

## Improve lives and contain health care costs: Invest in a California Wellness Fund



Investing in healthier communities can keep people from needing care in the first place, improve lives, and set the stage for health care reform. Californians for a Wellness Fund, an initiative of the Public Health Institute, and the Health Officers Association of California request \$36 million per year over five years as a one-time appropriation of \$180 million to launch an initiative to promote health equity and prevent the leading causes of illness, injury, and premature death such as heart disease, diabetes, and dementia.

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### *Why invest in health equity & prevention in California?*

- The burden of illness is distributed unfairly.
- Key risks for preventable illness are increasing.
- Local health departments and community organizations can reduce these risks.
- Current funding for health equity and prevention is declining, siloed, and inflexible.
- Avoidable health care expenditures are borne by government, families, and businesses

⇒ See details about increasing risks for preventable illness and costs to the State of California, families, and businesses on back page.

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### *A Solution: a California Wellness Fund*

A coalition of 20 statewide organizations proposes launching a California Wellness Fund to provide sustained funding to promote health equity and prevent the leading causes of illness, injury, and premature death across the state.

- This budget item would jumpstart such a Fund, providing resources to local health departments, community organizations, clinics, and tribes in a subset of jurisdictions from Northern, Southern, and Central California over a five-year launch with three years of field investment.
- Investing just \$10 per capita per year, less than 1/1000th of annual health care spending, can change the landscape of health in California.
- Recipients of funds in each jurisdiction will use local needs assessments and indices of health inequities to target resources and work together to implement evidence-based & community-guided strategies that are tailored to their region. Funds will reach across the lifespan – from infancy to older adulthood.
- Two-thirds of funds will support these strategies to reduce risks for illness, injury, and premature death:
  - Improve access to healthy food & safe drinking water
  - Increase opportunities to be physically active
  - Promote safer neighborhoods and healthy community environments
- One-third of funds may be used to implement other strategies determined by the community to achieve the overarching goal.
- The California Department of Public Health will administer the funds and convene an oversight committee with diverse members appointed by the governor and state legislature. The oversight committee will select jurisdictions from each region based on indices of social determinants of health and other criteria, advise on use of funds, monitor outcomes, and report to the legislature.
- Rigorous evaluation and accountability will measure changes in key risks for heart disease, diabetes, and dementia in communities with the greatest health inequities.
- Other states have Wellness Trusts and Funds, we can do it in California.

## Making the Case for a California Wellness Fund: the facts

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### **The burden of illness is distributed unfairly in California**

- The place where you were born and live, your income, race, ethnicity, and other factors determine how likely you are to become ill, injured, or die prematurely.

### **Risks for preventable illness are increasing**

- Overweight & obesity have skyrocketed, placing Californians at higher risk for illness. Most California adults (55%) now have diabetes or prediabetes.
- Poor diet is now the leading risk factor for premature death in the US. Yet access to fruits and vegetables has declined in California.
- People who live in walkable, safe communities are more physically active, less obese, and suffer fewer injuries. Yet Californians feel less safe in their neighborhoods and physical activity has declined.
- One in six California adults has suffered four or more adverse childhood experiences (ACEs), dramatically increasing the likelihood of premature death. Healthy diet, physical activity, and a safer and healthier community can help break the generational cycle of ACEs.
- Largely preventable conditions, such as heart disease, diabetes and high blood pressure, contribute to the risk of developing Alzheimer's, a form dementia that affected over 600,000 Californians in 2017.

### **Avoidable health care expenditures are borne by government, families, and businesses**

- Just six chronic diseases generated treatment costs of \$367 billion in California in 2016 and continue to rise.
- National health expenditures for diabetes increased by 320% from 1996-2005. Health care spending growth in California averaged 4.9% per year in total from 2009-2014.
- ACEs associated heart disease alone in California cost \$27 billion in 2013.
- There were \$3.7 billion in Medicaid costs for caring for people with Alzheimer's in 2018. These costs are estimated to increase by over 36% by 2025.
- 55% of low-income Californians had to delay care for medical or dental conditions in 2018, many of which could have been prevented.
- Lower productivity and absenteeism due to chronic diseases cost state businesses over \$106 billion yearly.

### **Prevention Works**

Evidence-based practices have shown success in reducing risks for illness and premature death. Just a few examples:

- School-based physical activity programs can slow childhood obesity trends.
- Healthy food incentives can increase fruit and vegetable sales.
- Exercise interventions can reduce falls among older adults.
- Worksite wellness programs can reduce on-the-job injuries and decrease employee turnover.

**Additional Information:** Please contact Tracey Rattray, Public Health Institute [tracey.rattray@phi.org](mailto:tracey.rattray@phi.org).  
2/19/20

## Template Letter of Support for a California Wellness Fund Budget Request

[Template letter to be placed on your organization's letterhead]

The Honorable Joaquin Arambula, MD  
Chair, Assembly Budget Subcommittee #1  
on Health and Human Services  
State Capitol Building, Room 6026  
Sacramento, CA 95814

The Honorable Richard Pan, MD  
Chair, Senate Budget Subcommittee #3 on  
Health and Human Services  
State Capitol Building, Room 5019  
Sacramento, CA 95814

[Date]

Subject: **Support for California Wellness Fund budget proposal**

Dear Doctors Arambula and Pan,

[Your organization] supports the California Wellness Fund budget proposal. [insert text about your organization].

This budget proposal is a one-time allocation of general funds to begin a roll-out of a statewide initiative to promote health equity and prevent key risk factors for leading causes of illness, injury, and premature death. This investment of \$10 per capita represents less than 1/1000<sup>th</sup> of what California spends on health care. Investing in healthier communities can keep people from needing health care in the first place, contain health care costs, and improve quality of life.

These funds are needed to implement strategies we know work. Local health departments, community -based organizations, and their partners know how to significantly reduce risks for the leading causes of illness, injury, and premature death including heart disease, diabetes, and dementia. These diseases have common risk factors beginning in early childhood and continuing on to older adults. Unfortunately, we do not have adequate resources to scale and

sustain effective programs and policies to address these risk factors. Limited state, federal, and private funding for disease and injury prevention is declining, siloed, and inflexible.

The California Wellness Fund will provide resources to local health departments and community organizations, including clinics and tribes, initially in a subset of jurisdictions in Northern, Central, and Southern California, using indices of health inequities to focus resources on the most vulnerable residents and communities. Recipients will work together and use local needs assessments to implement evidence-based and community-guided strategies across the lifespan to improve access to healthy food and safe drinking water, increase opportunities to be physically active, and promote safer and healthier neighborhoods. Rigorous evaluation and accountability will measure changes in key risks for preventable illness and injury in communities with the greatest health inequities.

A California Wellness Fund will ultimately benefit all Californians. This budget proposal will reach part of the state's population, yet it will lay the groundwork for a statewide effort to scale-up the fight against preventable chronic disease by providing sustained funding to organizations in every California county to promote health equity and reduce suffering from preventable diseases. Our state's vision for the future of health must include not only covering all Californians in times of illness, but also assuring critical investments to keep people from getting sick in the first place. We strongly urge you to support the California Wellness Fund.

Sincerely,

[Your signature and title]

*Please email your letter to Kat DeBurgh, Executive Director of the Health Officers Association of California: [deburgh@calhealthofficers.org](mailto:deburgh@calhealthofficers.org). Kat will deliver the letters to Assembly member Arambula, Senator Pan, and members of the Assembly and Senate Budget Subcommittees on Health and Human Services.*



## HOW **HEALTHCARE PAYORS & PROVIDERS** CAN BENEFIT FROM **A CALIFORNIA WELLNESS TRUST**

Investing just \$1 in prevention for every \$1,000 we spend on healthcare is the smartest way to fundamentally reshape the health of California.

By investing in creating healthier communities we can keep people from needing care in the first place, improve lives, and make healthcare dollars go further. A California Wellness Trust would provide sustained funding to nonprofit organizations and local health departments to reduce the underlying causes of preventable illness and injury, making California communities healthier places to live. Programs and policies such as promoting healthy food environments, increasing access to safe physical activity, preventing childhood trauma, and promoting economic security can:

- ✓ **REDUCE EXPENDITURES FOR ALL PATIENTS**  
including those with high needs, through community-based interventions that reduce chronic diseases and injury.
- ✓ **IMPROVE HEDIS QUALITY MEASURES**  
through social determinants-focused investment in priority areas such as housing, transportation, food insecurity, and community outreach to improve the health of patients and the neighborhoods where they live.
- ✓ **ENHANCE THE REPUTATION OF HEALTH PLANS & PROVIDERS**  
that are active partners in creating local conditions where everyone, including their members and patients, can be healthy.
- ✓ **INCREASE EMPLOYEE PRODUCTIVITY**  
by reducing absenteeism due to illness, injury, and caregiving for preventable health conditions.

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## END GOAL

# A CALIFORNIA WELLNESS TRUST

Investing just \$1 in prevention for every \$1,000 we spend on healthcare is the smartest way to fundamentally reshape the health of California.

## THE CRIPPLING COSTS OF NOT INVESTING IN PREVENTION

Race, income, historical injustices, and community conditions—including limited access to healthy food, physical activity, safe neighborhoods, and clean water—can determine the quality and length of your life. Investing just \$10 per person per year in building healthier communities—equal to \$400 million or \$1 for every \$1,000 spent on healthcare—would save billions in healthcare costs for families and taxpayers while creating more equitable opportunities for all Californians to thrive.



### HIGH HEALTHCARE SPENDING

Over 40 percent of all healthcare expenditures treat just six common health conditions—cardiovascular disease, diabetes, cancer, asthma, arthritis, and depression—many of which can be prevented or delayed. The result: over **\$370 billion** in costs to California families and taxpayers each year.



### UNACCEPTABLE HEALTH INEQUITIES

People of color or low-income are more likely to develop and die from chronic disease or injury. For example, poor food environments & targeted junk food marketing increase obesity & more than double diabetes deaths for Latinos & Blacks. Tobacco marketing appropriating Native imagery has contributed to American Indians having the highest smoking rate of any race in CA. **Communities are mobilizing for change & need resources.**



### MAJOR IMPACT ON BUSINESSES

Lower productivity and lost workdays for Californians with chronic conditions and their caregivers cost businesses over **\$106 billion** each year. The annual cost of healthcare—including premiums and out-of-pocket costs—increased by \$700 in 2019, reaching \$14,800 per worker at large employers.

## ONE SOLUTION: A CALIFORNIA WELLNESS TRUST

Establish a mechanism to ensure sustained, dedicated funding of programs to promote health equity and prevent the leading causes of premature illness, injury, and death, including heart disease, cancer, diabetes, violence, and dementia.

Wellness trust initiatives in Minnesota, Oklahoma, and Massachusetts have proven the power of sustained investment to scale-up effective prevention programs and fund community-led innovations. These new funding models have already seen significant reductions in chronic disease and injury.

# HOW A CALIFORNIA WELLNESS TRUST WOULD WORK



## EFFECTIVE PREVENTION STRATEGIES

Sustained funding would allow nonprofit organizations and health departments to better implement and scale effective policies and programs that work primarily outside of healthcare settings to reduce the underlying causes of preventable illness and injury, making California communities healthier places to live.

**Evidence-based programs and pilot innovations, guided by community culture and priorities, could:**

- Promote healthy eating and food environments
- Increase access to safe physical activity
- Prevent childhood trauma
- Improve neighborhood safety and reduce substance use
- Support aging with independence and dignity
- Promote youth leadership and development



## POTENTIAL FUNDING SOURCES AND PROPOSED ALLOCATIONS

Legal analysis identified taxes on one or more unhealthy products contributing to chronic disease and/or injuries as the best potential funding sources. Additional alternatives are under study.

Funds would be allocated among health departments, nonprofit organizations, community health centers, and tribal organizations to act in concert to advance greater health and equity. Spending would benefit all Californians, reaching residents of all ages, from all regions, and from all of California's diverse ethnicities and identities. Funds may not supplant existing resources.

The following chart shows a recommended distribution of resources based on \$10 per person per year, equal to about \$400 million annually.



## ACCOUNTABILITY & OVERSIGHT

Form and staff an oversight committee, with members who have expertise and experience in equity and prevention and are appointed by the governor and legislature, to advise the State on priorities for and administration of the fund, publish regular progress reports, and report back to the legislature.

To ensure coordination of local efforts, local health departments would staff an existing community health coalition or form a new one. All local organizations awarded funding would be required to participate. Rigorous evaluation would be an integral part of the Wellness Trust's design, monitoring changes in community conditions, equity in health outcomes, and key risk factors for illness, injury, and premature death.

# ENDORSEMENTS FOR A CALIFORNIA WELLNESS TRUST

## County Boards of Supervisors

Contra Costa  
Humboldt  
Los Angeles  
Monterey

## Education Sector

California School-Based Health Alliance  
Los Angeles Unified School District  
Monterey County Board of Education  
Pacifica Prevention Partnership @Jefferson Union  
High School District

## Nonprofits

Alcohol Justice  
American Heart Association\*  
Bay Area Health Inequities Initiative\*  
Berkeley Age-Friendly Continuum  
Breastfeed LA  
Building Healthy Places Network  
CA4Health\*  
California Conference of Local Health Officers\*  
California Health Plus Advocates\*  
California Pan Ethnic Health Network\*  
CenCal Health  
ChangeLab Solutions\*  
Cooperation Humboldt  
County Health Executives Association of California\*  
First Five San Luis Obispo County  
Health Improvement Partnership Santa Cruz  
County

Health Officers Association of California\*  
Healthy Hearts Institute  
Human Impact Partners  
Institute for Public Strategies  
Kids' Community Dental Clinic  
Latino Coalition for a Healthy California\*  
Local Government Commission  
Maternal Mental Health Now  
Middleway Network  
Multicultural Health Foundation  
Parents Anonymous, Inc  
Partners in Care Foundation  
Prevention Institute\*  
Public Health Advocates\*  
Public Health Alliance of Southern California\*  
Public Health Institute\*  
Regional Asthma Management and Prevention  
San Luis Obispo County YMCA  
Sepsis Alliance  
Vision Y Compromiso  
Working Partnerships USA  
Worksite Wellness LA  
YES Nature to Neighborhoods  
Youth Forward

## Businesses

Arboreta Group  
Harder+Company Community Research  
Jay Macedo Consulting



# CAN A CALIFORNIA WELLNESS TRUST SAVE LIVES & MONEY?

California Alliance for  
Prevention Funding

Investing in healthier communities is one of the smartest ways to fundamentally reshape the health of California. While good quality health care is essential for all Californians, investing in building healthier communities can prevent illness, injury and inequitable health conditions. A California Wellness Trust could keep people from needing care in the first place, make health care dollars go further, and improve lives.

## SEVERAL STATES ARE ALREADY SEEING THE RESULTS

There are proven examples of the power a wellness trust has to scale-up effective prevention. Minnesota, Oklahoma, and Massachusetts took the leap with innovative funding mechanisms to invest in prevention & are seeing significant results in reducing chronic disease and injury.

### OKLAHOMA TOBACCO SETTLEMENT ENDOWMENT TRUST



- **\$11.70 per capita annual investment has resulted in:**
  - ✓ 29% decrease in Oklahomans with children who reported drinking regular soda one or more times per day<sup>1</sup>
  - ✓ Decrease of cigarette sales by one billion packs since 2001<sup>2</sup>
  - ✓ Decline in smoking (45% among youth & 32% among adults), ten times faster than similar states<sup>3</sup>
  - ✓ \$1.2 billion in direct medical costs for tobacco avoided<sup>4</sup>
  - ✓ Health research centers attracting \$3 for every \$1 invested<sup>5</sup>
- **Funding:** Annual earnings from endowment funded by the Tobacco Master Settlement Agreement
- **Recipients:** Direct allocations & competitive grants to local health departments, community-based organizations, schools & research centers
- **Reach:** 94% of the population
- 2000-present

### MINNESOTA STATE HEALTH IMPROVEMENT PROGRAM



- **\$3.20 per capita annual investment has resulted in:**
  - ✓ Increased access to healthy food & physical activity for 339,000 students<sup>6</sup>
  - ✓ 31% decrease in smoking among 11<sup>th</sup> graders & adults<sup>7</sup>
  - ✓ Adult obesity now firmly below neighboring states<sup>8</sup>
- **Funding:** Annual tax on healthcare providers & insurers
- **Recipients:** Direct allocations to local health departments & tribal partners
- **Reach:** Covers all counties
- 2008-present

### THE MASSACHUSETTS PREVENTION AND WELLNESS TRUST



- **\$2.10 per capita annual investment during a four-year pilot (2012-2016) resulted in:**<sup>9</sup>
  - ✓ Decline in pediatric asthma
  - ✓ Decrease in senior falls & related hospitalizations
  - ✓ Reduction in blood pressure
  - ✓ Increase in controlled & treated hypertension
- **Funding:** One-time assessment on acute care hospitals & commercial insurers
- **Recipients:** Competitive grants to regional providers & community agencies
- **Reach:** Nine regional partnerships

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# PREVENTION WORKS

MAKING THE CASE FOR A CALIFORNIA WELLNESS TRUST

California Alliance for  
Prevention Funding

Investing in healthier communities is one of the smartest ways to fundamentally reshape the health of California. While good quality health care is essential for all Californians, public health interventions that prevent illness, injury, and inequitable health conditions can keep people from needing care in the first place, make our health care dollars go further, and improve lives. These programs—and hundreds of other successful initiatives across the state—are evidence of the success we can expect with sustained funding from a California Wellness Trust.

## EXAMPLES OF CALIFORNIA PREVENTION PROGRAMS THAT WORK

### SCHOOL-BASED EXERCISE PROGRAMS IMPACT CHILDHOOD OBESITY TRENDS



Niños Sanos, Familia Sana (NSFS) in Fresno County has shown promising results in slowing the increase in childhood obesity. NSFS engages Latino elementary-age kids and their families through nutrition education, a non-traditional physical education curriculum, and an economic incentive that encourages families to purchase healthier foods.<sup>1</sup> Participating boys have shown a lower increase in obesity and waist circumference compared to a control group.

### PRIORITIZING AFFORDABLE HOUSING SAVES HEALTH CARE DOLLARS



Housing for Health, a Los Angeles County Health Services program, has provided affordable homes to 3,500 chronically homeless individuals, reducing county medical and mental health costs by \$20 million in the first year alone. The program provides participants with permanent affordable housing linked, through comprehensive case management, to a voluntary and flexible array of health, mental health, substance use, and social services to help them achieve housing stability, improved health, greater independence, and economic security.<sup>3</sup>

### EXERCISE INTERVENTIONS REDUCE FALLS IN OLDER ADULT POPULATIONS



Humboldt County's Senior Resource Center offers a 12-week exercise class called Tai Chi: Moving for Better Balance.<sup>6</sup> This evidence-based program can reduce the number of falls in their older adult population by up to 58 percent,<sup>8</sup> and help decrease the annual cost of fall hospitalizations, which has reached more than \$12.8 million countywide.<sup>7</sup>

### TOBACCO REDUCTION INTERVENTIONS SAVE HEALTH CARE DOLLARS & LIVES



Reducing tobacco use shines as an example of what we can achieve with sustained funding for prevention. Over 25 years of dedicated funding has produced bold social marketing campaigns and established policies that create smoke-free environments, reduce youth access to tobacco, and increase taxes on tobacco products. The result: over 1,000,000 California lives saved and \$134 billion in healthcare costs avoided.<sup>2</sup>

### WORKPLACE WELLNESS PROGRAMS IMPROVE MORALE AND HEALTH



The California Department of Public Health's Worksite Initiative uses its Fit Business Kit<sup>4</sup> to help employers promote increased fruit and vegetable consumption, physical activity, and a culture of wellness. One grocery chain in Gilroy uses the kit to encourage healthy choices by displaying educational materials near healthy food items and hosting community health fairs. The owner credits the program with a 20 percent drop in on-the-job injuries, less employee turnover, and increased morale.<sup>5</sup>

### HEALTHY FOOD INCENTIVES INCREASE FRUIT & VEGETABLE SALES



Market Match, a statewide program that doubles the buying power of federal assistance dollars for fresh produce purchased at farmers markets, generated over \$4.4 million in fruit and vegetable sales in 2017,<sup>9</sup> expanding access to healthy foods for more than 310,000 Californians.<sup>10</sup> Lack of access to healthy food is a key contributor to obesity and other costly chronic diseases.<sup>11</sup>

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