

BEYOND MEDICAL CARE FACT SHEET

Wellness trusts

What is a wellness trust?

Also referred to as “prevention and wellness trusts” or “wellness funds,” a wellness trust is a “pool of funds that is raised as part of a health improvement and cost-containment strategy to fund community prevention interventions.”¹

The purpose is to establish a sustainable funding source to support a strategic and coordinated set of evidence-based prevention activities that will improve population health outcomes, promote health equity and reduce healthcare costs.

Rather than relying upon a state’s general revenue fund or federal grants, revenue for a wellness trust can come from a variety of public and/or private sources, such as:

- Private or corporate philanthropy
- Assessments on healthcare entities, such as health insurers or hospitals
- Community benefit funds from tax-exempt hospitals
- Taxes or fees on products with known health risks, such as tobacco or sugar-sweetened beverages
- Tobacco Master Settlement Agreement funds or other legal penalties or settlements
- User fees, dedicated license plates or other portion of voluntary purchases

A wellness trust must have an administrative body such as a Board of Trustees or Advisory Board to manage the distribution of the funds to the local, regional or state level. The administrative body can be within state or local government or may be a private, nonprofit entity.

Based upon a review of existing wellness trusts, the Prevention Institute recommends that the oversight body set up mechanisms for meaningful participation of local stakeholders to ensure that community residents and other key partners have a substantial role in setting priorities for how funds will be spent. They

also recommend that wellness trusts focus on improving health equity; create a balanced portfolio of prevention investments with short, medium and long-term projected health benefits and cost savings; and adopt robust process and outcome evaluation methods.²



What are the potential policy mechanisms?

In order to pursue development of a wellness trust, health stakeholders and policymakers must identify 1) a source or sources of funding, and 2) an administrative body to manage the distribution of the funds to the local or regional level. As mentioned above, the financing could rely upon voluntary contributions (such as from philanthropy), a mandatory assessment on healthcare entities (such as in the Massachusetts example) or consumption taxes or fees paid by consumers. The administrative body could be within state government (such as the Ohio Department of Health or the Office of Health Transformation), or could be a state-level private, nonprofit entity or local-level entities.



What’s the landscape in Ohio?

The governor’s proposed 2016-17 budget opened the door to establishing “regional community health and wellness trusts to receive and distribute hospital community benefit funds, tobacco funds or other grant funds” in alignment with regional health improvement plans coordinated by local health departments and nonprofit hospitals.³

The proposed budget would have required the state to convene a “Population Health Planning and Hospital Community Benefit Advisory Workgroup” to develop recommendations about the extent to which hospital community benefit should be used to address prioritized population health objectives aligned with those being addressed in the regional Community Health Improvement Plans.

Although the proposed population health language was removed from the final version of the budget bill, the Office of Health Transformation has indicated interest in pursuing discussions about improving the effectiveness of Ohio's community health planning activities, including consideration of wellness trusts, regardless of the lack of legislative action.

Although Ohio does not currently have a major fund to support overall prevention and wellness, the state does have smaller funds that address specific health needs. For example, the Rape Crisis Trust Fund, administered by the Attorney General's Office, takes revenue generated by a \$100 sex offender registration fee and distributes it to local rape crisis organizations. The Ohio Children's Trust Fund supports local child maltreatment prevention with revenue generated from surcharges on birth and death certificates and divorce and dissolution decrees. Learnings from these funds can be used to inform the development of a wellness trust in Ohio.



Examples from other states

Massachusetts launched their Wellness and Prevention Trust in 2014 with a one-time assessment on the state's large insurers and large hospitals that generated \$60 million for community-based prevention and workplace wellness.⁴ Texas used a Medicaid 1115 waiver to establish their Delivery System Reform Incentive Payment (DSRIP) pool. This pool supports Regional Health Partnerships and is funded by a tax on healthcare entities which is matched by federal dollars. California included seed funding for local wellness trusts in their State Innovation Model (SIM) plan, referred to as CalSIM.⁵ North Carolina⁶ and Oklahoma⁷ invested portions of their Tobacco Master Settlement Agreement funds in trusts that support community-based prevention programs to address nutrition and physical activity, in addition to tobacco.

Wisconsin is in the process of establishing a Community Health Fund to be supported by philanthropy and large hospital systems.⁸

Lastly, legislation has been introduced in Illinois to fund community-based prevention activities through a \$0.01-per-ounce excise tax on sugary beverages.⁹



Wellness trust recommendations

Public and private partners can consider establishing a state-level wellness trust and/or a network of local-level or regional trusts in Ohio. Stakeholders will first need to identify:

1. A source or sources of funding (see list on page 1 for options), and
2. An administrative body to manage the distribution of funds to the local or regional level (could be within state government or a private, nonprofit entity)

In addition, stakeholders could consider the following recommendations in defining the mission and scope of the trust:

3. Set goals to improve population health outcomes, promote health equity and reduce healthcare costs.
4. Establish a coordinated approach to outcome measurement, including public reporting on health outcome and cost indicators.
5. Fund a balanced portfolio of evidence-based health improvement activities that includes primary prevention and community-based prevention activities, as well as prevention strategies that link clinical health care with community resources.
6. Foster collaboration between hospitals and local health departments on community health improvement plans, and alignment between local/regional and state-level population health priorities.
7. Ensure that decision making is informed by engagement from community residents, public health experts and other key stakeholders.
8. Identify funding sources that are sustainable and allow for stable investments in prevention activities that may take several years to demonstrate positive population health outcomes or cost savings.

Recommended resources

- **Sustainable investments in health: Prevention and wellness funds**, Prevention Institute, 2015
- **The Massachusetts Prevention and Wellness Trust: An innovative approach to prevention as a component of health care reform**, Institute on Urban Health Research and Practice, 2014
- **Paying for population health: A Texas innovation**, Institute of Medicine discussion paper, 2014
- **Closing the Loop: Why we need to invest—and reinvest—in prevention**, Institute of Medicine discussion paper, 2014
- **Financing prevention: How states are balancing delivery system and public health roles**, National Academy for State Health Policy and ChangeLab Solutions, 2014

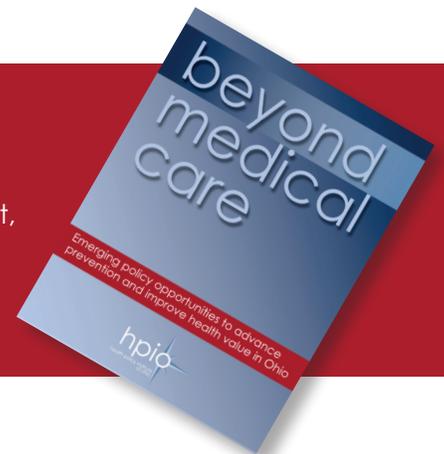
Sources

1. Mikkelsen, et al. "Sustainable investments in health: Prevention and wellness funds." Prevention Institute. 2015.
2. Ibid.
3. Office of Health Transformation. "Improve population health planning." Accessed February 10, 2015. <http://www.healthtransformation.ohio.gov/LinkClick.aspx?fileticket=VKS1jKWUH48%3d&tabid=252>.
4. Institute on Urban Health Research and Practice. "The Massachusetts Prevention and Wellness Trust: An innovative approach to prevention as a component of health care reform." Northeastern University. 2014.
5. National Academy for State Health Policy and ChangeLab Solutions. "Financing prevention: How states are balancing delivery system and public health roles." 2014.
6. Mikkelsen, et al. "Sustainable investments in health: Prevention and wellness funds." Prevention Institute. 2015.
7. State of Oklahoma. "Tobacco Settlement Endowment Trust." Accessed September 1, 2015. <http://www.ok.gov/tset/>
8. Personal communication from the University of Wisconsin Population Health Institute, May 2015.
9. With a "penny per ounce" excise tax on sugary beverages, the "Healthy Eating + Active Living" (HEAL) Act of Illinois would support community wellness programs and expand obesity prevention/treatment options to Medicaid beneficiaries. See: The HEAL Act of Illinois. "HEAL the Budget." Accessed September 1, 2015. <http://healthbudget.org/>.

To learn more

To view the complete publication "Beyond medical care: Emerging policy opportunities to advance prevention and improve health value in Ohio," as well as more fact sheets about the specific policy opportunities discussed in the report, visit:

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