

substance abuse disorder harm reduction services. “Foundational public health programs” are the services required through statute and regulation and include, among others, those that prevent and mitigate disease, protect people from injury, promote healthy lifestyles, promote population health, enforce administrative regulations, ensure emergency preparedness and response, monitor and mitigate communicable disease, and provide administrative and organizational infrastructure to deliver services.

Section 2 relates to foundational health program funding. To determine the total funding for delivery of foundational health programs, a statewide base funding level is calculated so that:

- each county with 15,000 or fewer residents will have at least three full-time equivalent public health service providers for foundational public health programs, and
- each agency has enough funds for one additional full-time equivalent public health service provider for every 5,000 persons above the initial 15,000 number of residents.

Funding for each full-time equivalent foundational public health service provider must be computed by dividing the total amount appropriated for that purpose by the number of required full-time equivalent foundational public health service providers. An agency (health department) eligible to receive these funds must promise to employ at least one full-time equivalent foundational public health service provider, ensure delivery of foundational public health programs, and dedicate funding for full-time equivalent public health providers through (1) an ad valorem public health tax of at least \$0.018 per \$100 of assessed property value, or (2) through direct funding from the county in which the health department operates in an amount equal to an amount that would have been received through the ad valorem tax.

The health department would then receive an amount equal to the base funding level for each full-time equivalent foundational public health service provider as evaluated by the Cabinet for Health and Family Services. The base funding level would be evaluated using at least these factors:

- the amount received by the health department from the ad valorem public health tax or other county funding,
- the statewide average costs of salary for each full-time equivalent foundational public health care service provider for each health department,
- the statewide average costs of benefits for each full-time equivalent foundational public health service provider in each health department,
- the actual costs of the retirement liability contributions for each full-time equivalent foundational public health service provider in each health department as compared to other health departments and whether they participate in a state-administered retirement system, and
- the statewide average costs of operating expenses to the health department associated with each full-time equivalent foundational public health service provider.

CHFS must determine, by May 1 of each year prior to a budget session, the estimated amount necessary to fund the salary, benefits, unfunded retirement liability contribution, and operating expenses of the health department associated with each full-time equivalent foundational public health service provider for all agencies as calculated from the previous nine-month period. The Department for Public Health must ensure that core public health programs will be provided by one or more health departments. Core public health programs other than foundational public health programs may be provided by other entities, but the health department must agree that it will remain responsible for ensuring provision of the core public health programs if the other entity no longer provides the service and if funding is available. Each health department must maintain records and submit required information to the Department for Public Health.

Under **Section 3**, as long as core public health programs are funded and implemented, local public health priorities must demonstrate data-driven needs, utilize evidence-based or promising practices, identify adequate funding, demonstrate performance and quality management plans, and define a strategy to determine when the service or program will no longer be needed. Again, each health department must maintain records and submit required information to the Department for Public Health.

Sections 4 through 9 amend various statutes relating to CHFS's jurisdiction to require the total fees for permitting and inspection to be the total of the operational and administrative costs of the programs to CHFS and health departments and the costs of the programs, but *it caps the fee increases to a maximum increase of no more than 25% until December 31, 2020*; beginning January 1, 2021, it caps any associated annual fee increases at 5%.

Sections 10 through 15 make conforming amendments to various statutes to allow for the ad valorem tax provisions in the bill. **Section 16** repeals KRS 212.740, relating to expenditures of special health tax moneys, and KRS 212.760, relating to public health taxing districts exempt from compensating tax rate. **Section 17** declares an emergency to establish the bill's effective date.

The fiscal impact of HB 129 GA is indeterminate to substantial, both negative and positive, depending on the county and its budget. According to the Kentucky Health Department Association, most local health departments will receive additional (minimal to substantial) funding, while some will receive less (minimal to substantial). Some counties are able to fully or more fully fund foundational public health services. The funding that some counties receive from the Department for Public Health would be redistributed to other counties' health departments for the funding of foundational public health services.

There are 61 local health departments, of which 47 are single-county specific and 14 are multi-county districts. Local health departments may receive funding through a combination of sources from the federal government, the state Department for Public Health, fees, local government restricted and unrestricted reserves, and local taxes. The Louisville Metro Health Department, Lexington-Fayette County Health Department, and Northern Kentucky Independent District Health Department have separate policies regarding patient fees, membership, board, and personnel.

Under the bill, local governments would need to ensure a minimum ad valorem tax rate of at least \$0.018 per \$100 of assessed property value, or equivalent alternative funding, for the required number of foundational public health program providers. According to the Kentucky Health Department Association (KHDA), all counties and health department districts (except for Jefferson County) currently provide *more* than this amount, thus the bill does not *per se* require an additional local tax amount. However, because the bill requires that a certain minimum amount of funding be directed toward foundational public health programs and that it not be used for optional community services, the counties and taxing districts that are able to fully, or nearly fully, fund foundational public health programs will receive less or no additional state funding for the programs. These counties/taxing districts that previously received funds may receive less, thus they may need to devote additional local funds for their optional community services. They will continue to receive their traditional WIC, HANDS, and Harm Reduction funding for the core public health services.

The reporting requirements under HB 129 GA could be a minimal cost to local health departments, but reporting was also implied under prior versions because information was needed from health departments in order to determine certain levels of funding.

Currently, the total of environmental fees collected is approximately \$5 million. HB 129 GA places a 25% limit on increases to those fees, yielding an additional \$1.25 million, for a total of \$6.25 million, much of which would be redistributed back to the counties. The bill directs that the total fees for permitting and inspection be the total of the operational and administrative costs of the programs to CHFS and health departments (and the costs of the programs), but it caps any fee increases to a maximum increase of no more than 25% until December 31, 2020.

According to the KHDA, the local health departments in the following county health departments may receive less funding under the bill, but these counties should still be able to provide the required level of foundational public health program services: Breathitt, Bullitt, Clark, Fayette, Franklin, Jefferson, Johnson, Madison, Marshall, Montgomery, Oldham, and Woodford. The Wedco District Health Department, serving Harrison, Nicholas, and Scott counties, would also receive less. All other county health departments would receive more funding.

The **Franklin County Health Department, Lexington/Fayette County Health Department, and Louisville Metro Health Department** have each indicated support for the ad valorem tax/funding formula tied to foundational health care program services because of the need for the public health services. Franklin County and Lexington/Fayette County would lose funding under the bill, and both indicated that it would not solve personnel retirement issues. Louisville Metro indicated that the bill would require the local government to shift funding from other sources to cover the level of funding required for foundational public health service programs mandated by the bill.

Table 1, received from the Department for Public Health, represents the funding that all health departments or multi-county districts received in FY 2019. *These funds are subject to redistribution under the bill for future fiscal years, but until a more precise formula for redistribution is available, it is not possible to determine a more exact impact on the funding of the health departments.* The table is included in this analysis for context of the amount of the sources of funds involved. The 426-KERS Assistance column represents funding that health departments participating in a state retirement received from funds earmarked for that purpose by the Department for Public Health. The 424-Environmental column represents the health departments' share of environmental fees that they collected, which, for the fiscal year, represented 90% of funds collected. 428-PH Block Grant column represents a smaller allocation of state General Fund money remaining for distribution.

Table 1
KY Department for Public Health
FY 19 424-426-428 Allocations to LHDs

LHD	426-KERS Assistance	424-Environmental	428-PH Block Grant	Total
ALLEN	\$202,576.37	\$18,662.60	\$8,129.96	\$229,368.93
ANDERSON	\$110,211.93	\$20,049.86	\$5,699.46	\$135,961.25
BARREN RIVER	\$1,403,042.22	\$240,037.28	\$77,205.26	\$1,720,284.76
BELL	\$249,212.32	\$29,403.92	\$12,213.70	\$290,829.94
BOURBON	\$138,041.44	\$20,118.42	\$7,275.30	\$165,435.16
BOYD	\$291,082.77	\$66,217.06	\$9,352.47	\$366,652.30
BOYLE	\$140,043.78	\$43,772.72	\$7,308.83	\$191,125.33
BRACKEN	\$87,200.34	\$6,110.30	\$7,793.87	\$101,104.51
BREATHITT	\$360,828.86	\$12,424.33	\$12,426.91	\$385,680.10
BRECKINRIDGE	\$138,162.72	\$17,130.10	\$7,284.57	\$162,577.39
BUFFALO TRACE	\$221,741.49	\$30,425.26	\$18,178.27	\$270,345.02
BULLITT	\$311,828.95	\$57,624.80	\$10,266.36	\$379,720.11
CALLOWAY	\$160,931.22	\$44,113.30	\$10,197.14	\$215,241.66
CARTER	\$90,491.46	\$30,168.66	\$10,833.00	\$131,493.12
CHRISTIAN	\$372,166.14	\$79,629.32	\$13,961.53	\$465,756.99
CLARK	\$499,572.07	\$34,806.70	\$6,269.06	\$540,647.83
CUMBERLAND VALLEY	\$718,033.53	\$36,292.80	\$38,375.80	\$792,702.13
ESTILL	\$123,077.96	\$14,230.58	\$12,512.42	\$149,820.96
FAYETTE	\$1,574,823.21	\$436,250.64	\$34,898.07	\$2,045,971.92
FLEMING	\$96,623.39	\$11,897.89	\$9,558.54	\$118,079.82
FLOYD	\$293,658.00	\$29,464.40	\$13,286.65	\$336,409.05
FRANKLIN	\$622,369.80	\$66,819.37	\$7,666.01	\$696,855.18
GARRARD	\$97,491.28	\$11,449.34	\$7,801.38	\$116,742.00
GATEWAY	\$543,837.62	\$66,626.69	\$57,818.43	\$668,282.74
GRAVES	\$275,019.46	\$37,647.50	\$9,025.95	\$321,692.91
GRAYSON	\$127,884.54	\$29,852.76	\$9,863.54	\$167,600.84
GREEN RIVER	\$1,659,199.73	\$228,577.52	\$53,084.21	\$1,940,861.46
GREENUP	\$253,751.62	\$31,374.24	\$8,942.53	\$294,068.39
HARLAN	\$247,147.82	\$22,059.66	\$12,249.58	\$281,457.06
HOPKINS	\$372,171.43	\$50,444.62	\$9,108.70	\$431,724.75
JEFF LOU METRO		\$955,155.42	\$79,280.99	\$1,034,436.41
JESSAMINE	\$265,879.08	\$50,026.98	\$7,649.16	\$323,555.22
JOHNSON	\$337,554.64	\$17,539.90	\$9,606.31	\$364,700.85

LHD	426-KERS Assistance	424-Environmental	428-PH Block Grant	Total
KENTUCKY RIVER	\$859,437.88	\$103,204.54	\$75,142.72	\$1,037,785.14
KNOX	\$513,413.24	\$37,607.86	\$12,567.70	\$563,588.80
LAKE CUMBERLAND	\$1,494,360.80	\$247,286.10	\$112,434.39	\$1,854,081.29
LAUREL	\$315,372.59	\$51,458.50	\$12,370.44	\$379,201.53
LAWRENCE	\$190,217.55	\$17,644.40	\$9,686.90	\$217,548.85
LEWIS	\$146,965.51	\$8,934.71	\$12,446.84	\$168,347.06
LINCOLN	\$110,079.87	\$19,023.55	\$10,545.28	\$139,648.70
LINCOLN TRAIL	\$920,166.51	\$242,163.74	\$47,293.32	\$1,209,623.57
MADISON	\$994,311.20	\$95,222.42	\$14,894.26	\$1,104,427.88
MAGOFFIN	\$118,521.02	\$11,737.50	\$12,367.71	\$142,626.23
MARSHALL	\$391,533.18	\$49,227.72	\$5,826.27	\$446,587.17
MARTIN	\$123,232.74	\$9,893.40	\$11,506.47	\$144,632.61
MERCER	\$172,257.84	\$28,341.96	\$7,403.17	\$208,002.97
MONROE	\$96,144.84	\$11,908.90	\$12,146.46	\$120,200.20
MONTGOMERY	\$407,018.66	\$36,072.60	\$9,957.02	\$453,048.28
MUHLENBERG	\$192,112.77	\$31,523.20	\$8,391.81	\$232,027.78
NORTH CENTRAL	\$418,328.83	\$71,186.78	\$25,202.53	\$514,718.14
NORTHERN KENTUCKY	\$1,669,444.11	\$526,431.60	\$51,547.75	\$2,247,423.46
OLDHAM	\$268,713.20	\$42,258.68	\$8,822.87	\$319,794.75
PENNYRILE	\$451,468.45	\$67,352.32	\$37,318.57	\$556,139.34
PIKE	\$553,292.66	\$65,070.90	\$12,840.45	\$631,204.01
POWELL	\$74,645.80	\$18,120.20	\$12,312.10	\$105,078.10
PURCHASE	\$537,832.01	\$146,997.04	\$41,019.71	\$725,848.76
THREE RIVERS	\$414,980.86	\$66,594.04	\$27,414.05	\$508,988.95
TODD	\$136,482.28	\$11,356.75	\$9,368.29	\$157,207.32
WEDCO	\$745,228.42	\$69,816.20	\$23,208.44	\$838,253.06
WHITLEY	\$548,537.65	\$42,066.30	\$12,942.82	\$603,546.77
WOODFORD	\$144,842.33	\$30,144.60	\$5,201.69	\$180,188.62
Grand Total	\$25,394,600.00	\$5,005,051.45	\$1,247,303.99	\$31,646,955.44

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II refers to HB 129 GA; there were no changes to HB 129 HCS 2.

The fiscal impact of HB 129 HCS 2 changed from that of HB 129 HCS 1. HB 129 HCS 2 kept most of the substantive provisions of HB 129 HCS 1 but made the following significant changes:

- required each health department to maintain records and submit required information to the Department for Public Health;
- required the total fees for various permits and inspections to be the total of the programs, and operational and administrative costs, *with a maximum increase in fees of no more than 25% until December 31, 2020*, and no more than a maximum increase in fees of no more than 5% each year thereafter; and
- exempted certain vending machines from the permit and fee requirements.

The fiscal impact of HB 129 HCS 1 was unchanged from that of HB 129 as introduced. HB 129 HCS 1 kept most of the substantive provisions of HB 129 as introduced, and made the following changes:

- deleted the requirement that the Department for Public Health conduct a needs assessment for services that are local public health priorities, thus allowing the local agency to conduct the assessment;
- clarified that local health priorities, that are in addition to the required funded core public health programs, are permissive rather than required; and
- capped the various fees at an annual increase of 5% beginning January 1, 2021.

Data Source(s): LRC Staff; Department for Public Health; Franklin County Health Department; Fayette County Health Department; Louisville Metro Health Department; Kentucky Health Department Association; Miller, Crystal A., "The Use of Local Tax Dollars in Kentucky Local Health Departments to Sustain Programs from 2009-2013" (2015); Theses and Dissertations-- Public Health (M.P.H. & Dr.P.H.). 71. https://uknowledge.uky.edu/ch_etds/71

Preparer: Robert Jenkins **Reviewer:** KHC **Date:** 2/14/20