



BTC Report

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OCTOBER 2018

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Falling public health investments show health is not a priority in N.C.

State leaders can take steps to comprehensively fund the social, economic, and environmental factors that impact health and create equitable systems.

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A healthy population is vital to achieving economic prosperity. Good health is the cornerstone of North Carolina's success; healthy populations have higher capacities for learning, greater work productivity, and stronger communities. Adequate public investments play an important role in promoting and sustaining health and well-being. To date, "health spending" is often narrowly considered spending on health coverage or access alone. However, the health of North Carolinians actually begins outside of medical settings, where we live, learn, work, and play. Health transcends structural boundaries and intersects with nearly every aspect of our lives.

Making sure that every North Carolinian has a chance at prosperity and success means creating a culture of health that allows all individuals and families to thrive. State leaders can take steps to comprehensively fund the social, economic, and environmental factors that impact health and create equitable systems that ensure all North Carolinians can achieve their highest level of health and well-being. One specific public investment that can support these broader goals of improving the health of all communities is a state commitment to public health agencies. These agencies work at the state and local level to ensure that a wide range of protections, information, and services are available to every North Carolinian. It is through these comprehensive services that public health agencies across the state are gaining ground in advancing equitable outcomes in health. Such efforts hold promise, if adequately funded, to address the longtime barriers to success that are disproportionately felt by communities of color and by communities with residents who have low incomes.

Despite the promise that public health shows in improving health broadly and advancing health equity, state funding in this area has decreased. This report gives a breakdown of how state investments in the North Carolina Department of Health and Human Services have changed since 2008. It then takes a deeper look at how

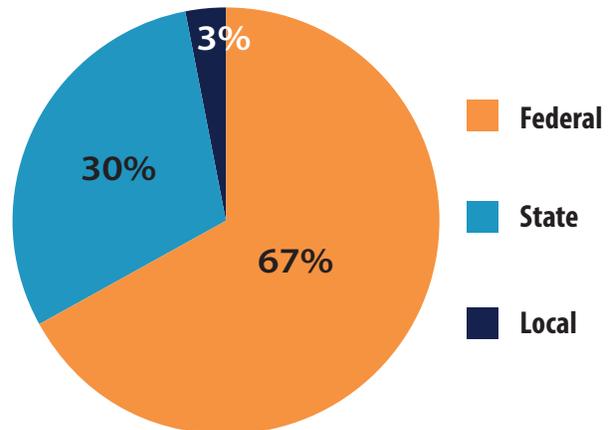
“This lack of investment places the health and safety of all North Carolinians at risk; public health monitors the quality of our water and food, protects us from communicable diseases, and prevents injury and violence.”

the state has failed to adequately invest in public health and continues to limit the ability of our local health departments to keep communities healthy. The report concludes by identifying the need to focus on equitable health outcomes to create a culture of health where every North Carolinian can reach their full potential.

All North Carolinians benefit from public health services

The North Carolina Department of Health and Human Services (NCDHHS) is the primary agency coordinating programs and services to improve health in the state. Funding for the department comes from a combination of federal, state, and local sources, all of which are necessary to make our health systems function properly. Together, these funds provide essential services to North Carolinians of all ages through programs such as Medicaid, NC Health Choice, child care assistance, food assistance, adoption and foster care services, services for aging adults, environmental quality, and much more. These funds also help supply our local health departments, hospitals, and clinics with necessary supplies and the people who work to deliver services to individuals and families who visit them for care. NCDHHS benefits the state through direct health care services as well as through programs that address health outside of medical settings. These services, and adequate investments to sustain these services, are critical to maintaining a strong status of health in North Carolina. For the purposes of this report, we focus on the state's contributions to health over time as an important marker of North Carolina's commitment to these goals, especially as federal support remains uncertain.

Figure 1: One-third of all health funding in North Carolina comes from the state



Source: Budget & Tax Center analysis of FY 2017 health expenditures from U.S. DHHS, NCGA Budget Report, and NC Association of County Commissioners

North Carolina has not invested to drive better health outcomes

The foundation for a strong culture of health in North Carolina starts with investments in equitable health infrastructure. In the most recent budget, the state allocated \$5.3 billion toward NCDHHS, which accounts for 22 percent of the total state budget.¹ It is the second largest area of state investments, following K-12 Education. Although 22 percent of the state budget may seem acceptable, the state has failed to adjust funding to meet the needs of the growing population.

Funding for NCDHHS has decreased by 5 percent over the past ten years, after adjusting for inflation.² This means that North Carolina has \$281 million less today than in 2008 to manage the delivery of health and human services for a population that has grown by over 1.1 million during that time.³ The result is that the state spends \$92 less per person today, despite the threat of new diseases, the opportunity of new treatments, and the growing need to address

1 Toledo, L. & Sirota, A. (2018). 2019 budget fails to effectively address N.C.'s existing and emerging needs. *Budget & Tax Center*. Retrieved from <https://www.ncjustice.org/budget-and-tax/2019-budget-fails-effectively-address-nc%E2%80%99s-existing-and-emerging-needs>

2 Budget & Tax Center analysis of OSBM Budget Reports, FY 2008-09 to FY 2018-19

3 Budget & Tax Center analysis of OSBM Budget Reports and OSBM County Population Estimates, FY 2008-09 to FY 2018-19

the social, economic, and environmental factors that influence health.⁴ Recognizing that NCDHHS supports the health of North Carolinians both within and outside of medical settings, the state must do more to ensure that the Department has the resources it needs to make North Carolina a healthier place to live.

Within NCDHHS, the Division of Public Health has also seen diminishing investments over the past ten years, likely due to increased reliance on federal funds and programs. The Division of Public Health plays a vital role to guarantee that all North Carolinians have equal access to public health services through an array of prevention services, intervention techniques, quality enhancement initiatives, and multisector partnerships. Between fiscal year 2008-09 and the current budget cycle, state inflation-adjusted funding for public health has been cut by 28 percent, or approximately \$60 million.⁵ In fiscal year 2018-19, the Division of Public Health will account for only 3 percent of the NCDHHS budget. (See Figure 3 on Page 4.) This lack of investment places the health and safety of all North Carolinians at risk; public health monitors the quality of our water and food, protects us from communicable diseases, and prevents injury and violence. North Carolina must prioritize public health through sustainable investments in this area.

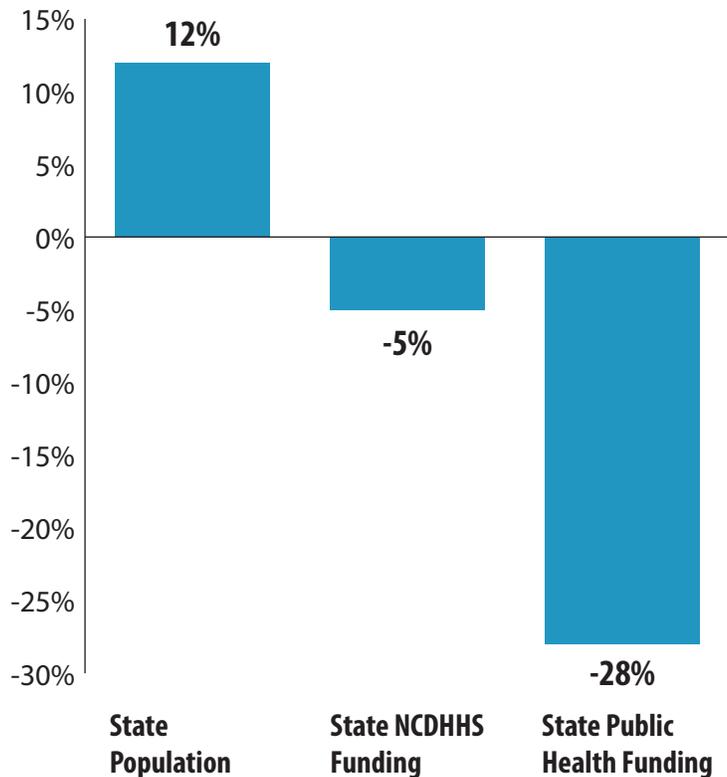
Without adequate funding, local health departments struggle to keep communities healthy

The strain from the lack of state investments in public health is particularly felt by local health departments, which carry out the majority of public health services. Local health departments were created to be on the front lines of public health and provide various vital services, such as: monitoring community health problems, investigating health hazards, informing people about health issues, developing policies that support individual and community health efforts, enforcing laws, enhancing regulations that protect health and ensure safety, and linking people to needed personal health care services. Local health departments serve all 100 counties in North Carolina in some capacity.

As a result of decreased levels of public health funding, local health departments in North

Figure 2: Public investments in health fall behind the state's population growth

FY 2008-09 to FY 2018-19

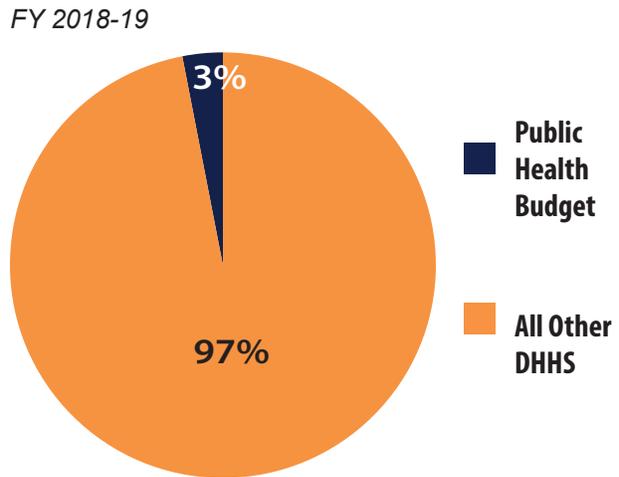


Source: Budget & Tax Center analysis of annual Joint Conference Committee Report on the Base and Expansion Budget, issued by the North Carolina General Assembly

⁴ Budget & Tax Center analysis of OSBM Budget Reports and OSBM County Population Estimates, FY 2008-09 to FY 2018-19
⁵ Budget & Tax Center analysis of OSBM Budget Reports, FY 2008-09 to FY 2018-19

Carolina have not fared well over the past decade. Between fiscal years 2008-09 and 2015-16, local health departments saw investments fall by \$6.3 million, a decrease of 1 percent.⁶ Furthermore, the number of employees carrying out the duties at the state's local health departments has decreased by 1,368, or 14 percent, since reaching a peak in 2007.⁷ As of 2017, there is less than one (0.82) local health department employee for every 1,000 North Carolina residents.⁸ This is concerning, considering the impact that lower levels of funding and staff capacity have on the health of the communities being served by the health departments. Research shows that when local health departments have adequate funding, they are able to significantly increase life expectancy and reduce deaths associated with preventative causes such as heart disease, infant death, and diabetes.^{9 10}

Figure 3: Less than 5% of the Health and Human Services budget is for Public Health initiatives



Source: Budget & Tax Center analysis of annual Joint Conference Committee Report on the Base and Expansion Budget, issued by the North Carolina General Assembly

Further analysis on the impact of decreased state investments shows that counties have had to greatly increase local spending. In addition, counties have had to find ways to prioritize health initiatives in order to make up for very limited federal and state health funding support, as well as decreased local revenues for health expenditures. (See Figure 5 on Page 6.) Overall, between fiscal years 2008-19 and 2015-16 state and federal investments for local health departments have increased by a mere 0.3 percent (\$373,000), while county appropriations for local health departments have grown by 19.4 percent (\$43.4 million).¹¹

The state's failure to adequately fund health and human services has diminished efforts by health departments to encourage, incentivize, motivate, and model healthier behaviors for North Carolinians. For example, parenting programs to prevent child abuse were traditionally offered to parents with children under the age of 18 months. Currently, these classes are offered only to parents of children over the age of 18 months, which creates a dangerous disparity for those parents who need help with parenting newborns and infants.

Local health departments must be able to rely on state funding that grows with the needs of the population. Without sufficient investments at the state level, local governments are often unable to provide adequate funding to sustain high quality, comprehensive public health services. This places the health of all communities in jeopardy and puts health equity further out of reach.

6 Budget & Tax Center analysis of North Carolina Local Health Department Funding, FY 2008-09 to FY 2015-16
 7 NCDHHS. (2017). Local health department staffing and services summary fiscal year 2017. Retrieved from https://schs.dph.ncdhhs.gov/schs/pdf/LHD_2017_FIN_20171120.pdf
 8 Budget & Tax Center analysis of Local Health Department Staffing and Services Report and OSBM County Population Estimates, 2017
 9 Singh S.R. (2014). Public health spending and population health: a systematic review. *American Journal of Preventative Medicine*, 47(5): 634-40. doi: <https://doi.org/10.1016/j.amepre.2014.05.017>
 10 Mays G.P., Smith S.A. (2011). Evidence links increases in public health spending to declines in preventable deaths. *Health Affairs (Millwood)*, 30(8): 1585-93. doi: 10.1377/hlthaff.2011.0196
 11 Budget & Tax Center analysis of NC Local Health Department Funding FY 2008-09 to FY 2015-16

Advancing a culture of health means focusing on equitable health outcomes

The health of North Carolinians will not improve as long as the state decides to ignore the importance of reaching health equity through comprehensive investments in health and well-being. Unfortunately, state leaders have become comfortable with a status quo that benefits the wealthiest while chipping away funding for health and human services that provide value to all North Carolinians. As the state continues to grow, North Carolina cannot afford to leave behind the health of entire communities and the growing majority of its population.

The continued lack of investments in public health over the past decade have coincided with insufficient progress on several key indicators for health. Additionally, barriers to health for communities of color and communities with residents living with low incomes remain prominent, hindering the state's ability to achieve health equity. Communities of color and communities with residents living with low incomes typically experience worse health outcomes, in large part due to structural and systemic inequities such as segregated neighborhoods and school districts, tax codes that place a greater burden on those with low-to-moderate incomes, and jobs that don't pay a living wage. This means these communities have more ground to cover before their health reaches levels similar to those of whiter and wealthier communities. Before North Carolina can expect to make real progress narrowing health disparities, the state must make the investments to ensure that faster gains are made among groups facing the largest barriers to health — those with the worst health outcomes. Otherwise, inequitable differences in health can remain locked into place.

One area where differences in health exist is around low birth weights. Babies with low birth weights are at increased risk for a host of health complications during infancy as well chronic conditions like diabetes, heart disease, and high blood pressure later in life. In addition, low birth weights often mean that the mothers are experiencing poor health, usually related to increased stress levels

CORE FUNCTIONS OF LOCAL HEALTH DEPARTMENTS IN NORTH CAROLINA

Health Support Services

- Communicable disease surveillance
- Laboratory services
- Community health education
- Emergency preparedness response planning
- Comprehensive community health assessments

Environmental Health

- Water sanitation and safety for public swimming pools and private water supply
- Restaurant and lodging inspections
- On-site sewage and wastewater disposal services
- Lead abatement services

Personal Health

- Pregnancy care management
- Women, Infants, and Children (WIC) Nutrition Services
- Contraceptive care
- Adolescent pregnancy prevention
- Immunizations
- Chronic disease control
- Tobacco cessation counseling
- Sexually transmitted disease testing and treatment
- Dental services

SOURCE: NCDHHS, (2017). LOCAL HEALTH DEPARTMENT STAFFING AND SERVICES SUMMARY FISCAL YEAR 2017. RETRIEVED FROM [HTTPS://SCHS.DPH.NCDHHS.GOV/SCHS/PDF/LHD_2017_FIN_20171120.PDF](https://schs.dph.ncdhhs.gov/schs/pdf/LHD_2017_FIN_20171120.PDF)

Figure 4: Health disparities around healthy babies persist in North Carolina

| Percent of babies born weighing less than 5.5 lbs. | Overall | White | Black or African American | American Indian | Latinx |
|--|---------|-------|---------------------------|-----------------|--------|
| Baseline (2008) | 9.1 | 7.8 | 14.4 | 10.7 | 6.3 |
| Most Current Data (2016) | 9.1 | 7.5 | 14.1 | 12 | 7 |
| Percent Change from Baseline | 0.0 | -3.8 | -2.1 | 12.1 | 11.1 |

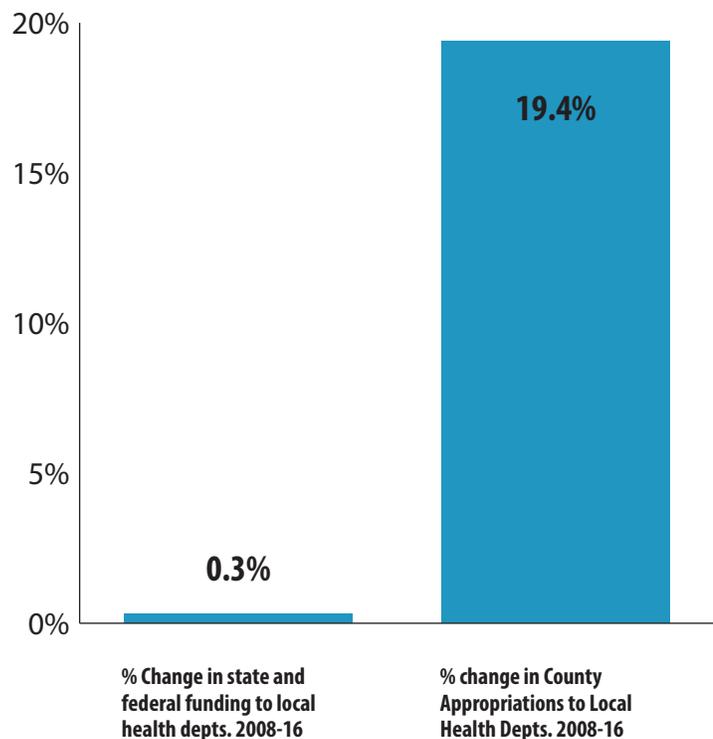
Source: Budget & Tax Center analysis of NCDHHS Health Equity Reports, 2010 and 2018

and fewer prenatal health resources. The percent of babies born in North Carolina weighing less than 5.5 pounds (considered low birth weight) has not changed since 2008.¹² An examination of baseline and current rates broken down by race and ethnicity reveals communities of color are losing ground at an even faster clip; American Indian and Latinx populations saw increases of more than 10 percent. Black or African American babies still have the highest percent of low birth weights, even with a slight decrease of 2.1 percent since 2008. Over the past eight years, it is clear that significant racial and ethnic health disparities in low birth weights continue to persist in North Carolina.

Deaths from heart disease provide another example of an area where North Carolina can make more progress to narrow gaps in health outcomes. Heart disease is a preventable

condition and usually occurs in tandem with other chronic health diseases such as diabetes and obesity. Preventative health conditions disproportionately impact communities of color and communities with residents living with low incomes because these communities have seen a historic lack of investments in areas that promote healthy lifestyles — investments like safe and accessible places for recreation, grocery stores with healthy and affordable food options, and neighborhood parks. The data around deaths from heart disease in North Carolina show how difficult it can be to make real progress eliminating racial and ethnic differences in health

Figure 5: Counties are forced to fill gaps as state investments in local health departments fail to keep up



Source: Budget & Tax Center analysis of NC Local Health Department Funding FY 2008-09 to FY 2015-16

¹² Budget & Tax Center analysis of NCDHHS Health Equity Reports, 2010 and 2018

Figure 6: Significant progress must be made to reduce gaps in heart disease deaths

| Rate of deaths from heart disease (per 100,000) | Overall | White | Black or African American | American Indian | Latinx |
|---|---------|-------|---------------------------|-----------------|--------|
| Baseline (2004-2008) | 197.9 | 192.6 | 236 | 207.7 | 66.4 |
| Most Current Data (2014-16) | 161.3 | 159 | 187.1 | 182 | 56.6 |
| Percent Change from Baseline | -18.5 | -17.4 | -20.7 | -12.4 | -14.8 |

Source: Budget & Tax Center analysis of NCDHHS Health Equity Reports, 2010 and 2018

Figure 7: Childhood poverty places barriers to success for all N.C. children

| Percent of children living in poverty | Overall | White | Black or African American | American Indian | Latinx |
|---------------------------------------|---------|-------|---------------------------|-----------------|--------|
| Baseline (2008) | 19.9 | 11.3 | 33.4 | 28.3 | 34.3 |
| Most Current Data (2016) | 21.7 | 15.8 | 33.8 | 33.4 | 35.8 |
| Percent Change from Baseline | 9.0 | 39.8 | 1.2 | 18.0 | 4.4 |

Source: Budget & Tax Center analysis of NCDHHS Health Equity Reports, 2010 and 2018

outcomes. Between 2004-08 and 2014-16, Blacks or African Americans saw the largest reduction of deaths from heart disease, yet they still have the highest rates of death from heart disease when compared to other racial and ethnic groups. In other words, even a 20 percent reduction in deaths from heart disease among the Black and African American population was not enough to make a dent in the long-standing disparity felt by communities of color.

Finally, childhood poverty has deep implications for health. Existing systems, such as segregated neighborhoods and school districts, and tax codes that place a high tax burden on households with low-to-moderate incomes, have essentially equated health with wealth and made the opportunity for strong health available to those who can afford it. Households that are financially insecure typically have worse health overall.¹³ Over the past decade, the percent of children living in poverty in North Carolina has grown across all racial and ethnic groups, which places significant roadblocks in the way of their success and long-term health.¹⁴ The state is quickly losing hold of the ability to protect and support North Carolina’s children, leaving in place harmful and lifelong health effects of growing up in poverty. Investing in public health infrastructure — such as local health departments, health and mental health professionals in schools, and neighborhood parks that largely support families with low incomes — would help to ensure that all children can grow up healthy and reach their full potentials.

North Carolina leaders can use this information to equitably invest in health. Using a health equity approach means examining which racial, ethnic, and economic groups are facing the most significant roadblocks to health and targeting funding to those communities. North Carolina has already seen great success using a health equity approach around reducing the number of pre-term births and maternal deaths among Black mothers.¹⁵ The state targeted Medicaid and public health dollars to provide care coordination services to mitigate the risks related to pregnancy and childbirth.¹⁶

North Carolina must build on this success and apply similar funding strategies in other areas where health disparities exist. One thing North Carolina can do right away is expand Medicaid

13 NC Child, North Carolina Institute of Medicine. (2018). North Carolina child health report card, 2018 [Data report]. Retrieved from <http://www.ncchild.org/wp-content/uploads/2018/02/2018-CHRC-007-FINAL.pdf>

14 Budget & Tax Center analysis of NCDHHS Health Equity Reports, 2010 and 2018

15 Belluz, J. (2017). Black moms die in childbirth 3 times as often as white moms. Except in North Carolina. Vox. Retrieved from <https://www.vox.com/health-care/2017/7/3/15886892/black-white-moms-die-childbirth-north-carolina-less>

16 Community Care of North Carolina. Pregnancy care medical home. Retrieved from <https://www.communitycarenc.org/media/related-downloads/pregnancy-medical-home-brochure.pdf>

under the Affordable Care Act. Expanding Medicaid is the single most effective way North Carolina can improve access to quality health care for the greatest number of residents. More than 600,000 North Carolinians across all racial and ethnic groups living with low incomes stand to benefit from Medicaid expansion.¹⁷

Achieving health equity is a long-term commitment that can be accomplished through sustainable and targeted investments in health and well-being. Investing in communities that can gain the most from targeted funding allows those communities to make more significant improvements to their health, which in turn advances the health of North Carolina as a whole. We all benefit when more families have equitable opportunities to be healthy.

The time is now to improve investments in health

Everyone needs good health to reach their fullest potential. North Carolina has its greatest chance at a thriving economy when state leaders prioritize health and invest in the resources needed so that all North Carolinians can achieve long-term health and prosperity. Through the state budget, North Carolina policymakers can choose to adequately and equitably invest in systems that ensure all North Carolinians have the opportunity to reach their highest level of health. In the current moment, such an orientation is critical. North Carolina faces significant health challenges that could serve to undermine the state's well-being, both economically and in terms of quality of life. As budgets are a reflection of the priorities and values of a people and place, North Carolina must commit the dollars needed to achieve its vision for a healthy state.

¹⁷ Toledo, L. & Sirota, A. (2018). 2019 budget fails to effectively address N.C.'s existing and emerging needs. NC Budget and Tax Center. Retrieved from <https://www.ncjustice.org/budget-and-tax/2019-budget-fails-effectively-address-nc%E2%80%99s-existing-and-emerging-needs>