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Local Public Health in Financial Crises: Common Decision Drivers for Changes in Services Due to Economic Downturn

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LHDs' Strategies and Decision Drivers During the Financial Crises



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Georgia's large-scale, small-feel research university

* Jiann-Ping Hsu College of Public Health, Georgia Southern
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**National Association of County and City
Health Officials (NACCHO), Washington,
DC**

Background

J Public Health Management Practice, 2012, 1–9

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Impact of the 2008-2010 Economic Recession on Local Health Departments

Rachel Willard, MPH; Gulzar H. Shah, PhD, MStat, MSS; Carolyn Leep, MS, MPH; Leighton Ku, PhD, MPH

We measured the impact of the 2008-2010 economic recession on local health departments (LHDs) across the United States. Between 2008 and 2010, we conducted 3 Web-based, cross-sectional surveys of a nationally representative sample of LHDs to assess cuts to budgets, workforce, and programs. By early 2010, more than half of the LHDs (53%) were experiencing cuts to their core funding. In excess of 23 000 LHDs jobs were lost in 2008-2009. All programmatic areas were affected by cuts, and more than half of

protecting the health status to problems and protect the public capita funding improved performance greater federal performance in evidence suggests local level may or federal fundi



Background: Impact of Recession Documented

Several studies documented the impact of recession recently.

- Sustained financial resources have not been a reality for many LHDs
- Remarkably large proportion has undergone reductions in financial capacity after the economic downturn of 2007
 - 45 percent in July 2011,
 - 44 percent in November 2010,
 - 45 percent in August 2009, and
 - 27 percent in December 2008
 - 39,600 employees lost from 2008 to 2011, 21 of the estimated workforce size (184,000) in 2010
 - **Extensive program cuts/reduction**

Background: Impact of Recession Documented

- Willard R, Shah GH, Leep C, Ku L. Impact of the 2008-2010 economic recession on local health departments. J Public Health Manag Pract. 2012 Mar-Apr;18(2):106-14.
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- Jarris PE. Challenging Times for the Governmental Public Health Enterprise. J Public Health Manag Pract. 18(4): 372-74.
- NACCHO. Local Health Department Job Losses and Program Cuts: Findings from July 2011 Survey. NACCHO: Washington DC. 2011 (September). Accessed January 13, 2013. Online at <http://www.naccho.org/topics/infrastructure/lhdbudget/upload/Overview-Report-Revised-Final.pdf>
- NACCHO. Local health department job losses and program cuts: Findings from January 2012 survey. NACCHO: Washington DC. 2012 (March). Accessed January 13, 2013. Online at <http://www.naccho.org/topics/infrastructure/lhdbudget/upload/Overview-Report-Final-Revised.pdf>
- Shah GH, Bhutta C, Leep C. Impact of economic recession on local health departments' (LHDs) budget, workforce, and programs: Are we out of the woods yet?" Oral presentation at American Public Health Association (APHA) Annual Meeting. Washington DC. Nov 01, 2011

Objectives

- Analyze LHDs strategies to manage program and/or staffing cuts in order to minimize the negative impact on services to community
- Analyze LHDs' decision drivers for programmatic cuts in response to budget cuts, using qualitative data
- Discuss implications of restricted LHD budgets on service delivery

Methods: Data

1. **NACCHO Survey on Job Loss and Program Cuts, January, 2012**
(Quantitative analysis)
 - Stratified sample of 957 LHDs
 - Using state and LHD size as strata
 - Number of respondents – 663, a response rate of 69%
 - Statistical weights used to account for sampling
2. **NACCHO Survey on Job Loss and Program Cuts, January–February 2010**
(Qualitative Analysis)
 - Stratified random sample of 997 LHDs
 - Number of respondents – 721, a response rate of 72%

Methods: Analysis

- Quantitative analysis:
 - descriptive statistics
 - Question (structured response categories):

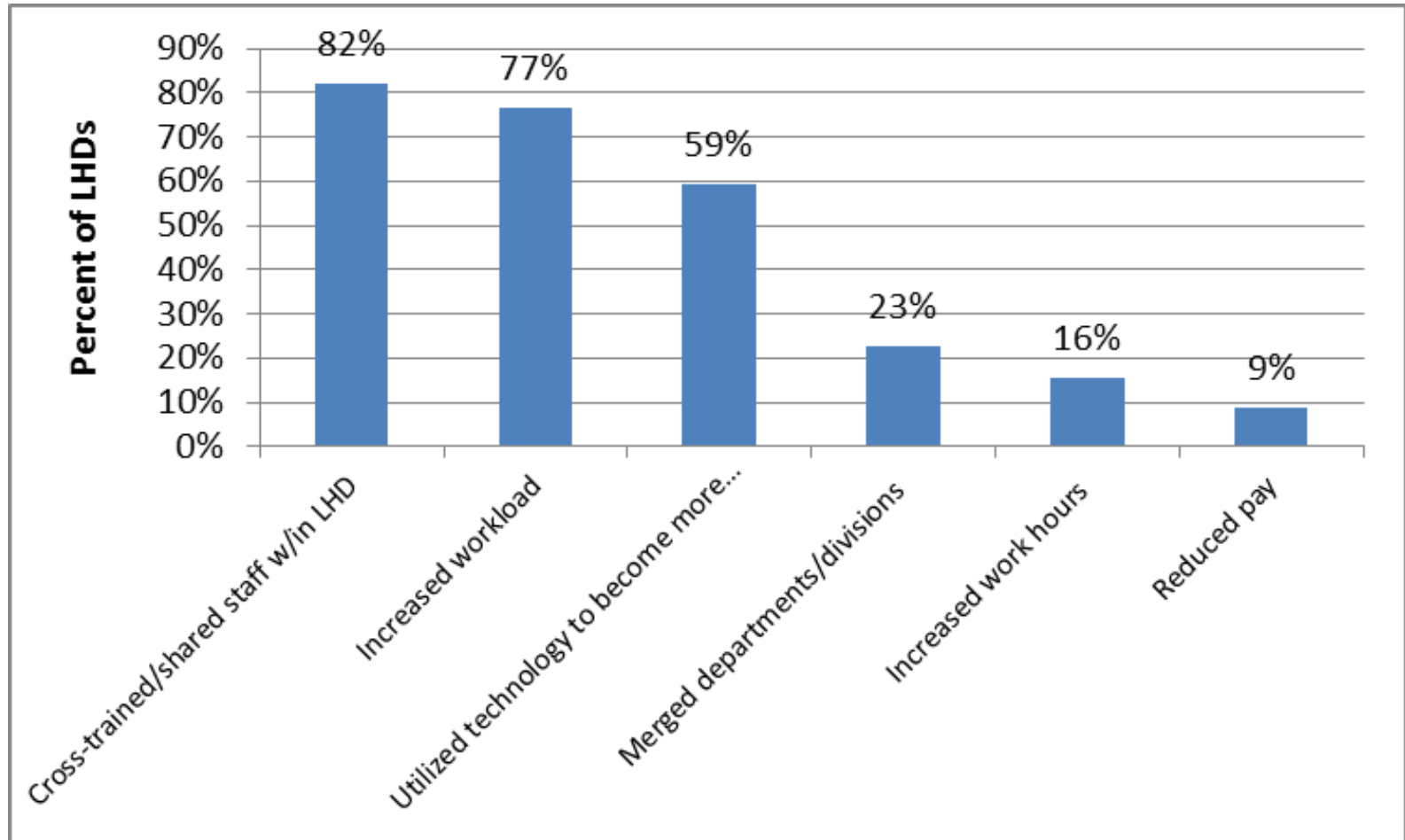
“Since the recession began in December 2007, have you employed any of the following **strategies** to manage program and/or staffing cuts in order **to minimize the negative impact** on services to your community? Check all that apply”

Methods: Analysis-2

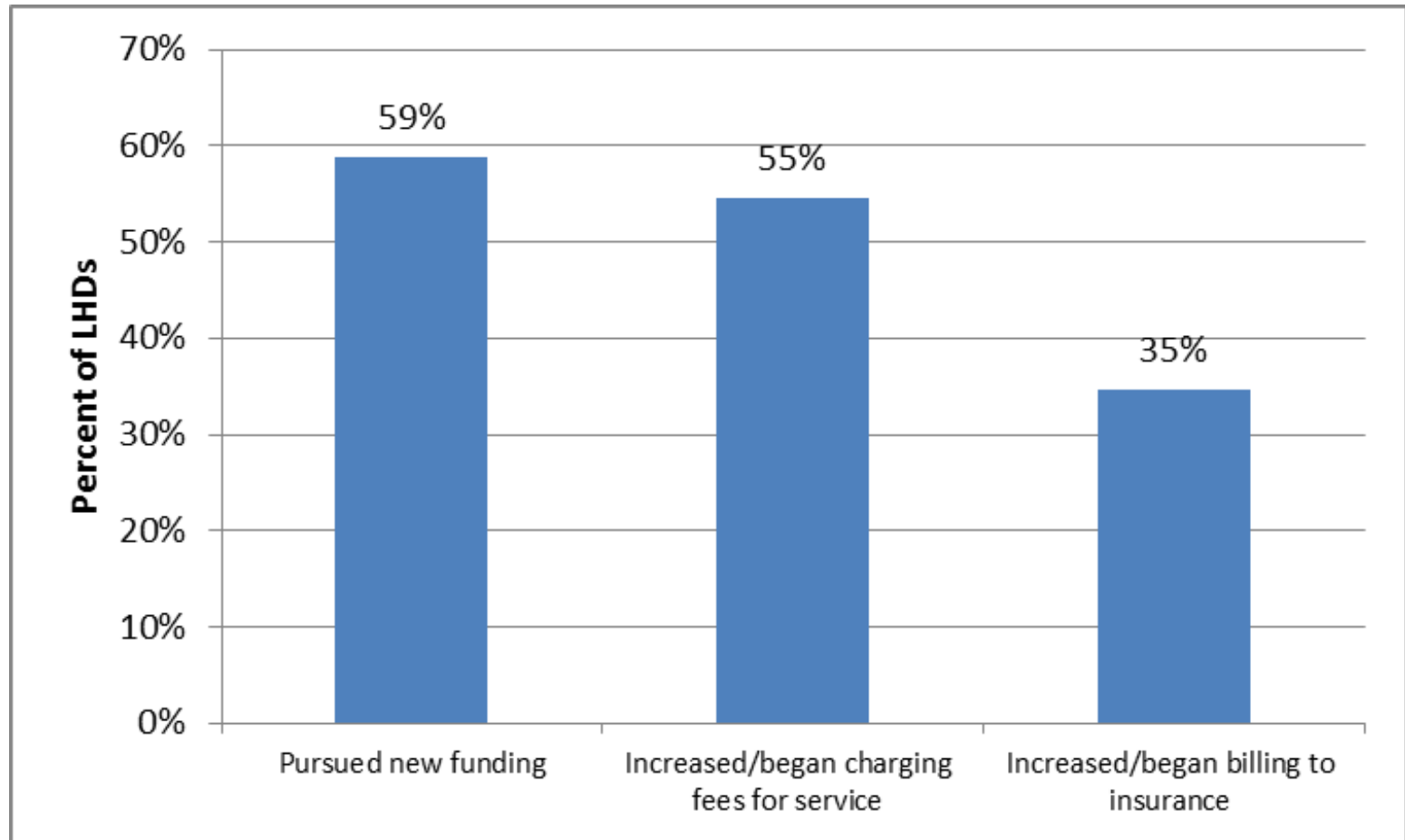
- Qualitative Analysis:
 - QSR NVivo 9 was used to organize, code, and synthesize qualitative data.
 - Open-ended question: “What factors influence your decision about which services and activities to reduce?”
 - 328 respondents answered the question on decision drivers for program cuts

Strategies to manage staff/programs to minimize impact of budget cuts

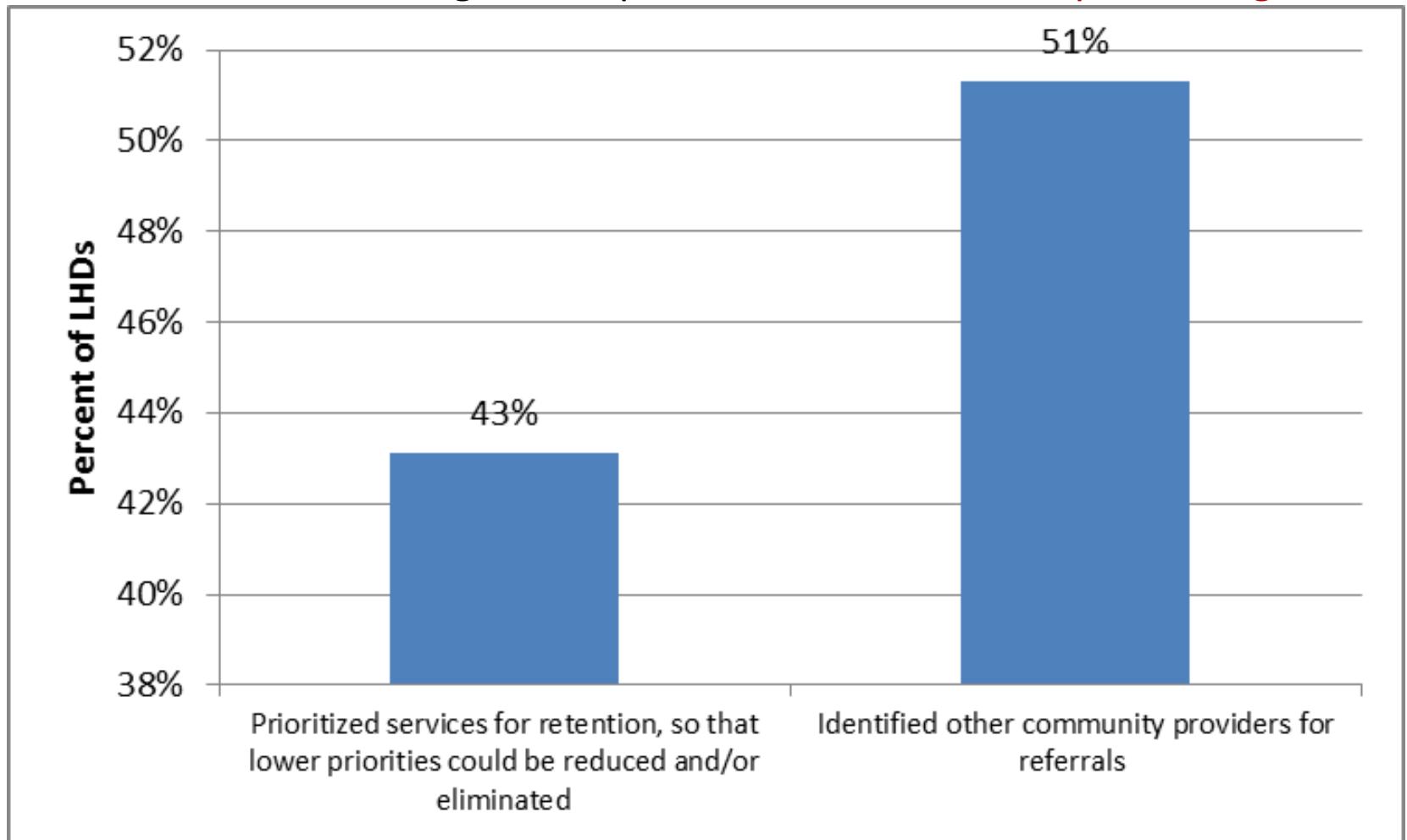
Percent of LHDs with strategies to manage program and/or staffing cuts in order to minimize the negative impact: **workforce**



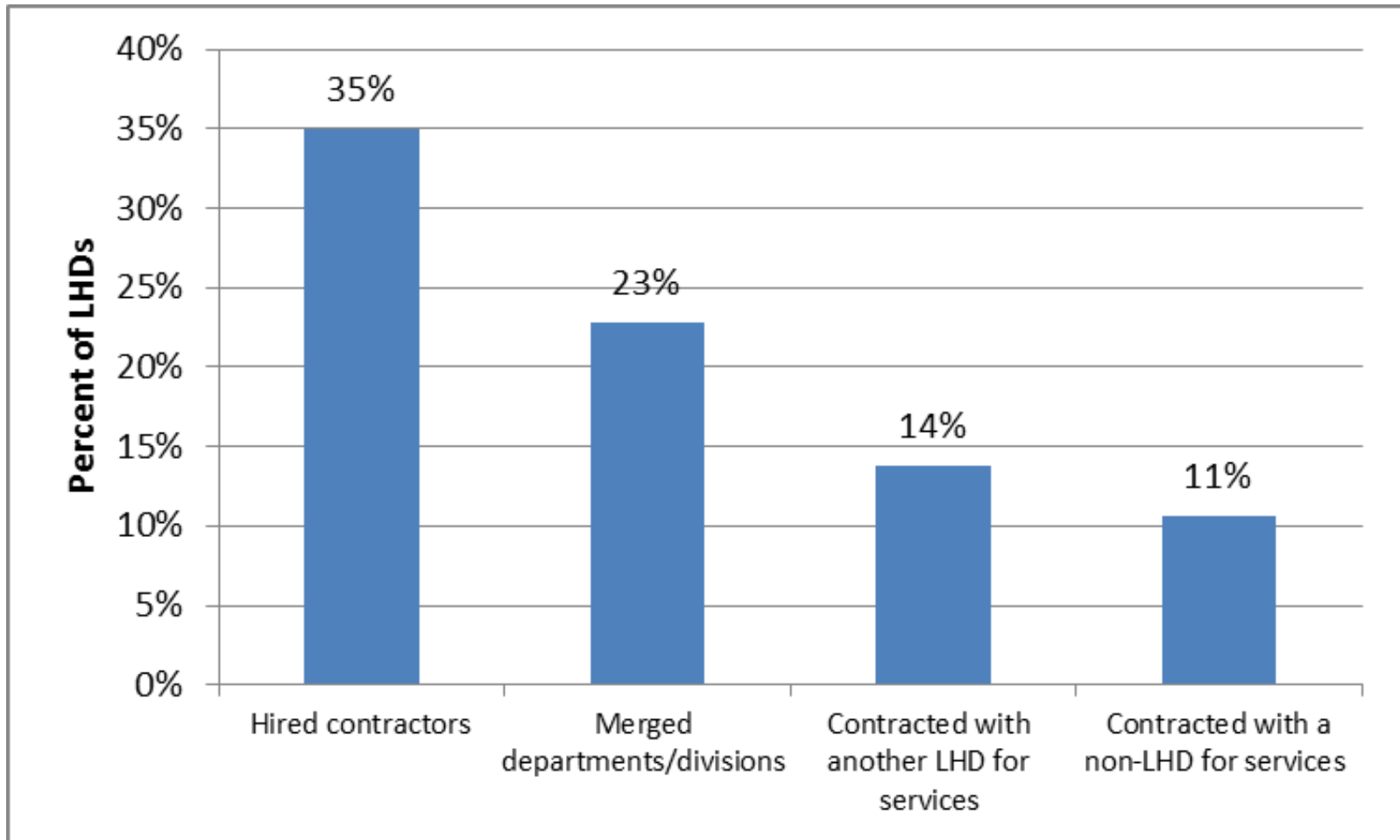
Percent of LHDs with strategies to manage program and/or staffing cuts in order to minimize the negative impact: **Funding**



Percent of LHDs with strategies to manage program and/or staffing cuts in order to minimize the negative impact: **Alternative source/prioritizing**



Percent of LHDs with strategies to manage program and/or staffing cuts in order to minimize the negative impact: **Program reduction/contracting out**



Decision Drivers

Budget Reduction

“What factors influence your decision about which services and activities to reduce?”

Decision Drivers

Little or no LHD control

Decisions made by another Authority

Program cut driven by reduction in staff positions

Program cut driven by loss of specific funds

LHD had some control over decisions

Mandatory/core vs discretionary services

Alternative providers

Expected health impacts of cuts

Preference for cost-efficient services

Anticipation of public outcry

Number of clients

Perceived importance of services

Services for vulnerable population

Advice from board of health

Changes in Programs and Services

Comparison of Decision Drivers by Size of Local Health Department

Decision Drivers	LHD Jurisdiction Size			Total
	Small	Medium	Large	
Program cut driven by loss of specific funds	29%	26%	25%	166
Availability of alternative providers	12%	16%	10%	61
Mandatory or core vs. discretionary service	7%	15%	22%	53
Expected health impact	14%	6%	14%	36
Program cut driven by reduction in staff positions	9%	8%	4%	33
Decisions made by another authority	6%	7%	15%	32
Number of clients	8%	6%	3%	31
Preference for cost effective services	7%	6%	4%	25
Perceived importance of services	2%	4%	2%	13
Advice from board of health	3%	3%	1%	11
Anticipated public outcry	2%	1%	0%	6
Services for vulnerable populations	2%	2%	0%	6

LHD Size (population served)— Small <50,000; Medium 50,000-499,999; Large 500,000+

Multiple Factors

Multiple Factors, Rather than Single Decision-Driver, Characterized Decisions

“We looked at many factors, including: the **demographics** of our county; the **number of people served**; the **staff time required** to provide the service; the **(alternative) availability of similar services**, etc. The final decision was made by the County Board.”

“Determined if service was **mandated or non-mandated** at local, state or federal level; **impact of reduction** on population served; whether reduction resulted in true **cost savings or cost shifting**; **status of key health indicators** for the past 3-5 years; ability of community to **fill service gap**.”

Deliberate and Systematic Prioritization

Decisions were often Difficult; Based on Deliberate and Systematic
Prioritization

“The factors considered in ranking programs are listed in their
order of importance to the Board of Health:

1. **Mandated** program vs. non-mandated **program** (per State Revised Statutes) - 4 pts
2. Public Health **Essential Service** - 3 pts
3. **District Board of Health priority** - 2 pts
4. **Community expectation/political** - 1 pt.”

Decisions Re Service Change -- Program-to-Program Basis, not Uniform Across the Board

“**STD** - the program was required to reduce expenses and these services selected would have the **less impact** of the program being able to continue to **provide core services** and **meet primary services**.

Office of Women’s Health - **Number of people served**; no **external funding**.

ADPA (Alcohol and Drug Program Administration) - **Loss of program specific funding** resulted in a direct reduction in services available.

OAPP (Office of Adolescent Pregnancy Programs)- Emphasis on maintaining **Core Medical HIV services** over HIV Supportive Services.

ACDC (Acute Communicable Disease Control Program) - We have to **maintain mandated functions**, so expansion into new, non-mandated areas is no longer possible.

...

CHS - availability of **alternative** community services.”

Program Cuts Driven by Loss of Specific Funds

“Most of our services are State or Federally funded, so we **cut local programs** in accordance with **funding cuts** from those **sources**.”

“In my agency, the loss of **program specific funding** and availability of alternative services would be the top two factors. Because of the loss of program specific funding, staff duties need to be reassessed.”

Availability of Alternative Providers

“We considered ...whether there were **other providers** of comparable services in the community, ...”

“Availability of **other private providers** who provide family planning and immunization services in our county.”

“We try to find **other ways** for the community **to get services.**”

“Tobacco program funding was eliminated ... **alternative tobacco prevention services** exist through the [County] Drug Free Coalition.”

“Availability of **alternative services** related to geographic location.”

Availability of Alternative Providers

(2)

- “Billable vs. non-billable; if **community partners were also providing** the service (duplication); highest need; highest risk; staffing; loss of funding.”
- “Possibility of having access to **other similar programs** in the community...”
- “Due to reduction in nursing hours made cuts where **private sector** might be able to **fill in gaps**.”
- “Tried to **keep** focus on services that **no other provider would provide**, services that generated revenue, ...”

Mandatory or Core vs. Discretionary Services

“The department leadership reviewed to which functions local funds were allocated, and prioritized both mandated activities and those services that most fulfill core community health protection responsibilities.”

“Those programs that had a reduction were prioritized by mandated services, followed by availability of alternative services.”

Number of Clients

To “prioritize programming. ... we selected the **sites** (for service reduction) that had **fewer numbers of people served** in the prior years”

The **number of people served**, programs/services that may generate more revenue, and ...”

“ ... also the number of people served ...**number of people it would do an injustice to** if no program were available.”

“A combination of **number of people served**, public health impact, and core mission.”

“**Number of people needing services**,”

“**# of families reached** compared to more population based services”

Expected Health Impact

- “Programs which had direct and effective **impact on community health** were maintain. Programs such as food service, septic system, well water and complaints are essential, unlike exercise or certain health promotion programs.”
- “More urgent or time sensitive issues that have obvious **impact on immediate health** to the public.”
- “Only peripheral services were reduced that resulted in the **least amount of visible impact** to the community.”

Program Cut Driven By Reduction in Staff Positions

- “Decisions were affected by **staff losses** (not able to replace people so the work load had to change and be absorbed by remaining staff), and statewide reorganization of programs and services (e.g. it wasn't our decision, but was decided for us statewide). Certain "core programs" must be covered, which means that others must take the **brunt of staff reductions**.”
- “**Inability to staff** the prevention and education sessions. The staff we have is overburdened in attempting to provide the daily services.”
- “Decrease in state funding and a reduction in the number of food licenses (local revenue) necessitated a **reduction in the staff** who conduct food service inspections.”

Decisions made by Another Authority

- “I have little power within the decision-making structure. [state] is a statewide system for public health and many decisions are made by programs or leadership at the [state level](#).”
- “Our [Board](#) or [County Commissioners](#) handle most of those decisions.”
- “[The County Council](#) and [State Department](#) of Health Program Coordinators make those decisions.”
- “The decisions were made by our [mayor](#) and I have no influence ...”
- “Most functional service cuts were decided by [Policy Board of Health](#) members.”
- “Service reductions were determined by the [Legislative Authority](#), ...”

Perceived importance of services

- “We tried to cushion the impacts as best we could by making **reductions in areas of least utilization** or where there may be less public health impacts.”
- “May see an increase in teen pregnancy rates. We are trying hard to hang onto our family planning clinic; this will make a difference in the number of unwanted pregnancies and that will impact Social Services and other county services affected with unwanted pregnancies.”
- “...Infectious disease surveillance and investigation continues, but the **more immediate public health problems** receive priority. i.e. vaccine preventable diseases, food borne illness, will precede the follow up of a case of Lyme disease”

Conclusions

LHDs try to survive the financial crises:

- by increasing the workload of existing staff
- by being more efficient
- trying to reduce negative impact by prioritizing the services that are to be reduced/eliminated
- trying to restore financial capacities

Conclusions

LHDs try to do more with less



Conclusions

- Most of the strategies are temporary fixes with long term consequences:
 - Health is not just impacted through lack of access to health care.
 - Recession has impacted other factors that impact health: stress, environment, education, nutrition and many other **social determinants of health**

Conclusions

- LHDs need better capacity to deal with population health issues resulting from recession
- Lost workforce, even when replaced, may lack experience, skills and efficiencies
- **Negative health impacts** on population may go unnoticed in some communities, due to decreased **assessment/surveillance capacity**.

Policy Messages

LHDs try to streamline programs and use several strategies – increasing the workload of employees, favoring more efficient programs, pursuing new funding-- in an effort to reduce the impact of budget cuts on population health. If left unaddressed, the long term impacts might be loss of experienced workforce, and in turn, reduction in capacity to deliver essential public health services.

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Questions?

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