



**Public Health Funding and Policy  
Committee  
Annual Report**

**As Required By  
Texas Health and Safety Code Section 117.103**



**Department of State Health Services  
September 2016**

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## Table of Contents

<b>Executive Summary</b> .....	<b>1</b>
<b>Introduction</b> .....	<b>3</b>
<b>Background</b> .....	<b>3</b>
<b>Accomplishments</b> .....	<b>4</b>
Emergency Preparedness Funding Formula .....	4
Texas Sunset Advisory Commission Report .....	4
<b>Current Activities</b> .....	<b>4</b>
Statewide Syndromic Surveillance System .....	4
Defining Core Public Health Services .....	5
Developing Funding Formulas .....	5
Federal Funding Analysis Program .....	5
<b>Recommendations</b> .....	<b>5</b>
Recommendation 1 .....	5
Recommendation 2 .....	6
Recommendation 3 .....	6
Recommendation 4 .....	6
Recommendation 5 .....	6
Recommendation 6 .....	6
Recommendation 7 .....	7
Recommendation 8 .....	7
Recommendation 9 .....	7
<b>Future Considerations</b> .....	<b>7</b>
Texas Healthcare Transformation and Quality Improvement Program 1115 Medicaid Waiver Collaboration for Chronic Disease .....	7
<b>Conclusion</b> .....	<b>8</b>
<b>Appendix A: Letter from the PHFPC Committee Chair</b> .....	<b>9</b>
<b>Appendix B: Public Health Funding and Policy Committee Members</b> .....	<b>11</b>

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## **Executive Summary**

The Public Health Funding and Policy Committee (PHFPC) report is in response to [Texas Health and Safety Code, Section 117.103](#), which requires the PHFPC to submit a report to the Governor, Lieutenant Governor, and the Speaker of the House of Representatives on the implementation of Texas Health and Safety Code, Chapter 117.

Chapter 117, Subchapter C of the Texas Health and Safety Code states that the PHFPC shall, at least annually, make formal recommendations to the Department of State Health Services (DSHS) regarding:

- The use and allocation of funds available exclusively to local health departments (LHDs) to perform core public health functions
- Ways to improve the overall public health of citizens in this state
- Methods for transitioning from a contractual relationship between DSHS and the LHDs to a cooperative-agreement relationship between DSHS and the LHDs
- Methods for fostering a continuous collaborative relationship between DSHS and the LHDs

Recommendations made must be in accordance with:

- Prevailing epidemiological evidence, variations in geographic and population needs, best practices, and evidence-based interventions related to the populations to be served
- State and federal law
- Federal funding requirements

Not every Texan has the same level of local public health protection. The Texas public health system is fragmented, complex, and in some instances, non-existent. Texas delivers public health services through a system of state and LHDs. As detailed in the 2012 PHFPC Annual Report, the presence, scope, and quality of public health services vary greatly among Texas counties and cities.<sup>1</sup> Among the 254 counties in Texas, 59 operate under a local public health contract with DSHS. Many other entities provide a small subset of environmental permitting and/or clinical services. DSHS health service regions (HSRs) provide local public health services to counties without a local public health entity. On a routine basis, HSRs support LHDs in provision of services when the local health entity does not have the resources available. Health service regions also assist with response to disease outbreaks and natural disasters.

State funding of local public health services is also complex and not well understood. Local public health entities may receive city, county, state, federal, or other sources of funding. Historically, local public health entities' funding does not align with known public health risks, vulnerabilities, threats, and/or disease statistics. LHDs, 11 HSRs, and the DSHS central office compete for state funding to support local public health services.

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<sup>1</sup>Texas Department of State Health Services. 2012 PHFPC Annual Report. *Public Health Funding and Policy Committee*. <http://www.dshs.state.tx.us/phfpccommittee/default.aspx>. Published February 2013. Accessed March 7, 2016.

The PHFPC's priorities for 2016 include defining core public health services for local entities and identifying public health funding sources. The PHFPC is engaged with DSHS Division for Regional and Local Health Services to conduct an assessment of current public health services across the state, define core public health services, and determine a methodology to assess public health funding in Texas. The PHFPC's goal is to identify and recommend system level changes to improve public health for Texans.

The PHFPC's recommendations focus on the need for continued funding for public health programs and initiatives to meet community needs and to improve efficiencies. With the consolidation of the Health and Human Services Commission (HHSC), the PHFPC is concerned public health funding will be diverted to other areas in HHSC to cover underfunded programs or to divert crises. The PHFPC made several recommendations to DSHS. Listed below is a summary of the recommendations.

- Additional public health funding to address chronic disease prevention
- Support for access to care initiatives
- Funding to assist with Affordable Care Act enrollment
- Additional funding for mental health
- Adequate funding to LHDs for syndromic surveillance
- Legislation to ease the third party billing application process for LHDs and other governmental entities
- Process to track the flow of federal funds from the source to LHDs
- Process and framework to define core public health services
- Monitoring to ensure what services and programs are critical to public health during the transition of programs from DSHS to HHSC

The PHFPC made significant progress over the last two years. During 2016, PHFPC will continue to engage in the following activities: establishing a statewide syndromic surveillance system, defining core public health services, developing funding formulas, and initiating a project to track the stream of federal funds from origin to LHDs.

## **Introduction**

[Texas Health and Safety Code, Section 117.103](#) requires the Public Health Funding and Policy Committee (PHFPC) to submit a report to the Governor, Lieutenant Governor, and the Speaker of the House of Representatives on the implementation of Texas Health and Safety Code, Chapter 117.

## **Background**

In 1997, the 75th Texas Legislature passed H.C.R. 44 which required an interim study to evaluate the role of local governments in providing public health services. As a result, a steering committee and working group submitted recommendations to the 76th Texas Legislature. With the passage of H.B. 1444, 77th Texas Legislature, Regular Session, 1999, Texas established itself as one of the first states to codify the essential services of public health into statute. However, the effort to fund these essential services remains “subject to the availability of funds.” In addition, local service delivery remains problematic because the majority of funds are tied to categorical streams. What is needed is transformative change in state and federal funding of services.

Although H.B. 1444 provided a foundation, it did not define what constitutes a health department in Texas, establish standards, scope of services, or establish a mechanism for funding. Since 1999, when H.B. 1444 was passed, persistent programmatic funding cuts have resulted in decreased public health capacity. This includes a decrease in the number of staff in state and local health departments (LHDs). Many local governments voiced concerns about their inability to absorb state funding cuts without additional county or city dollars. The PHFPC emphasized the need for a stable source of state funding to ensure equitable distribution of local public health services across the state.

In March 2010, discussions began on how DSHS could benefit from the creation of an advisory committee aimed at reviewing policy development and funding allocations to LHDs. In 2011, the 82nd Texas Legislature passed S.B. 969, which established the PHFPC. The bill, which went into effect September 1, 2011, requires the Commissioner of DSHS to appoint nine members to the PHFPC, as well as provide staff and material support to the PHFPC and meetings. The committee meetings are subject to Chapter 331 of the Government Code, Open Meetings Act.

The PHFPC's general duties are outlined in Section 117.101 of the Texas Health and Safety Code. The PHFPC shall:

- Define the core public health services a local health entity should provide in a county or municipality.
- Evaluate public health in this state and identify initiatives for areas that need improvement.
- Identify all funding sources available for use by LHDs to perform core public health functions.
- Establish public health policy priorities for this state.
- At least annually, make formal recommendations to DSHS regarding:
  - The use and allocation of funds available exclusively to LHDs to perform core public health functions

- Ways to improve the overall public health of citizens in this state
- Methods for transitioning from a contractual relationship between DSHS and the LHDs to a cooperative-agreement relationship between DSHS and the LHDs
- Methods for fostering a continuous collaborative relationship between DSHS and the LHDs

The statute further specifies that recommendations must be in accordance with the following:

- Prevailing epidemiological evidence, variations in geographic and population needs, best practices, and evidence-based interventions related to the populations to be served
- State and federal law
- Federal funding requirements

## **Accomplishments**

### **Emergency Preparedness Funding Formula**

The PHFPC worked with DSHS on the Public Health Emergency Preparedness (PHEP) funding formula. The Center for Disease Control and Prevention (CDC) Office of Public Health Preparedness administers funds for preparedness activities to state and local public health systems through the PHEP cooperative agreement. Through this agreement, CDC helps public health departments strengthen their abilities to respond to all types of public health incidents and build more resilient communities. DSHS convened a workgroup to develop objective measures to identify and address: participation criteria, lapsing funding, the withdrawal of participants, and the addition of new participants. DSHS and the workgroup completed this task and presented a funding formula that was appropriate and acceptable by the PHFPC and its members.

### **Texas Sunset Advisory Commission Report**

In 2014, the PHFPC thoroughly reviewed the recommendations/decisions offered by the Texas Sunset Advisory Commission (Commission) for both the Health and Human Services Commission (HHSC) and DSHS. The PHFPC appreciates the comprehensive approach the Commission staff took in preparing the reports. They sought information from various entities throughout the state to ensure they captured the interests of all who would be affected by their recommendations. The PHFPC was in agreement with a majority of the recommendations, but is concerned about the recommendation to consolidate the five HHSC system agencies into one. The concern is that funding for public health will be diverted to other areas within HHSC that may appear to have a greater need due to low funding and crisis diversion. The PHFPC will continue to monitor the progress of this transition and the effect it has on DSHS with regard to services and funding.

## **Current Activities**

### **Statewide Syndromic Surveillance System**

The statewide syndromic surveillance system is an ongoing project that involves DSHS housing all of the surveillance data from every jurisdiction throughout the state. This is a massive undertaking considering there are over 300 hospitals who will be reporting into this system to be potentially utilized by over 100 LHDs. The PHFPC worked with DSHS to outline the work plan for this project and DSHS began execution of the plan. DSHS provides updates to the PHFPC on



its implementation efforts and the PHFPC is looking forward to a unified system. This project is part of the foundation for the development of a statewide public health system.

### **Defining Core Public Health Services**

The PHFPC and DSHS have been engaged in the process of defining core public health services. Prior to beginning this project, core public health services had as many definitions as there are jurisdictions. Public health stakeholders have now come to a consensus that there should be a standard of public health services made available to every citizen in the state. At this point, the core services have been identified as the following: chronic disease prevention and control; communicable disease prevention and control; environmental; maternal and child health; safety and injury prevention and control; population health; laboratory; access and linkage to care; surveillance and epidemiology; and public health emergency preparedness, response and recovery. DSHS is working to finalize a comprehensive inventory of public health services provided by DSHS and LHDs.

### **Developing Funding Formulas**

As required by the [Texas Health and Safety Code, Title 2, Subtitle F, Chapter 117](#), the PHFPC is to identify funding sources available to LHDs for carrying out core public health functions. Part of this duty includes the development of funding formulas to more objectively determine funding allocations awarded by DSHS program areas to LHDs. The PHFPC will be engaged in the process of working on a funding formula for the next program identified by DSHS. The process of developing funding formulas for the programs has become more routine with each program, because there is now an established approach that can be used as an outline and adjusted as needed.

### **Federal Funding Analysis Program**

The PHFPC intends to initiate a project tracing the stream of federal funds from the origin to its distribution to LHDs. A portion of local funding comes from the federal government whether it is received directly or funneled through the state or other entities as pass through funds. Tracking the flow of the funding will assist the PHFPC to understand the different courses the funding takes to get to LHDs, identify sources of funding for the LHDs, and help in the development of policy with regard to that funding.

### **Recommendations**

Prior to the 84th Texas Legislative Session, the PHFPC formed a Legislative Themes Subcommittee to identify improvements to public health that may require legislative action. As a result, the following recommendations were made to DSHS.

#### **Recommendation 1**

The PHFPC recommends that DSHS provide additional funding to address specific areas of chronic disease prevention such as obesity, tobacco cessation, and cardiovascular disease, which includes high blood pressure and stroke.

Progress to Date: Pending

Discussion: The PHFPC specifically identified these conditions because LHDs reported an increase in the negative effects in their communities. The PHFPC believes additional funding would enable LHDs to target the most problematic conditions in their jurisdictions.

**Recommendation 2**

The PHFPC recommends that DSHS provide support for access to care initiatives.

Progress to Date: In progress

Discussion: The PHFPC recommends that DSHS continue its support and funding to LHDs in areas where they provide safety net services such as tuberculosis, family planning, immunization, and refugee health screening.

**Recommendation 3**

The PHFPC recommends that DSHS provide funding to assist with marketplace expansion and resources to assist with Affordable Care Act enrollment.

Progress to Date: Pending

Discussion: The PHFPC believes the state should support programs that assist people in obtaining health care and health care insurance to provide a greater opportunity for access to care.

**Recommendation 4**

The PHFPC recommends that DSHS continue to provide mental health funding.

Progress to Date: Pending

Discussion: Inadequate mental health funding and services contributes to a broad spectrum of community dysfunction including increased communicable disease, homelessness, and family dissolution.

**Recommendation 5**

The PHFPC recommends that adequate funding be provided to LHDs for syndromic surveillance.

Progress to Date: In progress

Discussion: The PHFPC believes surveillance initiatives are critical in assessing the overall state of health in Texas, because they provide for early detection and investigation of disease outbreaks, monitoring disease trends, identifying unusual disease clusters, establishing disease prevalence, and defining health trends and behaviors associated with those trends.

**Recommendation 6**

The PHFPC recommends that DSHS support legislation to ease the third party billing application process for LHDs and other governmental entities.

Progress to Date: Pending

Discussion: As governmental entities and essential community providers, LHDs should either receive assistance in or a waiver from the tedious third party billing application process.

**Recommendation 7**

The PHFPC recommends that DSHS work with the Committee to track federal funding that is allocated through the state to LHDs.

Progress to date: In Progress

Discussion: Tracking the flow of the funding will assist the PHFPC to understand the different courses the funding takes to get to LHDs, identify sources of funding for LHDs, and help in the development of policy with regard to that funding.

**Recommendation 8**

The PHFPC recommends that DSHS work with the Committee to establish a process for stakeholder input and a framework to help define core public health services an LHD should provide.

Progress to date: In Progress

Discussion: Public health stakeholders have now come to a consensus that there should be a standard of public health services made available to every citizen in the state.

**Recommendation 9**

The PHFPC recommends that DSHS work with the Committee to monitor and ensure what services and programs are critical to public health during the transition of programs from DSHS to HHSC.

Progress to Date: Pending

Discussion: It is possible that funding for public health will be diverted to other areas within HHSC that may appear to have a greater need due to low funding and crisis diversion. Transitioning safety net programs could have a negative impact on clients based on current HHSC policy and requirements.

**Future Considerations**

**Texas Healthcare Transformation and Quality Improvement Program 1115 Medicaid Waiver Collaboration for Chronic Disease**

Chronic disease prevention and control are a fundamental public health concern. Chronic diseases are the leading cause of death and disability in the United States, and they account for

86 percent of the nation's health care costs.<sup>2</sup> There are several local public health jurisdictions in the state that are implementing 1115 Medicaid Waiver projects pertaining to chronic disease prevention and control. The PHFPC would like to take an inventory of all such programs across the state, categorize them and possibly combine like programs and projects in an effort to begin a chain of programs throughout the state that can be expanded as other jurisdictions join in an effort to develop a statewide 1115 Medicaid Waiver chronic disease prevention and control public health consortium.

### **Conclusion**

The PHFPC is dedicated to carrying out its duties as outlined by state statute and appreciates the opportunity to be a part of the planning and development of a statewide public health system. It is a huge responsibility, but a very gratifying and meaningful one that will soon lead to a standard menu of public health services to each resident throughout the state, regardless of jurisdiction, region, or funding. This will be accomplished by working in collaboration with HHSC, DSHS, and all LHDs. The knowledge, experience, and commitment of all entities combined will ensure the provision of unvarying public health services throughout the state.

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<sup>2</sup>Centers for Disease Control and Prevention. National Vital Statistics Report, Volume 64, Number 2. *National Center for Health Statistics*. [http://www.cdc.gov/nchs/data/nvsr/nvsr64/nvsr64\\_02.pdf](http://www.cdc.gov/nchs/data/nvsr/nvsr64/nvsr64_02.pdf). Published February 16, 2016. Accessed March 7, 2016.

**Appendix A: Letter from the PHFPC Committee Chair**



**Public Health Funding and Policy Committee**

Department of State Health Services

P.O. Box 149347. Austin, Texas 78714-9347

Attention: Governor Greg Abbott  
Lieutenant Governor Dan Patrick  
Speaker Joe Straus  
Senator Charles Schwertner  
Senator Jane Nelson  
Representative Myra Crowover  
Commissioner John Hellerstedt, M.D.

Attached please find the Public Health Funding and Policy Committee (PHFPC) Annual Report. It details the recent accomplishments of the PHFPC, its current activities, its latest recommendations to the Commissioner of Texas Department of State Health Services (DSHS) and provides the PHFPC's objectives for future activities.

The PHFPC achieved two major accomplishments in this report cycle. One accomplishment was assisting DSHS with the development of a funding formula for the distribution of Public Health Emergency Preparedness (PHEP) funds. This was a critical task, because there is a growing need for this funding across the state and a limited amount of funds. A great deal of careful consideration went into the process and the actual development of the funding formula that resulted in a plan.

The PHFPC worked with DSHS to review and implement the recommendations presented in Texas Sunset Advisory Commission Reports on the Health and Human Service Commission (HHSC) and DSHS. The recommendations directly impact providers of public health services.

The PHFPC's current activities include assisting DSHS in the implementation of a statewide syndromic surveillance system, working with DSHS to define core public health services in Texas, supporting DSHS in the development of additional funding formulas and assisting with a federal fund analysis project to track the flow of federal funds from the source to dissemination to local health departments. These activities are detailed in the report.

The PHFPC's recommendations focus on the need for continued funding for public health programs and initiatives. Public health funding is the key to assessment, education, raising awareness, research, and treatment. It is also the key to protection against infectious diseases, chronic diseases, and preventable deaths. Adequate funding leads to healthier communities. Funding provides the essential safeguards for local health departments to maintain good public health practices in their communities and to plan for unexpected public health emergencies. The lack of funding leads to a higher risk of public health conditions, chronic diseases, and inability to adequately prepare for disasters. We understand that funding is a major issue statewide but well-spent resources lead to better efficiencies.

Since the PHFPC's inception, it has engaged in activities to meet its charge under Chapter 117 of the Health and Safety Code. While the PHFPC is pleased with its progress to date, there is still a great deal of work to be accomplished. In the next year, the PHFPC has several definite objectives it would like to meet. The objectives include continuing its efforts to define core public health services, working with DSHS to develop the funding criteria for the next identified program and working with DSHS on a project that will track the stream of federal funds from point of release to the local health department. The report outlines these activities in detail.

The PHFPC is grateful for the opportunity to improve public health in the state and looks forward to the activities of the year ahead. Your continued support in the PHFPC's endeavors is greatly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Stephen L. Williams".

Stephen L. Williams, M.Ed., M.P.A.  
Chair, Public Health Funding and Policy PHFP Committee  
Director, Houston Department of Health and Human Service

## **Appendix B: Public Health Funding and Policy Committee Members**

Philip Huang, M.D., M.P.H.

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