive as much as \$775 million over the next 25 years as a result of the tobacco settlement agreement.

The 1999 Legislative Assembly established a plan for the use of these moneys through the passage of House Bill No. 1475, codified as North Dakota Century Code Section 54-27-25. Section 54-27-25 establishes a tobacco settlement trust fund, into which must be deposited all moneys received by the state pursuant to sections IX (payments) and XI (calculation and disbursement of payments) of the master settlement agreement. All moneys deposited in the fund, and all interest earned on those moneys, must be transferred within 30 days as follows:

- Ten percent to a community health trust fund to be administered by the State Department of Health. The State Department of Health may use moneys in the fund, as appropriated by the Legislative Assembly, for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The interest earned on moneys in the community health trust fund is deposited in the general fund.
- Forty-five percent to the common schools trust fund to become a part of the principal of that fund. The interest earned on moneys in the common schools trust fund is used for distributions to schools or added to the fund's principal, at the discretion of the Board of University and School Lands.
- Forty-five percent to the water development trust fund to be used to address the long-term water development and water management needs of the state. The interest earned on moneys in the water development trust fund is deposited in the general fund.

Analysis of the Tobacco Settlement Trust Fund and the Community Health Trust Fund

The committee reviewed the following analysis of the tobacco settlement trust fund, which was prepared by the Legislative Council staff:

	1999-2001 Biennium	
Beginning balance		\$0
Add estimated revenues		
Tobacco settlement revenues		52,183,788
Total available		\$52,183,788
Less estimated expenditures and transfers		
Transfers to the community health trust fund (10%)	\$5,218,378	
Transfers to the common schools trust fund (45%)	23,482,705	
Transfers to the water development trust fund (45%)	23,482,705	
Total estimated expenditures and transfers		\$52,183,788
Estimated ending balance		\$0

The committee reviewed the following analysis of the community health trust fund, which was prepared by the Legislative Council staff:

	1999-2001 Biennium
Beginning balance	\$0

Add estimated revenues	
Transfers from the tobacco settlement trust fund	5,218,378
Total available	\$5,218,378
Less estimated expenditures	
Appropriations to the State Department of Health	\$0
Estimated ending balance	\$5,218,378

Centers for Disease Control and Prevention Recommendations

The committee received testimony from the United States Centers for Disease Control and Prevention which indicated that in the United States tobacco use is responsible for more than 430,000 deaths each year and that tobacco products can contribute to the development or occurrence of chronic lung disease, coronary heart disease, stroke, and cancer. The Centers for Disease Control and Prevention has established "best practices" guidelines to help states plan and carry out effective tobacco control programs. The Centers for Disease Control and Prevention also established funding ranges to guide states in the development of these programs. The funding ranges are shown below for each of the nine "best practices." Each funding range is calculated based on a formula established by the Centers for Disease Control and Prevention using a combination of minimum or base funding and per capita funding based on the state's population. For North Dakota, the proposed funding ranges for all components total \$12.73 to \$25.82 per capita, or approximately \$8.2 to \$16.5 million, per year. The "best practices" address the following nine components of comprehensive tobacco control programs:

1. Community programs to reduce tobacco use (estimated cost of \$1,299,000 to \$2,482,000 per year).
2. Chronic disease prevention and early detection programs to reduce the burden of tobacco-related diseases (estimated cost of \$2,787,000 to \$4,162,000 per year).
3. School tobacco prevention and cessation programs (estimated cost of \$999,000 to \$1,498,000 per year).
4. Enforcement of tobacco control policies (estimated cost of \$426,000 to \$817,000 per year).
5. Statewide tobacco prevention and cessation programs to provide technical assistance to local programs, promote media advocacy, implement smoke-free policies, and reduce minors' access to tobacco products (estimated cost of \$257,000 to \$641,000 per year).
6. Counter-marketing programs to counter pro-tobacco influences (estimated cost of \$641,000 to \$1,923,000 per year).
7. Statewide tobacco cessation assistance programs (estimated cost of \$687,000 to \$2,865,000 per year).

8. A surveillance and evaluation system to monitor the performance of tobacco control programs (estimated cost of \$710,000 to \$1,439,000 per year).
9. An administration and management system to facilitate the coordination of program components, the involvement of multiple state agencies and levels of local government, and the involvement of statewide voluntary health organizations and community groups (estimated cost of \$355,000 to \$720,000 per year).

The committee received testimony from representatives of the American Heart Association, the Red River Health Promotion Council, the American Cancer Society, and MeritCare Health System in support of the implementation of the Centers for Disease Control and Prevention "best practices." The committee also received testimony from representatives of the Central Valley Health Board, MeritCare Health System, and the American Heart Association supporting the use of the entire 10 percent allocation from the tobacco settlement trust fund for tobacco control programs.

State Department of Health Plan

The State Department of Health presented a preliminary list of options for the use of moneys in the community health trust fund, including:

1. Implementing the recommendations of the Centers for Disease Control and Prevention relating to the establishment of a comprehensive statewide tobacco control program.
2. Increasing state aid to local public health units.
3. Developing a comprehensive community or school health grant program.
4. Funding a preventive medicine center of excellence at the University of North Dakota School of Medicine and Health Sciences.
5. Enhancing emergency medical services.
6. Increasing state funding for immunization programs.
7. Providing additional epidemiological support to local public health units.
8. Providing funding for the employment of four additional environmental health practitioners to support local public health units.
9. Providing funding for the Family Health Care Center in Fargo.
10. Developing a statewide public health data management system.
11. Providing a contingency fund for public health emergencies.
12. Developing elderly health programs.

Pursuant to Section 9 of 1999 House Bill No. 1004, the State Department of Health submitted to the committee a plan for the use of moneys in the community health trust fund. The plan consists of two parts--one for the use of moneys accumulating in the

community health trust fund during the 1999-2001 biennium and one for the use of moneys to be deposited in the fund during the 2001-03 and future bienniums.

Regarding the use of moneys accruing in the community health trust fund during the 1999-2001 biennium, the State Department of Health recommends the estimated balance of \$5.2 million be used:

1. To maintain a balance in the community health trust fund to provide cash flow for grants, which may be necessary based on the anticipated timing of transfers to be received from the tobacco settlement trust fund.
2. To provide a contingent appropriation for public health emergencies in the suggested amount of \$1 million per biennium.

Regarding the use of moneys to be deposited in the community health trust fund during the 2001-03 and future bienniums, estimated to be approximately \$5 million per biennium, the State Department of Health recommends:

1. A healthy schools grant program funded at \$2 million per biennium, or approximately \$9 per student per year. The State Department of Health would authorize a grant only after a local board of health and a local school board sign a memorandum of agreement concerning preventive health programs to be funded. The proposed grant program may include a matching requirement of \$1 of local funds for every \$2 or \$4 of grant funds.
2. A healthy families grant program funded at \$2 million per biennium, or approximately \$1.50 per state resident per year. The State Department of Health would authorize a grant only after the local boards of health and all interested parties in a community health region develop a plan that identifies the priority needs of the region, the programs to be funded, and the method of evaluating the programs. The proposed program may include a matching requirement of \$1 of local funds for every \$4 of state funds.
3. A healthy communities grant program funded at \$1 million per biennium. The healthy communities grant program may be used:
 - a. To increase state aid to local health districts from \$3,000 to \$7,000 per county per year, excluding per capita payments.
 - b. To provide a \$25,000 per year grant to each health region to augment federal

funding provided by the Centers for Disease Control and Prevention for local tobacco program specialists and to plan, implement, and evaluate regional programs.

- c. To provide \$88,000 per year for state-wide training, improvement of data management programs, and evaluation of the community health grant program.

The committee received testimony from representatives of the North Dakota Association of Elementary School Principals and North Dakota School Nurses indicating the need for increased funding for school nurse programs through the State Department of Health's proposed healthy schools grant program. The committee also received testimony from a representative of the Fargo Cass Board of Health indicating support for the plan presented by the State Department of Health for the use of moneys in the community health trust fund.

COMMITTEE RECOMMENDATIONS

The committee recommends a bill draft to provide that the interest earned on moneys deposited in the community health trust fund remains in the fund. The \$5.2 million estimated July 1, 2001, balance in the community health trust fund will generate interest income of approximately \$510,000 per biennium, assuming a rate of return of 4.9 percent per year. No estimate is made for the interest to be earned on the \$5.3 million anticipated to be deposited in the fund during the 2001-03 biennium or for the impact of distributions from the fund during that biennium.

The committee has under consideration a bill draft to provide that the interest earned on moneys deposited in the water development trust fund be transferred to the community health trust fund. At the time of this report, the committee has not taken action on this bill draft. The \$23.5 million estimated July 1, 2001, balance in the water development trust fund will generate interest income of approximately \$2.3 million per biennium, assuming a rate of return of 4.9 percent per year. No estimate is made for the interest to be earned on the \$23.9 million anticipated to be deposited in the fund during the 2001-03 biennium or for the impact of distributions from the fund during that biennium.

The committee has not taken action, developed recommendations, or recommended legislation relating to the State Department of Health plan for the use of moneys in the community health trust fund, as required by Section 9 of 1999 House Bill No. 1004.