STATE OF UTAH

# Office of the Legislative Auditor General

W315 UTAH STATE CAPITOL COMPLEX • PO BOX 145315 • SALT LAKE CITY, UT 84114-5315
(801) 538-1033 • FAX (801) 538-1063

KADE R. MINCHEY, CIA, CFE
AUDITOR GENERAL

**Audit Subcommittee of the Legislative Management Committee**
President J. Stuart Adams, Co–Chair • Speaker Brad R. Wilson, Co–Chair
Senator Evan J. Vickers • Representative Francis D. Gibson
Senator Karen Mayne • Representative Brian S. King

October 19, 2021

Senator Michael S. Kennedy, Chair
Representative Merrill F. Nelson, Chair
Health and Human Services Interim Committee
Utah State Capitol Complex
Salt Lake City, UT 84114

Dear Senator Kennedy and Representative Nelson:

Attached is the legislative audit report #2021-11, *A Performance Audit of the Culture and Grant Management Process of the Department of Health.* In accordance with ***Utah Code*** 36-12-8, the Legislative Audit Subcommittee passed a motion referring this audit report to your committee for further review and action as appropriate. The audit report was also referred to the *Social Services Appropriations Subcommittee*, which was designated as the lead committee to follow-up on the audit and report back to us. Therefore, you may want to coordinate your review of the audit with that committee.

The Legislative Auditor General and staff have done extensive work and used valuable resources to perform the audit in a professional and thorough manner. We anticipate a response from your committee. Therefore, **for each recommendation to the Legislature**, we ask that your committee reach one of the following conclusions, or some combination of the three, by a motion and a vote:

- Draft legislation for the next legislative general session, if applicable;
- Conclude that the issues are significant but that more time is needed to develop solutions and consensus; or
- Conclude that there is insufficient committee support to study the issues further.

In addition, **for other (non-legislative) recommendations**, we ask that as part of your oversight role you determine whether appropriate action is being taken to address the audit findings. We ask that you report back to the Legislative Audit Subcommittee the conclusion(s) reached by your committee with a summary of the reasons for reaching this (these) conclusion(s).

Thank you for your efforts in this vital legislative role of oversight.

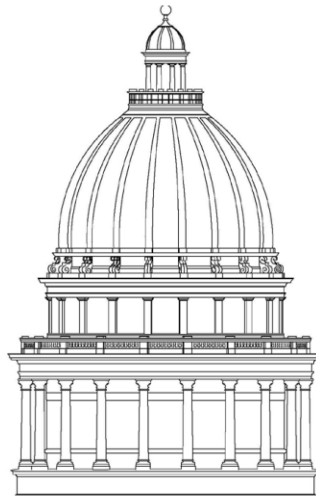
Sincerely,

| | |
|---|---|
| J. Stuart Adams<br>President of the Senate<br>Utah State Senate | Brad R. Wilson<br>Speaker of the House<br>Utah House of Representatives |

REPORT TO THE

**UTAH LEGISLATURE**

Number 2021-11



# A Performance Audit of the Culture and Grant Management Processes of the Department of Health

October 2021

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah

STATE OF UTAH

**Office of the Legislative Auditor General**

315 HOUSE BUILDING • PO BOX 145315 • SALT LAKE CITY, UT 84114-5315
(801) 538-1033 • FAX (801) 538-1063

**Audit Subcommittee of the Legislative Management Committee**
President J. Stuart Adams, Co–Chair • Speaker Brad R. Wilson, Co–Chair
Senator Karen Mayne • Senator Evan J. Vickers • Representative Brian S. King • Representative Francis D. Gibson

KADE R. MINCHEY, CIA, CFE
AUDITOR GENERAL

October 18, 2021

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of the Culture and Grant Management Processes of the Department of Health** (Report #2021-11). An audit summary is found at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

Kade R. Minchey, CIA, CFE
Auditor General

UTAH STATE
LEGISLATURE

# AUDIT SUMMARY

REPORT #2021-11 | OCTOBER 2021

Office of the Legislative Auditor General | Kade R. Minchey, Auditor General

PERFORMANCE AUDIT

### AUDIT REQUEST

We were asked to look at the efficiency, effectiveness, and culture of the Department of Health (DOH) to determine how executive management has led the organization. We reviewed several grants to understand how they are evaluated and approved in a Governance Committee process and to ascertain the effectiveness of the grants. We also examined the funds of some federal grants to trace how they were used and disbursed to local health departments (LHD).

### BACKGROUND

DOH is the state public health entity and is directed to establish a health policy for the state and promote health, quality of life, and contain costs. DOH is also the single state agency administering Medicaid and public health programs.

Federal funding has a strong influence on DOH, as it made up 71 percent of DOH's budget in FY 2021. This, along with other roadblocks has hindered DOH's pursuit of new ideas and innovations.

For DOH to meet the regional needs and demands of the state and establish policy, ***Utah Code*** authorizes the Governance Committee, comprised of DOH and LHD representatives, to evaluate the allocation of public health resources, and consider proposed policy changes.

# Culture and Grant Management Processes of the Department of Health

## KEY FINDINGS

- DOH's Executive Management Has the Opportunity to Improve Innovation and Strengthen Ties with the Legislature.
- DOH Should Prioritize Grants Based on Needs and Potential Impact.
- Stronger State and Local Partnership is Needed to Enhance Public Health.

## RECOMMENDATIONS

- We recommend DOH leadership make a commitment to innovation, remove any roadblocks, and remain diligent until full implementation of new ideas prioritized for implementation are realized.
- We recommend DOH executive leadership ensure its strategic plan is clear and precise, focusing on the critical public health needs in the state and ensure that division and bureau-level plans are strategically aligned.
- We recommend that the Governance Committee determine which points of information are relevant to their decisions and standardize the inclusion of that information in grant proposal presentations.

### *DOH's Executive Management Has Opportunity to Improve Innovation and Strengthen Ties with the Legislature:*

We believe department leadership can improve the internal cultivation of new ideas in the department, including through the establishment of an innovation center that collaborates with DOH management, the Legislature, and others to ensure public health in Utah excels in efficiency and effectiveness. DOH leadership can also improve the way it supports state priorities throughout the department.

*Summary continues on back >>*

# REPORT SUMMARY

## *DOH Should Prioritize Grants Based on Needs and Potential Impact*

DOH applies for and receives numerous federal grants to supplement limited state funding and to allow it to address public health needs. Some public health areas of focus are laid out in statute, but many are defined at the department's discretion. DOH's strategic plan is overly broad and does not specify its primary public health objectives. The department is missing a key opportunity to focus on critical public health issues facing the state and significantly improve outcomes in these areas. Instead, the department's plan is written for Utahns to be "among the healthiest people" in the country and lets the availability of federal grants, not strategy, determine its priorities.

## *Stronger State and Local Partnership is Needed to Enhance Public Health*

Funding allocation decisions could be optimized through stronger state and local collaboration. Greater transparency would also make policy and funding allocation decisions more informed, as well as hold stakeholders accountable. Formalizing best practices would improve allocation decisions and create more consistency. For example, in one grant we examined, funding shifted by $43 million once transparency was increased. In addition, LHDs should extend efforts to increase their involvement in the grant application process.

## *Obstacles to innovations at DOH are real and present challenges that can be difficult:*

This figure illustrates DOH's current operating process, with the left of the figure depicting roadblocks that are allowed to block innovation. Recommendations in Chapter II are designed to push DOH to overcome these roadblocks and embrace innovation, as graphically illustrated on the right. Specifically, we recommend the development of a health innovation center. As authorized by H.B. 365 of the 2021 General Session, DOH will merge with DHS and this innovation center should be established to serve the entirety of the new department.

**Figure 2.7** DOH Activities Encountering Roadblocks (left) and DOH Using Innovative Methods to Navigate the Roadblocks (right).

*Source: Illustration created by Chris Manfre.*

REPORT TO THE

UTAH LEGISLATURE

Report No. 2021-11

# A Performance Audit of the Culture and Grant Management Processes of the Department of Health

October 2021

Audit Performed By:

Audit Manager Benn Buys, CPA

Audit Supervisor Jesse Martinson, CIA

Audit Staff Hillary Galvin
Madison Hoover
Brent Packer

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# Chapter I
# Introduction

The Department of Health (DOH) is the state public health entity. According to ***Utah Code* 26-1-3**, DOH is directed to establish a health policy for the state and promote health, quality of life, and contain costs in the health field. DOH has the policymaking functions, regulatory and enforcement powers, rights, and duties to manage health programs that are the responsibility of the state. We were asked to look at the efficiency, effectiveness, and culture of DOH. We evaluated the culture of the organization and determined how effective DOH executive management is leading the organization to ensure the state's public health interests are being met.

**DOH has the policymaking functions, regulatory and enforcement powers, rights, and duties to manage state health programs.**

## DOH Is the State Public Health Entity

As the state public health entity, DOH is the health planning and medical assistance authority of the state and is the sole state agency for administration of federally assisted state programs or plans for public health and health planning. DOH's mission is to protect the public's health through preventing avoidable illness, injury, disability, and premature death; assure access to affordable, quality health care; and promote healthy lifestyles. The three objectives of DOH are:

- *Healthiest People:* The people (of Utah) will be among the healthiest in the country.
- *Optimize Medicaid:* Utah Medicaid will be a respected innovator in employing health care delivery and payment reforms that improve the health of Medicaid members and keep expenditure growth at a sustainable level.
- *A Great Organization:* DOH will be recognized as a leader in government and public health for its excellence in performance. The organization will continue to grow its ability to attract, retain, and value the best professionals and public servants.

**The three objectives of DOH are: Healthiest People, Optimize Medicaid, and A Great Organization.**

To meet the needs of the state as a whole and its various public health questions, DOH has four main divisions with associated programs or bureaus:

- Disease Control and Prevention
- Family Health and Preparedness
- Medicaid and Health Financing
- Center for Health Data and Informatics

For DOH to meet the regional needs of the state and its disparate demands, ***Utah Code*** **26A-1-106** places some of these responsibilities upon local health departments (LHD) to provide for basic health services directly or indirectly:

(a) public health administration and support services;
(b) maternal and child health;
(c) communicable disease control, surveillance, and epidemiology;
(d) food protection;
(e) solid waste management;
(f) waste water management; and
(g) safe drinking water management.

LHDs are regionally situated so that local needs can be assessed and met.

## LHDs Are a Key Stakeholder in Public Health

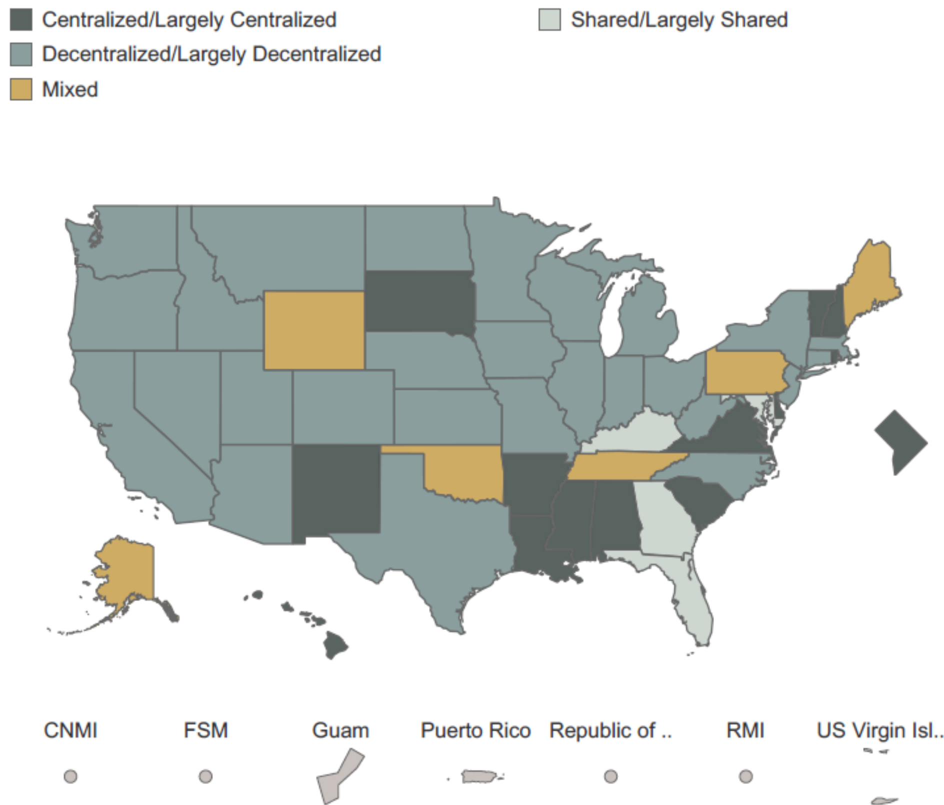
**The relationship between state and local public health is critical to policy decisions and determinations regarding the allocation of funds.**

Utah relies on a decentralized public health system to further the health and wellness of Utah's citizens. The relationship between state and local public health is critical to policy decisions and determinations regarding the allocation of funds. The Association of State and Territorial Health Officials (ASTHO) describes the state and local relationship as having "important implications for delivery of public health services and for determining which delivery strategies and models may best apply in different settings."

While the significance of the relationship is recognized, each state has worked out their own way to accomplish the wide array of responsibilities that public health encapsulates. Figure 1.1 illustrates the varied governance structures that exist across the nation.

**Figures 1.1 Different Governance Structures Are Used in Different States.** The decentralized system used by Utah is the most prevalent and matches most western states.

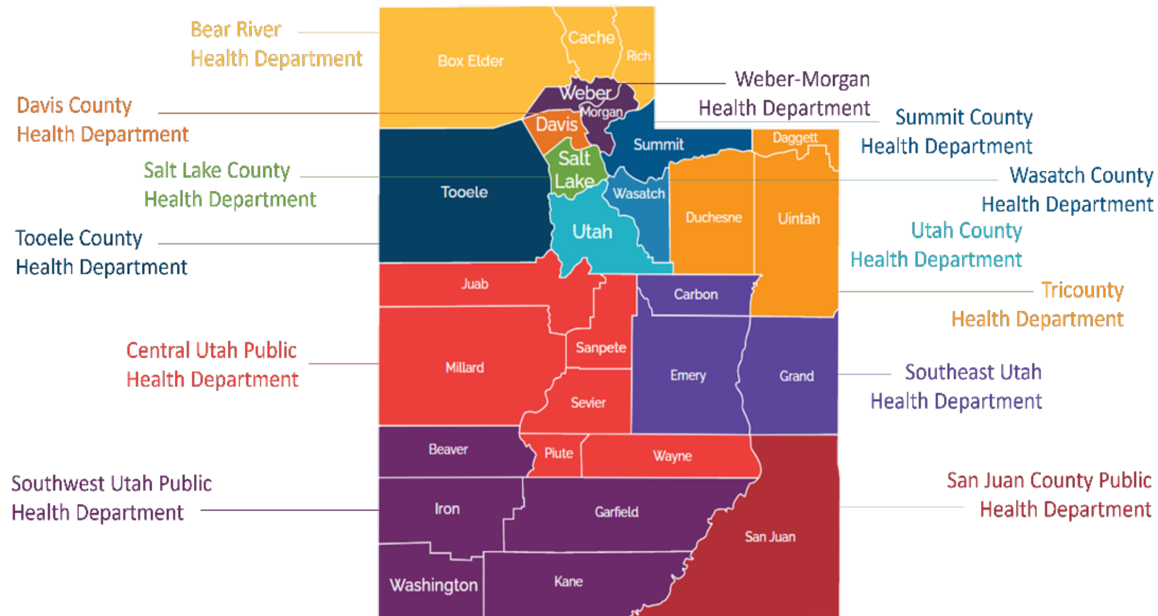
**The decentralized system used by Utah is the most prevalent and matches most western states.**




*Source: 2019 ASTHO Annual Survey Responses, Profile Survey Dashboard.*

Utah's system is made up of a single state health agency, DOH, and thirteen public health districts, as seen in Figure 1.2.

**Figure 1.2 Utah is Divided Into Thirteen Local Public Health Districts.** Each district is responsible for providing basic public health services in their region.




*Source: Graphic modified from Utah's Association of Local Health Department image.*

To establish health policy, ***Utah Code*** **26-1-3** requires the establishment of a committee of DOH and LHD representatives. This committee evaluates the allocation of public health resources between the department and LHDs, evaluates policies that affect LHDs, considers proposed policy changes, and establishes criteria by which an application for a federal grant may be reviewed. This Governance Committee will be discussed further in Chapter IV.

***Utah Code*** **26-1-3 establishes a committee of DOH and LHD representatives which evaluates the allocation of public health resources between DOH and LHDs.**

## Audit Scope and Objectives

We evaluated DOH's culture to determine how executive management has led the organization. We recognize that audits dealing with culture have a degree of subjectivity, as part of the audit findings are based on employees' opinions and beliefs. We have taken steps to control for some of the subjectivity by focusing on themes that were frequently mentioned and that we observed over more than a dozen audits in the last twelve years of audit work. The audit team was also comprised of auditors involved in these DOH audits and we used that experience to filter cultural themes that have been prevalent for many years. In addition, the cultural areas have been distilled from

years of direct observation, as well as over one hundred employee interviews, interviews with key stakeholders, department-wide surveys, and analyses.

We also reviewed several grants to understand how federal grants are evaluated and approved in the Governance Committee process and ascertain the effectiveness of the grants. Finally, we examined the funds from some federal grants to trace how they were used and disbursed to LHDs.

- **Chapter II** discusses the culture of the Department of Health and how innovative the executive management has been for the department.

- **Chapter III** discusses how the Department of Health's procurement of federal grants should be more strategic and focus on public health areas that are essential and not being addressed by other entities.

- **Chapter IV** analyzes funds received from federal grants and how they are allocated by the Governance Committee and used by the Department of Health and the local health departments.

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# Chapter II
# The Department of Health's Executive Management Has Opportunity to Improve Innovation and Strengthen Ties with the Legislature

As part of our review of the efficiency and effectiveness of the Department of Health (DOH), we were asked to examine the culture of the department. A culture audit entails reviewing the methods, behavior, and processes of a department and is a useful tool to understand the department's strengths and weaknesses. This culture audit is particularly timely due to the pending merger of DOH with the Department of Human Services (DHS), as authorized by the Legislature in the 2021 General Session.[1] We found several encouraging aspects of DOH's culture, such as a dedicated workforce committed to principles of public health and safety net programs, a commitment to follow and respond to department leadership, and general job satisfaction among employees. This is encouraging, as these positive aspects of DOH culture can be used to overcome cultural challenges identified in the audit. This chapter is organized by discussing each of the following growth areas in detail:

**There are several positive aspects of DOH's culture, including a dedicated workforce, commitments to department leadership, and general job satisfaction among employees.**

- **DOH Can Better Manage Its Relationship with the Federal Government.** DOH employees appear to have a stronger connection with the federal government than with the Utah State Legislature, thus DOH appears to have a financial incentive to utilize federal funding. In addition, it is subject to numerous federally mandated rules and requirements to receive federal funding. DOH may have allowed this process to hinder the department's pursuit of new ideas and innovations. We strongly encourage DOH leaders to find ways to innovate while adhering to federal funding rules.

**DOH can better manage its relationship with the federal government and can do more to foster an innovative atmosphere.**

- **DOH Can Do More to Foster an Innovative Atmosphere.** DOH leadership must take a more active leadership role in pushing for and removing barriers to

[1] H.B. 365.

innovation. DOH employees stated that new ideas and processes may be accepted but are not encouraged, and there is a lack of will to implement innovation.

**DOH has not been proactive in innovating within the department, nor have they responded to the full intent of legislative direction.**

- **DOH's Relationship with the Legislature Can Be More Collaborative.** We have heard it described that DOH is an "agency of no". Our review of bills affecting the department, as well as our observations of audit recommendation implementation efforts, supports the idea that DOH has not proactively sought opportunities to innovate within the boundaries of federal oversight and respond more fully to legislative direction.

We believe that the pending merger with DHS, combined with the capabilities and resources of DOH, provides the framework to create a department that the Legislature, executive branch, local governments, and federal government can rely on to be the public health authority of the state. However, we also believe this framework alone is not sufficient to overcome the cultural challenges we identified in the department. Therefore, we recommend an innovation center be created at DOH that is required to collaborate with the state's Chief Innovation Officer. This new center can help foster a culture of innovation and help guide the state's health improvement efforts.

## DOH Appears Beholden to the Federal Government Over the Utah State Legislature

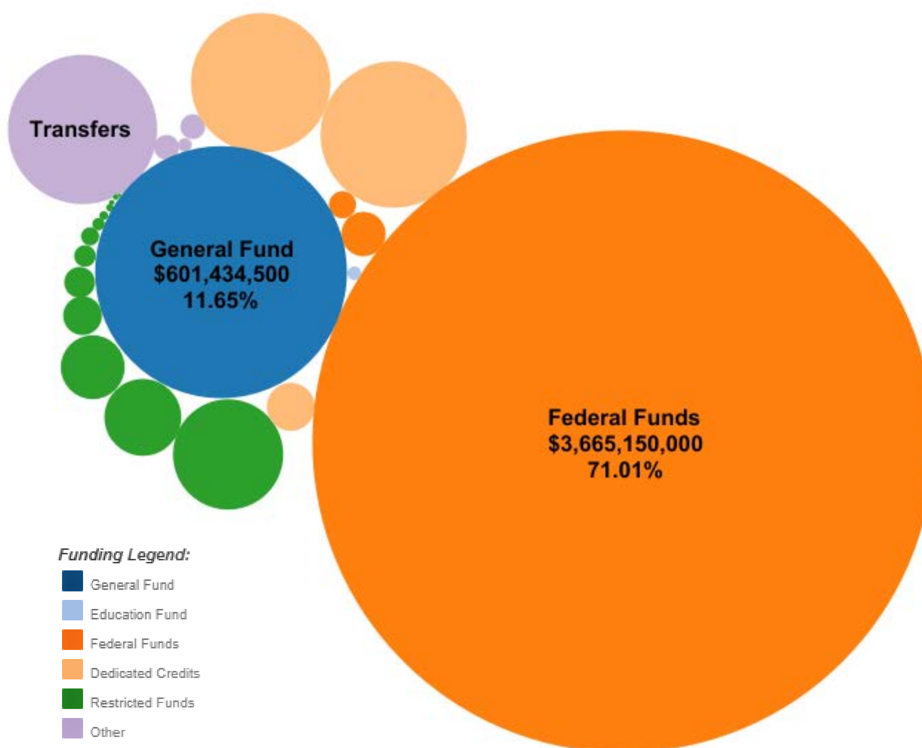
DOH leadership can improve the way it supports state priorities throughout the department. This is important for leadership, since audit findings show that the majority of DOH employees feel accountable to the federal government, and it appears DOH has a financial incentive to utilize federal funding. However, it's encouraging that DOH employees feel accountable to DOH management. If DOH leadership were to balance stakeholder needs and appropriately emphasize legislative priorities, then the department would likely follow suit.

## DOH Funding Structure Has Resulted in a Strong Bond with the Federal Government

In Fiscal Year 2021, the Utah State Legislature appropriated more than $600 million for DOH's General Fund. The Legislature also allocates all funding, including federal funding, to DOH, and approves some grants received by the department. Our audit findings suggest that the Legislature's role is understood by DOH leadership but not by DOH employees. We understand that it is natural for DOH employees to feel a strong connection with the federal government, which funds a large portion of the department. In addition, many DOH employees interact directly with their federal counterparts. However, we believe there is an opportunity for DOH leadership to balance stakeholder needs and priorities. The federal influence is largely a result of federal funds directed to DOH, as shown in Figure 2.1.

**Despite the Legislature allocating all funding, including the approval of more grants, the Legislature's role is not understood by DOH employees.**

**Figure 2.1 Federal Funding Has a Strong Influence on DOH.** In Fiscal Year 2021, federal funds accounted for 71 percent of DOH's budget.

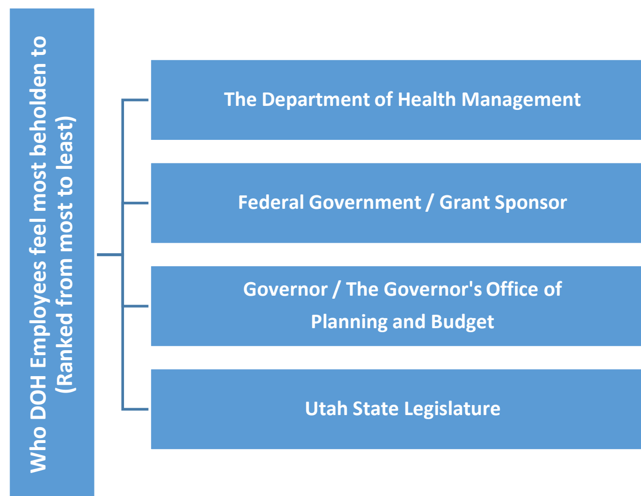



*Source: Office of Legislative Fiscal Analyst's analysis of Compendium of Budget Information (COBI) data.*

Forty-eight percent of DOH employees stated they felt most accountable to DOH management and 21 percent stated they felt most accountable to the Federal Government/Grant Sponsor.

**DOH Leadership Has Considerable Influence Over the Department.** We administered a survey to all 1,214 DOH employees to collect insights related to areas such as department strategy, performance management, and communication. We received 950 responses, providing us a with a response rate of 78 percent. As part of the survey, we asked employees whom they feel most accountable to. Results indicated that they feel most accountable to DOH management. This implies that front line workers are willing to follow the lead of executive management. Because of this, DOH leadership is positioned to effectively convey the importance of the department's responsiveness to legislative priorities. Figure 2.2 shows the hierarchy of accountability, according to DOH employees.

**Figure 2.2 DOH Employees Feel Most Accountable to Department Management and to the Federal Government.** Nearly half (48.2 percent) of DOH employees stated that they felt most accountable to DOH management.




*Source: Auditor analysis of our survey of DOH Employees.*

Some employees provided detailed responses in the survey, including these examples:

*The work in my program is almost exclusively funded by federal grants which have specific focus areas. While our work is aligned with DOH strategic goals and processes, much of our work is driven by grant[s].*

*Our department works hard to ensure our department has the funding needed to do our work, unfortunately most of that is federal funding because of the lack of investment in public health in our state, so sometimes our approach [is] driven by federal funding because we are accountable to our funders.*

DOH has a culture that is strongly influenced by and accountable to the federal government. Also, we do not believe the grants and funding priorities sought after by the department are a result of clear direction and strategy. Rather, the availability of funded grants is driving priorities, not strategy and state goals. DOH leadership should ensure there is balance between federal funding and state priorities, and that clear strategies, with state and legislative input, are central to departmental operations. This is addressed further in Chapter III.

**DOH should ensure there are clear strategies and collaboration with state and Legislative input.**

## DOH Leadership Can Do More to Foster and Facilitate Department-Wide Innovation

We found several examples where DOH has innovated within specific programs. These important improvements demonstrate the benefits of innovation and the abilities within the department. We believe that DOH leadership must take a more active leadership role in pushing and removing barriers for innovation. Although the Office of Organizational Development and Performance Improvement was created several years ago to address these efforts, it has faced significant hurdles instilling a culture of innovation within the department.

**DOH's innovation office has faced pushback when trying to instill a culture of innovation.**

An example that illustrates the need for DOH leadership to improve its commitment to innovations occurred when DOH was awarded nearly $3 million in grants to develop and refine the *Utah Health Innovation Plan*. Although this plan was designed and refined, a missed opportunity occurred, when after considerable effort, the plan was never fully implemented.

### Little Evidence Exists to Show Innovation Office Was Able to Lead Meaningful Change

**DOH employees stated that new ideas and processes may be accepted but are not encouraged, and there is a lack of will to implement innovation.**

DOH created an office partly focused on department-wide innovation—the Office of Organizational Development and Performance Improvement (ODPI). This office was given direct access to most of the health department's programs and led the effort for DOH to earn accreditation as a public health department, which it was awarded in 2017 by the Public Health Accreditation Board. The creation of an office partly focused on innovation is encouraging. However, it does not appear that the office was able to achieve its potential. Based on our employee surveys and interviews, and direct observations, many proposed changes ultimately were not supported, and some employees did not feel that they were allowed to innovate in their program. In addition, although the office led some innovative projects, we could not determine the degree to which they were implemented or how well supported they were. We found that DOH leadership has not ensured that innovative ideas are cultivated and implemented. Our survey to DOH employees also identified that new ideas or processes may be embraced but are not encouraged, and there is a lack of will to implement innovation. We hope and strongly encourage that leadership of DOH will embrace innovations and proactively strive to overcome any barriers that would inhibit implementation of innovation.

Despite the overall pattern described above, effective innovation has occurred within the department. Below are some innovative activities carried out by DOH programs, independent of ODPI. We believe these examples show the ability for the department to innovate in meaningful ways.

**Innovative examples found within the department demonstrate the department's ability to innovate.**

- **Health Improvement Index.** To link health outcomes to health disparities, DOH created a composite measure of social determinants of health, called the Health Improvement Index (HII). The HII can be directly related to health outcomes of specific communities, allowing for more informed public health intervention. The HII is intended to increase collaboration among agencies working with disparate communities, prioritize funding, and help local health departments target efforts with current CDC funding.

- **Ryan White Part B Program.** The Ryan White Part B program, a program for low-income individuals living with HIV/AIDS that provides wrap-around medical and oral healthcare, re-opened Oral Health Services at the end of 2018. According to DOH, the first year of the service saw successes including a significant reduction in the administrative burden for the program, greater rural reach, increased client confidentiality, savings of nearly $1,000 per enrolled client, and improved provider capacity.

These are encouraging examples that demonstrate pockets of innovation within the department. DOH leadership should seek out further opportunities to lead the department to innovate. We provide several recommendations at the end of this chapter to point DOH in this direction.

### DOH Failed to Fully Implement a Health Care Innovation Plan After Receiving $3 Million Grant

DOH was awarded $3 million in funding to design and develop a State Health Care Innovation Plan. This plan was never fully implemented, demonstrating the need for DOH leadership to improve its efforts to innovate.

In early 2013, Utah was awarded a State Innovation Models (SIM) Grant of nearly $1 million from the federal government's Center for Medicare and Medicaid Innovation. This grant aimed for the state to design a State Health Care Innovation Plan, which came to be known as the *Utah Health Innovation Plan* (the Plan). The Plan was intended to be a statewide roadmap to achieve health systems transformation, outlining potential policy reforms in health information, health workforce, prevention and wellness, payment reform, and quality/patient safety. The state also applied for implementation funding as part of the second round of SIM funding. However, this funding was not guaranteed and instead, in 2015, the state was awarded an additional $2 million to further refine its *Utah Health Innovation Plan*.

**DOH received $3 million in grant funding to design a State Health Care Innovation Plan which was developed but not fully implemented.**

According to DOH, because they were not selected for implementation funding,[2] the original plan was scaled back and rewritten to reflect existing efforts and some components were adopted. For example, Get Healthy Utah implemented some of the obesity/diabetes work through a small grant. The Digital Health Services Commission implemented several data pieces, and their subsequent state health information technology strategic plan was formed on the basis of the *Utah Health Innovation Plan* work. While DOH did implement some components, the Plan was never fully implemented. This is an example of DOH leadership supporting innovation but not ensuring its success. Instead, they could have designed a plan that was not dependent on receiving additional grants or they could have pursued other means of implementing their innovation plan, such as working more closely with the Legislature to prioritize the needs of the state, align goals and strategies, and request funding (discussed more in Chapter III).

## DOH's Relationship with the Legislature Can Be Strengthened

**There are opportunities for DOH to improve their relationship with the Legislature.**

Traditionally, stakeholders outside of the department, such as the legislative branch, have pushed innovation through bill proposals and recommendations from performance audits. There are ongoing opportunities for DOH to strengthen its relationship with the Legislature. However, this requires DOH to be a greater contributor in its partnership with the Legislature, including through bill proposals, policy initiatives, and implementation of legislative audit recommendations. Our review of recent bills found that DOH has actively supported and implemented changes to statute but has not been the driver of innovation. We also identified concerns with implementation of our previous audit recommendations where more could have been done to comply with the full intent of the recommendations.

[2] DOH was unable to locate documentation explaining why the department didn't receive an implementation grant.

We found that the Legislature was the party responsible for conceiving and initiating almost two-thirds of the bills passed between 2018 and 2020. We made this conclusion by reviewing each bill and listening to testimony given during standing committees and other legislative hearings. After reviewing the testimony, it appeared that the majority of the bills were conceived outside of DOH, although DOH often became a partner later in the process. While it is clearly appropriate for legislators and others to be thought leaders in public health policy, we also understand that DOH must work through their own process with the Governor's office on new legislation. However, we believe there is an opportunity for DOH to develop and take the lead in proposing new public health policy innovations for the Legislature to consider, as DOH has the expertise and experience to be a leader in health innovation.

**There is an opportunity for DOH to develop and take the lead in collaborating with the Legislature on new public policy innovations.**

Through bill proposals, innovative changes have been pushed through the Utah State Legislature. Between 2018 and 2020, the Legislature was responsible for 63.6 percent of the bills passed that targeted change or innovation in DOH, while DOH conceived of and pushed for only 15.9 percent of the bills passed, as seen in Figure 2.3. While we are not aware of how these ratios compare with what is seen among other agencies, there are many areas of innovation available in the public health arena. Bills are opportunities to be innovative, and DOH should continue to seek legislative partners to collaborate with on new ideas and initiatives.

**Between 2018 and 2020, legislators were responsible for 63.6 percent of the changes or innovations, while DOH was only responsible for 15.9 percent.**

**Figure 2.3 Most DOH Bills That Were Passed Came from Outside the Department.** DOH initiated only 16 percent of the bills passed from 2018 to 2020.

| Responsible for Bill | 2018 | 2019 | 2020 | Total | |
|---|---|---|---|---|---|
| Legislator | 12 | 23 | 21 | 56 | 63.6% |
| Constituent | 5 | 5 | 5 | 15 | 17.0% |
| DOH | 5 | 4 | 5 | 14 | 15.9% |
| Other State Agency | 1 | - | 2 | 3 | 3.4% |
| **Total** | 23 | 32 | 33 | **88** | |

*Source: Auditor analysis of past legislation.*

As Figure 2.3 shows, legislators are the most active change agents for new legislation. Figure 2.4 shows some of the bills sponsored and passed by legislators to help promote innovation within DOH.

**Figure 2.4 Examples of Innovative DOH Legislation Driven by Legislators.** The bills below are examples of innovative ideas brought by legislators in 2020.

| Bill | Description | Summary |
|---|---|---|
| H.B. 195 S1 | Identifying Wasteful Health Care Spending | This bill requires DOH to identify potential overuse of non-evidence-based health care. |
| H.B. 220 | Hepatitis C Outreach Pilot Program | This bill creates the Hepatitis C Outreach Pilot Program within DOH. |
| H.B. 272 S4 | Pharmacy Benefit Amendments | This bill requires pharmacy benefit managers to report the total value in aggregate of all rebates and administrative fees attributable to enrollees of a contracting insurer. |

*Source: Auditor analysis of 2020 legislation from.*

**As the public health policy entity of the state, DOH should be more involved in cultivating and bringing innovative ideas to the Legislature.**

As these figures demonstrate, the Legislature has acted as a change agent on behalf of the state to ensure that public health is optimized. While that is an appropriate role for the Legislature to play, DOH as the public health policy entity of the state should be more involved in bringing innovative ideas to the Legislature for policy consideration. This requires DOH to be a greater contributor in its partnership with the Legislature.

As elected officials in the Legislature have been active in promoting change and innovation for DOH, our office, the Office of the Legislative Auditor General (OLAG), has also contributed to the innovation process through audits and accompanying recommendations. Failure to fully implement audit recommendations has been a concern since our office started auditing DOH regularly in 2009. Figure 2.5 shows the implementation status of the most recent recommendations. Between 2017 and 2018, 29 recommendations were made. According to information provided by DOH, only 18 (62.1 percent) have been fully implemented. In addition, one recommendation (3.4 percent) has not been implemented and two have been partially implemented for 3.7 years, while eight other recommendations (27.6 percent) have been in the process of being implemented for an average of almost four years.

**Figure 2.5 One-third of Recommendations Made in Previous OLAG Reports Have Not Been Fully Implemented**. Eight recommendations (27.6 percent) are still in process, while another (3.4 percent) hasn't been implemented.

**One-third of audit recommendations have not been fully implemented by DOH.**

| Status of OLAG Recommendations Made in 2017–2018 | | |
|---|---|---|
| **Status** | **Total Recommendations** | |
| Implemented | 18 | 62.1% |
| Partially Implemented | 2 | 6.9% |
| In Process | 8 | 27.6% |
| Not Implemented | 1 | 3.4% |
| **Grand Total** | **29** | |

*Source: Auditor analysis of previous recommendations and implementation status, according to DOH, as of October 2021.*

There is potential risk when recommendations are not fully implemented, such as an agency obtaining inadequate resources or there being effects to public health services. For example, in the report *A Performance Audit of the Division of Family Health and Preparedness*, published in 2017, our office recommended that the division develop and implement a plan to improve funding for Baby Watch Early Intervention and report annually on its progress to the Social Services Appropriations Committee. However, this recommendation has been in the process of being implemented for the past four years, meaning that the division may not have implemented a plan to improve funding since 2017.

**Many recommendations made in OLAG's past audits are not fully implemented.**

In addition, in December 2010 our office released *A Follow-up of Utah Medicaid's Implementation of Audit Recommendations* for two prior audits our office conducted.[3] These follow-up audits are typically conducted when the Legislative Audit Subcommittee is concerned or has questions on the implementation status of recommendations. When it was prioritized, the Speaker of the House and Co-Chair of the Legislative Audit Subcommittee commented:

[3] Office of the Legislative Auditor General State of Utah. *Report to the Utah Legislature 2009-12: A Performance Audit of Fraud, Waste, and Abuse Controls in Utah's Medicaid Program* (August 2009) and *Report to the Utah Legislature 2010-01: A Performance Audit of Utah Medicaid Managed Care* (January 2010).

*We are told there's a federal guideline, you can't do a, can't do b, can't do c…we are trying to do things through this agency and the pushback has come back to me.*[4]

Instead of the department stating it will correct the issues identified in the audit, DOH leaders said they will, when they can.

**DOH appears not to comply with the full intent of some of our recommendations.**

The 2010 follow-up report found that only 10 recommendations had been fully implemented, while 36 were in process, five were partially implemented, and one was on hold. While the relatively short time frame that had elapsed since the original audits were released likely contributed to the lack of fully implemented recommendations, our office has often been concerned that DOH may not plan to comply with the full intent of some recommendations. This pattern can be seen in comments from that report and others summarized in Figure 2.6.

[4] Legislative Audit Subcommittee (audio), August 18, 2009.

**Figure 2.6 DOH Did Not Appear to Comply with the Full Intent of the Recommendations.** Follow-up work conducted by our office found that some recommendations were not fully implemented.

| Recommendation | Status | Explanation |
|---|---|---|
| We recommend Utah Medicaid determine an acceptable cost - level for the plans and hold the plans to that level. | In process | Utah Medicaid has set cost levels for one procedure—cesarean sections. More can still be done in other areas to lower costs. |
| We recommend that Utah Medicaid incorporate prior authorization data in their monitoring of the health plans. | In process | Utah Medicaid has collected some of this data, but still needs to incorporate the data in monitoring. |
| We recommend that Utah Medicaid develop appropriate performance goals, including cost and utilization goals, that can determine if the managed care plans are contributing adequate value to the Utah Medicaid program. Utah Medicaid should then hold the plans accountable to these goals. | In process | One informal goal was developed, but Utah Medicaid has not completed the full intent of this recommendation. |
| We recommend the Department of Health research and provide a report to the Social Services Appropriations Subcommittee and any other pertinent legislative committees regarding the potential savings, benefits, and costs from creating a statewide preferred drug list. | Partially Implemented | An all or nothing approach was taken rather than looking for ways of implementing some aspects of a statewide preferred drug list. |

*Source: Auditor analysis of previous recommendations and implementation status, according to DOH, of* Report 2010-01: *A Performance Audit of Utah Medicaid Managed Care and Report* and Report 2020-02: *A Performance Audit of Medicaid's Pharmacy Benefit Oversight.*

In 2010, we recommended that DOH "seek a waiver from Federal Medicaid to develop a method of auto-assigning members to the lowest-cost managed care plan after a recipient's open enrollment period has expired."[5] According to DOH, the department is now pursuing an improved method of assigning members to managed care plans. However, they did not pursue the idea when it was

[5] Office of the Legislative Auditor General State of Utah. *Report to the Utah Legislature 2010-01: A Performance Audit of Utah Medicaid Managed Care,* p. 23 (January 2010).

recommended in the audit almost eleven years ago. The lack of implementation of this recommendation has hindered the department's ability to improve operations and save Medicaid dollars for more than a decade.

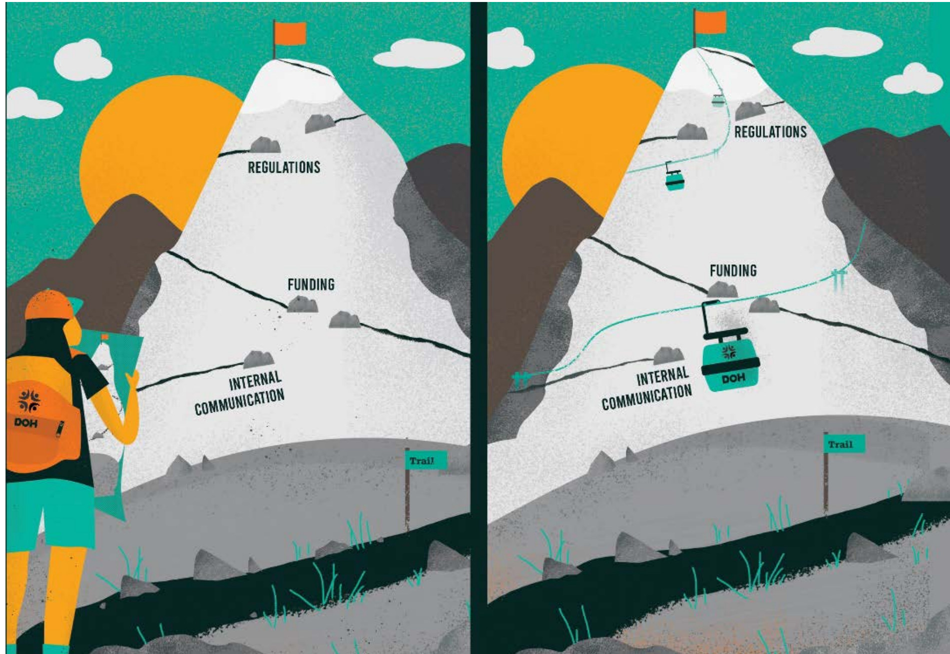
## A Health Innovation Center, Supported by Leadership, Could Help Foster a Culture of Innovation

**The establishment of an innovation center that partners with other stakeholders could help improve the cultivation of innovative ideas in DOH.**

We believe department leadership can improve the internal cultivation of new ideas in the department, including through the establishment of an innovation center that collaborates with DOH management, the Legislature, and others to ensure public health in Utah excels in efficiency and effectiveness. Innovative ideas and solutions to save taxpayer funds and redefine operational practices for greater efficiency and effectiveness have struggled to take hold at DOH.

Figure 2.7 conceptually illustrates the theme of this chapter. Obstacles to innovations at the department are real and present challenges that can be difficult. This is shown on the left side of the graphic. However, as graphically depicted on the right side through commitment to innovations and process redesign, the department can navigate these obstacles and scale to new heights of public health delivery.

**Figure 2.7 DOH Activities Encountering Roadblocks (left) and DOH Using Innovative Methods to Navigate the Roadblocks (right).** DOH has allowed various roadblocks, including federal funding, to hinder innovative activities.




*Source: Illustration created by Chris Manfre*

Figure 2.7 is a representation of how DOH leadership can creatively use the organization to foster innovation. We have found DOH leadership generally willing to take initial steps toward implementation, but full implementation, too often, does not occur. To address this, we recommend; first, that DOH leadership make a commitment to innovations, remove any roadblocks, and remain diligent until full implementation of new ideas are realized. Second, we recommend that an innovation center be established at DOH[6] that is required to collaborate with the state's Chief Innovation Officer. This new center can play an important role in ensuring public health in the state is delivered to the highest levels of efficiency and effectiveness.

**DOH should make a commitment to innovation, remove barriers, and ensure full implementation of new ideas.**

[6] When DOH merges with DHS, this innovation center should be established to serve the entirety of the new department. According to H.B. 365 of the 2021 General Session, the merged departments will become the "Department of Health and Human Services".

**Other states have created dedicated innovation teams to focus on identifying, supporting, and sharing innovation.**

According to the World Health Organization (WHO) and the Public Health National Center for Innovations (PHNCI), [health] innovation is another way for public health to expand improvement strategies. States including Colorado, Idaho, New York, Oklahoma, Oregon, Washington, and Wyoming have created dedicated innovation teams or offices to focus on identifying, supporting, and sharing innovation. Examples of successes from some of these programs, including the following:

- Oregon's Transformation Center is the hub of innovation and quality improvement for Oregon's health system transformation efforts to achieve better health, better care, and lower costs. The Center identifies, strategically supports, and shares innovation at the system, community, and practice levels; and through collaboration, it promotes initiatives to advance the coordinated care model. The Center has engaged with and supported those with high-risk pregnancies, leading to a decrease in the number of babies going into the neonatal intensive care unit and a savings up to $3.6 million.
- Idaho developed a Healthcare Transformation Council to create workgroups and task forces to move ideas into action. Their Rural and Frontier Healthcare Solutions workgroup analyzes data and evaluates value-based payment models to determine opportunities to support the transition to value in critical access hospitals and to assess grant opportunities to test model concepts.
- Washington has its Systems Transformation, which includes a wide range of programs and activities at the Department of Health that focus on promoting better health, better care, and lower costs. An example of this is the Healthiest Next Generation Initiative, which has resulted in an increase in healthy eating and physical activity in children and the awareness of adverse childhood experiences by providing training to teachers, cooks, and directors of childcare centers.

DOH has an office partly focused on innovation, which was previously led by the former director of DOH. However, based on our interviews and observations, changes that affected too many

people or took too much effort were ultimately not supported. Further, there is a belief in the organization by some employees that they are not supported in innovating their programs.

**According to a former DOH official, changes or innovations that affected too many people or took too much effort were not ultimately supported.**

An innovation center can be a strength within the department if promoted by leadership. It is crucial that leadership at the new Department of Health and Human Services promote and recognize the value of innovative ideas, while acknowledging that not all initiatives will be successful. As noted, other states have found that an innovation center helps foster a culture of innovation and can help guide the state's health improvement planning efforts, while working across agencies, sectors, and geographic regions to achieve their goals.

The department's new innovation center should include the following roles:

- **Opportunities.** Identify opportunities for innovation that will help shape the future of healthcare in the state and structure innovation activities, identify barriers that are preventing transformation and recommend solutions, conduct research and provide technical assistance for innovative efforts, and provide long-range strategic planning and project management for state and agency health initiatives.
- **Data.** Utilize accurate data to identify strategies and drive decision-making for healthcare transformation, expand existing health information technology infrastructure, and create new health information technology solutions to facilitate data sharing and ease provider burden.
- **Collaboration and Policy Building.** Frame a cohesive policy agenda to advance agency goals, provide guidance on key decision points and potential policy recommendations, and consider and offer guidance to support the consistency of vision, mission, metrics, and incentives across key programs. This would also include working with the Legislature to conceive of and advocate for new public health innovations.
- **Costs.** Recommend and promote strategies to reduce overall health care costs and promote alignment of the delivery system and payment models to drive sustainable healthcare transformation.

**It is crucial that leadership promote and recognize the value of innovative ideas to help foster a culture of innovation.**

- **Healthcare Practices.** Promote improved population health through policies and best practices that improve access, quality, and the health of citizens and promote whole person integrated care, health equity, and recognize the impact of social determinants of health.
- **Workforce.** Support efforts to provide a workforce that is sufficient in numbers and training to meet the demands of the healthcare delivery system.

DOH should establish a center for innovation and ensure that management actively supports it. The department should also decide who should lead the innovation activities, and map innovation by identifying the innovative work that currently exists within the department. To ensure that innovation can be fostered and encouraged, innovative work should be shared within and across divisions to determine other areas where innovations can be adopted. Furthermore, the department should bring innovative ideas to the Legislature for consideration.

## Recommendations

1. We recommend that the Department of Health leadership make a commitment to innovation, remove any roadblocks, and remain diligent until full implementation of new ideas prioritized for implementation are realized.

2. We recommend that the Department of Health prioritize the needs of the state by working with the Legislature to find the appropriate balance between the role of the Legislature in setting statute or policy that governs the agency versus the role of the executive branch in managing the day-to-day operations of the agency.

3. We recommend that the Department of Health initiate a cultural shift to align the culture with strategy and processes, embrace change and innovation, and connect culture and accountability. This should include ensuring recommendations made by our office and other entities are fully implemented.

4. We recommend that the Department of Health create an innovation center that reports to executive leadership and is required to collaborate with the state's Chief Innovation Officer to develop and support a health innovation center that should include the following activities:

    a. Identify those who should lead innovation activities.

    b. Identify health innovation within the work of the Department of Health (mapping innovation).

    c. Invite teams in the Department of Health to present their innovative work to a broader audience (fostering and sharing innovation).

        i. Strategically identify, support, and scale health innovation exemplars (encouraging innovation).

        ii. Seek health innovation collaborations within and outside the Utah Department of Health system (collaborating on innovation).

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# Chapter III
# The Department of Health Should Prioritize Grants Based on Needs and Potential Impact

The Department of Health (DOH) applies for and receives numerous federal grants to supplement limited state funding and to allow the department to address public health needs. Some public health priorities are laid out in statute, but many are defined at the department's discretion. DOH's strategic plan is overly broad and does not specify its primary public health objectives. The department is missing a key opportunity to focus on critical public health issues facing the state and significantly improve outcomes in these areas. Instead, the department's plan is written for Utahns to be "among the healthiest people" in the country and lets the availability of federal grants, not strategy, determine its priorities.

Currently, DOH applies for and receives numerous grants to address a broad spectrum of public health issues. Relying on grants to fund public health can be beneficial if it is done strategically. However, if grants aren't strategically driven, they can create inefficiencies due to the amount of work needed to apply for and manage grants, limited flexibility and difficulties in sustaining programs beyond the expiration of grant funding. In addition, DOH does not always account for diminishing returns and sometimes applies for grants to address issues that are being addressed by other agencies or are relatively less prominent in the state of Utah.

**If grants aren't strategically driven, they may create inefficiencies due to the amount of work to apply for and manage.**

## DOH's Strategic Plan Can Be More Focused and Targeted, Which Can Help Direct Grant Requests

DOH has an overly broad strategic plan. Most divisions and bureaus that we looked at within the department also have strategic plans and these plans can be broad or fail to encompass the full scope of actual work of the division or bureau. In addition, division- and bureau-level strategic plans are inconsistent in their measurable outcomes and alignment with the department-wide strategic plan.

**The department-wide strategic plan is overly broad.**

**Some DOH divisions and bureaus follow multiple strategic plans.**

The department-wide strategic plan is three-pronged, with a focus on optimizing Medicaid, fostering a "great organization", and making the people of Utah "among the healthiest people" in the country. We are concerned that the goal of "healthiest people", specifically as it relates to grants and activities pursued by the department, is overly broad and could encompass practically any public health activity undertaken by the department. We are also concerned that the plan does not include measurable outcomes that would indicate that goals are being realized.

In addition to the department-wide strategic plan, some DOH divisions and bureaus are guided by several lower-level strategic plans and the *Health Improvement Plan*. We found that some grants that DOH has pursued do not necessarily align with priorities stated in these documents. For example, the Bureau of Health Promotion is guided by the *Health Improvement Plan*. This plan states three primary objectives:

**Grants pursued by bureaus do not always align with the objectives stated in their strategic plans or the department-wide strategic plan.**

- Reducing obesity and obesity-related chronic conditions
- Reducing prescription drug misuse, abuse and overdose
- Improving mental health and reducing suicide

However, the bureau received several grants for arthritis, asthma, falls prevention and alcohol epidemiology that do not appear to align with the stated objectives of the *Health Improvement Plan*. We were made aware of several other plans that the bureau possesses, but we were unable to verify that these documents guide the bureau's decision-making in relation to grants pursued. We recommend that all bureaus develop an individual strategic plan that encompasses all their intended objectives and ties into the more robust department-wide strategic plan. We also recommend that grants pursued by bureaus align with the strategic plan.

**Division and bureau level strategic plans vary in the establishment of metrics.**

Division- and bureau-level strategic plans vary in their level of detail and the establishment of metrics to determine whether a strategy is effective. These plans also vary in the extent to which they are tied to the department-wide strategic plan. For example, the Bureau of Epidemiology's (BOE) strategic plan mirrors DOH's strategic plan. However, like the department-wide strategic plan, BOE's plan lacks metrics. It also fails to encompass the full scope of its work. Conversely, the strategic plan of the Division of Family Health and

Preparedness (FHP) includes measurable goals. However, the plan does not fully align with DOH's strategic plan.

Since many bureaus and divisions have overlapping interests, we believe that coordination throughout the strategic planning process would be beneficial. Executive management should work with division and bureau directors to come up with strategic plans that are aligned, encompass the full scope of each entity's objectives, and include measurable outcomes. Ultimately, these plans should be presented to the Legislature for feedback and evaluation.

**Executive management should work with division and bureau directors to ensure strategic plans are aligned and encompass the full scope of work.**

## DOH Should Focus on Grants with the Most Potential for Long-Term Impacts on Public Health

Funding public health through grants can be inefficient, as the process to apply for and manage grants is time-consuming, and many grants are highly competitive. Therefore, DOH should seek out only those grants that are clearly aligned with its mission. While many grants are necessary to fund required public health services and build systems, some grants may not be worth the efforts required to secure them. Many grants require DOH to sustain grant-funded activities after the conclusion of the grant, which has not always occurred. The federal government offers numerous public health grants each year. Currently, DOH selects grants throughout the year to apply for. This selection process should be more guided by a strategic plan.

Within DOH, the Bureau of Maternal and Child Health (MCH), the Bureau of Children with Special Health Care Needs (CSHCN), the Bureau of Health Promotion (BHP), and the Bureau of Epidemiology (BOE) receive the bulk of federal grants. However, differences exist in the amount and proportion of state funding that each bureau receives. MCH received the most, around 84 percent, of its funding is from federal grants. In contrast, CSHCN received almost half of its funding from the state general fund. BOE and BHP receive roughly the same proportion of state and federal funds, with the general fund accounting for only about 10 percent of total funding. Bureau directors report that if not for federal grants, their bureaus would not be able to meet the objectives laid out in statute, which require them to establish programs to address numerous diseases and conditions. However, funding programs, through grants, can have several drawbacks such as long-term program sustainability

**Four bureaus receive the bulk of federal grants.**

concerns, increased upfront work that may or may not result in funding, limited flexibility, and potential inefficiencies due to how grants are structured.

### The Volume of Grants Creates Programs That Are Difficult to Sustain in the Long Term

**Many federal grants have sustainability components.**

Bureaus that apply for grants that often require sustainable programming should factor sustainability into their strategic plans. Many grants issued by federal agencies strongly encourage DOH to build sustainable networks of service delivery to be maintained beyond the expiration of grant funds. DOH admitted that it has not always been successful with long-term sustainability, which limits the impact of the grant and may hinder future grant applications. Often, DOH has limited ability to ensure that all community partners, including local health departments (LHD) within these networks, continue to offer services after the grant period ends. We found several examples where community partners no longer offered services after the expiration of grant funds. Long-term public health impacts are more likely to be achieved with sustainable programming.

**The Department of Health and sub-recipients have not always successfully maintained grant-funded activities after the grant expires.**

In an effort to avoid irregularities in grant activities caused by the COVID-19 pandemic, we only looked at grants from 2019. Grants can operate on calendar, state, or federal fiscal year so the timing of grants is not precise. We excluded from our review grants that do not require legislative approval and grants that pass through 100 percent of funds, such as Medicaid, Children's Health Insurance Program (CHIP), Women, Infants, and Children (WIC), and vaccines for children. We found that within DOH, the majority of federal grants are received by four bureaus: BOE, BHP, MCH, and CSHCN.

For example, in 2016, DOH received a grant to extend an arthritis and diabetes self-management network into central Utah. This grant appeared to be highly competitive, as only one award was given out. DOH partnered with the Central Utah Health Department (along with other community partners in central Utah, including Intermountain Healthcare) to offer self-management classes to people over 60 and disabled people over 18 years old. One of the goals of the grant was to expand specific evidence-based programs statewide, including chronic disease self-management, chronic pain self-management, diabetes self-management, and an exercise program.

When the grant funds expired in July 2019, DOH reported in the final performance report that it was successfully continuing its partnerships. However, several of the classes in central Utah initiated by this grant are not currently being offered. Two local Intermountain affiliate hospitals continue to offer diabetes management classes, but the other classes are not currently being offered by the Central Utah Health Department.

We observed a similar sustainability problem with a falls prevention grant, which has since lapsed. The purpose of the grant, as stated by the grantor, was to significantly increase the number of at-risk adults who participate in evidence-based falls prevention programs while "concurrently increasing the sustainability of these proven programs." Part of the grant activities was to have LHDs in Utah and other community partners offer three different evidence-based falls prevention classes. However, the grant ended in August 2020, and two out of three classes are currently not being offered by any DOH partner in the state. Additionally, the class that is still offered is not being offered by rural LHDs that received grant funding to offer this class. LHDs have stated that they sometimes struggle to fund previously grant-funded activities after the grant ends and they no longer receive pass-through money from DOH. Additionally, DOH stopped reporting unintentional fall injuries in 2014, so it is difficult to quantify the impact of this program.

**Some Local Health Departments discontinued prevention and self-management programs after grant funds expired.**

While we recognize the positive, short-term impacts of these grants, we are concerned that when programs are terminated without having developed a sustainable network, the grant may not impact long-term public health outcomes as planned. In addition, DOH reports that fail to sustain grant activities in the long-term could have negative implications for future grant applications.

**DOH Placed Unnecessary Restrictions on Block Grant Funds Passed Through to LHDs.** The Preventive Health and Health Services block grant is a bi-annual grant in which recipients can set their own goals and strategies within the realm of preventative health, allowing far greater flexibility than most other grants. Utah received roughly $1.5 million dollars in 2019. DOH passes-through the majority of this money to the local health departments. The department[7] placed unnecessary restrictions on how LHDs

**The Department of Health placed restrictions on local health departments' use of funds from a grant with broad flexibility.**

[7] Through the Health Advisory Committee.

could spend these grant funds, limiting the use of funds to obesity in children and adolescents and injury prevention (with a focus on seatbelt use among teens, suicide prevention, and concussion and falls prevention).[8] Given the number of grants that DOH receives with limited flexibility, it could be beneficial to both DOH and LHDs to allow the funds to be used in a more flexible way.

### Grants Require Substantial Work and Have Limited Flexibility

**The process of applying for and managing grants is time-consuming.**

The process to apply for a federal grant is typically not paid for with the grant funds. But in many cases, funding from grants is the only option to provide services. The process of applying for a grant can be time consuming, with division and bureau directors reporting that it can take multiple employees several weeks to apply for a grant. Highly competitive grants can take even longer. Some larger grant applications can take multiple employees several months to complete. Once DOH receives the grant, several full-time equivalents are usually required throughout the grant period to administer the grant and meet the federal reporting requirements. In addition, many grants are not guaranteed, as some grants are highly competitive and there is no guarantee that DOH will ultimately be awarded the grant. Since many DOH employees are grant-funded, there may be added pressure to apply for and receive grants.

**Entering into cooperative agreements with federal agencies limits DOH's flexibility.**

Because many federal grants are cooperative agreements with the issuing agency, there are often numerous components that may not be a high priority for the state if not required by the grant. For example, several grants issued by the Centers for Disease Control and Prevention (CDC) require DOH to perform outreach activities to community partners or providers to educate them on the latest CDC-recommended best practices. The Comprehensive Cancer grant includes a component to educate providers on the availability of the human papillomavirus (HPV) vaccine. Since the vaccine has been available since 2006, we question whether this type of outreach is the best use of limited funding. Similarly, funds from a grant to address sexually transmitted diseases (STDs) must also be used to increase provider knowledge of "STD-related treatment, prevention,

[8] Of the total grant, around $60,000 was federally mandated to be set aside for rape prevention.

epidemiology and effective policies." We question the need to fund provider education when the CDC's best practices are often available online for free. Regardless, DOH is beholden to the requirements of the grant and must direct funds toward these activities.

## DOH Should Focus on Issues Directed In Statute and Prominent Risks That Are Not Addressed by Other Agencies

Several of DOH's objectives and efforts funded through grants are duplicative of efforts by other public agencies. Furthermore, some DOH grants address issues that are less prominent in Utah. These findings suggest the need for DOH to increase the effectiveness of grant programs by strategically planning grants that can have more impact in the state. State statute creates requirements that necessitate DOH to seek federal grants to address specific conditions and diseases. The Legislature may wish to revisit certain statutes to ensure that these requirements reflect current Legislative priorities.

### Some Grant Objectives Are Addressed by Other Agencies

Because of the broad scope of public health, it is inevitable that many topics can be addressed by various state and local agencies. While we acknowledge that many public health problems are complex and require multiple approaches, some efforts could be redundant and lead to diminishing returns. Given limited resources, DOH should focus on the most essential public health areas that are not being currently addressed by other entities.

In 2019, BHP and MCH directed funds from a number of grants to address adolescent health issues. The grants targeted an array of issues such as nutrition, physical activity, sun safety, seat belt usage, teen pregnancy, suicide prevention, and violence and injury prevention. We are concerned because many of these issues are being addressed by other public agencies, and DOH's efforts may be redundant. For example, Utah schools have a robust health education curriculum that addresses many of these topics. In addition, the Department of Public Safety has a statewide highway safety program that promotes seat belt usage through outreach and media campaigns. DOH should determine if its efforts represent a significant contribution in cases where multiple agencies are addressing the same

**Efforts from multiple agencies to address the same public health issues can lead to redundancies and diminishing returns.**

public health problems. DOH also should consider the impact of policy changes on how it determines its priorities. For example, law enforcement began primary enforcement of seat belt violations in 2015, and seat belt usage has increased since that time.

### Multiple Funding Streams Are Directed at an Issue That Is Less Prominent in Utah

**Funds directed at tobacco prevention account for 23 percent of the Bureau of Health Promotion's budget.**

Utah has the lowest smoking rate in the country. The smoking rate in the state among adults has declined from 15.5 percent in 1989 to 8 percent in 2019. Among adolescents, the rate has decreased from 16.8 percent in 1991 to 2.2 percent in 2019. In 2019, DOH received funding from two grants totaling $1.1 million plus $3.8 million from the tobacco settlement and $3.2 million from the cigarette tax, to prevent smoking and help Utahns quit. Overall, money directed toward tobacco prevention accounts for roughly 23 percent of BHP's budget, despite not being included in BHP's strategic plan. While reducing smoking rates can have a positive impact on public health, DOH receives significant funding for smoking prevention from the tobacco settlement and cigarette taxes, and multiple grants. Furthermore, tobacco prevention for children is covered in the public education curriculum. Therefore, DOH should ensure that the grants it applies for fit within the strategic plan and that the benefits of the programs outweigh administrative costs and burdens. Additionally, the Legislature could consider allowing BHP more flexibility in how it spends cigarette tax funds.

**Utah has the lowest smoking rate in the country.**

### State Statute Requires DOH to Address Specific Diseases

State statute addresses chronic disease control, health promotion and risk reduction, communicable disease control, and family and child health. Some language in statute requires DOH to conduct specific activities that largely rely on funds from federal grants. The Legislature may want to revisit statute to determine if these activities are still priorities and whether the current level of state funding is adequate.

The Utah Communicable Disease Control Act[9] grants broad authority to DOH to detect, report, investigate, and/or prevent infectious diseases deemed hazardous to public health. Statute also specifies several communicable diseases, including HIV/AIDS, venereal diseases, rabies, tuberculosis, healthcare-associated infections and COVID-19. In response, DOH pursues several disease-specific grants to address these issues.

**State statute requires DOH to conduct specific activities that rely on federal funding.**

Similarly, the Utah Chronic Disease Control Act[10] requires DOH to establish and operate programs to prevent, delay, and detect chronic diseases including cancer, diabetes, and cardiovascular and pulmonary diseases. In 2019, BHP received numerous grants aimed at addressing these stated diseases. The Family Health Services Act[11] requires that MCH provide several newborn tests and screenings. A portion of the funding received to address these issues comes from federal grants. Because of the work involved in these efforts, we recommend that the Legislature consider reviewing the list of diseases and conditions that DOH is required to address and ensure that the list is up to date and relevant and that DOH's strategic plan aligns with statute.

## Recommendations

1. We recommend that Department of Health executive leadership ensure its strategic plan is clear and precise in focusing on the critical public health needs of the state, and that division- and bureau-level plans are strategically aligned.

2. We recommend that Department of Health executive leadership direct staff to seek grants and other funding for initiative that align with the direction set forth in the department's strategic plans.

3. We recommend that the Department of Health exercise additional discretion when considering grants that require community partners such as local health departments to sustain grant activities after the expiration of the grant.

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[9] ***Utah Code* 26-6**
[10] ***Utah Code* 26-5**
[11] ***Utah Code* 26-10**

4. We recommend that the Department of Health allow local health departments greater flexibility by eliminating unmandated restrictions on the use of funds from the Preventive Health and Human Services block grant.

5. We recommend that the Legislature consider reviewing the list of diseases and conditions that the Department of Health is required to address and ensure the list is up to date and relevant to current goals, strategies and desired outcomes.

# Chapter IV
# Stronger State and Local Partnership Is Needed to Enhance Public Health

We performed a budget review of a set of large-dollar grants received by the Department of Health (DOH) from the federal government. We traced funds that passed through DOH and into local health departments (LHD) to look for opportunities to enhance efficiency and effectiveness within the public health system. We found that funding allocation decisions could be optimized through stronger state and local collaboration. Greater transparency would also make policy and funding allocation decisions more informed and would hold stakeholders accountable. Formalizing best practices would improve allocation decisions and create more consistency. In addition, LHDs should extend efforts to increase their involvement in the grant application process.

**Funding allocation decisions could be optimized through stronger state and local collaboration.**

As discussed in Chapter II, DOH leadership should frame a cohesive policy agenda that prioritizes the needs of the state. As a public health system, this necessarily includes LHDs. The National Academy of Medicine (NAM), formerly known as the Institute of Medicine (IOM), has affirmed that spending ought to align with needs to "[escape] 'siloed' funding of lower priority activities." Therefore, it is vital that DOH and LHDs collaborate on identifying the most pressing needs of the state, securing relevant resources and investing those resources in evidence-based interventions, as recommended in Chapter III. This will ensure that a focused, sustainable, and holistic approach is taken to improve the long-term health outcomes of Utah's citizens.

**The National Academy of Medicine asserts that spending ought to align with needs to avoid siloed funding of lower priority activities.**

## Transparency Between State and Local Health Departments Is Essential for Informed Decisions

Increasing transparency between DOH and the LHDs at their bimonthly Governance Committee meetings would better enable informed decisions. In one grant we examined, funding shifted by $43 million once transparency was increased. Because certain activities and functions are best suited to certain levels of government, a stronger holistic approach is needed. For example, tracking Utah's progress toward improving long-term health outcomes may function better at

the state level. LHDs, meanwhile, have the authority and resources to deliver services at the local level. As described in Chapter III, DOH should focus its strategy and plan according to the needs of communities. Further formalizing best practices for collaboration between state and local health departments would accomplish this by ensuring that funding allocation decisions are maximizing the use of grant dollars.

### Coronavirus Funding for LHDs Increased by $43 Million from DOH's Original Proposal

**Of $184 million awarded to the state for Coronavirus response and relief, only $9 million was initially proposed to be given to LHDs.**

Our review of grants found that increased transparency enhanced the effectiveness of funding decisions. The Epidemiology and Laboratory Capacity (ELC) Expanded Enhancing Detection (EED) grant was awarded to Utah as part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. The funds were explicitly intended to "prevent, prepare for, and respond to coronavirus." The total amount of the grant awarded was just over $184 million. However, local health officers reported that DOH's initial grant proposal allocated only $9 million to LHDs, despite increasing pressures and demands at the local level caused by the pandemic. One of the local health officers recalled the situation, saying,

> *We're dying out here fighting COVID and the state is keeping all that money.*

The Governance Committee, which will be discussed more in the next section, is designed to allocate funding between the state and local levels. The committee reviewed the ELC grant proposal, and through its reviews, the LHD portion of the grant rose to nearly $52 million.

**We are concerned that the initial Coronavirus response proposal was devised without substantial local input or significant local funding.**

While we acknowledge that ultimately the committee's reviews and negotiations were effective in shifting the funding allocation strategy to align with need, it is concerning that the initial proposal was devised without substantial local input or significant local funding. As a result, DOH initially greatly underestimated the needs of LHDs. DOH reported that there was insufficient opportunity to involve LHDs in the initial proposal. However, the grant application was first sent out from the Centers for Disease Control and Prevention (CDC) on January 10, 2021—more than two months before the application

deadline—indicating that there was opportunity to involve LHDs earlier.

DOH staff reported that LHDs were first brought into the grant process on February 10, 2021, one month later. During the month leading up to the submission deadline, the local health officers who represent the LHDs advocated for increased funding and received an additional $43 million to assist with surge response. In exchange, LHDs agreed to take on more responsibility in the COVID-19 response. According to one of the three local voting members from the Governance Committee, this negotiation took place by asking DOH employees for additional detail on proposed grant expenditures at the state level, and then looking for opportunities to reduce redundancy and take on tasks that were better suited to occur at the local level. Throughout this negotiation process, various activities required by the grant were identified that were already occurring at DOH. Some of the money required for these activities was reallocated to LHDs.

**Local health officers negotiated an increase of $43 million for LHDs.**

This example illustrates how funding allocation strategies can vary significantly. Though we recognize the evolving and time-sensitive nature of the pandemic response, inefficiencies were introduced by not including LHDs early in the grant process, which limited understanding of their needs and perspectives. Other grants we reviewed, such as HIV Surveillance and Prevention, showed that contractual funding increased by more than $100,000 compared with the original budget. While some functions and activities clearly make more sense to be performed at the state level, we believe early LHD involvement will promote funding decisions to be made in the most cost-effective way. We acknowledge that not every example will have the level of change or impact that existed with the ELC grant; however, with a public health system that is divided between state and local departments, funding decisions affecting both groups should be made holistically.

**We believe early LHD involvement will ensure funding decisions are made in the most cost-effective way.**

## Detailed Expenditure Information Would Increase Transparency

**We recommend more detailed expenditure information be included in grant proposals.**

When grant budgets are proposed to the state and local health departments' Governance Committee, categories of spending are often grouped in overarching designations such as personnel, travel, and current expense. Often, these can be broken down into smaller categories. Budget information should be presented at the level that meets the needs of the users. For example, current expense includes several subcategories. There could be important details that would inform the committee members' decisions and allow for more meaningful negotiation. This type of analysis directly contributed to the committee's decision to reallocate funding for the ELC grant, as discussed in the previous section.

**Standardized health financial data can inform policy makers when allocating budgets.**

Data uniformity is another key component to improving the efficiency and effectiveness of the public health system. The Public Health Activities and Services Tracking is actively working to standardize public health financial data, with the expressed intent to

> *inform policy makers and the public about how to make tough choices and allocate tight budgets.*

The Uniform Chart of Accounts is a resource health officials could consider that guides state and local health departments through the data-standardization process, allowing meaningful state comparisons.[12]

The Governmental Accounting Standards Board produced general purpose external financial reporting guidance. It states that financial reporting should focus on providing information "to meet the needs of financial report users." The guidance also notes that

> *information should be provided at the most appropriate level of aggregation or disaggregation.*

**Both LHDs and DOH reported not having all the information they need to make good decisions.**

Local health officers reported that financial information found in proposals is often lacking in detail that would be pivotal in determining how they cast their vote. Similarly, DOH reported that it does not always have current needs assessments from LHDs. While we observed positive changes during the audit, such as the inclusion of more detailed financials during proposal presentations, we encourage

[12] https://coa.phastdata.org/

both state and local partners to collaboratively determine which points of information are needed to make informed decisions. We recommend that information then be included in a systematic way in committee meetings.

## The Governance Committee Could Better Evaluate the Allocation of Public Health Resources

The Governance Committee was established in law just over a decade ago and makes the state and local health departments partners in the administration of public health. However, the imbalance of information associated with grant funding can result in decision-making that is less informed. In addition, DOH grants are sometimes submitted to the federal government, despite differences in opinion regarding the best grant allocation strategy. Disagreements regarding funding strategies can obstruct public health objectives. Therefore, we recommend greater transparency and communication to improve decisions, resulting in the enhanced use of funds. The process for when and how to involve LHDs could be further formalized, detailed information from both parties could be more transparent, and consensus on funding decisions could be reached prior to proposal submissions.

***Utah Code* makes the state and local health departments partners in the administration of public health.**

A 2012 NAM (IOM) report stated that public health needed to "[change] how funds are allocated to align spending with need." While stakeholders from both sides are in agreement that the Governance Committee has improved the occasional strained relationship between state and local health departments, our assessment indicates that additional steps could be taken to further strengthen the partnership.

### Governance Committee Makes DOH and LHDs Partners

Because funding allocation strategies can vary, state and local health departments must collaborate to determine the optimal approach to spending public health dollars. This is why S.B. 21, "State and Local Health Authorities Amendments," was passed in 2009, as an attempt to resolve budget disagreements between the state and local health departments. The central issue was how much grant money received by DOH should be passed through to LHDs. The executive director of DOH at that time acknowledged,

**The Governance Committee was created as an attempt to resolve budget disagreements between state and local health departments.**

*In the past, [funding allocations] seemed to be favorably tipped to the state health department, where there was more of a state bureaucracy and maybe those funds could have been better spent in the local areas.*[13]

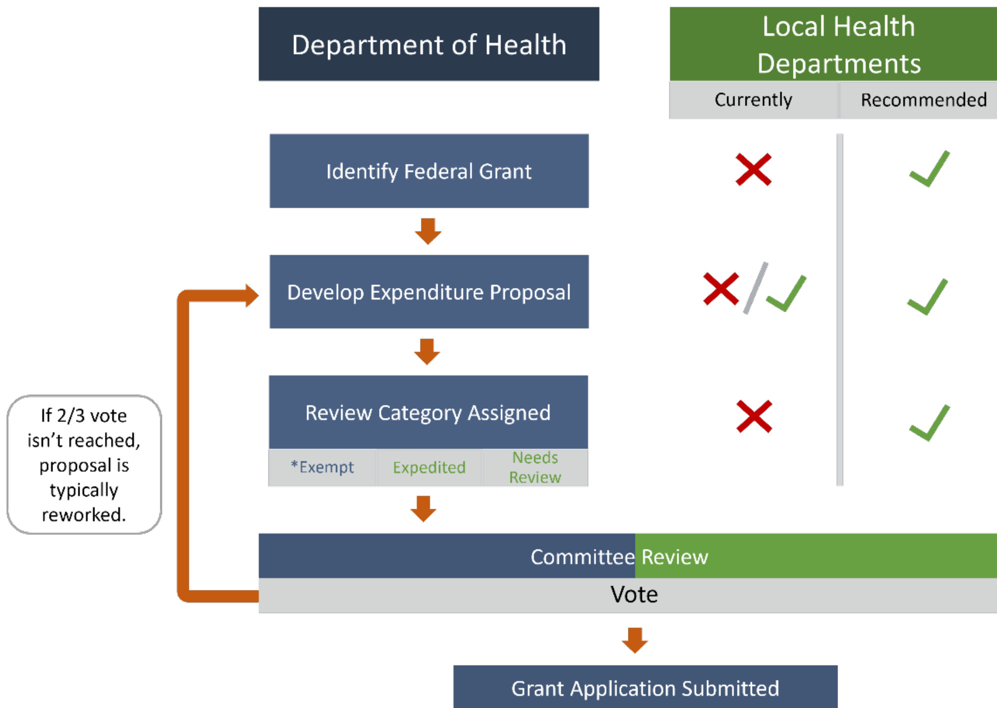
S.B. 21 created a committee in statute made up of three voting members from both the state and local health departments. This committee, known as the Governance Committee, is statutorily required to evaluate the allocation of public health resources between the state and local health departments. The committee meets twice a month to review the goals and budget for each reviewable grant application. A two-thirds vote is required prior to disbursement or encumbrance of funds.

**A majority vote from the Governance Committee is required before federal funding is disbursed.**

The process starts with DOH identifying grants for which the state may be eligible. A grant proposal is then put together by DOH staff. There are three review categories for grants that determine the involvement and timing of the committee. The members vote on each proposal, and if a two-thirds majority is reached, the proposal is submitted to the awarding agency. If a majority is not reached, then the proposal is typically reworked, although deferment to the Health Advisory Council (HAC) is outlined in statute. As will be discussed later in this chapter, we recommend that LHDs get involved in the initial grant identification and development process to ensure funding allocation strategies are enhanced. Figure 4.1 illustrates the process.

[13] Senate Health and Human Services Committee (audio), January 27, 2009.

**Figure 4.1 DOH Identifies Funding Opportunities and Develops a Proposal.** We recommend that LHDs get involved in the grant proposal process earlier and more often.




*Source: Created based on auditor discussions with Governance Committee voting members, observations of Governance Committee meetings, and review of DOH process and procedure document. Graphic represents the typical process.*
** Exempt means there is no funding or service implications for LHDs.*

The distinction between an "Expedited" and "Needs Review" category is the timing of the committee's involvement. For expedited reviews, the committee votes after submitting the proposal to the awarding agency, whereas normal reviews happen prior to submission. If a two-thirds majority cannot be reached, the chair of the HAC is supposed to review the proposal and give the deciding vote.

As part of our work, we met with a variety of stakeholders from DOH, visited all 13 LHDs, interviewed local health officers and business managers, attended Governance Committee meetings for several months, and reviewed three years of minutes. Through this process, we identified several concerns.

### Information Imbalance between the State and Local Departments Hinders Informed Decisions

Local health officers reported not knowing if DOH or the federal government was requiring a particular activity.

Despite LHDs having equal voting membership in the Governance Committee, DOH possesses a greater share of the information regarding grant proposals. Furthermore, the proposals and supporting documentation the committee votes on are often given to the members only a few days before the meeting when a vote is required. The Joint Council of State and Local Health Officials (Joint Council), a national organization made up of the Association of State and Territorial Health Officials and the National Association of County Health Officials, states that best practice is to provide sufficient advance notice to local partners to ensure adequate opportunities for input and participation. LHDs have reported multiple times that they are unsure what the awarding agency actually requires and what is being required by the state. They also typically do not see detailed information on how DOH plans to use the money that they retain. This makes it difficult for LHDs to cast an informed vote, as well as for the committee to consider alternate ways to structure funding.

State and local health departments should work together to design strategies and plans for allocation of federal and state public health resources.

For example, the Childhood Lead Poisoning Prevention and Surveillance grant was expected to draw down $350,000 from the federal government if awarded. Of that, $50,000-$60,000 was to go to LHDs to assist with costs associated with case management for children identified as having elevated blood levels. This money was to be distributed across all 13 LHDs, meaning an average of about $4,000-$5,000 per LHD. As one local health officer stated, "That won't even cover the reporting costs to DOH, let alone the case management." At the same time, DOH planned to hire a program manager, epidemiologist, principal investigator, and health educator. DOH reported that it was required, as a condition of the grant, to hire for these positions, with the exception of health educator, though evidence of this was not presented to LHDs. Better information sharing between Governance Committee members would help ensure funding allocation decisions are optimized.

## Expedited Process Is Used Indiscriminately

While the expedited category is intended for grants that are due before the next scheduled committee meeting, we also observed this process being applied to grants in which a decision was not reached among voting members during meetings. Rather than working to achieve consensus, or submitting the proposal to the chair of the HAC, proposals were treated as expedited, meaning the proposal was submitted before being voted on. In other instances, a favorable recommendation was made with a caveat to revisit the proposal later.

**DOH submitted some grant proposals where there was not full agreement among voting members.**

This practice appears to diminish both partners' capacity for negotiation, because additional time and effort is required after the proposal is submitted. Consensus should be the objective, but if both sides are not in agreement, we believe deferment to the HAC is a viable option that balances the power dynamic without postponing resolution. We recommend stronger efforts be made to come to a satisfactory agreement and that the expedited review category be employed only for its intended use.

## Funding Disagreements Can Inhibit Public Health Objectives

Local health officers reported that the amount of money being proposed for LHDs often is not sufficient to carry out the tasks being asked of them. One health officer told us that the money LHDs get for communicable disease "will never be enough for what they're required to meet." He continued,

**Local health officers reported that the amount of money they receive through some federal grants is not sufficient to perform the tasks LHDs are asked to do.**

> *Epidemiology capacity at the local level was not where it should have been at the start of COVID…We've been asking DOH for help in that regard for years with almost no response.*

In some instances, LHDs have begun refusing money for particular grants, so that they are not responsible for the associated requirements. A local health officer described this, saying, "Most of the time it's not even worth the money to get the grant." Another simply said that taking the funding is not "cost-effective." Two health officers called these grants essentially "unfunded mandates."

**Some LHDs have begun to refuse to participate in a portion of federal grants due to unsatisfactory terms.**

The Joint Council developed a set of *Principles of Collaboration Between State and Local Public Health Officials* for state and local health departments. One principle reads:

*Resources should be allocated and services delivered as close to the location in need as possible.*

These principles acknowledge that other factors ought to be considered, such as economies of scale and expertise. One DOH manager gave the example of the Utah Public Health Laboratory as a function that wouldn't work well at the local level. However, the manager acknowledged that having an epidemiologist at the local level "would be more efficient" because each region is so unique. When asked why more grant money is not passed to LHDs to fund local epidemiologist positions, the manager asserted that the money DOH keeps is needed to carry out the requirements of the grant and to continue to bring federal funding into the state.

**DOH cut LHD's budget for enforcement of e-cigarette law in half without first consulting them.**

Another example is the e-cigarette tax fund. Initially, LHDs were allocated $2 million of tax revenue for enforcement through legislative intent language. The Utah State Tax Commission reported to DOH that revenue was no longer expected to reach half of what was anticipated for Fiscal Year 2021. Local health officers reported that DOH made the decision to reduce LHD funding by $1 million, effectively removing much of the resources LHDs had dedicated to enforcement of the rules. Local health officers reported to us that this decision was initially made without going through the Governance Committee or consulting them. According to one local health officer, "The Legislature gave us the money to do this job, and then DOH just tried to take it away."

Through dialogue, the state and local health departments arrived at a solution. Still, local health officers expressed frustration with DOH for making such a large and impactful decision without going through the Governance Committee, particularly when the funds had already been dedicated to a task that LHDs were statutorily obligated to do.

**We recommend greater transparency in grant proposals to decrease redundancy and increase efficiencies.**

We recognize public health is often complex and varied, with multiple competing interests. However, our recommendation is not necessarily that these funding allocations are shifted. We recommend that DOH, and where necessary LHDs, provide greater visibility into decisions and needs. This includes more detailed transparency with grant proposal financials and clarity regarding who is requiring specific reporting and work activities. This will generate opportunities to decrease redundancy and increase efficiencies. Because there is not a formal process for how and when to engage stakeholders, the degree

of involvement largely seems to be arbitrary. The process relies on individual grant managers and LHD staff to take the initiative to collaborate. When this does not happen, decisions are less informed.

Because Utah's public health system is split between state and local departments, a holistic approach is needed, giving equal weight to both state and local interests.

## LHDs Could Be More Proactive in Developing Proposals and Applying for Grants

As mentioned above, the Governance Committee gives local health officers the opportunity to voice their concerns, opinions, needs, and objections. It is the responsibility of LHDs, and ultimately local health officers, to ensure the public health needs of their regions are met. We believe there is opportunity to be more assertive in getting involved with grant proposals earlier on. Consequently, we recommend that LHDs use and develop resources that enhance their involvement. Securing funding for public health activities needs to be a joint effort between state and local health departments. As described in Chapter III, DOH should prioritize public health issues and pursue grants to address these issues. Such prioritizing should be a joint effort with LHDs, and needs of communities should be central to the development of a cohesive state strategy. Therefore, we recommend that LHDs look for grant opportunities that would benefit their communities and support the state's vision of public health. We also recommend that LHDs look for opportunities to collaborate with DOH on these grants.

**The public health needs of communities should be central to the development of a cohesive state strategy.**

### LHDs Should Participate with DOH in Developing Proposals

DOH maintains a user-based portal on its website that LHD staff can access. It contains potential grant opportunities that DOH has identified, application criteria of the awarding agency and, occasionally, early drafts of the grant proposal. Additionally, DOH has an email system that notifies local health officers and business managers that a grant proposal is being developed. Local health officers should urge their staff to take an active role in grant proposals and funding allocation decisions.

LHDs play a critical role in the service delivery and administration of public health and are closest to the general public. However, an LHD representative told us that the Governance Committee is intended to be where votes are cast, not where details of grant proposals are negotiated. Without more meaningful and early involvement in developing grant proposals, LHDs will continue to be limited in their opportunity to influence priorities based on their needs. The Joint Council affirms the vital role of LHDs in "planning and design efforts," asserting that doing so will "assure a better fit with public health problems and needs." While we acknowledge that DOH can improve in communication and transparency, it is still the responsibility of LHDs to get involved earlier in the process. Consequently, we recommend that local health officers utilize their staff to assist in the development of grant proposals for their areas of expertise, so that local needs are better represented and public health will function better as a whole.

**LHDs play a critical role in the service delivery and administration of public health.**

### LHDs Should Identify Grant Opportunities to Meet Local Needs

An LHD representative told us that LHDs take some grants even though it's not exactly what they need because they don't want to turn away the funding. For example, a local health official explained that the Nurse-Family Partnership grant provides funding for their region, but that's not the most pressing health issue. Similarly, he told us that tobacco funding is very targeted, so it can't be shifted for other pressing issues such as heart disease and stroke. So, they take funding from both grants, despite the limitations.

**LHDs may accept grants for public health issues that are not prevalent in their region.**

Tackling complex public health issues requires a unified approach that aligns with the needs of the state. The NAM attributed "the rise of a patchwork and inadequate funding system" in public health to not having a unified voice of what society should be investing in and why. The NAM further suggests that a unified voice is a prerequisite for efficiently using and integrating resources from disparate funders.

While not all grants are available to LHDs as direct awards, others are. On occasion, LHDs have taken advantage of grant opportunities, circumventing the need for DOH to serve as an intermediary in the procurement of federal funds. This further reduces the bureaucracy that emerges when DOH is required to secure funding on behalf of LHDs. As independent entities of Utah's decentralized public health system, LHDs are permitted to seek out these types of funding without need for authorization. Provided LHDs are matching local needs to state strategy, we believe they can take initiative in securing funding for their regions. Local health officers told us that their staff might not always have the expertise to apply for grants. In these instances, we recommend LHD staff engage DOH for assistance with an identified grant opportunity. They can then decide whether it makes more sense for the LHD or DOH to apply. We recommend LHDs further identify funding opportunities that would meet local needs.

**We recommend LHDs extend their efforts to identify funding opportunities that could assist with regional needs.**

Because public health issues can vary geographically, it is also important that LHDs be vocal about their unique needs to guide the state in funding pursuits. The Joint Council also supports this stance, noting that local participation is needed "to ensure that relevant priorities are selected." Ultimately, improved collaboration between the state and local health departments is needed to assure the health of Utah's citizens.

**We recommend DOH and LHDs partner to set state priorities according to needs, and that a cohesive strategy is developed to secure funding that aligns with those needs.**

## Recommendations

1. We recommend that the state and local health departments' Governance Committee determine which points of financial information are relevant for decision-making and standardize the inclusion of that information in grant proposal presentations.

2. We recommend that transparency be increased through sharing detailed budget and expenditure data in state and local health departments' Governance Committee meetings to promote accountability and optimize grant funds.

3. We recommend that the state and local health departments' Governance Committee make stronger efforts to come to a satisfactory agreement about grant proposals and that the

expedited review category be employed only for its intended use.

4. We recommend that local health departments increase their efforts for early and frequent involvement in developing grant proposals identified by the Department of Health that align with strategic public health goals at the local and state level.

5. We recommend that local health departments expand their efforts to utilize regional needs assessments for identifying funding opportunities that would meet local needs and align with state priorities, and that they engage the Department of Health for assistance when necessary.

# Appendices

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# Appendix:
# Complete List of Audit Recommendations

This report made the following 14 recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

### Recommendation 2.1

We recommend that the Department of Health leadership make a commitment to innovation, remove any roadblocks, and remain diligent until full implementation of new ideas prioritized for implementation are realized.

### Recommendation 2.2

We recommend that the Department of Health prioritize the needs of the state by working with the Legislature to find the appropriate balance between the role of the Legislature in setting statute or policy that governs the agency versus the role of the executive branch in managing the day-to-day operations of the agency.

### Recommendation 2.3

We recommend that the Department of Health initiate a cultural shift to align the culture with strategy and processes, embrace change and innovation, and connect culture and accountability. This should include ensuring recommendations made by our office and other entities are fully implemented.

### Recommendation 2.4

We recommend that the Department of Health create an innovation center that reports to executive leadership and is required to collaborate with the state's Chief Innovation Officer to develop and support a health innovation center that should include the following activities:

a. Identify those who should lead innovation activities.

b. Identify health innovation within the work of the Department of Health (mapping innovation).

c. Invite teams in the Department of Health to present their innovative work to a broader audience (fostering and sharing innovation).

   i. Strategically identify, support, and scale health innovation exemplars (encouraging innovation).

   ii. Seek health innovation collaborations within and outside the Utah Department of Health system (collaborating on innovation).

### Recommendation 3.1

We recommend that Department of Health executive leadership ensure its strategic plan is clear and precise in focusing on the critical public health needs of the state, and that division- and bureau-level plans are strategically aligned.

### Recommendation 3.2

We recommend that Department of Health executive leadership direct staff to seek grants and other funding for initiative that align with the direction set forth in the department's strategic plans.

### Recommendation 3.3

We recommend that the Department of Health exercise additional discretion when considering grants that require community partners such as local health departments to sustain grant activities after the expiration of the grant.

### Recommendation 3.4

We recommend that the Department of Health allow local health departments greater flexibility by eliminating unmandated restrictions on the use of funds from the Preventive Health and Human Services block grant.

### Recommendation 3.5

We recommend that the Legislature consider reviewing the list of diseases and conditions that the Department of Health is required to address and ensure the list is up to date and relevant to current goals, strategies and desired outcomes.

### Recommendation 4.1

We recommend that the state and local health departments' Governance Committee determine which points of financial information are relevant for decision-making and standardize the inclusion of that information in grant proposal presentations.

### Recommendation 4.2

We recommend that transparency be increased through sharing detailed budget and expenditure data in state and local health departments' Governance Committee meetings to promote accountability and optimize grant funds.

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We recommend that local health departments expand their efforts to utilize regional needs assessments for identifying funding opportunities that would meet local needs and align with state priorities, and that they engage the Department of Health for assistance when necessary.

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# Agency Response

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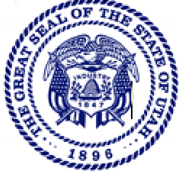

State of Utah

SPENCER J. COX
*Governor*

DEIDRE M. HENDERSON
*Lieutenant Governor*

**Utah Department of Health**
**Executive Director's Office**

Nate Checketts, M.P.A.
*Executive Director*

Heather R. Borski, M.P.H., M.C.H.E.S.
*Deputy Director*

Michelle G. Hofmann M.D., M.P.H., M.H.C.D.S., F.A.A.P.
*Deputy Director*

October 11, 2021

Kade R. Minchey CIA, CFE, Auditor General
Office of the Legislative Auditor General Utah State Capitol Complex
Rebecca Lockhart House Building, Suite W315
P.O. Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Minchey,

Thank you for the opportunity to respond to the recommendations in *A Performance Audit of the Culture and Grant Management Processes of the Department of Health (Report #2021-11)*. We appreciate the effort and professionalism you and your staff took to conduct this review and the efforts you made to incorporate staff comments and survey responses into your work.

As discussed in your report, staff at the Utah Department of Health are dedicated to their work and are passionate about helping all Utahns be as healthy as possible. Over the years, the Department, in partnership with the Utah Legislature, local health departments, and other departments, has simultaneously implemented multiple advancements in its services to Utahns during very difficult circumstances. The Department, the State, and its residents can rightly feel proud about many aspects of the overall health of our state and steps we collectively are taking to make it better.

However, like all organizations, there are areas where the Department can improve. Your audit highlights areas in culture, innovation, and process where improvements need to be made. As described in our more detailed responses that follow, we will begin addressing these recommendations immediately within the Department. In addition, we will also incorporate these recommendations into the implementation of House Bill 365 (2021) as we merge the Department with the Department of Human Services.

288 North 1460 West, Salt Lake City, Utah 84116
telephone: (801) 538-6111

The Utah Department of Health (and soon to be the Utah Department of Health and Human Services) is committed to a culture that continually innovates to deliver efficient operational processes and effectively use taxpayer funds.  We value this report's insight on areas that need improvement.

Sincerely,

Nate Checketts
Executive Director
Utah Department of Health

CHAPTER II

**Recommendation 2.1. We recommend that the Department of Health leadership make a commitment to innovation, remove any roadblocks, and remain diligent until full implementation of new ideas prioritized for implementation are realized.**

Department Response: The Department concurs. We are committed to innovating our processes and fully realizing the prioritized projects developed through our innovation efforts.

The urgency of the COVID-19 pandemic has increased the Department's pace of innovation and the furthering of an operational mindset needed to fully execute new ideas. Utah has led the nation in multiple areas of the COVID-19 response. School-based testing programs introduced during the 2020-21 school year kept students learning in-person for nearly a year longer than most states. During the 2020 surge, Utah implemented a hospital load leveling process that other states scrambled to copy. Early in the response, Utah deployed dedicated skilled nursing facilities for infected patients which helped keep death rates in long-term care facilities among the lowest in the nation. We believe these models of innovation, and others like them, need to be highlighted with Department staff so we can recognize their achievements, communicate that leadership supports innovation, and provide models of how innovation can occur within the Department.

Because innovation involves risk, failures and a fear of failure are significant roadblocks to innovation. Therefore, the Department's leadership team will not only support innovation's successes but also prepare for its failures. In order for staff and leaders to become more comfortable with innovation, we will take steps to create an environment that is psychologically safe and supportive of these efforts. Failures need to be analyzed, addressed, and learned from. The Department will build on the no harm procedures used by leading healthcare entities to create similar procedures and practices for addressing failures in the public health field. It will be important to involve staff in these efforts to shape culture and foster innovation.

What: In order to create a culture that supports innovation, we will:

1. Establish the innovation center (discussed in response to Recommendation 2.4)
2. Establish an employee steering and innovation committee
3. Hold a series of all staff calls focusing on innovation efforts within the Department
4. Provide staff and leaders training on risk taking and on appropriately analyzing failures

When:
Action item 1 - Discussed in response to Recommendation 2.4
Action item 2 - December 31, 2021
Action item 3 - March 31, 2022
Action item 4 - June 30, 2022

Contacts:
Action item 1 - Discussed in response to Recommendation 2.4

Action items 2 and 3 - Dean Weedon, Director, Quality and Process Improvement
Action item 4 - Dr. Michelle Hofmann, Deputy Director

**Recommendation 2.2. We recommend that the Department of Health prioritize the needs of the state by working with the Legislature to find the appropriate balance between the role of the Legislature in setting statute or policy that governs the agency versus the role of the executive branch in managing the day-to-day operations of the agency.**

Department Response: The Department concurs. The Department values the role of the Legislature in directing policy through statute and appropriating funding to carry out those policies. The Department strives to implement that direction as it designs programs, adopts rules, hires staff and enters into contracts. While a significant percentage of the Department's budget comes from federal funds, the Department works on an ongoing basis with the Legislature, its committees, and its staff to obtain input on program development and implementation.

What: To guarantee the Legislature continues to play its role in prioritizing state health efforts, the Department will:

1. Where legislation is needed to support improvements in operations and prioritize health efforts, work with the Governor's Office of Planning and Budget and the Legislature to support legislation to make these changes
2. Provide opportunities for legislative input on new federal grants through the federal funds approval process
3. Provide opportunities for legislative input on program financing through the annual budgeting process including prioritization of new funding, fiscal notes, and intent language
4. Provide opportunities for legislative input on new Medicaid waivers through the Medicaid waiver amendment notification process

When: March 31, 2022

Contacts:
Action item 1 - Marc Watterson, Director of Policy and Legislative Services
Action items 2 and 3 - Shari Watkins, Finance Director
Action item 4 - Emma Chacon, Interim Medicaid Director

**Recommendation 2.3. We recommend that the Department of Health initiate a cultural shift to align the culture with strategy and processes, embrace change and innovation, and connect culture and accountability. This should include ensuring recommendations made by our office and other entities are fully implemented.**

Department Response: The Department concurs. As discussed in our response to Recommendation 2.1, we are implementing efforts to enhance our connection with staff and leaders as we enhance innovation efforts within the Department.

As part of the merger with the Department of Human Services, we will also be modifying the Department's current strategic planning process to include a stronger focus on outcomes and accountability for results. As part of the merger to create the Department of Health and Human Services (DHHS), many existing Department units will be combined with units from Human Services. These newly merged units and existing units will develop strategic plans to guide their operations. As part of DHHS's commitment to a culture of innovation and accountability, the principles of Results Based Accountability will be incorporated into these units' plans.

The Department's leadership agrees that it is important to implement audit recommendations. The Department's Office of Internal Audit records audit recommendations, including those of the Office of the Legislative Auditor General (OLAG), and meets with identified contacts to track their resolution. This audit identified previous audit findings that were partially implemented, still in process, or not implemented. To ensure the Department completely resolves previous audit findings, we will establish a plan for fully implementing audit findings that are in process and we believe can be fully implemented as originally recommended. We will also engage in discussions with OLAG to formally resolve issues if we believe circumstances have changed after an audit has been completed and we believe recommendations should no longer be pursued.

What:

1. Include results-based accountability when developing DHHS strategic plans and align strategic plans across all DHHS organizational units
2. Establish a timeline for addressing outstanding OLAG audit recommendations and provide quarterly updates to OLAG on the Department's progress in closing out these recommendations

When:

Action item 1 - December 31, 2022
Action item 2 - First quarterly report to OLAG - January 31, 2022

Contacts:

Action item 1 - Nate Checketts, Executive Director, Utah Department of Health; Tracy Gruber, Executive Director, Department of Human Services
Action item 2 - Dan Clayton, Director, Performance Audit

**Recommendation 2.4. We recommend that the Department of Health create an innovation center that reports to executive leadership and is required to collaborate with the state's chief innovation officer to develop and support a health innovation center that should include the following activities:**

**a. Identify those who should lead innovation activities**
**b. Identify health innovation within the work of the Department of Health (mapping innovation).**
**c. Invite teams in the Department of Health to present their innovative work to a broader audience (fostering and sharing innovation).**

**i. Strategically identify, support, and scale health innovation exemplars (encouraging innovation).**
**ii. Seek health innovation collaborations within and outside the Utah Department of Health system (collaborating on innovation).**

Department Response: The Department concurs. With the ongoing demands of the COVID-19 response and the efforts to merge the Department with the Department of Human Services, the creation of a state agency health innovation center will best be accomplished within a combined DHHS. As demonstrated by the desire to bring health and human services into a single agency, health does not stand by itself but instead is integrally connected with many other aspects of our wellbeing, including our mental health.

The Department is well positioned to implement this recommendation. We recently hired a new director of the Office of Organizational Development and Performance Improvement, who brings experience in organizational behavior and design, and is poised to build upon a strong foundation in continuous quality improvement to lead the kind of culture change that is necessary to cultivate and sustain innovation. As we design a DHHS organizational structure with a Center of Strategic Performance Management that includes this office as well as an Office of Research and Evaluation, there will be an opportunity to bring together expertise from organizational behaviour, health data, research expertise, and health informatics in creating a health innovation center.

In addition, efforts to transform health also require the participation of many partners outside of the State of Utah, including health plans, research centers, etc. The Department will also discuss options with the Governor's Office and the Legislature to develop a health transformation center at a research institution to help bring together public and private efforts into more aligned transformation efforts.

In both of these efforts, the Department (and eventually DHHS) will collaborate with the Governor's Office, especially with its new chief innovation officer, to ensure they are aligned with the Governor's One Utah Roadmap and other key legislative initiatives.

What:

1. Establish a health innovation center within DHHS
2. Discuss options with the Governor's Office and the Legislature to develop the Center for Sustainable Health Care at a research institution

When:
Action item 1: July 1, 2022
Action item 2: March 31, 2022

Contacts:
Nate Checketts, Executive Director, Utah Department of Health
Tracy Gruber, Executive Director, Department of Human Services

CHAPTER III

**Recommendation 3.1. We recommend that Department of Health executive leadership ensure its strategic plan is clear and precise focusing on the critical public health needs in the state and ensure that division and bureau-level plans are strategically aligned.**

Department Response: The Department concurs.

Over the past 24 months, the Department has had four different executive directors. In July 2022, the Department will merge with the Department of Human Services and will have another new executive director. Each executive director has brought a different focus and direction to the Department. The current team leading the Department as well as the team that will lead DHHS are both committed to establishing a clear strategic plan and aligning division and bureau level plans to that department plan.

As described in our response to Recommendation 2.3, DHHS is committed to developing a strategic plan that incorporates Results Based Accountability and is aligned across its units.

What: The Department will include Results Based Accountability when developing DHHS strategic plans and align strategic plans across all DHHS organizational units.

When: December 31, 2022

Contacts:
Nate Checketts, Executive Director, Utah Department of Health
Tracy Gruber, Executive Director, Department of Human Services

**Recommendation 3.2. We recommend that executive leadership direct staff to seek out grants and other funding that will fund and implement the strategic plans.**

Department Response: The Department concurs. Today, executive leadership's review of grants occurs at a stage in the process where staff may have already dedicated significant time in developing a proposal, preparing budgets, and other pre-application efforts. We agree that this review needs to occur earlier in the process to allow a greater opportunity for executive leadership to provide direction on whether or not the grant fits within the Department's strategic plans.

What: The Department will modify its process for bringing grants to the Governance Committee for review. Staff will be required to obtain Department executive leadership approval for developing a grant proposal. This approval will be noted on the committee's standardized template. If the Department's executive leadership does not approve development of a proposal for a grant, the Governance Committee will be notified of this decision so that local health departments may pursue this grant on their own if they would like to do so.

When: December 31, 2021

Contact: Heather Borski, Deputy Director

**Recommendation 3.3. We recommend that the Department of Health exercise additional discretion when considering applying for grants that require community partners such as LHDs to sustain funding to grant activities after the expiration of the grant.**

Department Response: The Department concurs.

Since only 11.65% of the Department's budget comes from the State's General Fund, the Department is highly dependent on federal funds to meet Utah's basic public health responsibilities. Similar issues arise for local health departments as they try to meet basic public health responsibilities with limited state and local funding. The Department will work with the Governor's Office and the Legislature to determine if there is support to provide additional state funding for basic public health efforts. Increasing this state funding would decrease the Department's dependence and local health departments' dependence on federal funding to meet basic public health needs and allow us to be more strategic in seeking federal funding.

The Department acknowledges the burdens required to apply for and implement federal grants. We also agree that in most cases the goal would be to sustain these activities following the end of these grants. The Department will institute a process in which all grant applications will be reviewed by executive leadership to ensure the grant aligns with strategic priorities and plans of the Department and that the investment of time and resources needed to apply for, administer, and potentially sustain the grant will yield meaningful results. Department executive leadership will approve the pursuit of a grant application, before action is taken to apply. This process will continue agency-wide in the combined Department of Health and Human Services.

What:

1. Engage with the Governor's Office and the Legislature through the budget process to determine if additional state funding of the Department and/or of local health departments would be appropriate to reduce the Utah's reliance on federal funds to meet basic public health needs
2. Include Department executive leadership review and approval in the Department's grant approval process to ensure applications for grant funding are aligned with the Department's strategies and anchored to state priorities or plans

When:
Action item 1 - March 31, 2022
Action item 2 - December 31, 2021

Contact:
Action item 1 - Shari Watkins, Finance Director
Action item 2 - Heather Borski, Deputy Director

**Recommendation 3.4. We recommend that the Department of Health allow local health departments greater flexibility by eliminating unmandated restrictions on the use of funds passed through from the prevention block grant.**

Department Response: The Department concurs.

In recent years, the Department and local health departments, along with multiple state and community partner organizations, have engaged in collaborative assessment processes to develop State and Community Health Improvement Plans. While these plans were developed independently in response to geographically-based health needs assessments, these plans generally have landed on common priorities of addressing obesity, substance misuse and overdose, and mental health and suicide prevention. Priority areas for these plans are typically complex health issues that need a multi-agency collaborative approach to impact change. They do not represent all health issues that need the attention of these agencies. The Preventive Health and Health Services Block Grant is one of the few sources of funding available to address these strategic priorities. For the past several years, the Department has directed this block grant to implement these strategic priorities. Additionally, efforts were made this year to increase the flexibility of this block grant by combining the funding into one contract with each local health department and allowing the funds to be used for community prevention efforts that address a wider range of health issues. The Department is committed to continuing to work with local health departments to continue to identify ways this funding can be utilized to address critical and emerging health issues in local communities.

In addition, many of these priorities are also the focus of the Department of Human Services and its divisions, including the Division of Substance Abuse and Mental Health. Through the merger, we will seek to leverage additional resources to focus on these priorities and thereby free up other resources to focus on local health department priorities.

What: The Department will work with the local health officers, the Governance Committee, and the Health Advisory Committee to identify and implement a plan for the use of the Preventive Health and Health Services Block Grant that improves flexibility in meeting identified community needs. Since the current grant year is already underway, the Department will implement these changes in the next grant cycle.

When: October 1, 2022

Contact: Heather Borski, Deputy Director

**Recommendation 3.5. We recommend that the Legislature consider reviewing the list of diseases that the Department of Health is required to address and ensure the list is up to date and relevant with current goals, strategies and desired outcomes.**

Department Response: The Department concurs. Some sections of Utah code are at least 40 years old, such as pieces of Title 26, Chapter 6. Broader statutory language that focuses less on specific categorical diseases, and more on the essential services and roles of public health in identifying the current key causes of morbidity and mortality would be very helpful in facilitating increased responsiveness to state and local needs, and promote greater alignment in identifying and addressing strategic priorities.

Although this recommendation is directed to the Legislature, the Department will work with the Governor's Office and Legislature to modernize Utah Code, specific to identifying and addressing causes of morbidity and mortality, to appropriately meet Utah's public health needs.

What: Not applicable

When: Not applicable

Contact: Not applicable

## CHAPTER IV

**Recommendation 4.1. We recommend that the State and Local Health Department Governance Committee determine which points of financial information are relevant to their decisions and standardize the inclusion of that information in grant proposal presentations.**

Department Response: The Department concurs. In the summer of 2021, we implemented a standardized template for the Governance Committee to help make the collection and presentation of information more uniform through this process. The Department and local health departments value the process embodied in the Governance Committee and plan to continue it after the creation of DHHS. In addition, the DHHS steering committee and its workgroups are evaluating whether some version of this process is appropriate for the other categories of local authorities, including the Area Agencies on Aging and Local Mental Health and Substance Abuse Authorities.

What: The Department will review the standardized template with the Governance Committee and modify the presentation of financial information in the template as directed by the committee.

When: December 31, 2021

Contact: Heather Borski, Deputy Director

**Recommendation 4.2. We recommend transparency be increased through sharing detailed budget and expenditure data in State and Local Health Department Governance Committee meetings to promote accountability and optimize grant funds.**

Department Response: The Department concurs.

What: The Department will review the standardized template with the Governance Committee and modify the presentation of detailed budget and expenditure data in the template as directed by the committee.

When: December 31, 2021

Contact: Heather Borski, Deputy Director

**Recommendation 4.3. We recommend the State and Local Health Department Governance Committee make stronger efforts to come to a satisfactory agreement and that the expedited review category be employed only for its intended use.**

Department Response: The Department concurs. Expedited review has been used as a work-around when certain pieces of information were not known when a grant application was submitted. We will work with the Governance Committee to revise processes so that expedited review is only applied for its intended use.

What: The Department will review with local health officers the decision making procedures within the Governance Committee and modify them as directed by the committee. The Department will also encourage committee chairs to enforce the appropriate use of expedited review within the committee.

When: December 31, 2021

Contact: Heather Borski, Deputy Director

**Recommendation 4.4. We recommend Local Health Departments increase their efforts to be involved in developing grant proposals identified by the Department of Health that align with local and state strategic public health goals.**

Department Response: The Department concurs. Although this recommendation is directed to the local health departments, the Department is willing and available to support the local health departments in this effort.

What: Not applicable

When: Not applicable

Contact: Not applicable

**Recommendation 4.5. We recommend Local Health Departments expand their efforts to utilize regional needs assessments for identifying funding opportunities that would meet local needs and**

**align with state priorities, and that they engage the Department of Health for assistance when necessary.**

Department Response: The Department concurs.

The Department, local health departments, local hospital systems, and several community partners have common needs and requirements in conducting local or regional health needs assessments on a regular basis. We have worked together to identify common tools and strategies across needs assessment efforts to prevent duplication of efforts and promote comparability. In the last round of state and community needs assessments, common priorities (obesity prevention, drug misuse and overdose prevention, and mental health and suicide prevention) were identified nearly system-wide. These priorities represent very complex problems that require a comprehensive, multi-agency approach, with each agency addressing the issues through their unique approaches and spheres of influence. They do not represent all health issues the agencies feel they must address, just those highest needs that necessitate collaborative response efforts. The Preventive Health and Health Services Block grant was leveraged for the local health departments to address obesity prevention, overdose prevention and suicide prevention. Additional federal grants were also sought to address these critical priorities. The coordinated state and community health needs assessment processes will continue to drive our strategic approach in seeking funding.

Although this recommendation is directed to the local health departments, the Department will continue to work with the local health departments to help support, coordinate, and facilitate needs assessments. The next state- and local-level coordinated joint needs assessment process is currently underway, with regional focus groups and community input sessions scheduled across the state during the fall of 2021. The Department and local health departments will work together to identify critical strategic priorities, and identify and seek appropriate funding opportunities to fund those priorities. The Department is also always willing to assist local health departments in their own efforts to apply for grants.

What: Not applicable

When: Not applicable

Contact: Not applicable