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September 23, 2009

Beth Goldberg, Deputy Director  
King County Office of Management & Budget  
401 5<sup>th</sup> Avenue, Suite 0800  
Seattle, WA 98104

Dear Ms. Goldberg:

Public Health – Seattle & King County respectfully submits the enclosed updated 2010 Requested Budget and accompanying Business Plan.

The department's 2010 Requested Budget was prepared in an extremely difficult fiscal environment. Following significant cuts in the department's 2009 budget, as described below, we entered our 2010 budget development process facing a \$7.1 million deficit – a “structural gap” – representing the difference between projected expenditures and available revenues. As is well known to your office, Public Health has a persistent structural gap between the rising cost of providing services, including retaining a skilled and qualified workforce, and a flat or shrinking revenue base. In addition to this structural gap, the department was allocated an 8.6% General Fund target reduction, \$4.8 million, including the Public Health Fund and Jail Health Services.

This presented a challenge of almost \$12 million for our 2010 budget, which forced the department to identify significant service reductions in order to propose a balanced budget for 2010. These cuts include abrogating 61.6 FTE. This gap would have been larger but we were fortunate that through the County Executive's leadership and the helpful assistance of your office, a number of 2010 expenditure savings helped to lessen the structural gap compared to previous years; for example savings in employee benefits costs and reductions in central overhead rates.

Following the reductions taken in the department's 2009 budget, developing these proposed 2010 reductions has been very difficult. We have appreciated the opportunity to work closely with your office following the June 1 submittal of our preliminary budget and business plan. The enclosed updated materials that reflect current budget directions are consistent with the adopted Public Health Operational Master Plan (PHOMP), which establishes department principles, goals, and key functions, and describes four-year, prioritized strategic plans for each of its domains. The PHOMP identifies an overarching department goal to increase the number of healthy years lived in King County and to eliminate health disparities. The PHOMP was also developed based on four guiding principles that public health programs should be:

1. Based on Science and Evidence;
2. Focused on Prevention;
3. Centered on the Community; and
4. Driven by Social Justice.

Based on the PHOMP framework, the Requested Budget and Business Plan is organized into twenty sections established within Public Health's five divisions and the department's Cross-Cutting and Business functions. These divisions consist of Emergency Medical Services, Community Health Services, Environmental Health Services, Jail Health Services, and Prevention Services. In addition, critical Cross-Cutting and Administrative Services include priority public health functions and the department's core business infrastructure. Each section specifically correlates to one of the four domains of the PHOMP: Protection, Promotion, Provision, and Organizational Attributes and Financing, which are linkages of key interest to the Council. The sections, which were established pursuant to Ordinance 2009-0130 (commonly referred to as the Ferguson Ordinance) also align with our organizational accountabilities and business structure, and each relates to only one Fund as well.

As noted above, our 2010 budget development process started with significant cuts in the department's 2009 budget, including lifeboat reductions. In our 2009 budget, as a consequence of the county's and state's financial crisis, the department faced over \$11M in permanent ongoing reductions and \$6M in lifeboat reductions. While funding solutions have been identified for some of the mid-year lifeboat cuts, significant service reductions to vulnerable populations, program closures, and cuts to infrastructure are being experienced this year. Lifeboat reductions implemented in the second half of 2009 are further eroding public health programs at the same time that the economy is causing more people to be unemployed or uninsured, adding demands to our system as well as for all the safety net providers in the community.

2009 program reductions included reducing TB investigations, reducing Maternity Support Services home visits, eliminating the HIV/AIDS Hotline, reducing Vector/Nuisance Control services, closing a Public Health Center pharmacy, eliminating street outreach with pregnant women and families involved in substance use, and cutting the number of Immunization Clinics from nine full-time, to four part-time clinics (which are now proposed to be eliminated entirely in 2010.)

In addition, 2009 lifeboat programs that were eliminated from the 2010 budget are as follows:

- Reduced visits to child care facilities by 2,750 visits.
- Eliminated the county-funded dental sealant program.
- Reduced Children with Special Health Care Needs program by 1,118 visits.
- Reduced financial support for Community Health Center services.
- Reduced services in the TB Program.
- Reduced Medical Examiner Office death investigation capacity.
- Reduced Communicable Disease Control services.
- Reduced Public Health laboratory testing.
- Reduced epidemiology capacity within the Zoonotics Disease Program, for diseases transmitted from animals to humans.

These 2009 lifeboat reductions reflect cuts of over \$2.8 M (annualized) and 39.8 FTE.

The 2010 public health budget problem became greater as a result of state action. Due to the state's financial crisis, the Washington State Legislature reduced state public health funding for Public Health – Seattle & King County by \$2.7 million, including reductions to HIV/AIDS, Colon Health, Tobacco Prevention, Maternity Support Services and Family Planning Programs and a 20% cut in dedicated funding to prevent communicable diseases and chronic diseases.

The economic recession is not only impacting the provision of health care services by Public Health, but also by King County safety net partners. While the economy is causing growing numbers of uninsured people to seek public health and community safety net services, state support for health care coverage and reimbursement has decreased. Further ramifications of the economic downturn are changes in fee-based service demands. For example, in our Environmental Health On-Site Sewage and Plumbing/Gas Piping programs, plummeting service demands have caused a severe drop in revenues, which has forced the department to lay off 11 employees in these programs to date in 2009, with further reductions proposed in 2010 based on estimated revenue losses of \$2.4M.

Under these very difficult financial circumstances, the PHOMP-driven priorities to support core organizational attributes and maintain critical foundational capacity guided the department in making tough budget decisions. Within this framework, Public Health first identified reductions in overhead administrative and business functions commensurate with the target reduction. Then, further administrative reductions and program efficiencies were taken. Next, revenue enhancement and leveraging opportunities of current and potential revenues were established. And finally, faced with the county General Fund shortfall and decreasing state and federal revenues, program and service reductions were developed.

Significant reductions and changes that are proposed in the department's 2010 Budget include the following:

- Closing the three remaining immunization clinics in the Public Health Centers, which follows the reduction from nine clinic sites this year. At the same time, the Requested Budget includes one-time funding to continue supporting the transition of immunization services to the medical community and assisting providers to respond to the elimination of the state's universal vaccine purchase program;
- Closing the Kent Teen Clinic and the Kent Alder Square Public Health Center. Primary care services at the Teen Clinic site will be discontinued. Some of the services offered at the Alder Square site, including Women, Infants and Children nutrition services (WIC), Family Planning, and Maternity Support Services (MSS) programs will be relocated;
- Reducing services at the Northshore Public Health Center, including closing the stand-alone Family Planning Clinic at that site. These reductions include a cut of 11 positions. This will be done in the context of a new partnership with Healthpoint (a community health center organization) to build a new collaborative service model at the Northshore Public Health Center. HealthPoint will bring in its primary care practice and Public Health

will continue complementary office-based Maternity Support Services (MSS) and Women, Infants and Children (WIC) nutrition services at the site.

- Cutting 2.0 FTE community health educators who serve at-risk groups, consisting of a cut of 1.0 FTE Family Planning community health educator, which will reduce teacher training and pregnancy/STD risk reduction in the county's juvenile detention center, and 1.0 FTE HIV/AIDS community health educator working with high-risk populations;
- Eliminating dedicated STD services at the Columbia Public Health Center and the Department of Youth Services, but preserving some capacity within the family planning program at Columbia and maintaining core STD services at Harborview Medical Center;
- Eliminating clinic treatment for non-pulmonary (less infectious) TB cases, under an arrangement where Harborview's Infectious Disease Clinic will provide care;
- Eliminating a contract to Senior Services for exercise and nutrition services to older adults;

In Jail Health Services, the Requested Budget includes the following reductions and strategies, which, along with further strategies developed with OMB for the use of Mental Illness and Drug Dependency (MIDD) funds, enabled the department to reduce the division's budget by \$5.8M, which exceeded the division's 8.6% General Fund target:

- Implementing automated medication packaging equipment in 2010.
- Increasing efficiencies from the implementation of the electronic health record system, as JHS finds further opportunities for automation and savings in areas such as patient registration.
- Creating additional efficiencies and savings through pharmaceutical protocol changes.
- Reducing staffing levels based on lower population forecasts.

#### New Financing Model for Public Health Centers

The department's Requested Budget incorporates a new financing model for the Public Health Centers. Changes to the financial model involve using the General Fund to cover the costs of public health center infrastructure/building costs and also employ outside flexible funds to support the department and county indirect costs at the centers. In this model, the programs located in public health centers are expected, collectively, to cover their direct costs with patient-generated and contract/grant funds, subject to policy decisions about subsidies to serve uninsured populations. The goals of the new financial model for the centers are to address problems with the existing budgeting structure through a changed model that provides better predictability of need for General Fund funds, efficiency, scalability in the model to respond to available resources, and

flexibility to address the changing future of health care system financing at the national and state levels, while also supporting effective service delivery.

#### Preserving Flexibility by Maintaining Position Authority

The Requested Budget anticipates the future need to rebuild capacity and maintains key position FTE authority without funding. Environmental Health and other divisions are strategically maintaining a small number of positions without concurrent permit revenues in 2010 in order to quickly respond when the economy improves or if federal stimulus dollars become available.

#### Preserving Drinking Water Program

In response to state budget reductions, the Washington State Department of Health eliminated the Small Drinking Water Systems program statewide, preventing the program from reverting to the state as proposed in the 2009 lifeboat plan. Local land development codes require review of drinking water wells and other small systems, so the Board of Health recommended that we resolve this issue by developing a fee-supported program to address King County Code and Board of Health requirements. The Board of Health has taken action and approved the new fee revenues as proposed in the Requested Budget.

#### Emergency Medical Services

The Requested Budget for Emergency Medical Services focuses on implementation of priorities and strategic initiatives in its strategic plan, including advanced life support services (ALS), basic life support services (BLS), dispatch enhancements, medical quality improvement, online training for EMS providers, and injury prevention programs. The Requested Budget also recognizes that a critical recent change in Medic One/Emergency Medical Services (EMS) levy fund revenue forecasts will create a significant gap in the EMS financial plan, since assessed values are going down and property owners are paying lower levy amounts. As in other service areas, the severe economic recession is having a significant effect on the regional EMS levy. Due to the planning foresight of regional EMS partners, the Executive and the County Council, however, there is an effective method for mitigating this gap using existing EMS levy fund reserves and contingencies rather than taking reductions in direct services and programs. In addition, programs are finding ways of accommodating allocation gaps based on a CPI forecast much lower than many agencies minimum COLA of 2% (including King County). This mitigation approach is included in our 2010 Budget proposal.

#### IT Capital Improvement Projects

The department's Requested Budget also includes the following IT capital improvement project requests:

- PH-HIT (Public Health-Health Information Technology). This is a proposal for a new integrated electronic health record and practice management system to replace the current legacy "Signature" system that the vendor will cease supporting in 2013.

- Online Food Worker Permits. The department currently conducts or oversees in-person classroom training for food worker cards for over 80,000 individuals annually. This proposal will offer an online training and e-commerce option to enable workers to obtain the food worker card that is required to work in the food service business.
- ABT Side System Integration. All departments were requested to submit proposals to document side systems that may need integration or interface modifications as PeopleSoft and Oracle come on line. The department's proposal identifies such public health systems.

### In Conclusion

Over the last decade, the provision of public health services in King County has been continually challenged due to emerging health risks, the increasing burden of preventable disease in our community, and public expectations and mandates. Public Health needs continue to evolve and diversify in response to the changing conditions among King County's populations, which are influenced by global, national, state, and local forces including: the epidemic of obesity which gives rise to chronic conditions like diabetes, and heart disease; emerging infectious diseases like H1N1 influenza; bioterrorism; potential flood disasters; and an increasing number of people who lack adequate health insurance.

As indicated by the information in this letter and through our Requested Budget, federal, state and local revenues that support core public health programs are significantly reduced in the 2010 budget and are likely to continue to decrease without a long term, dedicated funding source that is adequate to effectively protect and improve the health, safety, and quality of life for all King County residents.

We look forward to continuing on working with you as the Executive's Budget is transmitted to the King County Council for their review and consideration.

Sincerely,

A handwritten signature in blue ink that reads "David Fleming". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Fleming, M.D.  
Director and Health Officer