

Ourlandia's Wellness Fund Challenge

Small Group Exercise

December 7, 2017

Goal of Exercise:

- To engage participants in considering how they would create a tax policy to support a state-wide wellness fund.

Ourlandia's Challenge: The Health and Well-Being of its People

- *You live in the beautiful state of “Ourlandia”.*
- *Your governor is concerned about the health and well-being of Ourlandia's residents and the implications on business development and economic growth.*
- *She wants to invest in a **diversified** portfolio of interventions that address social determinants of health, preventive care and delivery system reforms.*
- *She is interested in participating in the state-wide Wellness Fund*

Ourlandia's Wellness Fund

- *\$25 million needs to be raised by the state to match the contributions from the private sector.*
- *The first contributions to Ourlandia's Wellness Fund came from:*
 - *Key philanthropies*
 - *All hospitals*
 - *Largest insurers in the state*
- *The Wellness Fund could deliver much greater value if the taxpayers and government officials were also invested in its success.*
- *The governor has asked you and your tablemates to design a tax policy to fulfill this opportunity.*

Ourlandia's Population = 6.5 million

Ourlandia's Budget:	\$ Value	%	per capita
State Budget	\$35 bil	100%	\$5,385
State General Fund	\$14 bil	40%	\$2,154

Sources of Revenue:

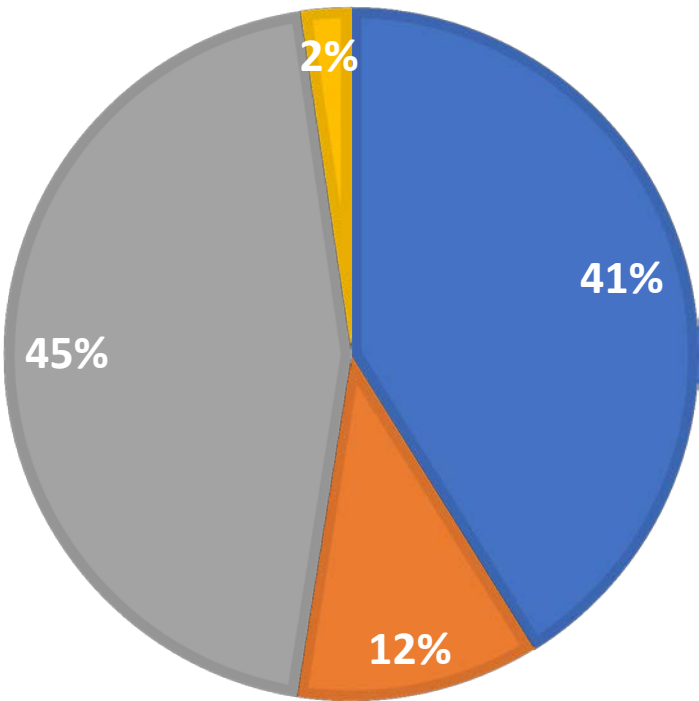
Sales & Gross Receipts	\$14.4 bil	41%	\$2,208
Licenses	\$4 bil	11%	\$608
State Income Tax	\$15.8 bil	45%	\$2,423
Other (incl. cig/liquor)	\$805 mil	2%	\$124
Total	\$35 bil	100%	\$5,363

Sin Taxes:

Cigarette Tax (per pack)	\$0.35
Liquor Bev. Tax (by drink)	15%

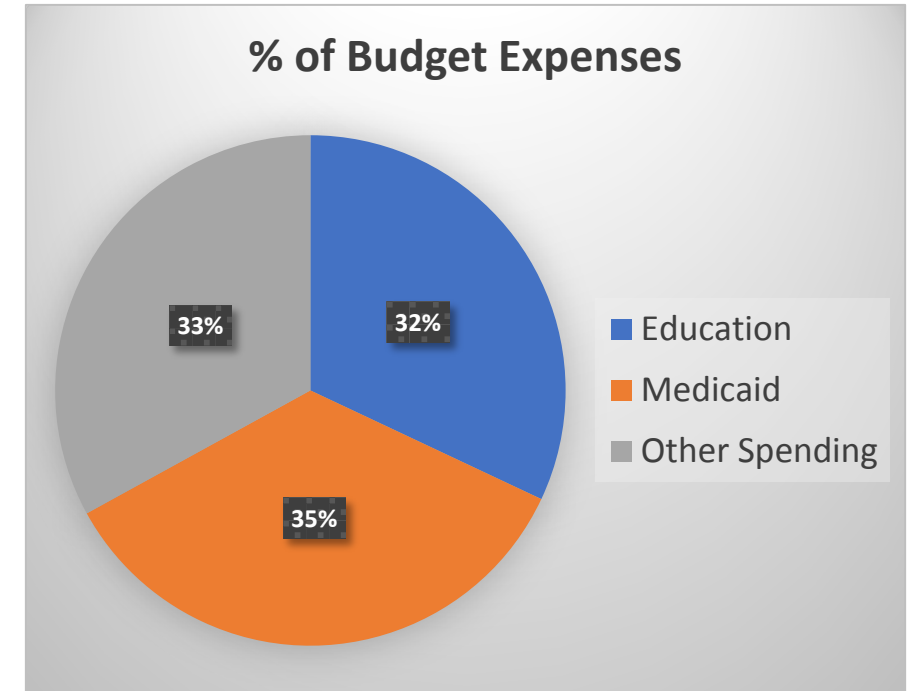
**OURLANDIA
SOURCES OF REVENUE**

■ Sales and Gross Receipts ■ Licenses
■ Income Tax ■ Other



Key Budget Expenses

		%	per capita
Education	\$11.2 bil	32%	\$1,723
Medicaid	\$12.3 bil	35%	\$1,885
Other Spending	\$11.6 bil	33%	\$1,777
Value of Tax Credits Claimed	\$142 mil		\$22
Total Healthcare Spending	\$49 bil		\$7,538



Small Group Instructions

1. Appoint a scribe for your table. Use worksheet.
2. Your facilitator will instruct you to move through the questions. Allow them to keep the conversation moving.
3. Arrive at a friendly consensus. The purpose of this exercise is to consider the questions more than having the perfect answer.
4. Get as far as you can in the time allotted. No need for perfect answers.
5. Summarize your conclusions and appoint a speaker for your table to share your conclusions in the plenary session.

Special note:

If you are one of our tax “experts” please allow the lay participants to faithfully grapple with these questions before stepping in with a “lifeline.”

Design Questions: See Worksheet

1. What is your desired purpose for this policy?
2. Looking at tax policy typology, what alternative would be most attractive for your purpose? Why?

Choose one:

- Tax Expenditure-Type
- Tax-Type

3. Is this policy aimed at corporate entities? Specific industries? Individuals? Both? How does the structure differ if aimed toward both the corporate and individual?

4. Who bears the cost of this policy choice?

5. Who stands to benefit from this policy, both directly and indirectly?

6. What specific elements should you incorporate into your design?

- *Consider: frequency, expiration dates, eligibility/exclusions, accountability mechanisms and/or caps*

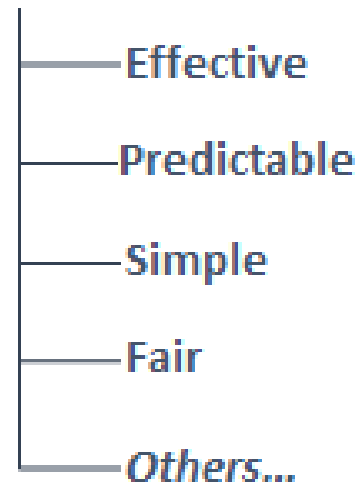
Design Questions: See Worksheet

7. Among the following design considerations, which ones are most important to you. Rank order these design features. Does your design actually reflect these preferences? Should it be amended?

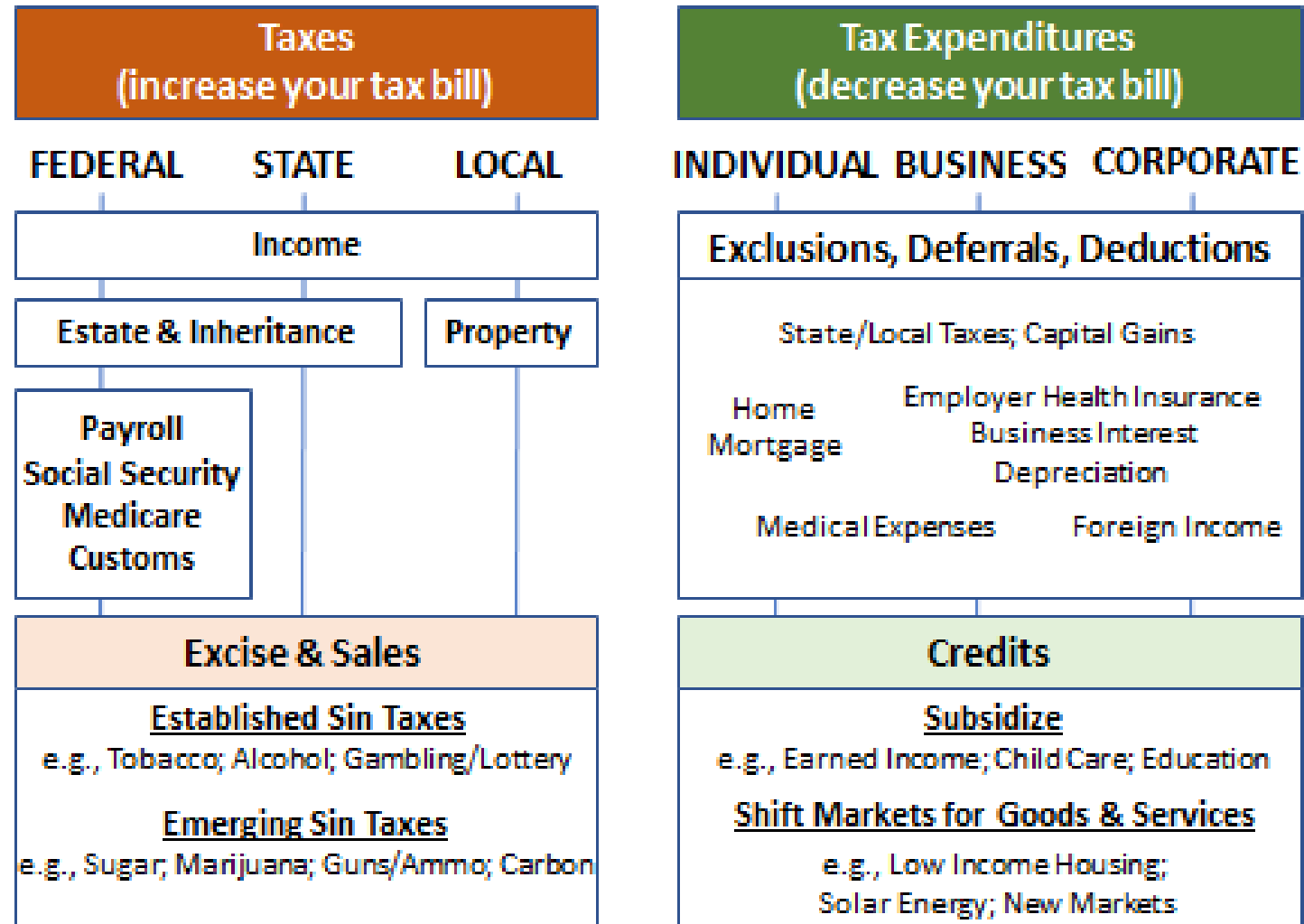
Is the tax or tax-expenditure:	Rank
Simple to administer (or does it require a lot of “middlemen”)?	
Plain, clear and predictable to the taxed entity?	
Effective towards achieving its goal?	
Fair or does it place an unfair burden on any particular stakeholder group?	

8. Now that you have selected an option and considered specific design elements, reflect on the possibility of unintended impact? How would that alter your design?

TAX POLICY PRINCIPLES



TAX POLICY OPTIONS*



* Selected examples. The shaded areas are spotlighted in greater depth during the National Academies Workshop on Exploring Tax Policy to Advance Population Health, Health Equity, and Economic Prosperity (December 7, 2017)