



2015/2016 KING COUNTY EXECUTIVE PROPOSED BIENNIAL BUDGET

King County

In Brief:

- ◆ **Federal and State revenue sources that support essential public health functions are static or declining.**
- ◆ **The budget includes significant reductions in health services for people most in need, in disease prevention efforts across King County, and in administrative and support functions.**
- ◆ **Through creative partnerships with non-profits, labor and community organizations, we were able to diminish the impact of reductions through 2016.**
- ◆ **The long-term financial picture is not sustainable. Without identifying new revenue sources through partnerships and regional solutions, further reductions in public health services are likely unavoidable.**

Public Health – Seattle & King County (Public Health) is facing considerable financial challenges in 2015/2016 and beyond. To assure the health of King County residents, Public Health provides successful programs that prevent current illness and death (e. g. communicable disease control); prevention programs to address persistent health disparities and the increase of chronic disease; and critical community-wide services that only Public Health provides such as medical examiner duties, environmental health services (e.g. restaurant inspections and hazardous waste management), communication of vital public health information and knowledge of the health status of King County. Public Health also provides clinical health services for low-income and uninsured residents and provides almost all (94%) Maternity Support Services (MSS) and most of the WIC (Special Supplemental Nutrition Program for Women, Infants, and Children) services in the County.

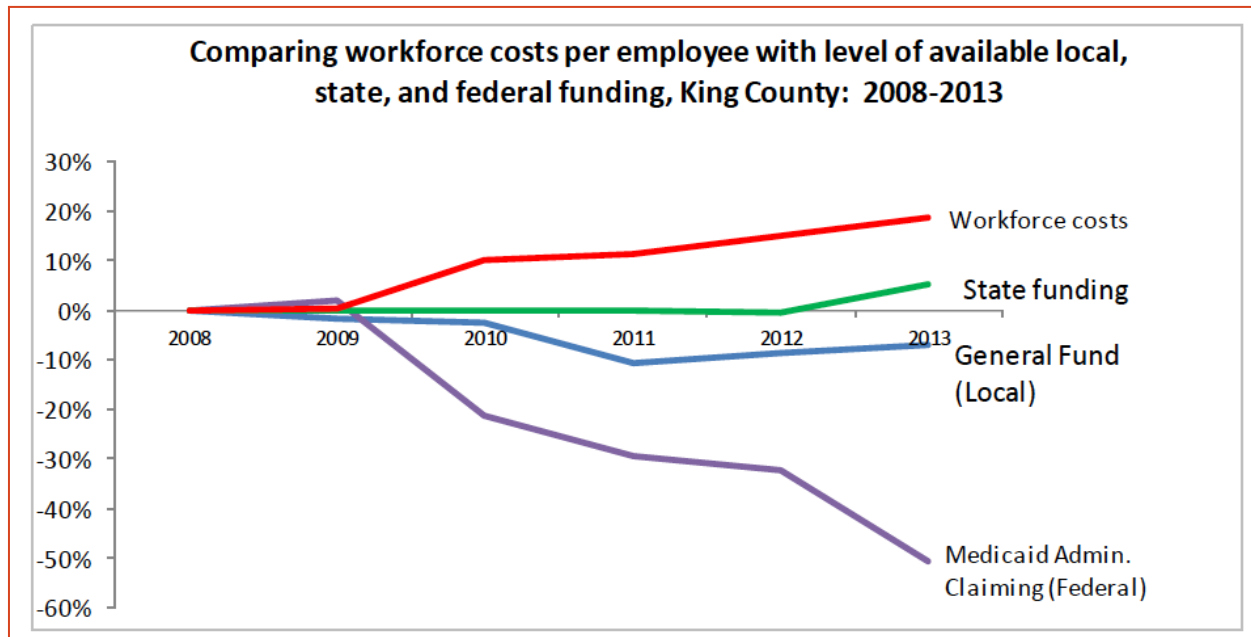


While certain programs within the Public Health Department, including Environmental Health and Emergency Medical Services, have dedicated revenue sources, essential public health functions such as health centers and prevention services that address issues such as HIV/AIDS and tobacco do not.

These programs rely on diverse federal, state, county, grant and patient revenue sources that have not kept pace with rising health care costs for many years. This resulted in deep cuts in vital programs in the 2015/2016 budget and forced Public Health and the Executive to prioritize among programs and services that serve the most vulnerable residents in the region.

PUBLIC HEALTH RESOURCES ARE STAGNANT OR DECLINING

For more than a decade, funding for Public Health clinical services has remained flat or decreased relative to inflation, creating an ongoing “structural gap” between the cost of services and the ability to pay for them. The recent recession intensified the problem as fewer new sources of state and federal revenue became available. The following table compares Public Health workforce costs with funding sources over time.



Although Public Health generates revenue from a broad array of sources, it is the department's largest revenue sources that are under the greatest strain. These include Medicaid Administrative Claiming (MAC), State Flexible Funding, King County General Fund, and Patient Generated Revenue. Taken together, these represent 50% of the revenue for the department's general services.

SIGNIFICANT REDUCTIONS IN COMMUNITY HEALTH CENTERS AND PREVENTION SERVICES

Public Health operates ten public health centers. The centers are one of the primary access points for low-income and uninsured residents to receive health services, of which MSS and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) are the most utilized programs. Based on current capacity, 30,000 women and infants will receive MSS services in 2014. The map on the next page illustrates the location and expected service impact of the clinic changes.

Six centers will have no reduction in service to the community. These clinics include Downtown Seattle, Eastgate, Federal Way, Greenbridge, Kent, and Renton.



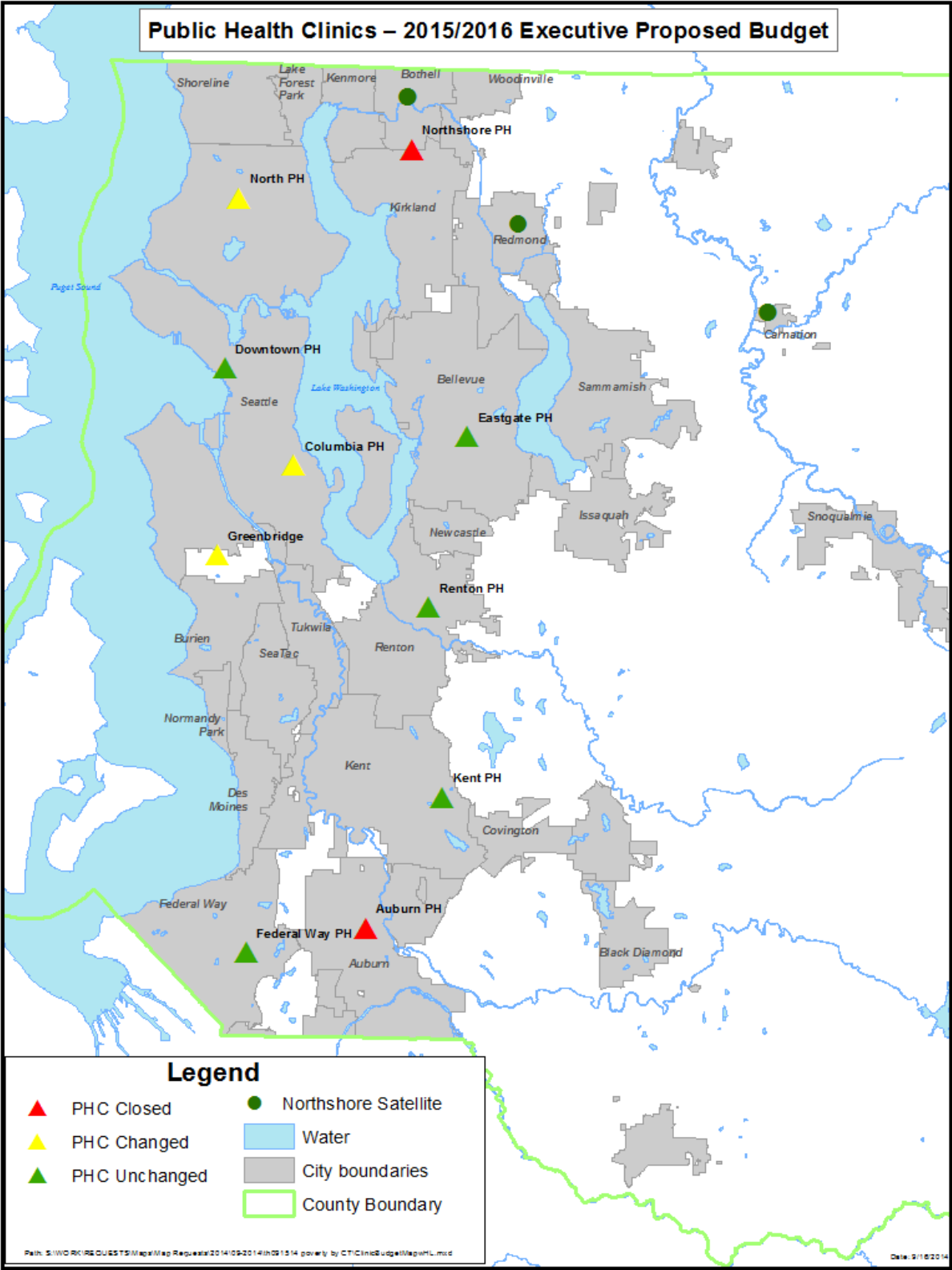
Four centers will have changed or reduced services:

- ◆ Auburn: to be closed, eliminating family planning and maternity support services / women, infants and children (MSS/WIC) programs.
- ◆ Columbia (located in southeast Seattle): primary care will transition and be provided by Neighborcare and Harborview/ UW Medicine. Family Planning will be eliminated. Public Health will continue to provide dental services and MSS/WIC.
- ◆ North (located in the Northgate area of Seattle): services will transfer to a new facility, as was already planned. Primary care will transition and be provided by Neighborcare in the new facility. Family planning will be eliminated. MSS/WIC will be housed in leased space at the new facility. The satellite dental services program will continue.
- ◆ Northshore (in Bothell): to be closed, eliminating MSS/WIC services. Two satellite operations will remain and a third will be added; all will be managed from Eastgate.

In addition to the clinic closures, regional programs including the Nurse Family Partnership and Family Health Educators are also proposed to be reduced.

Taken together, these changes will decrease the number of King County residents receiving health care services from Public Health. The proposed closing of Auburn and Northshore Public Health Centers will reduce MSS and WIC services by 17 percent. The changes to the Nurse Family Partnership and Family Health Educator programs will also negatively impact access to services.

Countywide prevention services will also be impacted. To balance to available resources, programs promoting the reduction of tobacco use and the spread of healthy eating and active living, particularly in underserved communities will be scaled back. In addition, the division shortened STD clinic hours resulting in savings without affecting access to services. Staff reductions in the STD/HIV programs are also proposed. Additional reductions in the Prevention Division are included in the 2015/2016 budget.



Reductions and cost saving measures are across the department. To limit the impact of reductions on prevention and community health clinics, there are significant reductions in business and administrative functions as well as essential public health services including assessment, evaluation, policy development, community partnerships, and communications/public information.

PURSUING PARTNERSHIPS WITH CITIES AND COMMUNITY ORGANIZATIONS

Public Health is pursuing innovative partnerships to transition some services to community providers, including Neighborcare and the Harborview/UW Medicine for providing primary care and Planned Parenthood to cover family planning services. Public Health is also pursuing financial partnerships with local cities, including Seattle and Federal Way, to help support critical Public Health programs such as MSS, family planning, and access and outreach programs.

WITHOUT ADDITIONAL PARTNERSHIPS AND REVENUES, ADDITIONAL REDUCTIONS WILL BE NECESSARY

The difficult service reductions and clinic closures are expected to bring the Public Health budget largely into balance in the near term. However, the long-term financial picture is difficult at best.

The Public Health Fund faces a structural funding gap, particularly in its clinic operations, where the rate of growth in federal, state, and local funding falls well short of the normal inflationary costs of providing quality services to clients. While Public Health will continue to look for additional opportunities to improve efficiencies and increase savings, these efforts will not alone offset this deficit or resolve the structural funding gap. Consequently, Public Health will work with its partners to pursue strategies that allow it to continue its core responsibilities for preventing disease and injury, improving County residents' health status and quality of life, and reducing disparities in health status. Two potential strategies for achieving fiscal health are outlined below.

- ◆ **Stable, consistent revenue source:** Public health needs a stable source of long-term funding with which to support its operations and achieve its overall mission for King County residents. This could be accomplished through one or a combination of approaches at the federal, state, and local levels. While changes at the federal level could result in additional revenue for clinic services, realistically the emphasis will be to work at the state and local levels and with partners to enhance existing funding streams and/or identify new ones.
- ◆ **Transition care to community providers:** Absent sufficient revenue, Public Health may be forced to reduce services further, particularly where the structural gap exists in clinic-based services. To accomplish this, the department would seek to transition clients to other providers in the community with the least disruption to their care. Despite best efforts, coverage gaps could emerge, leaving some clients without services.