



Health Policy Brief

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The Prevention and Public Health Fund. A \$15 billion effort to improve health by preventing disease has been cut amid debate over whether it's really needed.

WHAT'S THE ISSUE?

The Affordable Care Act of 2010 created the Prevention and Public Health Fund to invest in public health and disease prevention. Supporters consider the fund a key component of the law's overall thrust of helping to reorient US health care toward wellness, while also restraining cost growth driven by the high prevalence of chronic disease.

The health care reform legislation allocated the prevention fund with \$15 billion over its first 10 years. But President Barack Obama signed legislation on February 22, 2012 that cuts the fund by \$5 billion over 10 years to help pay for other initiatives, including a continuation of payroll tax breaks. Earlier, congressional Republicans had targeted the fund for cuts or complete elimination, arguing either that it was unnecessary and wasteful or that it would accomplish little on top of existing federally funded efforts for disease prevention and health promotion.

This policy brief discusses the rationale for creation of the Prevention and Public Health Fund; examines where spending has gone to date; and lays out the debate over preserving, cutting, or eliminating the fund altogether.

WHAT'S THE BACKGROUND?

The term *public health* encompasses several core functions, including identifying and tracking disease, protecting food and water

supplies, educating the public about health issues, and preparing for and responding to disease outbreaks and disasters. The mission of the public health system, as articulated by the Institute of Medicine, is "fulfillment of society's interests in assuring the conditions in which people can be healthy."

NEED FOR INFRASTRUCTURE: Achieving this goal requires a robust physical and personnel infrastructure—for example, public health labs and scientists who can help track down and identify new infectious viruses and bacteria. It also requires cooperation across multiple levels of government, such as county departments of public health working with the federal Centers for Disease Control and Prevention (CDC) during a measles epidemic.

Public and private sectors also need to cooperate to achieve public health, such as when the federal government collaborates with pharmaceutical companies to ensure adequate supplies of annual flu vaccine. In addition, infrastructure is required to address public health issues surrounding chronic disease prevention, including surveillance and communication to mobilize community action.

A decade ago, following the 2001 terrorist attacks on the World Trade Center and Pentagon and the anthrax attacks thereafter, there was a temporary surge in efforts to boost public health preparedness. But overall, public health advocates generally believe that federal investments in public health have been inad-

\$15 billion

Prevention fund authorization

The fund was established with \$15 billion in federal spending over its first 10 years.

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equate. Less than 5 percent of national health spending is devoted to public health, according to the CMS Office of the Actuary.

What’s more, a 2008 analysis by the New York Academy of Medicine and the Trust for America’s Health, a nonprofit, nonpartisan organization focused on public health, identified a \$20 billion annual shortfall in public health funding. The groups said that the funding gap impaired the nation’s ability to carry out basic functions, such as monitoring public health and enforcing laws, investigating health problems in the community, linking people to available services, ensuring an adequate public health workforce, and researching new prevention strategies.

Complicating matters, there are wide variations in state and local government financing for public health, leading to disparities in infrastructure and program activities from one community to another. A 2011 analysis by the Trust for America’s Health found that state spending on public health during fiscal year 2009–10 ranged from just \$3.40 per person in Nevada to a high of \$171.30 per person in Hawaii. Because of budget pressures, since 2008, more than 29,000 local and 16,000 state public health jobs have been lost due to layoffs and attrition. States cut nearly \$392 million for public health programs in 2010 alone.

CHANGING PATTERNS OF DISEASE: Historically, most public health funds have been aimed at addressing communicable diseases, such as flu or West Nile virus. But funding hasn’t kept pace with changing needs and disease patterns. Today, the major threat to most Americans’ health is chronic, noncommunicable disease, such as heart disease, cancer, and diabetes. These illnesses and their underlying causes affect more than 130 million Americans, nearly half the population. Many of these conditions are linked to unhealthy diets and low levels of activity, and they are highly preventable.

Various analyses of different strategies to reduce the number of deaths and improve the cost-effectiveness of interventions have shown big payoffs to public health initiatives. The 2008 analysis cited above concluded that an investment of \$10 per person annually in proven, community-based public health initiatives would return more than \$16 billion within five years, or \$5.60 per dollar invested.

A 2011 study by Bobby Milstein and colleagues, published in *Health Affairs*, showed

that public health interventions, such as enabling healthier behaviors and improving the conditions people live in, dramatically increased the impact of other measures, including expanding health insurance coverage, slowing the growth of disease prevalence, reducing deaths, and lowering costs.

WHAT’S IN THE LAW?

The Prevention and Public Health Fund represents the most substantial effort in many years to fund the public health infrastructure and support community-based public health and prevention work. The creation of the fund, combined with another creation of the Affordable Care Act—the National Prevention, Health Promotion, and Public Health Council, which is discussed further below—is the first time a comprehensive public health strategy with dedicated funding has been articulated in federal law. The law says the money must serve as a national investment in prevention and public health “to improve health and help restrain the rate of growth in private and public sector health care costs.”

The prevention fund was designed to build on the approach taken in the American Recovery and Reinvestment Act of 2009 (also known as the stimulus bill), which provided \$650 million for chronic disease prevention. That effort, called Communities Putting Prevention to Work, was aimed at promoting wellness and health through programs that increased physical activity, improved nutrition, reduced obesity, and lowered tobacco use, among others.

In enacting the health reform law, Congress set aside the \$15 billion in funding—about 2 percent of a decade’s worth of federal outlays authorized under the legislation. The funding was “mandatory.” Rather than simply authorizing the money to be spent, and then having congressional committees annually appropriate specific amounts of funding, Congress obligated the money to be spent outside the annual federal budget process.

The funding was intended to add to, rather than supplant, existing federal commitments for public health and prevention. Still, the law did allow an exception: Congressional appropriations committees were allowed to tap money from the fund to spend on existing prevention or health promotion programs that met the goals of improving health and restraining growth in costs.

\$5 billion

Prevention fund cuts

The fund was cut by \$5 billion to help cover job-related benefits and Medicare payments to physicians.

“The funding was intended to add to, rather than supplant, existing federal commitments for public health and prevention.”

COORDINATING PREVENTION AND HEALTH: The fund was designed to work with the National Prevention, Health Promotion, and Public Health Council, also created by the Affordable Care Act. This high-profile group, consisting of 18 Cabinet secretaries, chairs, directors, or administrators of federal departments and chaired by the surgeon general, is charged with coordinating and leading national prevention, wellness, and health promotion activities, including helping policy makers determine the best ways to use the fund.

The council has broad responsibility for improving health outcomes and infusing public health into all sectors of public policy, from ensuring a safe food supply and adequate public transit to improving clinical care. Seventeen different federal agencies are represented, including the departments of transportation, agriculture, housing, and defense.

The council’s initial task was to create the nation’s first comprehensive preventive health strategy and ensure that all federal agencies involved in public health are coordinating their efforts. The strategy, released in June 2011, focuses on four areas: eliminating health disparities, creating healthy communities, providing preventive services in clinical settings and communities, and helping consumers make health decisions. The council is working to implement the strategy. Although the prevention fund helps support many of the council’s strategies, the council itself does not receive money from the fund.

HOW THE MONEY HAS BEEN USED: In some respects, the prevention fund got off to a rocky start. In 2010 the Department of Health and Human Services (HHS) allocated most of the \$500 million that the prevention fund received that year to bolstering public health programs that previously had been subject to budget cuts, such as infrastructure support for public health preparedness. For example, through the Health Resources and Services Administration at HHS, \$70 million was awarded to help local officials prevent and respond to infectious disease outbreaks. Another \$31 million went for data collection and analysis, and \$23 million went to workforce and training programs at CDC.

One-half, or \$250 million, went to efforts to develop and strengthen the nation’s primary care workforce by increasing the number of residency programs and support for physician assistants and nursing programs. Although

these expenditures seemed worthy to some public health advocates, they appeared to fall outside the original intent of the prevention fund.

In 2011 HHS received \$750 million from the fund, and, in turn, HHS released it to other agencies, with the largest slice going to the CDC (Exhibit 1). The CDC spent some share at the national level but also disbursed much of the funding through programs carried out at the state and local levels. For example, in 2011 nearly \$300 million went to community-based prevention efforts, including efforts to reduce tobacco use and improve nutrition and physical activity.

Another \$182 million went to clinical prevention efforts to improve access to preventive care and increase awareness of the benefits of the Affordable Care Act. About \$137 million was designated for public health infrastructure in the form of investments in information technology and workforce training. An additional \$133 million was distributed to collect data to monitor the impact of the Affordable Care Act on public health and prevention research.

As just one example of recipients of the funding, the Los Angeles County Department of Public Health received a \$9.8 million community transformation grant to encourage tobacco-free living and healthy lifestyles, provide quality clinical care, and sustain healthy and safe physical environments. The county, and other grant recipients, will negotiate in early 2012 with CDC over final details of how the grant will be used.

WHAT’S THE DEBATE?

Much of the controversy surrounding the Prevention and Public Health Fund stems simply from the amount of money originally earmarked for it—\$15 billion over its first 10 years, at a time of large federal budget deficits and pressures to spend money in other ways. The fund has thus proved a tempting target for policy makers of both parties.

Throughout 2010 and 2011, a number of Republican lawmakers proposed axing the fund and using the money instead for various purposes, including as a source of savings to pay for repeal of the Affordable Care Act’s requirement that small-business owners file 1099 tax reporting forms. In September 2011 President Obama recommended cutting the fund by \$3.5 billion over 10 years starting in

fiscal year 2014 to reduce the federal deficit. In February 2012, in his fiscal year 2013 budget request, he recommended \$4 billion in cuts.

These proposals have now been superseded by new legislation passed by Congress on February 17, 2012, which cuts the fund's spending by 33 percent or \$5 billion over 10 years, starting in fiscal year 2013, which begins October 1, 2012. That bill, the Middle Class Tax Relief and Job Creation Act, averts a 27.4 percent cut in Medicare payments to physicians until the end of 2012, extends jobless benefits to the long-term unemployed, and continues a payroll tax cut for workers.

Reaction among prominent Democrats to the Prevention and Public Health Fund cut was mixed. Sen. Tom Harkin of Iowa, chair of the Senate Health, Education, Labor, and Pensions Committee and foremost champion of the fund in Congress, called the cut "outrageous and unacceptable." But Senate Majority Leader Harry Reid of Nevada was more san-

guine. "We put into law that this fund grows.... This program is going to grow at the rate of about \$2 billion a year in the next few years. This is not a loss, overall, for the program. We feel confident this program will be able to go forward. It accumulates money every year."

Among other proposed reductions for fiscal 2013, the president's budget recommends shaving \$80 million in spending on Community Transformation Grants, which provide money to states and localities to prevent chronic diseases and improve the outcomes of people who have them. A \$79 million Preventive Health and Health Services Block Grant program would be completely eliminated under the president's budget. The administration maintains that its goals would be addressed by other programs, such as a proposed Coordinated Chronic Disease Prevention Program.

PREVENTION AND COST-EFFECTIVENESS: Within Republican ranks in particular, doubts

EXHIBIT 1

Federal Funding Allocations of the Prevention and Public Health Fund, Fiscal Year 2011

Activity	Amount	Purpose
COMMUNITY PREVENTION		
Community and state prevention	\$222 million	Implement Community Transformation Grants to support state and community initiatives to prevent heart disease, cancer, and other conditions by reducing tobacco use, preventing obesity, and reducing health disparities
Tobacco prevention	\$60 million	Implement anti-tobacco media campaigns, telephone-based cessation services, and similar programs
Obesity prevention and fitness	\$16 million	Advance activities to improve nutrition and increase physical activity
CLINICAL PREVENTION		
Access to wellness and preventive health services	\$112 million	Increase awareness of preventive benefits under ACA; expand immunization services; strengthen employer wellness programs
Behavioral health screening and integration with primary health	\$70 million	Help communities coordinate and integrate primary care services into public mental health and other community-based behavioral health settings; expand suicide prevention efforts and substance use disorders
INFRASTRUCTURE AND TRAINING		
Public health infrastructure	\$40 million	Support state, local, and tribal infrastructures to promote health and prevent disease through information technology, and workforce training
Public health workforce	\$45 million	Support training of public health providers for preventive medicine, health promotion and disease prevention, and epidemiology; improve access to and quality of services in underserved communities
Public health capacity	\$52 million	Build state and local capacity to prevent, detect, and respond to infectious disease outbreaks through improved epidemiology and lab capacity; invest in programs to prevent health care-associated infections
RESEARCH AND TRACKING		
Surveillance and planning	\$84 million	Fund data collection and analysis to monitor impact of ACA on health; increase collection of environmental hazards data
Prevention research	\$49 million	Identify and disseminate evidence-based recommendations on public health challenges to practitioners, educators, and decision makers; expand development of recommendations for clinical preventive services

SOURCE Department of Health and Human Services, "Building Healthier Communities by Investing in Prevention," Fact sheet posted February 9, 2011.

NOTE ACA is Affordable Care Act of 2010.

have been expressed as to whether the types of expenditures made possible through the prevention fund are worth making. One Republican lawmaker, Wyoming Senator Mike Enzi, termed the prevention fund a “slush fund...to build sidewalks, jungle gyms, and swing sets.” (Enzi is the ranking member on the Senate Health, Education, Labor, and Pensions Committee.) Many critics of the prevention fund argue that the country cannot afford to spend such sums to encourage wellness when Americans can, in effect, go for a walk to get exercise for free. Some object to what they see as either insufficient congressional oversight or frivolous programs without any proven benefit.

There is also an ongoing analytic debate over whether prevention efforts actually reduce costs, and much confusion over what constitutes disease prevention versus attempts to detect disease early, such as mammography screening. The Congressional Budget Office concluded that for most preventive clinical services, expanded use leads to higher, not lower, overall medical spending. On the other hand, experts note that population-based strategies aimed at changing behavior, such as increasing access to healthy foods, may compare favorably with clinical interventions, such as bariatric surgery for obese patients, in terms of their implementation costs and impact.

A 2011 analysis by Glenn Mays and Sharla Smith, published in *Health Affairs*, found that for each 10 percent increase in local public health spending, significant reductions were

found in the rate of infant deaths as well as deaths from diabetes, heart disease, and cancer. Similarly, the work of Michael Maciosek and colleagues at the HealthPartners Research Foundation suggests that adoption of proven services, such as tobacco cessation screening, alcohol abuse screening, and daily aspirin use, could result in billions of dollars in savings.

WHAT'S NEXT?

As of the publication of this policy brief, it is not clear how the Obama administration will carry out the \$250 million cuts in prevention fund spending in fiscal year 2013. Meanwhile, some observers worry that the dollars the fund does provide will simply be used to offset cuts in existing federal health programs, rather than to support new prevention efforts and spending that many believe are needed.

Such an outcome could pose special challenges at the state level, where many localities are operating under extremely tight budgets and could be tempted to use prevention fund dollars to shore up existing programs.

Whatever the case, lawmakers are likely to follow closely how the prevention fund dollars are spent and what, if any, concrete benefits can be traced to the spending. The fund's success or failure will ultimately be linked to how effective the funded interventions are in building sustainable patterns of health and wellness across a diverse set of communities and populations. ■

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