



California Department of Public Health

Even With a Recent Increase in Federal Funding, Its
Efforts to Prevent Diabetes Are Focused on a Limited
Number of Counties

Report 2014-113

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January 29, 2015

2014-113

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning the California Department of Public Health's (Public Health) diabetes prevention programs.

This report concludes that Public Health could expand its efforts to address diabetes in California with additional funding. Diabetes—a chronic disease affecting one out of 12 adults in California—is a growing epidemic that drains the health and economic well-being of families, employers, and communities. For instance, the American Diabetes Association estimated that, in 2012, the annual health care and related costs of treating diabetes in California were roughly \$27.5 billion. However, until recently securing two additional federal grants, Public Health's spending on diabetes prevention had declined over time—due to reductions in federal funding—from more than \$1 million in previous fiscal years to \$817,000 in fiscal year 2013–14. In fiscal year 2012–13, the most recent year for which nationwide data is available, California had the lowest per capita funding for diabetes prevention in the nation. One reason for this is that California does not provide any state funding for diabetes prevention, while several other states do.

Although Public Health recently received two additional federal grants that will add millions of dollars to its diabetes prevention efforts, it has still not been able to expand its diabetes prevention activities to many of the counties in the State that have a high prevalence of diabetes. Further, although it appears to spend federal funds on allowable activities and employs well-qualified staff, Public Health is limited in its ability to find and apply for federal grants because all of its diabetes prevention staff are fully funded by federal grants and therefore must spend their time on existing grant-related activities. Consequently, other than a manager who has numerous other duties, it does not have a staff member who can routinely search and apply for diabetes-related grants. As a result, Public Health was not aware of two federal grants we identified, each worth up to \$500,000 per year, for which it was eligible to apply. To have a real effect on the prevalence of diabetes in California, Public Health needs to continue to try to secure funding for its diabetes prevention efforts. To this end, we recommend that state lawmakers provide funding for a grants specialist position within Public Health—a position that could focus on identifying and applying for federal and other grants to fight the growing epidemic of diabetes in California.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

Results in Brief

Diabetes—a chronic disease affecting one out of 12 adults in California—is a growing epidemic that drains the health and economic well-being of families, employers, and communities. In terms of cost alone, in 2012 the American Diabetes Association estimated that the annual health care and related costs of treating diabetes in California were roughly \$27.5 billion. The California Department of Public Health (Public Health), whose mission is to improve the health of Californians, manages federal grants that fund its diabetes prevention efforts. However, Public Health's spending on diabetes prevention has declined over time due to reductions in its federal funding. In fiscal year 2013–14, its federal funding for diabetes prevention decreased from more than \$1 million in previous fiscal years to \$817,000. Moreover, Public Health's maternal diabetes program also experienced significant reductions in federal funding over the last three fiscal years, declining from \$1.2 million in fiscal year 2010–11 to only \$71,000 in fiscal year 2013–14. In fact, in fiscal year 2012–13—the most recent year for which nationwide data is available—California had the lowest per capita funding for diabetes prevention in the nation.

One reason for this is that California does not provide any state funding for diabetes prevention, while several other states do. For instance, in fiscal year 2012–13, New York allocated \$7.2 million of state funds for diabetes prevention, although a portion was for obesity prevention. Consequently, its per capita diabetes funding was 42 cents, while California's was the lowest in the nation at 3 cents. Public Health recently received two additional federal grants that will add millions of dollars to its diabetes prevention efforts, creating an opportunity for it to expand its diabetes prevention activities in California. However, even with this new funding, Public Health has not been able to expand its diabetes prevention activities to many of the counties in the State that have a high prevalence of diabetes.

Public Health does not have a formal process for searching for federal grants, nor does it have a staff member who routinely searches for diabetes-related grant opportunities. The chief of the Chronic Disease Control Branch attempts to identify federal grants, but does so amid numerous other competing duties. As a result, Public Health may be missing out on additional funding opportunities. For instance, we found two grants, each worth up to \$500,000 per year, for which Public Health was eligible to apply but did not do so. Public Health stated it did not have the resources and capacities required to apply for these particular grants. However, it lacks these resources and capacities in part because it receives limited funding from grants. To make a difference in preventing

Audit Highlights . . .

Our review of the California Department of Public Health's (Public Health) diabetes prevention programs, highlighted the following:

- » *Public Health's spending has declined over the years resulting from reductions in federal funding, and California does not provide any state funding for diabetes prevention.*
- *In fiscal year 2012–13, California's per capita funding for diabetes prevention—at 3 cents—was the lowest in the nation.*
- *Public Health has not been able to expand its diabetes prevention activities to many of the counties that have a high prevalence of diabetes even with two recent additional federal grants.*
- » *Public Health does not have a process to proactively search for diabetes-related grant opportunities nor does it have staff dedicated to doing so—we identified two grants worth up to \$500,000 each for which Public Health was eligible to apply but did not.*
- » *Public Health appears to spend its limited federal funds appropriately and in compliance with applicable grant requirements, and its staff managing its diabetes prevention efforts met or exceeded the qualifications for their positions.*

diabetes, Public Health needs to overcome this dilemma, and the first step in doing so is to at least be aware of diabetes-related funding opportunities.

Our review indicated that Public Health spent its limited federal funds in an appropriate manner and complied with applicable grant requirements. For the 40 expenditures we reviewed from fiscal years 2009–10 through 2013–14, Public Health's expenditures were in accordance with federal requirements, and the amounts spent were reasonable. Additionally, despite a concern that was raised about the relationship between Public Health's diabetes and tobacco control programs, Public Health has not spent its limited diabetes funds on tobacco cessation activities.

We also found that Public Health ensured that the 10 staff members responsible for managing its diabetes prevention efforts met or exceeded the relevant qualifications for their respective positions. In fact, two are licensed medical doctors, while another has a doctoral degree and six have master's degrees. However, until we brought the issue to its attention, Public Health had not ensured that these staff received periodic diabetes-related training as a best practice for keeping informed about this disease and its effect on millions of Californians. For example, only four of the 10 staff members were able to provide evidence demonstrating their attendance at training related to diabetes prevention during the past fiscal year.

Public Health has tracked its progress in implementing diabetes prevention strategies in accordance with grant requirements. It has established goals related to decreasing the prevalence of diabetes in California. For example, its goals include increasing the number of diabetes self-management education programs and increasing the number of people with diabetes who are enrolled in these programs. Public Health has also set a goal to decrease the prevalence of diagnosed diabetes in adults from 10 percent to 9 percent by 2022. This goal is lofty because it aims to reduce the number of Californians with diabetes by a significant number per year when the number of newly diagnosed individuals each year has been increasing by an even larger amount. If it expects to meet this goal, Public Health will need to do more than it has been able to in the past with its limited funding.

Recommendations

If state lawmakers desire Public Health to increase its efforts to address diabetes, they should consider providing state funding to aid in those efforts. For instance, the Legislature could provide funding to establish a grants specialist position to identify and apply for federal and other grants.

To increase its efforts to prevent and control diabetes, Public Health should develop a process for identifying and applying for federal funding opportunities, including routinely and proactively searching for grants. In addition, Public Health should seek funding for a grants specialist position to identify and apply for federal and other grants.

To ensure that staff responsible for diabetes prevention have adequate knowledge and skills, Public Health should ensure that it follows its recently developed process to track training related to diabetes prevention for all employees participating in this effort.

Agency Comments

Public Health agreed with our recommendations. However, Public Health incorrectly stated that it had already fully implemented them. As a result, we provide clarification on some of its statements on page 39.

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Introduction

Background

California is facing a diabetes epidemic that represents a significant and growing problem for its families, employers, and communities. In a recent health survey, one out of 12 adults in California reported that he or she had been diagnosed with diabetes, a chronic medical condition marked by high levels of blood glucose resulting from defects in insulin production, insulin action, or both. According to the University of California, Los Angeles Center for Health Policy Research (UCLA Health Policy Center), without treatment, diabetes gradually degrades critical body functions, including nerves, vision, muscles, and vital body organs, such as the liver and pancreas. Consequently, untreated diabetes can lead to limb amputation, blindness, fatty liver disease, kidney disease, and a variety of cardiovascular diseases, as well as premature death. According to the National Institutes of Health, adults with diabetes are more than twice as likely as people without diabetes to suffer from heart disease or a stroke. The California Department of Public Health (Public Health) reported that the overall risk of death among people with diabetes is about twice that of people of similar ages without diabetes.

Public Health, whose mission is to optimize the health and well-being of Californians, is responsible for administering the State's diabetes prevention programs. Public Health pursues its mission by engaging in activities that promote a healthy lifestyle; prevent disease, disability, and premature death; reduce or eliminate health disparities; protect the public from unhealthy environments; promote access to quality health services; prepare for and respond to public health emergencies; and produce and disseminate data to inform and evaluate public health strategies and programs. Through grants, the Centers for Disease Control and Prevention (CDC)—a federal agency focused on reducing health problems in America—has funded all of Public Health's diabetes prevention efforts to date.

Types of Diabetes

There are two main types of diabetes—type 1 and type 2. Type 1 diabetes, previously known as juvenile diabetes, is an autoimmune disease in which the body does not produce any or enough insulin. It is usually diagnosed in children and young people, and it accounts for about 5 percent of people with diabetes. There is no known way to prevent type 1 diabetes. Type 2 diabetes, previously known as adult-onset diabetes, is a metabolic disease in which the body does not produce enough insulin or use it effectively. Although it is the most common form of diabetes, representing 90 percent to

Key Factors Contributing to type 2 Diabetes

- Being overweight or obese, or physically inactive.
- Having a family history of diabetes.
- Being over 45 years old.
- Having high blood pressure or prediabetes.
- Having had a baby over nine pounds or having a history of gestational diabetes.

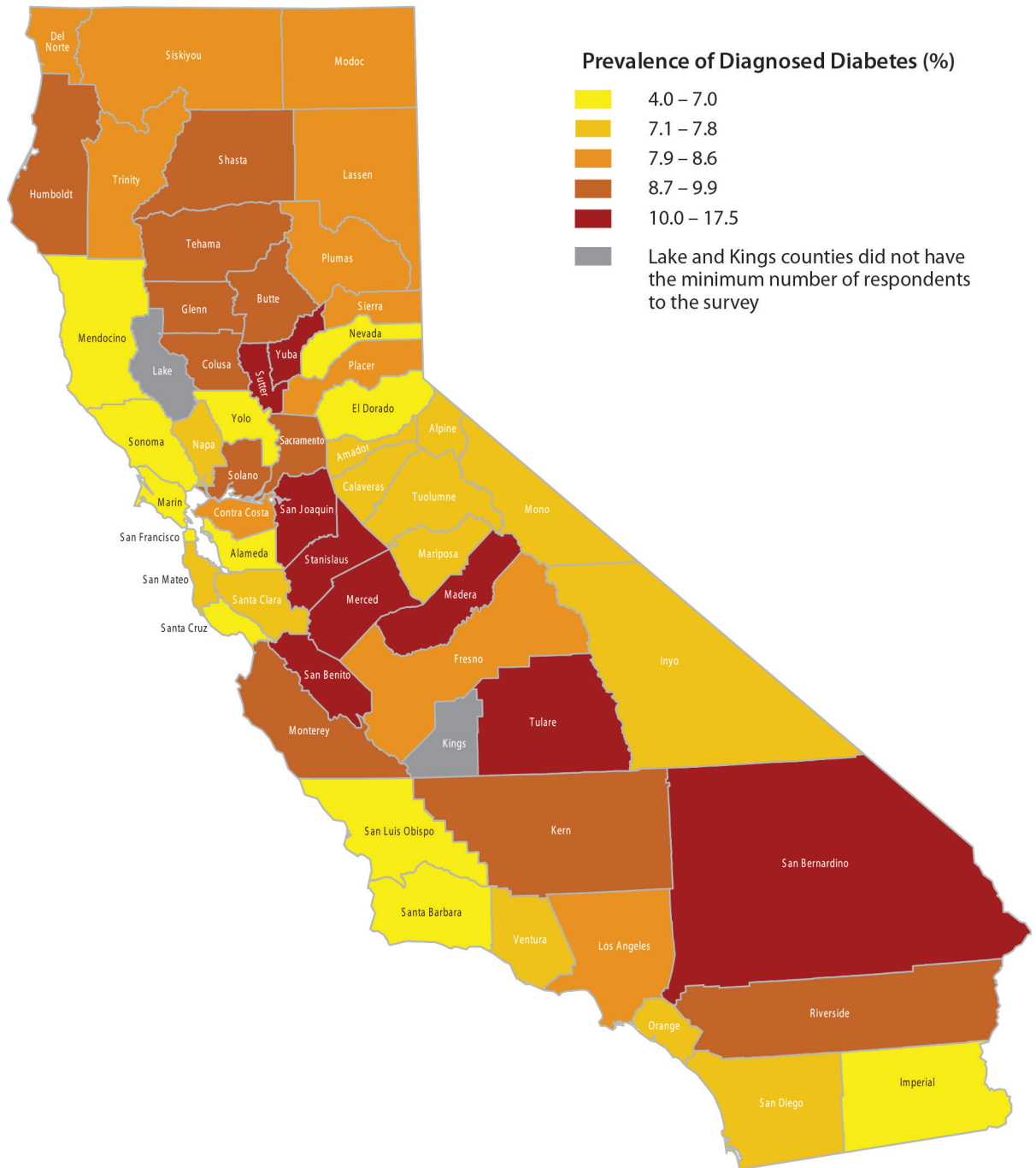
Source: California Department of Public Health, *Diabetes in California Counties*, April 2009.

95 percent of people with diabetes, type 2 diabetes can be prevented or delayed by maintaining a healthy weight and exercising regularly. The text box lists factors that contribute to type 2 diabetes. Prediabetes is a condition that raises the risk of developing type 2 diabetes, heart disease, and stroke. People with prediabetes have blood glucose levels higher than normal. Without intervention, about 25 percent of people with prediabetes will develop type 2 diabetes within three to five years. Another less common type of diabetes is gestational diabetes, which occurs in 2 percent to 10 percent of pregnant women who have never had diabetes before, and results in high blood glucose levels during pregnancy. Without intervention, women with gestational diabetes have a 40 percent to 60 percent chance of developing type 2 diabetes within five to 10 years.

The Prevalence and Cost of Diabetes in California

According to the California Center for Public Health Advocacy, California is in the midst of an unprecedented diabetes epidemic, stemming from a significant increase in diabetes among adults and the emergence of type 2 diabetes in children due to a dramatic rise in childhood obesity in recent years. The California Health Interview Survey estimates that the number of people diagnosed with diabetes in California jumped 50 percent between 2001 and 2012. Similarly, according to the CDC, the rate of diagnosed diabetes in the United States more than doubled over the last 30 years. The CDC states that California has the greatest number of people in the United States who are newly diagnosed with diabetes. Further, California's ethnically diverse population has a higher prevalence of type 2 diabetes. More than 2.3 million California adults report having been diagnosed with diabetes, according to the 2011–2012 California Health Interview Survey. This represents 8.3 percent of the population, or one in 12 adults. Figure 1 illustrates by county California's population with diagnosed diabetes in 2011 and 2012. More recently, according to the CDC, for fiscal year 2012–13 the percentage of adults diagnosed with diabetes in California increased to 9.6 percent.

Figure 1
Prevalence of Diagnosed Diabetes Among Adults in California, 2011 and 2012



Source: California Health Information Survey for 2011 and 2012.

The American Diabetes Association estimated in 2012 that average medical expenditures for people with diabetes are 2.3 times higher than what they would be in the absence of diabetes. It estimates that total annual health care and related costs for the treatment of diabetes in California are about \$27.5 billion, with direct medical costs such as hospitalizations, medical care, and treatment supplies accounting for about \$19.3 billion, and indirect costs such as reduced productivity, time lost from work, and premature death accounting for \$8.2 billion. One in three hospital beds in California is filled with a diabetes patient, according to a UCLA Health Policy Center study of the impact of diabetes on hospitalization costs in California. In May 2014 researchers at the UCLA Health Policy Center found that diabetes accounted for 31 percent of hospitalizations statewide among patients 35 years or older (the age group that accounts for most hospitalizations), costing nearly \$2,200 more per stay than for patients without diabetes. Further, according to the UCLA Health Policy Center, these stays add an extra \$1.6 billion every year to California hospitalization costs, including \$254 million in costs paid by Medi-Cal. Finally, the CDC estimated in 2010 that by 2050, the number of Americans with diabetes will range from one in three to one in five people.

Public Health's Diabetes Prevention Efforts

Prior to July 2013 Public Health's primary diabetes prevention program was the California Diabetes Program (diabetes program). Public Health established the diabetes program in 1981 in partnership with the Institute for Health and Aging at the University of California, San Francisco, using funds it received primarily from the CDC. The mission of the program was to prevent diabetes and its complications in California's diverse communities. Public Health stated that the diabetes program worked in partnership with organizations in California and nationwide to increase awareness about diabetes, conduct surveillance to monitor statewide diabetes health status and risk factors, and guide public policy to support people with and at risk for diabetes. Public Health also stated the program worked to improve the quality of care in health care delivery systems and offered leadership, guidance, and resources to community health interventions.

In June 2013 the CDC's diabetes grant, which Public Health had used to fund the diabetes program, ended, and Public Health transitioned to a new program to address diabetes. In June 2013 the CDC awarded Public Health funding from a grant called *State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health*. According to Public Health, this grant, referred to

in California as Prevention First, represents a new approach that promotes coordination and collaboration across state and local programs to improve health and prevent and control chronic diseases, including diabetes, and their risk factors.

Only a portion of the total Prevention First grant was directed to address diabetes. In total, the CDC awarded Public Health \$2.4 million for the first year of this five-year grant, of which \$817,000 was designated for diabetes prevention. The remaining grant funds were allocated to other Public Health programs to address obesity, physical activity, nutrition, school health, and heart disease. Although the CDC awarded all 50 states grant funds to help prevent chronic diseases, California is one of 31 states that received additional funding to enhance the grant.

Prevention First focuses on healthy environments in various school, work, and community settings and works to improve the delivery and availability of services to persons with diabetes. In support of its efforts to prevent and control diabetes, heart disease, and obesity, Public Health is focusing on the following issue areas to implement the Prevention First program:

- Promoting healthy behaviors aimed at obesity prevention, nutrition, and physical activity in worksite, school, and community settings.
- Improving the delivery and use of clinical and other health services aimed at addressing heart disease.
- Increasing links between community and clinical organizations to increase support for and referrals to programs that improve the management of diabetes.

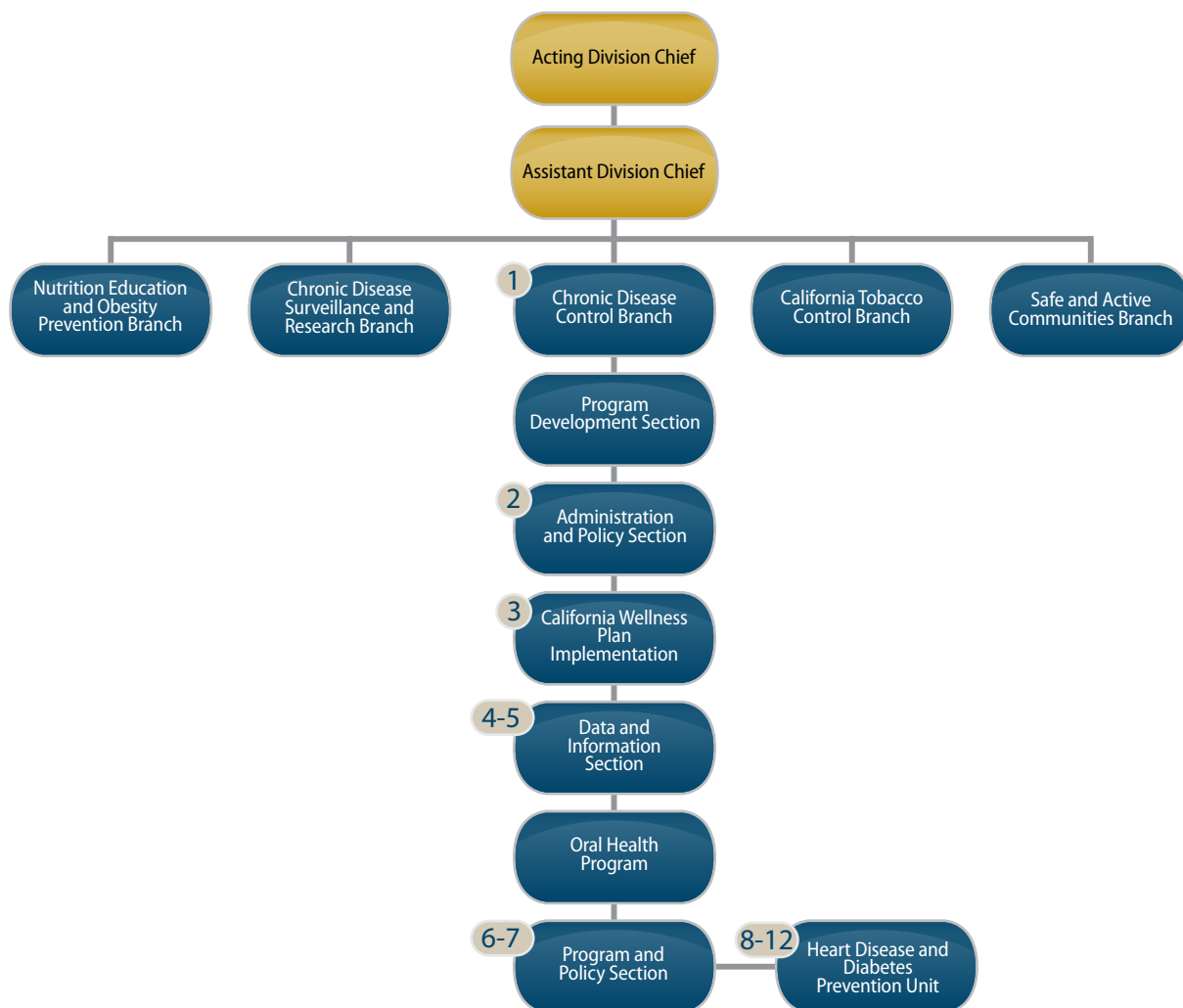
The Prevention First Program's Administration

Public Health manages the Prevention First program through the Chronic Disease Control Branch (branch). The branch's mission is to prevent and control chronic diseases through evidence-based programs that promote healthy behaviors; conduct research; and improve prevention, diagnosis, and treatment of chronic disease. Its programs have partnerships with local public health agencies, state and federal agencies, universities, and nongovernmental and community-based organizations. The branch performs the administrative tasks associated with the program, such as accounting, contract monitoring, and performance reporting. The branch is a part of the Division of Chronic Disease and Injury Control, whose mission is to sustain and improve the health status of California's population.

As indicated in Figure 2, Public Health uses Prevention First funds to compensate 12 branch staff for administering the diabetes prevention portion of the grant. Five of the 12 staff members, whose positions are funded to implement the Prevention First strategies and achieve performance measures for cardiovascular disease and diabetes prevention and management, are located in the new Heart Disease and Diabetes Prevention Unit (unit). The unit's mission is to reduce premature death and disability from heart disease, diabetes, and stroke.

Figure 2

California Department of Public Health's Division of Chronic Disease and Injury Control



Source: California Department of Public Health (Public Health).

¹⁻¹² Public Health staff that are paid with Prevention First funds for administering the diabetes portion of the grant. Three of the 12 positions are only partially paid for with Prevention First funds.

Prevention First Grant Requirements

The notices of grant awards for Prevention First and Public Health's former diabetes program outline the main program requirements and describe allowable expenditures. For example, according to the Prevention First requirements, Public Health must submit its annual budget, financial reports, and performance reports to the CDC. It also must include the grant in California's annual statewide audit of compliance with federal requirements associated with its receipt of federal funds. In addition, the grant award prohibits expenditures related to research, clinical care, and durable equipment. Public Health must also comply with general federal requirements established by the United States Office of Management and Budget, the federal agency that provides principles and standards regarding federal awards. Under these requirements, Public Health may only make expenditures with grant funds if it properly documents them, ensures that the prices are prudent, and determines that they are necessary for the operation of the program.

Moreover, the CDC requires Public Health to annually report its progress in implementing five grant strategies that directly relate to diabetes, among other strategies associated with the other conditions addressed by the grant, such as heart disease. Two of these five strategies are associated with the basic grant, which the CDC awarded to all 50 states. The remaining three are associated with the enhanced, or competitive, component of the CDC grant and relate specifically to community-clinical linkages. Each of the five diabetes strategies has several performance targets, such as increasing the number of diabetes self-management education programs and counties with such programs. Table A.1 on page 33 of the Appendix lists the five strategies related to diabetes prevention, as well as the related performance measures and targets for the five-year grant. Table A.2 beginning on page 34 includes a wide range of implementation actions that Public Health reported to the CDC for the strategies.

Scope and Methodology

The Joint Legislative Audit Committee (audit committee) directed the California State Auditor to review Public Health's diabetes program. In Table 1 on the following page we list the objectives that the audit committee approved and the methods we used to address them.

Table 1
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE		METHOD
1	Review and evaluate the laws, rules, and regulations significant to the audit objectives.	We reviewed relevant laws, federal grant requirements, state contracting manual provisions, and other background materials pertaining to diabetes prevention efforts by the California Department of Public Health (Public Health).
2	<p>a. Identify the source and amount of funding used by Public Health for the California Diabetes Program (diabetes program) in addressing all forms of diabetes in California during fiscal years 2009–10 through 2013–14. To the extent possible, determine the amount of funding Public Health used in addressing all forms of diabetes directly, the amount of funding it used to address all forms of diabetes indirectly, and any other uses of funding the diabetes program receives for diabetes, such as tobacco cessation.</p> <p>b. Determine whether Public Health's expenditures on diabetes programs were reasonable and funding was used for allowable activities.</p>	<ul style="list-style-type: none"> • We obtained and reviewed accounting reports for fiscal years 2009–10 through 2013–14 and interviewed program and executive managers. Our interviews included the manager of the Tobacco Control Program, which had some diabetes expenditures during some of those fiscal years. • We also obtained documentation of federal diabetes award amounts and reconciled those amounts to the spending we identified for fiscal years 2009–10 through 2013–14. • To determine the extent to which Public Health tracks indirect diabetes spending, we interviewed program and executive managers and reviewed financial records. <p>We reviewed a random selection of 40 expenditures from fiscal years 2009–10 through 2013–14 to determine whether Public Health met grant requirements. We also reviewed Public Health's compliance with <i>State Contracting Manual</i> requirements related to its payments on its contract with the University of California, San Francisco.</p>
3	Determine whether Public Health is effectively administering the diabetes program and has complied with all relevant laws, rules, regulations, and grant requirements.	We reviewed state and federal law, as well as the fiscal year 2013–14 grant award, for program administration requirements. We then obtained documentation, such as Public Health's federal financial report, demonstrating that Public Health met the requirements we identified.
4	To the extent possible, determine whether employees responsible for administering the diabetes program at Public Health are qualified and receive adequate training.	We obtained and reviewed employee records, such as applications, transcripts, and medical license information, for the 12 employees—10 of which are health professionals—responsible for administering the diabetes portion of Prevention First for fiscal year 2013–14. We also obtained and reviewed their training records for the same time period.
5	Determine whether Public Health has measured the effectiveness of the diabetes program in meeting its goals.	We interviewed diabetes program managers as well as obtained and reviewed reports, such as Public Health's annual Prevention First diabetes program progress report, that identify Public Health's goals and its progress toward meeting them.
6	Determine whether Public Health is maximizing federal grant opportunities to address diabetes.	We searched the United States Department of Health and Human Services Web site for diabetes prevention grants that Public Health was eligible to apply for during fiscal years 2012–13 and 2013–14, analyzed grant information to determine whether Public Health reasonably should have applied, and interviewed the Chronic Disease Control Branch chief to determine why Public Health did not apply for certain grants.
7	Review and assess any other issues that are significant to the audit.	We compared diabetes-related funding in five other states to diabetes-related funding in California.

Sources: California State Auditor's analysis of the Joint Legislative Audit Committee's audit request number 2014-113, planning documents, and analysis of information and documentation identified in the column titled *Method*.

Methods Used to Assess Data Reliability

In performing this audit, we obtained electronic data files extracted from the information system listed in Table 2. The United States Government Accountability Office, whose standards we are statutorily required to follow, requires us to assess the sufficiency and appropriateness of computer-processed information that we

use to support our findings, conclusions, or recommendations. Table 2 describes the analyses we conducted using data from this information system, our methodology for testing them, and our conclusion.

Table 2
Methods Used to Assess Data Reliability

INFORMATION SYSTEM	PURPOSE	METHOD AND RESULT	CONCLUSION
California Department of Public Health (Public Health)	<ul style="list-style-type: none"> To identify total diabetes expenditures for fiscal years 2009–10 through 2013–14. 	<ul style="list-style-type: none"> To test the accuracy of the CORE data, we traced key data elements for a selection of 29 expenditure transactions for fiscal years 2009–10 through 2013–14 to supporting documentation and found no errors. 	Sufficiently reliable for the purposes of this audit.
California State Accounting and Reporting System	<ul style="list-style-type: none"> To test allowability and reasonableness of diabetes expenditures for fiscal years 2009–10 through 2013–14. 	<ul style="list-style-type: none"> To test the completeness of the CORE data, we traced 29 haphazardly selected invoices for fiscal years 2009–10 through 2013–14 to the CORE data and found no errors. 	
On-Line Reporting Environment (CORE)			
Data related to Public Health expenditures			

Sources: California State Auditor's review of various documents, interviews conducted, and analyses of data obtained from Public Health.

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Audit Results

Although Its Funding Declined in Fiscal Year 2013–14, the California Department of Public Health Recently Received Additional Federal Diabetes Prevention Funds

As discussed in the Introduction, the number of Californians with diabetes has increased significantly in the past decade. Nonetheless, the California Department of Public Health's (Public Health) funding for and spending on diabetes prevention declined during fiscal year 2013–14 because of a reduction in the amount of federal grant funds it received. Additionally, federal funding for a Public Health program focusing on diabetes and pregnancy also significantly declined over the last three fiscal years. However, in a reversal of this trend, the federal Centers for Disease Control and Prevention (CDC) recently awarded Public Health two additional grants for diabetes prevention that will add millions of dollars to Public Health's diabetes prevention efforts. This influx of federal funding creates an opportunity for Public Health to expand its diabetes prevention partnerships with a number of California counties. However, as we describe later, even with this new funding Public Health has not been able to expand its efforts to cover many of the counties that have a high prevalence of diabetes.

California's Funding for Diabetes Prevention Declined in Fiscal Year 2013–14

Public Health's funding for and spending on diabetes prevention declined significantly during fiscal year 2013–14. As described in the Introduction, the California Diabetes Program (diabetes program) ended in June 2013 and was replaced by Public Health's Prevention First program. This program addresses several areas, including obesity, heart disease, and diabetes. However, through Prevention First, Public Health received 22 percent less federal funding for diabetes prevention in fiscal year 2013–14 than the diabetes program received in its final year. As shown in Table 3 on the following page, Public Health received only \$817,000 in federal funds in fiscal year 2013–14, while it regularly received more than \$1 million for diabetes prevention in previous fiscal years. The chief of programs and policy over Prevention First (policy chief) stated that the CDC did not provide Public Health with an explanation as to why it reduced diabetes-related funding. However, the decline in California's funding mirrored other states' reductions in diabetes-related federal funds.

Table 3**California Department of Public Health's Direct Expenditures on Diabetes Prevention for the Past Five Years**

AWARD BUDGET PERIOD	CALIFORNIA DIABETES PROGRAM (DIABETES PROGRAM)					AWARD TOTALS	PREVENTION FIRST
	MARCH 29, 2009– MARCH 28, 2010	MARCH 29, 2010– MARCH 28, 2011	MARCH 29, 2011– MARCH 28, 2012	MARCH 29, 2012– MARCH 28, 2013	MARCH 29, 2013– JUNE 30, 2013		JUNE 30, 2013– JUNE 29, 2014
Award amounts	\$1,043,922	\$1,030,422	\$939,530	\$1,042,839	\$167,055	\$4,223,768	\$816,952
Expenditures	1,008,168	952,128	892,536	1,134,633	215,641	4,203,106	552,240
Difference	35,754	78,294	46,994	(91,794)	(48,586)	20,662	264,712

Sources: California State Accounting and Reporting System and federal Notice of Award letters.

Note: The award and spending amounts for each year of the diabetes program do not align because the Centers for Disease Control and Prevention allowed the California Department of Public Health to carry forward unused funding from prior years for use in later years of the award.

As shown in Table 3, Public Health did not spend the entire federal award for the first year of Prevention First. According to its policy chief, Public Health did not spend all of the Prevention First year-one budget award because this was the first year of a five-year award, and starting a new state program leads to spending delays. For instance, Public Health had to fill many new state positions for Prevention First because it had only one state staff member working directly on the former diabetes program. Public Health also entered into a contract with the University of California, Davis to fulfill CDC grant evaluation requirements. Public Health plans to apply to carry forward the unspent funds from year one of Prevention First for use in year three of the program, as it successfully did with its prior five-year award.¹

We identified two other Public Health programs that directly addressed diabetes, both of which also experienced declines in federal funding, resulting in the decrease in program expenditures shown in Table 4. Starting in fiscal year 2009–10, the CDC provided funding for two years from the same grant that funded the diabetes program to Public Health's Tobacco Control Branch. The funding allowed the Tobacco Control Branch to collaborate with the diabetes program to develop educational materials and integrate tobacco cessation information into the basic guidelines for diabetes care. The funding ended when Public Health completed the integration. The other program—the California Diabetes and Pregnancy Program (diabetes and pregnancy program)—had federal expenditures exceeding \$1 million in previous fiscal years that was reduced to roughly \$71,000 in the most recent fiscal year. According to a branch chief in the maternal, child and adolescent health division (maternal branch chief), this program funded nine regional centers to provide community outreach,

¹ The CDC, which must approve all carry-over requests, prohibited Public Health from carrying over unused funds for use in year two of the program, but no such prohibition exists for year three.

training, education, recruitment of affiliates, and site visits related to gestational diabetes. She also stated that the program provided training and materials for community organizations, as well as for affiliates and their health professionals, such as registered nurses, physicians, or registered dietitians. The maternal branch chief noted that this program's funding comes from the federal Title V maternal and child health program block grant. However, according to the maternal branch chief, significant cuts in its federal funding forced the diabetes and pregnancy program to reduce and subsequently stop funding the nine regional centers. Currently, the diabetes and pregnancy program consists of only a Web site with informational materials.

Table 4
California Department of Public Health's Diabetes and Pregnancy Program and Tobacco Control Branch Diabetes Expenditures
Fiscal Years 2009–10 Through 2013–14

	FISCAL YEARS				
	2009–10	2010–11	2011–12	2012–13	2013–14
California Diabetes and Pregnancy Program	\$1,212,012	\$1,174,563	\$652,434	\$169,902	\$70,961
Tobacco Control Branch	171,360	189,933	0	0	0

Source: California State Accounting and Reporting System.

Other programs that Public Health administers, such as obesity and smoking prevention programs, may indirectly provide diabetes prevention benefits. However, Public Health does not believe it is possible to quantify the amount spent on these other programs that may relate to diabetes prevention. According to recent United States Surgeon General reports on the health consequences of smoking, there is compelling evidence that smoking increases the risk of individuals developing type 2 diabetes and that smoking can make diabetes worse. Similarly, a 2014 National Institutes of Health report on the causes of diabetes states that physical inactivity and obesity are strongly associated with the development of type 2 diabetes in individuals and that people, especially those with prediabetes, can lower their risk for developing type 2 diabetes by making lifestyle changes and losing weight. Consequently, Public Health's programs to reduce smoking and obesity may have an effect on diabetes prevention.

California's Federal Funding for Diabetes Prevention Increased in Fiscal Year 2014–15

California recently received two additional federal grants that will help it expand its diabetes prevention efforts. The first grant will increase the amount of funding Public Health has available for Prevention First. In September 2014 the CDC awarded each state additional funding financed by the Affordable Care Act. For the first year of this additional funding, which is an enhancement of the existing Prevention First grant, California received \$1.35 million. Public Health expects this additional funding to continue for the remainder of the Prevention First grant, which the CDC announced as a five-year project that began in July 2013. However, as indicated earlier, not all of the Prevention First grant is designated for diabetes prevention. Based on the CDC award letter, roughly half of the grant is to be used for diabetes prevention.

Public Health plans to award a total of \$500,000 per year to four local county health departments to use for diabetes prevention activities.

Public Health plans to award a total of \$500,000 per year to four local county health departments to use for diabetes prevention activities. Based on the counties most affected by diabetes and cardiovascular disease that expressed an interest in being a local site for the grant, and their capacity to implement the strategies the CDC requires, Public Health selected Sacramento, Madera, and Monterey counties. Additionally, Public Health selected Alameda because it already had an existing relationship with Prevention First. The chief of the Chronic Disease Control Branch (branch chief) stated that Public Health will use the remaining funds for fiscal and program management, training and technical assistance contracts, and an evaluation contract. Public Health plans to use two existing positions for the fiscal and program management activities, which include accounting duties, managing contracts, preparing progress reports, attending CDC trainings, monitoring contract deliverables, and providing training and technical assistance to the local health departments.

The second federal grant that Public Health received will fund separate diabetes prevention efforts from those it provides through Prevention First. In July 2014 Public Health applied for the CDC's *State and Local Public Health Actions to Prevent Obesity, Diabetes, and Heart Disease and Stroke*, referred to as the Communities in Action grant. This grant, which is also financed by the Affordable Care Act, aims to create or strengthen healthy environments and build support for lifestyle improvements for the general population and particularly those at high risk for developing type 2 diabetes. The grant also aims to deliver health system and community-clinical support that focuses on populations at high risk for developing type 2 diabetes who experience racial, ethnic, or socioeconomic disparities. In September 2014 the CDC awarded Public Health \$3.52 million for the Communities in Action grant for

fiscal year 2014–15. The branch chief explained that because this is a four-year grant, she expects this funding to also continue for the next three fiscal years.

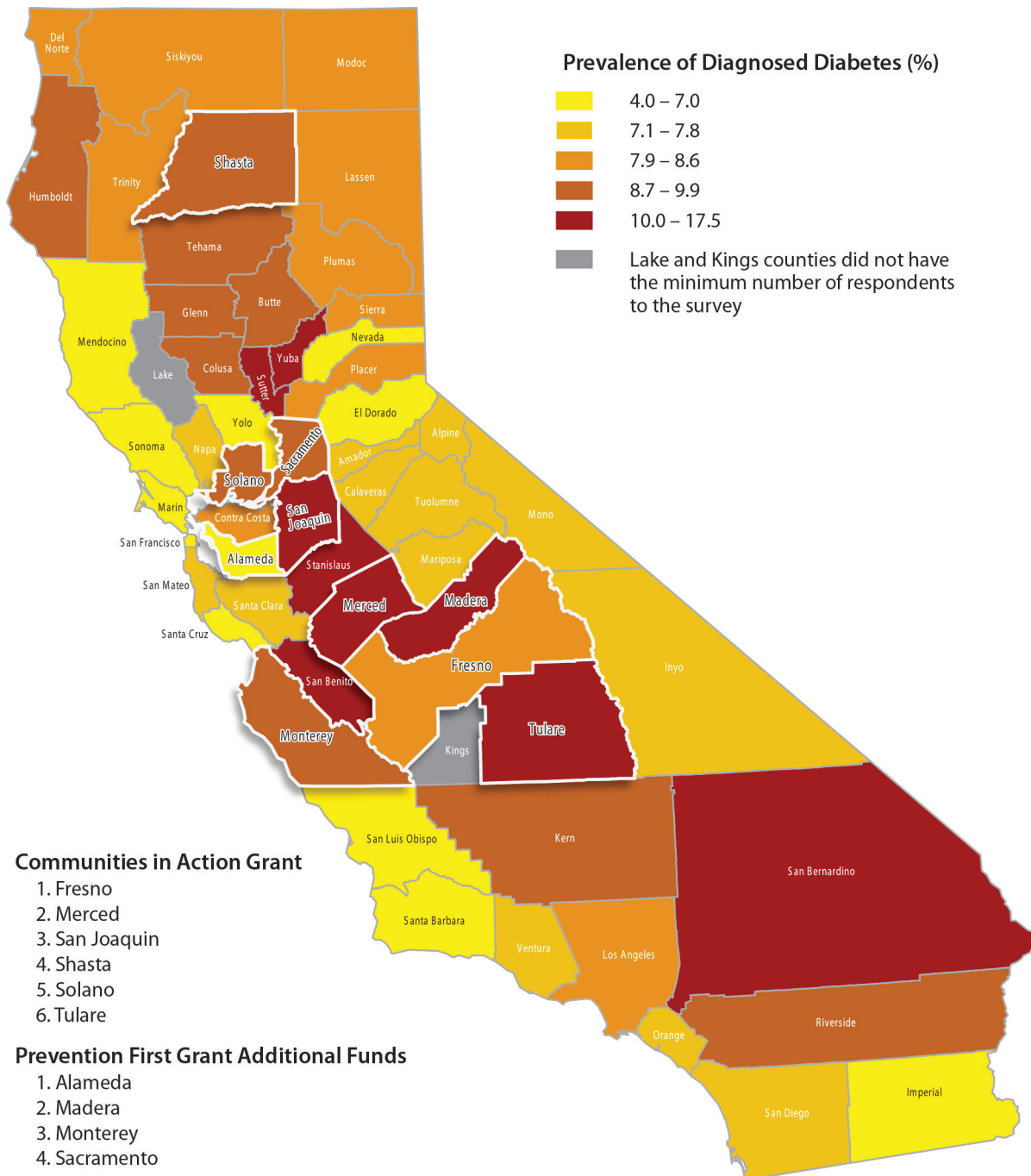
Public Health plans to award a total of \$3 million per year to six counties, only 50 percent of which is designated by the CDC for diabetes prevention activities. Based on the counties most affected by diabetes and cardiovascular disease that expressed interest in being a local site for the grant, and their capacity to implement the strategies the CDC requires, Public Health selected Fresno, Merced, San Joaquin, Shasta, Solano, and Tulare counties. The branch chief stated that Public Health will use the remaining \$520,000 per year for fiscal and program management, training and technical assistance contracts, and an evaluation contract. Public Health also plans to use two existing positions for the fiscal and program management activities for this grant.

The new federal funding from these two grants provides a unique opportunity for Public Health to fund diabetes prevention activities in 10 counties. However, as shown in Figure 3 on the following page, many California counties have a high prevalence of diagnosed diabetes and therefore could benefit from such activities. Unfortunately, this new funding will not enable Public Health to expand its diabetes prevention activities to many of these counties. Therefore, its efforts to reduce the impact and instances of diabetes in California will not benefit some of the other counties that have a high concentration of diagnosed diabetes.

Public Health plans to award a total of \$3 million per year to six counties, only 50 percent of which is designated by the CDC for diabetes prevention activities.

Figure 3

Prevalence of Diagnosed Diabetes Among Adults in California Contrasted Against the Ten Counties Where Public Health Plans to Fund Diabetes Prevention Activities



Sources: California Health Information Survey for 2011 and 2012 and the California Department of Public Health grant documents.

California Has the Lowest Per Capita Funding for Diabetes Prevention in the Nation

All other states' diabetes prevention programs receive more funding on a per capita basis than the program in California. One reason for this disparity is that California provides no state funding for diabetes prevention, and several other states do. Based on data from a budget survey conducted by the National Conference of State Legislatures, as well as population data from the United States Census Bureau, California was last among all states in funding diabetes prevention programs on a per capita basis in fiscal year 2012–13. In fact, California's per capita funding for diabetes prevention was only 3 cents, while the per capita median for other states was 15 cents. At roughly 38 million residents in 2013, California has the highest population in the United States; consequently, its per capita spending on any program could be lower at least partially for that reason. However, New York, with nearly 20 million residents, funds its diabetes and obesity prevention efforts at 42 cents per resident.² As indicated in Table 5, New York, along with at least two other large-population states, provides state funding for diabetes prevention that either supplements or, in the case of New York, exceeds their federal funding.

Table 5
Comparison to Other Large-Population States
Fiscal Year 2012–13

STATE	STATE DIABETES FUNDING	FEDERAL DIABETES FUNDING	TOTAL DIABETES FUNDING	2013 ESTIMATED POPULATION	FUNDING PER CAPITA	PERCENTAGE OF ADULTS DIAGNOSED WITH DIABETES
New York*	\$7,205,000	\$986,305	\$8,191,305	19,651,127	\$0.42	9.0%
Illinois	0	849,070	849,070	12,882,135	0.07	9.0
Florida	294,071	694,394	988,465	19,552,860	0.05	10.0
Pennsylvania	100,000	521,086	621,086	12,773,801	0.05	9.0
Texas	0	975,730	975,730	26,448,193	0.04	10.6
California	0	1,042,839	1,042,839	38,332,521	0.03	9.6

Sources: The National Conference of State Legislatures, the United States Census Bureau, and the Centers for Disease Control and Prevention.

* New York reported \$7.2 million in funding for both diabetes and obesity programs, but did not specify the portion associated only with diabetes.

California has not provided any state funding for its diabetes programs for at least the past 10 years, but could expand its efforts with state money. California did not provide state funding for its various diabetes programs from July 2009 through June 2014, our review period. Rather, a federal grant funded the diabetes program

² Although New York reported funding for both its diabetes and obesity programs together, we believe New York's per capita funding is a fair comparison because, even if we included California's obesity prevention funding, California's per capita funding would still be less than 10 cents.

Without state funding, Public Health has focused only on managing its federal grants and has not expanded its current diabetes prevention efforts beyond 10 California counties.

and now funds Prevention First. We also did not find any evidence that the State provided funding for Public Health's diabetes prevention efforts for the five fiscal years prior to July 2009. According to its chief deputy director of policy and programs, Public Health is not aware of receiving any state funding for the diabetes program in the past.

Without state funding, Public Health has focused only on managing its federal grants and has not expanded its current diabetes prevention efforts to more California counties than the 10 described earlier. Considering the prevalence and the magnitude of the health care cost of diabetes in California as described in the Introduction, Public Health may need state funding to enhance its diabetes prevention efforts. In particular, having a full-time grants specialist focused on identifying and applying for federal and other grants may prove to be a cost-effective improvement to Public Health's efforts to reduce diabetes in California.

Public Health Could Do More to Maximize Federal Grant Opportunities

Public Health does not have a formal process to search for grants, nor does it have a staff member who routinely and proactively searches for grants related to diabetes. According to the branch chief, Public Health's current informal process for identifying federal diabetes grant opportunities is to receive e-mail notifications from the CDC, the National Association of Chronic Disease Directors, and a federal grants Web site. The branch chief reviews these grant opportunities and determines whether there are resources available to apply for the grants and implement their terms. However, Public Health has not established a formal process describing what actions it needs to take to be proactive and periodically search for and identify other federal funding opportunities. As a result, Public Health may not be aware of additional funding opportunities that were not e-mailed to it, and may ultimately miss opportunities to identify and apply for additional federal funding.

During fiscal years 2012–13 through 2013–14, the branch chief asserted that she received only two e-mail notifications regarding two diabetes-related grants.³ However, when we searched the United States Department of Health and Human Services Web site

³ One of these notifications announced the additional federal funds that, as we described in the previous section, Public Health applied for and received.

for federal grants related to diabetes available from July 1, 2012, to June 30, 2014, we found more than 40 grants related to diabetes for which state agencies, including Public Health, were eligible to apply.

Although Public Health may not have the clinical research resources necessary to qualify for some of these grants, we found that it could have applied for at least two of them. Specifically, the branch chief stated that although she was not aware of all of the grants we identified, they required extensive clinical or bench research for which Public Health does not have the capacity or infrastructure. Clinical research is any research that directly involves a person or group of people, or that uses materials from human subjects, while bench research is any research done in a controlled laboratory setting using nonhuman subjects. However, we noted that two of the grants worth up to \$500,000 per year each did not require this type of extensive research. The first grant, available for up to five years, was intended to support research that evaluates the impact of large-scale policies or programs related to diabetes prevention. Some potential research examples include health care or employer-based disease management and health promotion programs designed to improve weight loss, patient self-management, blood glucose monitoring, lifestyle change, or other aspects of diabetes prevention or care. According to the branch chief, even if she had known about this grant opportunity, it would not have been efficient for Public Health to apply because Public Health does not have access to electronic medical records or a diabetes registry. However, the grant only encourages researchers, where possible, to use electronic medical records or registries to ascertain study outcomes; it does not require their use.

The other grant, which had an award amount of up to \$500,000 per year for up to three years, was designed to create a network of partnerships and resources to promote health and wellness, to educate and train, and to establish communication programs for all community populations. The branch chief stated that Public Health would not have applied because it did not have the staff capacity and the local partnerships necessary to apply and implement the grant requirements. She further explained that she believed nonprofits and county governments that already have such local partnerships would have a better chance at receiving the grant. However, according to its progress reports to the CDC related to its implementation of Prevention First strategies, Public Health has developed local partnerships with some counties.

In both of the above examples, Public Health stated that it did not have the resources and capacity required to apply for either of these particular grants. However, it lacks the resources and capacity in part because it receives limited funding from grants. To make a difference in preventing diabetes, Public Health needs to

For federal grants related to diabetes available from July 1, 2012, to June 30, 2014, we found more than 40 grants related to diabetes for which state agencies, including Public Health, were eligible to apply.

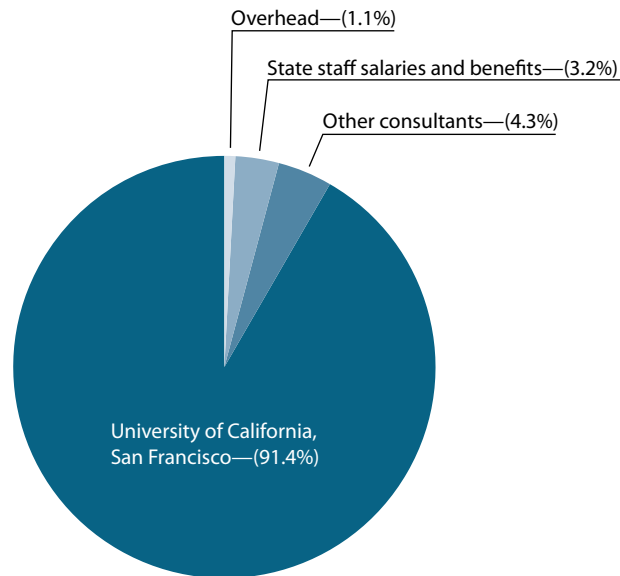
We believe Public Health needs a state-funded grants specialist who can focus on identifying grant opportunities, applying for grants, and providing analysis on how to better compete for grants.

overcome this dilemma, and the first step in doing so is to at least make itself more aware of diabetes-related funding opportunities. In response to this suggestion, the branch chief explained that her staff members are not able to spend time searching for grant opportunities because of federal requirements that they certify that 100 percent of their activities are spent working on the current federal grant. Consequently, the branch chief reacts to grant opportunities e-mailed to her, but does so amid numerous other competing duties. To maximize grant opportunities, we believe Public Health needs a state-funded grants specialist who can focus on identifying grant opportunities, applying for grants, and providing analysis on how Public Health can position itself to better compete for grants. If Public Health had such a specialist, it could use this person to benefit not only its diabetes prevention efforts, but its other disease-prevention programs as well.

Public Health Used Federal Diabetes Funds Appropriately

Our review indicates that Public Health has used diabetes program and Prevention First funds on allowable activities. Specifically, when we reviewed 32 diabetes program expenditures for fiscal years 2009–10 through 2012–13, we found that Public Health's expenditures were in accordance with CDC requirements and the amounts spent were reasonable. As discussed in the Introduction, Public Health contracted with the University of California, San Francisco (UCSF) through an interagency agreement to administer the diabetes program until 2013. For example, the agreement required UCSF to provide technical assistance and training for local programs, track the prevalence of diabetes and prediabetes in California, and participate in the translation of research into public health practice. Figure 4 shows that most of Public Health's expenditures on the diabetes program were for the UCSF contract. We found that Public Health adhered to the *State Contracting Manual* and met all of the requirements associated with interagency agreements for this contract and its amendments, such as obtaining the California Department of General Services' approval. In addition, Public Health funded one of its staff members from the grant during this time period to perform analytical, contracting, and fiscal tasks, which included monitoring and overseeing the UCSF agreement, as well as consultant services related to gathering data for the program.

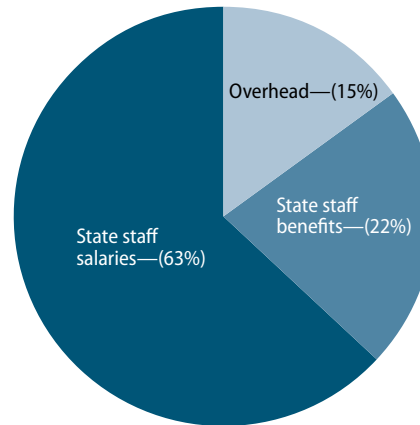
Figure 4
California Diabetes Program Expenditures
Fiscal Years 2009–10 Through 2012–13



Source: California State Accounting and Reporting System.

We also reviewed eight Prevention First expenditures and found that they were reasonable and that Public Health complied with CDC requirements. As described in the Introduction, Public Health implemented Prevention First in June 2013. Because Prevention First is administered by Public Health’s own employees, Public Health spent the majority of its fiscal year 2013–14 funding on staff salaries and benefits, as Figure 5 on the following page shows. As part of its application for federal funding, Public Health provided the CDC with a listing of staff positions that included salary and benefit costs, and the respective duties that those individuals would perform in administering the Prevention First grant. The CDC subsequently approved the positions and their costs through its awarding of funds to Public Health for Prevention First. Further, we reviewed eight staff expenditures made using Prevention First funds and found that Public Health’s expenditures on those positions were within the state-approved pay range. In addition, the overhead costs Public Health allocated to the program were within CDC’s limits. These costs included the California Department of Finance allocations to state departments that recover statewide administrative costs, such as for budgeting, accounting, and payroll.

Figure 5
California Department of Public Health Diabetes Prevention Expenditures
Fiscal Year 2013–14



Source: California State Accounting and Reporting System.

We also found that Public Health complied with all substantive requirements related to the current CDC grant that provides funds for its diabetes efforts. Our research did not identify any requirements under state or federal law directly related to the current Prevention First program, nor did we find any requirements related to the appropriation of federal funding for Prevention First. However, we identified nine requirements unrelated to expenditures within the Prevention First grant that addressed Public Health's administration of the program. Among the CDC's grant requirements are that Public Health must submit an annual performance report and revised program budget, meet federal financial reporting requirements, and obtain the CDC's approval for its indirect cost rate. Based on our review, Public Health met each of these grant requirements. Therefore, Public Health seems to have effectively spent its diabetes funds and met the federal requirements tied to the grant.

Finally, we found that Public Health did not spend its limited diabetes program and Prevention First funding on tobacco-cessation activities. One of the concerns that prompted this audit was the belief that Public Health's diabetes program had shifted its focus and resources to tobacco cessation. However, we found the opposite to be true: Public Health's tobacco control program (tobacco program) is funded primarily through tobacco taxes, which also fund programs within the California Department of Education, and has spent funds on diabetes-related activities. According to a public health report from the United States Surgeon General, using tobacco contributes to and worsens diabetes. Therefore, the CDC provided a grant to the tobacco program to better integrate

tobacco-cessation messages into existing diabetes programs. However, the diabetes program and Prevention First have not conducted any tobacco-cessation activities, such as education or incentives for those with diabetes to quit smoking, and none of the current Prevention First activities relate to tobacco usage.

There is a Medi-Cal program that provides incentives for diabetes patients to quit smoking that may have contributed to this concern. However, the California Department of Health Care Services administers this Medi-Cal program, not Public Health. This Medi-Cal program relies on a quit-smoking helpline, which is operated by the University of California, San Diego. The helpline is funded through the tobacco program and First 5 California. Consequently, Public Health does not use any diabetes prevention funds for the helpline.

Although Public Health Hired Qualified Employees to Administer the Diabetes Portion of the Prevention First Program, It Did Not Ensure That They Received Diabetes-Related Training

Public Health employees responsible for administering the diabetes portion of Prevention First met or exceeded the minimum qualifications for their positions. As discussed in the previous section, in June 2013 Public Health transitioned its diabetes prevention efforts from a contract with UCSF to its new Prevention First program, which is staffed with state employees. We reviewed Public Health's process for filling these new positions to ensure that each staff member was qualified for his or her position by reviewing employee records, employment applications, education records, and other documents. Table 6 on the following page provides a list of the 12 positions Public Health uses to support Prevention First, the minimum qualifications for the 10 health professional positions, and whether the staff filling the positions met those qualifications. Our review of employee history records, employment applications, education records, and other documents found that the Public Health health professional staff administering Prevention First met the required qualifications. For example, the most highly qualified staff members are state-licensed doctors with a national medical association certification, while six of the staff members hold a master's degree either in a health professional field or in public administration. Moreover, the CDC authorized each of the positions Public Health is using to administer Prevention First. As part of the grant application process, Public Health provided the CDC with the position titles, salaries, and responsibilities for each of the positions it needed to fulfill the grant's requirements. Subsequently, the CDC approved those positions and provided funding to Public Health to implement the Prevention First grant.

Public Health employees responsible for administering the diabetes portion of Prevention First met or exceeded the minimum qualifications for their positions.

Table 6
Prevention First Diabetes Program Staff Qualifications

JOB TITLE	NUMBER OF STAFF IN POSITION	MUST SPECIALIZE IN A HEALTH PROFESSIONAL FIELD		MASTER'S DEGREES		MUST HAVE DOCTORAL DEGREE		MUST BE A LICENSED DOCTOR WITH CERTIFICATE*	
		REQUIRED	MET OR EXCEEDED	REQUIRED	MET OR EXCEEDED	REQUIRED	MET OR EXCEEDED	REQUIRED	MET OR EXCEEDED
Public Health Medical Officer III	2	2	2		2			2	2
Research Scientist III	1	1	1		1	1	1		
Health Program Manager II	1	1	1		1				
Health Program Manager I	1	1	1						
Health Program Specialist II	3	3	3	1	2				
Health Program Specialist I	2	2	2						
Associate Governmental Program Analyst [†]	1								
Office Technician (Typing) [‡]	1								
Totals (all positions)	12	10	10	1	6	1	1	2	2

Sources: Prevention First grant application and California Department of Public Health's (Public Health) Human Resources Branch's personnel files, including employee records, employment applications, education records, and other relevant documents.

* This certificate must be issued by a national medical board, such as the American Board of Internal Medicine, the American Board of Surgery, or the American Board of Preventive Medicine and Public Health.

† The associate governmental program analyst position provides overall administrative support, coordination between branches, support for meetings and trainings, and administration of the Web site.

‡ The office technician position provides overall administrative and clerical support, consisting of preparing letters, memorandums, reports, meeting agendas, and minutes.

However, Public Health has not ensured that employees responsible for administering the diabetes portion of the Prevention First program attend discretionary trainings related to diabetes. The United States Government Accountability Office considers employee training an important part of internal controls, stating that agencies should provide continuing training and develop a mechanism to ensure that all employees actually receive that training.

The branch chief explained that Public Health's Chronic Disease Control Branch (branch) did not, until recently, track or document diabetes-related trainings, as doing so is not a CDC grant requirement. According to the branch chief, staff attended webinars related to diabetes program administration during fiscal year 2013–14. However, she was unable to provide evidence demonstrating attendance because the branch did not track or document diabetes-related trainings during that time. Additionally, the branch training coordinator asserted that program-specific trainings were not tracked because they are too varied and dependent on changing grant deliverables. When we asked the 12 staff whether they had attended any diabetes-related trainings, only four were able to provide evidence demonstrating their attendance. As a result of our inquiry, Public Health implemented a process in November 2014 to track available diabetes trainings and staff attendance.

Public Health Is in the Process of Measuring the Effectiveness of Its Prevention First Grant, but Could Further Expand Its Diabetes Prevention Efforts With Additional Funding

Public Health has tracked its progress in implementing diabetes prevention strategies in accordance with federal grant requirements. Specifically, the CDC requires grant recipients to annually report their progress in implementing grant strategies, five of which directly relate to diabetes. The other strategies are optional or relate to other health conditions covered by the grant, such as obesity and heart disease. Some examples of the strategies related to diabetes include promoting awareness of prediabetes among people at high risk for type 2 diabetes and increasing the use of diabetes self-management education (diabetes education) programs. The annual report for Prevention First also includes performance measures and performance targets that Public Health intends to meet, such as to increase the number of diabetes education programs from 131 to 146 by July 2018.

The CDC requires Public Health to report on its activities and its performance annually, and update its yearly performance targets for the CDC's review. In its first performance report to the CDC for Prevention First in March 2014, Public Health reported on the activities it had undertaken. Public Health established most performance targets for the end of the first year to be at or very near baseline measures in recognition of the program's startup process. The next performance report, in which the CDC requires Public Health to report its progress in meeting those targets, is not due until March 2015. Therefore, Public Health has not yet evaluated its progress, but plans to do so prior to its March 2015 report to the CDC. Refer to Table A.1 on page 33 in the Appendix for Public Health's performance measures and planned targets, and Table A.2 beginning on page 34 for a summary of the strategies and actions Public Health has reported to the CDC as of August 2014. While Public Health formally reports on the performance measures only once per year, it provides the CDC with quarterly updates indicating additional actions it has taken to implement the grant's strategies. We reviewed Public Health's updates to the CDC through August 2014.

In addition to the specific measures associated with its Prevention First funding, Public Health also has objectives related to diabetes outlined in its 2014 California Wellness Plan (wellness plan). The wellness plan is the result of a statewide process led by Public Health to, among other purposes, develop a roadmap with partners to create communities in which people can be healthy and to improve the quality of clinical and community care. Public Health's short- and medium-term objectives related to diabetes outlined in the wellness plan are the same as the goals associated with

In addition to specific measures CDC requires, Public Health outlined diabetes prevention goals in a state wellness plan.

the Prevention First strategies described earlier and listed in the Appendix. Public Health's long-term objectives related to diabetes that are included in the wellness plan are as follows:

- To decrease the prevalence of diagnosed gestational diabetes in hospital deliveries.
- To decrease the prevalence of diagnosed diabetes in adults from 10 percent to 9 percent by 2022.
- To decrease the rate of hospitalizations of persons with diabetes.⁴

The branch chief admitted that these are lofty goals, but stated that Public Health is committed to them. The goal to reduce the prevalence of diagnosed diabetes is lofty because it aims to reduce the number of persons in California with diabetes by more than 54,000 per year, when more than 190,000 Californians were newly diagnosed with diabetes each year from 2001 to 2010.⁵ Actually achieving this result would dramatically improve the health of families and communities in California. However, it is evident that Public Health and its partners would need to do more than they have been able to do in the past given Public Health's limited funding. The recent increase in federal funds described earlier should help.

While many of Public Health's activities to implement Prevention First are statewide in nature, it has targeted several counties where it plans to focus its diabetes prevention efforts. Specifically, as described earlier, Public Health plans to provide most of its new federal funds directly to 10 counties, but Public Health has not yet targeted several other California counties that have a high prevalence of diabetes. Consequently, continuing to expand its diabetes prevention efforts by seeking federal and other grants and by requesting some state funding—particularly funding to formalize a process to improve Public Health's ability to identify and apply for grants—appears warranted.

⁴ Public Health tracks these measures using data from the California Office of Statewide Health Planning and Development and a survey conducted by the University of California, Los Angeles.

⁵ The United States Census estimates that California's population is more than 38 million. Reducing the diagnosed diabetes rate by 1 percent is equivalent to reducing it by roughly 380,000 individuals. Because the goal is to reach this target by 2022, or seven years from the start of 2015, the average reduction would need to be more than 54,000 individuals per year to meet this goal.

Recommendations

If state lawmakers desire Public Health to increase its efforts to address diabetes, they should consider providing state funding to aid in those efforts. For instance, the Legislature could provide funding to establish a grants specialist position to identify and apply for federal and other grants.

To increase its efforts to prevent and control diabetes, Public Health should develop a process for identifying and applying for federal funding opportunities, including routinely and proactively searching for grants. In addition, Public Health should seek funding for a grants specialist position to identify and apply for federal and other grants.

To ensure that staff responsible for diabetes prevention have adequate knowledge and skills, Public Health should ensure that it follows its recently developed process to track training related to diabetes prevention for all employees participating in this effort.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the scope section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: January 29, 2015

Staff: Benjamin M. Belnap, CIA, Audit Principal
Katrina Solorio
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For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

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Appendix

PREVENTION FIRST MEASURES AND ACTIVITIES RELATED TO DIABETES PREVENTION

In Table A.1 we present key performance measures and targets associated with each of the Centers for Disease Control and Prevention's (CDC) strategies directly related to diabetes. The CDC included 21 potential strategies to address diabetes, heart disease, and obesity and promote school health through Prevention First. According to the California Department of Public Health (Public Health), only five of the 21 strategies are directly related to addressing diabetes, while the others are associated with other health conditions covered by the grant. The CDC initially awarded Public Health this grant in June 2013 as part of a five-year project that ends in June 2018.

Table A.1

California Department of Public Health's Prevention First Performance Measures and Targets for Diabetes Prevention

STRATEGY	PERFORMANCE MEASURE	PERFORMANCE TARGET
Basic Component		
Promote awareness of prediabetes among people at high risk for type 2 diabetes.	Prevalence of people with self-reported prediabetes.	Increase percentage of people self-reporting prediabetes from 8 percent to 14 percent by July 2018.
Promote participation in certified diabetes self-management education (diabetes education) programs.	Number of people with diabetes in target settings who have at least one encounter with a diabetes education program.	Increase number of people with diabetes in target settings who have at least one encounter with a diabetes education program by 4,658, to 68,000 by July 2018.
Enhanced Component*		
Increase use of diabetes education programs in community settings.	<ul style="list-style-type: none"> Number of accredited diabetes education programs during each year of the five-year grant. Number of California counties with accredited diabetes education programs. 	<ul style="list-style-type: none"> Increase number of programs from 131 to 146 by July 2018. Increase number of California counties with diabetes education programs from 35 to 37 by July 2018.
Increase use of lifestyle intervention programs in community settings for the primary prevention of type 2 diabetes.	<ul style="list-style-type: none"> Proportion of health care systems with policies to refer persons with prediabetes or those at high risk for type 2 diabetes to lifestyle change programs recognized by the Centers for Disease Control and Prevention (CDC). Number of persons with prediabetes or those at a high risk for type 2 diabetes who enroll in a CDC-recognized lifestyle change program. 	The California Department of Public Health (Public Health) has not yet established a target. According to the chief of programs and policy over Prevention First, as of November 2014, Public Health was working with the CDC to determine the best target for Public Health to focus on for this strategy.
Increase use of chronic disease self-management programs in community settings.	<ul style="list-style-type: none"> Number of self-management education workshops offered each year of the five-year grant. Number of California counties with self-management education workshops. 	<ul style="list-style-type: none"> Increase number of programs from 288 to 500 by July 2018. Increase number of California counties with self-management education workshops from 38 to 46 by July 2018.

Sources: Public Health's progress report submitted in March 2014 as well as interviews with key staff.

* We list only key examples of performance measures and targets from the enhanced component.

The CDC requires Public Health to report its status annually; the next report is due by March 2015. Table A.2 provides a list of actions Public Health reported to CDC that it has taken to implement the Prevention First grant strategies directly related to diabetes. Specifically, in the table, we list a selection of actions that Public Health reported it took to implement the five diabetes-related strategies required by the CDC grant from the start of the grant through August 2014, the date of the most recent progress update.

Table A.2

California Department of Public Health's Reported Actions to Implement Strategies to Address Diabetes Through Its Federal Grant Basic Component

STRATEGY	IMPLEMENTATION ACTIONS REPORTED BY THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (PUBLIC HEALTH) AS OF AUGUST 2014
Basic Component	
Promote awareness of prediabetes among people at high risk for type 2 diabetes	<ul style="list-style-type: none"> • Selected as target intervention locations: Kern County's health systems, community clinics, providers, etc. Selected Kern County because of its instances of diabetes, overall cardiovascular mortality rate, and presence of other diabetes self-management education (diabetes education) programs. • Developed a team to identify groups/providers to partner with to distribute diabetes prevention materials. • Executed a contract with the University of California, Davis to fulfill Centers for Disease Control and Prevention (CDC) grant evaluation requirements. For one evaluation activity, Public Health plans to conduct surveys to assess provider barriers to communicating with patients about prediabetes. • Met with the Diabetes Coalition of California (Coalition) to promote program activities. • Worked on implementing a transformation of the Chronic Disease Control Branch's Web site to make it easier for consumers to navigate and find information, including a prediabetes risk assessment tool. • Invited by the California Medical Association Foundation to present at a Network of Ethnic Physicians Organization's leadership summit on prediabetes and resource availability.
Promote participation in certified diabetes education programs	<ul style="list-style-type: none"> • Reviewed available diabetes education program certifications and selected two for inclusion in the program. • Established partnerships with Sacramento and Kern counties to promote diabetes education programs and data sharing. Selected these counties due to the medium to high number of those with diabetes and the presence of the National Diabetes Prevention Program (prevention program) in Kern County and chronic disease self-management programs (self-management programs) in both counties.* • Worked with a media specialist on strategies to promote diabetes education. • Worked on a survey to assess diabetes education program challenges and barriers to participation. • Communicated with a diabetes education program in Los Angeles County to explore expansion possibilities into nearby Ventura County. • Planned a training webinar for diabetes education programs.
Enhanced Component	
Increase use of diabetes education programs in community settings	<ul style="list-style-type: none"> • Communicated with the California Department of Health Care Services (Health Services) to add diabetes education as a Medi-Cal covered benefit. • Selected Kern and Sacramento counties to target diabetes education promotion. Selected these counties due to the medium to high numbers of those with diabetes and the presence of the prevention program in Kern County and self-management programs in both counties. • Program staff met with American Association of Diabetes Educators officials to discuss referrals and marketing strategies to promote diabetes education programs. • Developed a county selection tool for program staff that includes the number and location of diabetes education workshops and the number of people diagnosed with diabetes in each county. • Selected Ventura County as a target to increase the number of diabetes education programs. Selected Ventura County because it did not have any such programs.

STRATEGY	IMPLEMENTATION ACTIONS REPORTED BY THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (PUBLIC HEALTH) AS OF AUGUST 2014
Increase use of lifestyle intervention programs in community settings for the primary prevention of type 2 diabetes	<ul style="list-style-type: none"> Communicated with Health Services to add the prevention program as a Medi-Cal covered benefit. This included creating a survey to gauge the Medi-Cal managed care plan's awareness of the prevention program and interest in providing the program as a covered benefit. Selected a target site in Kern County to increase participation in the prevention program. Met with the Coalition and identified communication as an area for potential collaboration. Identified the Coalition as a partner to promote diabetes prevention programs. Worked to develop a survey to determine challenges and barriers to participation in diabetes education programs. Planned a training webinar for prevention programs.
Increase use of self-management programs in community settings	<ul style="list-style-type: none"> Program staff collaborated with the California Arthritis Partnership Program (arthritis program), which has prior experience with self-management programs, to enhance its promotion efforts. Worked with the arthritis program to coordinate comprehensive promotion of self-management program and diabetes education program workshops. Selected Kern County and worked to identify self-management programs. Identified existing self-management program promotional materials to adapt for this program. Worked to develop a continuing education program for health care professionals on the benefits of self-management programs. Researched available self-management programs in California counties and identified underserved communities. Chose Sacramento County to focus initial promotion efforts. Selected Sacramento County because of its location near Public Health staff implementing this strategy. Met with the YMCA to discuss opportunities for local YMCA branches to support self-management programs through referrals, providing facilities, or becoming a partner for providing self-management programs. Initiated communications with Fresno County about self-management program expansion. Selected Fresno County because of its efforts to build capacity in this area. Public Health provided technical assistance to help the county expand its programs. Discussed the potential for a Geographic Information System project to identify self-management programs located near Sacramento County diabetes education program sites to increase referrals of people with diabetes to those programs.

Sources: Public Health's progress report submitted to the CDC in March 2014 and progress updates from February, April, and August 2014.

* According to the CDC, the prevention program encourages collaboration among federal agencies, community-based organizations, employers, insurers, health care professionals, academia, and other stakeholders to prevent or delay the onset of type 2 diabetes among people with prediabetes in the United States.

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January 2015



RON CHAPMAN, MD, MPH
Director & State Health Officer

State of California—Health and Human Services Agency
California Department of Public Health



EDMUND G. BROWN JR.
Governor

January 12, 2015

Elaine M. Howle*
State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Dear Ms. Howle:

Enclosed is the California Department of Public Health's (CDPH) response to the Bureau of State Audits draft report entitled, "California Department of Public Health: Even With a Recent Increase in Federal Funding, Its Efforts to Prevent Diabetes Are Focused on A Limited Number of Counties" Report 2014-113, January 2015.

Thank you for the opportunity to respond. If you have questions, please contact William Young, Manager-Internal Audits, at 916-650-0266.

Sincerely,

Ron Chapman, MD, MPH
Director & State Health Officer

Enclosures

* California State Auditor's comments appear on page 39.

Recommendation 1:

If state lawmakers desire Public Health to increase its efforts to address diabetes, they should consider providing state funding to aid in those efforts. For instance, the Legislature could provide funding to establish a grants specialist position to identify and apply for federal and other grants.

Management Response – Not Applicable

CDPH acknowledges that this recommendation is addressed to the state legislature and therefore, a response from CDPH is not applicable.

Recommendation 2:

To increase efforts to prevent and control diabetes, Public Health should develop a process for identifying and applying for federal funding opportunities, including routinely and proactively searching for grants. In addition, Public Health should seek funding for a grants specialist position to identify and apply for federal and other grants.

Management Response

① CDPH agrees - fully implemented

The program proactively researches all funding opportunities to secure funding for diabetes related programs. CDPH will continue to explore ways to acquire additional funding. For example, the program principle investigator signed up for, receives, reviews and forwards weekly notifications of chronic disease grant opportunities from the federal grants.gov listserves. The funding for positions within the program are determined by grant language and CDPH is not authorized to allocate federal funding for a position that has not been authorized by the grant.

Recommendation 3:

To ensure that staff responsible for diabetes prevention have adequate knowledge and skills. Public Health should ensure that it follow its recently developed process to track training related to diabetes prevention for all employees participating in this effort.

Management Response

② CDPH agrees - fully implemented

The program has implemented a recently developed process to track diabetes related training. On November 4, 2014, program established a training tracking system. Program staff will track training attended via a binder with all training opportunities offered and sign in sheets for staff who attended training. The program will monitor training by a quarterly review of the binder.

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

To provide clarity and perspective, we are commenting on the California Department of Public Health's (Public Health) response to our audit. The numbers below correspond to the numbers we have placed in the margin of Public Health's response.

We disagree that Public Health has fully implemented this recommendation. Public Health incorrectly states that the program proactively researches all funding opportunities to secure funding for diabetes-related programs. As we describe on page 22, Public Health's current informal process is to receive e-mail notifications from a federal grants Web site and two other sources. However, it has not established a process for periodically identifying federal funding opportunities that were not otherwise e-mailed to it. In regards to its last statement that it is not able to allocate federal funding for a position that has not been authorized by the grant, we already acknowledged and described this problem on page 24. This condition is the very reason why we recommend that Public Health should seek additional funding for a grants specialist position to identify and apply for federal and other grants.

①

As described on page 28, we acknowledge that Public Health has recently implemented a process to track its diabetes-related training. However, we believe Public Health needs to demonstrate sustained use of this new process before we consider the recommendation fully implemented.

②