

Master Settlement Agreement in Napa: Integrating Upstream Principles into Procurement Processes

Joni Thacher

EXECUTIVE SUMMARY

Master Settlement Agreement funds were initially awarded to settling states to alleviate the costs incurred by state medical agencies from patients suffering from tobacco-related health issues.

Today, Napa County Health and Human Services Agency (HHS) is one of the few government agencies that returns this money to the community through a grantmaking process designed to support evidence-based services provided by non-profits. This process awards approximately \$1 million dollars annually to local service providers that prioritize smoking cessation and evidence-informed programming. Most notably, the HHS remains committed to promoting a transparent, fair and reasonable processes. Recommendations for Sonoma County include integrating evidence-based criteria into county procurement processes, refining Upstream Portfolio review processes and implementing cross-county collaboration to support a regional Portfolio of evidence-informed programs.

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Introduction

The mission of the Napa County Health and Human Services Agency (HHSA) is to foster a partnership of clients, community members and staff to support the service needs of the people in Napa County. To further that mission, the county dedicates Master Settlement Agreement (MSA) funding to a competitive grant process accessible to any Napa County-based non-profit providing evidence-informed, health-related services. Since the county first began dedicating MSA funds to community-based organizations in 2001, the application process has gone through multiple iterations. In 2015, the Napa County Grand Jury found the application process to be burdensome for applicants. In response, Napa HHSA worked with CSB Consulting to restructure the application process. The restructure simplified requirements for grantees, reduced time commitments for reviewers, improved reviewer consistency and incorporated elements of Sonoma County's Upstream Investments Portfolio application process into review criteria. The restructured MSA application process has significant implications for Sonoma County's procurement process and portfolio review process. It also presents a larger opportunity for cross-county collaboration that would ease the funding burden on non-profits, further simplify the MSA process and provide opportunities to measure client outcomes across counties.

Master Settlement Agreement (MSA) History

The MSA funds disbursed in Napa County are the result of the largest civil litigation settlement

in U.S.

history. In 1998, 46 states and cigarette manufacturers entered into the Master Settlement Agreement. The MSA required signing tobacco companies to make annual payments to the settling states in addition to developing standards and imposing restrictions on the sale and marketing of cigarettes. While the primary purpose of MSA funds is to decrease smoking and promote health, there are no specific provisions outlining how states are required to use the funds. The majority of states use the money to fund general programming. In 2015, states received \$25.6 billion in revenue from the MSA settlement, with only 1.9% of the funds dedicated to tobacco control programs.ⁱ The State of California allocates MSA funds directly to counties to be used as local governments see fit. In 2001, the Napa County Board of Supervisors (BOS) elected to use MSA funds for “physical, mental, and drug and alcohol programs and facilities which provide inpatient and outpatient services, including related prevention and education programs.”ⁱⁱ Additionally, the Supervisors stated that funding decisions should prioritize collaborative efforts with the greatest return on investment, investments that leverage additional resources and investments that focus on sustainability. Napa County’s decision to distribute the funds to the community through a request for proposal (RFP) process is unusual. To date, in Napa County, 100% of the funds have been awarded to non-profit organizations. Over the last 15 years, the county has awarded over \$12 million to 40 unique non-profit agencies with MSA funding. The median grant amount is \$70,000, and the most frequent recipients are family resource centers, service agencies and health centers.

Napa MSA in Recent Years: An Evolving Process

In 2015, the Napa County Grand Jury issued a report that included findings that the MSA

application process was excessively burdensome to applicants. As such, the Grand Jury recommended an independent review to refine and simplify the application process. In response, Napa HHSA contracted with CSB Consulting to revamp the current MSA funding process. Through document review, applicant survey and stakeholder interviews, CSB Consulting outlined both the strengths and weaknesses of the application process and made recommendations for specific short and long-term changes. The process at the time was praised for being fair and transparent, prioritizing funding to evidence-based programs, welcoming multiple applications from individual agencies and having an accessible and knowledgeable staff. However, in line with Grand Jury findings, applicants and stakeholders described the process as more time-consuming than other application processes with a high work-to-reward ratio. Not only was the complexity of the scoring criteria burdensome to applicants, but it also presented a considerable time burden to the review panel and county staff. Additionally, CSB noted that while HHSA had established a clear process that prioritized evidence-based programs, funding decisions did not prioritize a common outcome. Funded programming ranged from elder in-home support services, to prenatal care, to youth LGBTQ programming. While it was clear that thousands of Napa County residents had received critical services because of MSA funding, the outcomes of those services had not been evaluated. What's more, without a common prioritized outcome, implementing an evaluation in the future would prove challenging.

CSB's review of the application process identified several needs including MSA funding goals, streamlining processes and ultimately aligning with other community initiatives, priorities and funding streams. To that end, the following short- and long-term recommendations were made to the Napa County BOS:

Short-Term Recommendations:

- Eliminate the pre-application and interview component of the application process
- Revise evidence-based practice criteria
- Develop new scoring criteria
- Require matching funds and submission of most recent financial statements
- Invite external reviewers to serve on the review panel
- Establish minimum and maximum grant award sizes
- Move reporting requirements from quarterly to bi-annually
- Provide training for the review board
- Streamline the reapplication process

Long-Term Recommendations:

- Establish clear goals for MSA funding community priorities and other funding streams
- Provide technical assistance and support for emerging organizations
- Develop and implement an evaluation plan to measure the results of MSA investments

In 2016, Napa HHSA worked closely with CSB Consulting to implement many of the recommendations described above. The pre-application and interview were eliminated and the scoring criteria was refined to prioritize evidence-informed practices. Napa County partnered with the Sonoma County Upstream Investments Initiative to define and assign point values to a spectrum of evidence-informed practices (emerging, promising and evidence-based). An out-of-county expert was invited to provide training to the review board on evidence-based practices and to serve on the review panel. In addition to reviewing applications, the out-of-county expert researched and reported on the evidence base behind program submissions. CSB provided training to the review committee on how to read and score financial documents. Additionally,

two reviewers with financial expertise helped refine the rating assigned to financial documents. In 2016, Napa County also established maximum grant amounts and reduced grantee reporting. These changes were incorporated into both the 2016 and 2017 MSA grant-making process with similar outcomes each year.

Observations

After two years of implementing a revised grant-making process, several strengths and challenges came to light. Between 2016 and 2017, the review panel remained constant, which enabled reviewers to become comfortable with one another and improve communication. With no reviewer turn-over, the panel eliminated the need for training in 2017. Instead, the 2017 review cycle opened with a review of strengths and challenges from the previous year and a collective review of two applications. The collective review ensured all reviewers had a common understanding and were consistent in applying the scoring criteria. The success of employing evidence-informed practice and financial experts on the review board was mirrored in year two. One reviewer verified the evidence base of each application while another reviewer scored financial statements. Napa County continued to employ the Upstream Investments' definitions of evidence-based, promising and emerging practices.

While there were many strengths, and 2017 flowed more smoothly than 2016, there continued to be challenges. Reviewers expressed a need for a longer time period to review applications before finalizing scores. MSA awarded points for safety net services, yet even after working together for two years, the review board struggled to come to a common definition of "safety net."

Reviewers agreed that in the future it would be useful to clearly define "safety net" for applicants and reviewers. While using Upstream Investments' definitions of evidence-based, promising and

emerging were useful, it may have also been limiting. Clearinghouses identified by Sonoma County Upstream fall short of identifying well researched medical models as evidenced-based. While many of these models are recognized as evidence-based programs in the medical community, they are not listed on the clearinghouse recognized by Upstream Investments. Finally, the single biggest challenge across both years was that while the “how”, or the process, was clearly articulated, there was no “what” or, no common prioritized outcome. With only evidence prioritized and no outcomes or potential return on investment articulated, reviewers struggled to weigh the value of early childhood interventions against in-home supportive care and sexually transmitted disease testing.

Additionally, a participant survey of the 2016-17 MSA grant applicants indicated that the processes were more transparent, streamlined and less complex than in previous years. 89% of respondents agreed that they were “very” or “somewhat” satisfied with the process and that the scoring criteria was less complicated. 68% of respondents reported that the “amount of effort is about right relative to the potential payoff.” However, several respondents indicated they were unclear how criteria were weighted. Several others expressed that it would be useful to have a brief explanation about why an application is more or less competitive than others in a given year.

Lessons Learned: Napa and Sonoma Counties and Across-Counties

The lessons learned from the revision of MSA’s application and funding processes are significant for Napa County, Sonoma County and continued cross-county collaboration. Establishing a community priority with common outcomes to direct MSA investments, would allow the county to invest in areas of greatest need. With 100% of MSA dollars directed toward a

common outcome, Napa County would be well positioned to evaluate investment impact. Use of a common measurement tool and evaluation process across grantees could be built into MSA funding requirements. This would enable the implementation of a large-scale impact evaluation, as well as the convening of smaller grantee-learning communities to promote data-sharing for program improvement. With the county as convener, a portion of disbursed funds could be earmarked to fund grantee participation as well as county facilitation.

Perhaps the most compelling aspect of the MSA process is the consistent prioritization of evidence-based programming for funding decisions. This, and other lessons learned from the process, is applicable to two distinct Sonoma County initiatives: creating common procurement processes across departments and the Upstream Investments Portfolio review process. Beginning in May 2017, Sonoma County will convene the Human Services Department, Department of Health Services, Probation Department, General Services Department, County Administrator's Office, Information Services Department, Community Development Commission, Sonoma County Office of Education, community-based organizations and the City of Santa Rosa to establish a set of common procurement requirements that reflect Upstream principles.

Embedding common procurement requirements will standardize contracting requirements county-wide and increase the ease of the application process for community partners. Many of the lessons Napa County learned as it refined the MSA funding process can be used to inform the development of common procurement standards in Sonoma County. Sonoma County should consider adopting and implementing a scoring schema to prioritize evidence-informed practices and to fund program evaluation. The county can then leverage the work that has already been done to create and support the Upstream Portfolio by creating a common system to award points through the RFP process to organizations with programs on the portfolio. As it currently exists,

practices around awarding points for having programs on the Upstream Portfolio vary widely across departments and even within divisions.

Sonoma County should capitalize on the time these agencies are investing to establish a common process and scrutinize where opportunities to prioritize common areas of need exist across agencies and funding streams. As these areas are identified, the agencies involved can partner to more deeply align decision-making to target common outcomes, employ measurement systems across programs and partners, and begin evaluating community-wide impact.

The Upstream Investment Portfolio of Model Programs is a collection of over one-hundred locally implemented programs that completed a stringent application process to demonstrate that they are evidence-informed. Similar to the MSA funding process in Napa County, by not prioritizing a common outcome, Sonoma County's Upstream Investments has minimized its potential for impact. Upstream Investments broadly supports the implementation of evidence-informed and prevention-focused practices; these practices range from prenatal care, to 3rd grade reading intervention, to chronic disease management programs. With newly expanded staff capacity, Upstream Investments should work in partnership with Health Action to select and prioritize a common outcome. As Upstream Investment's technical assistance program expands, staff should continue to provide broad, 'light-touch' technical assistance to evidence-informed programs targeting a wide range of outcomes while focusing sustained efforts on a smaller cohort of programs working to improve a common outcome. This smaller cohort provides an opportunity to measure outcomes across multiple providers, provide deep technical assistance to evaluate and improve programming, and direct funding decisions.

The Upstream Investments Portfolio review process could also benefit from the lessons learned

in Napa County. Currently, the Portfolio Review Committee is comprised of 15 individuals with backgrounds in program planning and evaluation, representing eight unique sectors. When an application is submitted to the Portfolio Review Committee, it is randomly assigned to two reviewers who have a month to return their recommendation. If an application is approved, the program is included in the portfolio. If the application is denied, the organization receives technical assistance. And if the reviewers return different recommendations, the application is given to the entire committee for review and discussion. Turnover on the Portfolio Review Committee has made it challenging to maintain reviewer consistency. To improve consistency, the Portfolio Review Committee should conduct a group review of three portfolio applications, one representing each portfolio tier. This would provide an opportunity for newer committee members to learn from more experienced reviewers and increase consistency across reviewers. It would also provide staff with an opportunity to analyze gaps in reviewer knowledge to direct ongoing professional development and training. Much like the MSA review process benefited from including experts on organizational finance and evidence-based programming, Upstream would benefit from including one content expert on each portfolio review. Currently, reviewers are selected randomly; the future inclusion of at least one content expert would increase the likelihood that approved applications represented best practices in their field. Finally, Sonoma County might consider incorporating an element Napa County eliminated from the MSA process into the Portfolio Review process, the interview. If the reviewers assigned to a portfolio application disagree on whether it should be included in the Upstream Portfolio, the application is reviewed and discussed by the entire committee. The applicant is invited to listen to the discussion and present a three-minute public comment but is not invited to engage in dialogue with the review committee. Past experience has revealed that the reviewers could have often

cleared up misinterpretations if they were offered the opportunity to engage in conversation with the applicant. Adding the opportunity for a structured interview process for disputed applications could streamline the decision-making process and reduce the number of applications requiring remedial technical assistance.

Finally, Napa's adoption of Upstream Investments' definitions in the MSA funding criteria highlights the potential for deeper cross-county collaboration. Of the 16 agencies that submitted MSA applications in 2017, seven were organizations that offer programming in both Sonoma and Napa Counties. Sonoma and Napa Counties should leverage existing work to support a cross-county Portfolio of Model Programs. The expanded portfolio could capitalize on the existing application process to recognize programs implemented in one or both counties. An expanded Portfolio Review Committee would include expertise from Napa as well as Sonoma County, and technical assistance for applicants could be shared across county staff. In addition to creating a regional clearinghouse of evidence-informed programs to direct funding and promote scalability of successful interventions, a shared portfolio would create common funding requirements, a shared language and common values. It would decrease the burden on agencies that provide services cross-county, promote shared learning, and create opportunities to measure outcomes regionally. Ultimately, a broader understanding of regional services and gaps could be used to expand services and inform funding decisions.

The funding impact to implement these recommendations in Sonoma County is minimal, if any. Human Services Department staff are already preparing to convene a procurement committee. Recommendations from Napa County could be easily included in a review of best practices and lessons learned from other communities. Additionally, Upstream is already funded to staff the Portfolio Review Committee and support the expansion of the Upstream Portfolio. As the

committee builds out the Upstream, three-year work plan, staff should consider revising the review process. Upstream recently hired an additional Program Planning and Evaluation Analyst (PPEA) to provide technical assistance. With two fully funded PPEAs, Upstream has the capacity to continue providing broad technical assistance, while also narrowing and deepening technical assistance around a prioritized outcome. Selecting a single outcome would have minimal financial impact while supporting goals to expand shared measurement and technical assistance.

Dedicating 100% of MSA funding to non-profits has had far reaching effects in Napa County. Annually, approximately \$1 million dollars supports community organizations that provide critical services to the most vulnerable populations. Napa County's commitment to ongoing process improvement and investment in evidence-informed programming is a model to be praised and learned from. Through on-going cross-county collaboration, Sonoma County has the opportunity to integrate MSA funding and review criteria into procurement and portfolio review processes. Reciprocally, Sonoma can offer Napa County learned experiences from the Upstream Investments Portfolio processes and the potential to better support aligned efforts through a collaborative portfolio.

Acknowledgements

Staff members who work to support non-profit development and the increasing incorporation of evidence into programming in Napa County are both inspiring and highly qualified. It was a pleasure to learn from Mitch Wippert, Chief Deputy Director of Napa Health and Human Services Agency. His leadership is inspiring, innovative and thoughtful. Bria Schlottman

provided exceptional support, and Andi Banks provided invaluable assistance throughout the project. Special thanks to Howard Himes for making this project possible.

ⁱ Tobacco Control Legal Consortium, The Master Settlement Agreement: An Overview, accessed April 19, 2017, retrieved from www.publichealthlawcenter.org.

ⁱⁱ CSB Consulting, (2015, October), Napa County MSA Funding Assessment: Findings & Recommendations.