

# STRONG ECONOMIES, RESILIENT COUNTIES

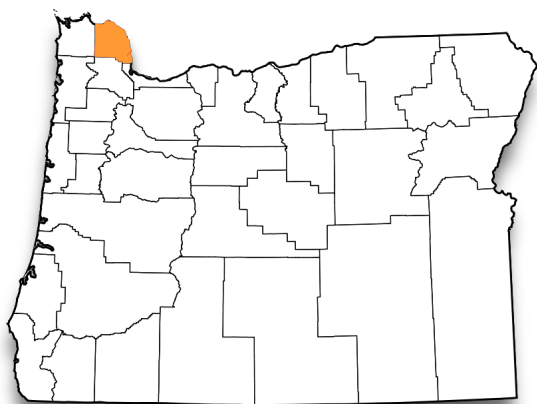
The Role of Counties in Economic Development



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## COLUMBIA COUNTY, OREGON

### Testing a New Model of Sustainable Development



A rural county in Northwestern Oregon, Columbia County is located in one of the most densely forested regions of the United States. Historically, forestry and timber production were major components of the regional economy. The local industries do not secure similar levels of income for county residents as seen at the state level; the income per county resident was \$35,427 in 2012, approximately \$4,000 less than the state average and about \$8,000 less than the national average. In addition, the county suffered two 500-year floods in 1996 and 2007 around the city of Vernonia, events that had a long lasting impact on the community. To improve the financial situation of county residents and improve the resiliency of the county, county Commissioner Anthony Hyde worked with the Washington D.C. based Pinchot Institute for Conservation to introduce the Forest Health – Human Health Initiative

(FHHHI) – a program that helps forestland owners with their annual health care expenses in exchange of preserving intact their forested lands. This innovative pilot program aims to improve economic outcomes of landowners in Columbia County by compensating them for the air quality benefits of their forests that are not normally captured by market values.

### The Forest Health - Human Health Initiative (FHHHI)

The county searches constantly for ways that could improve the income situation of its residents and secure the county's unique asset — the forested land. Such an opportunity arose with the FHHHI of the Pinchot Institute, a research institute that works to raise public awareness of issues related to environmental conservation. The Pinchot Institute for Conservation chose the city of Vernonia, Ore. and surrounding areas in Columbia County as a prime location to conduct a pilot study, in which landowners get help with annual health care expenses in exchange for forest conservation. The Pinchot Institute for Conservation worked closely with Columbia County commissioner, Anthony Hyde, who helped market the program to local landowners and the health care industry in Columbia County.

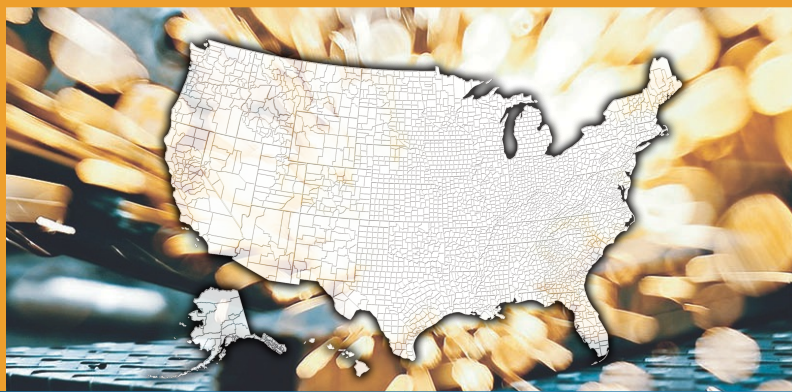
The work that led to the FHHHI started almost a decade ago. In 2005, the Pinchot Institute for Conservation conducted a study examining the reasons behind forestland

- Population, 2013: 49,344

- County Board size: 3

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sales, one of the main contributing factors in the loss of forestlands in the United States. The results indicated that healthcare costs were a major reason cited for selling forestlands because many forestland owners lacked sufficient health insurance coverage. In 2009, the Pinchot Institute for Conservation cooperated with the U.S. Department of Agriculture Forest Service, Regence Blue Cross-Blue Shield and the Kelley Family Foundation, to identify the health care needs of 450 forest families in western Oregon, western Washington, North Carolina, Wisconsin, and Columbia County, Ore. This study also attempted to determine the level of interest in engaging in a FHHH carbon payment to health care program. One of the funders of this project was Regence Blue Cross Blue Shield of Oregon, the Northwest representative of the leading health insurer of private forest landowners in America. The survey found that in 2011 in Columbia County, almost 41 percent of the interviewed landowners and 60 percent of their descendants were likely to be underinsured (meaning they spent 5 percent or more of their income on insurance deductible payments).



The Pinchot Institute's Forest Health-Human Health Initiative being piloted in Columbia County keeps timber lands in the family and offsets healthcare costs.



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In 2009, the Pinchot Institute for Conservation began implementation of the FHHHI, a pilot program that would help forestland owners with their annual health care expenses in exchange of preserving intact their forested lands. The organization chose the private forests around the community of Vernonia in Columbia County as the location of the pilot program because of their high carbon storage potential and a large share of underinsured forest landowners. Using a technology known as light detection and ranging (LiDAR), surveyors used a laser scanner to map forests, measured the number of trees and their carbon density and calculated the amount of carbon the forests could capture. With the help of the American Carbon Registry, a non-profit that works with regulatory agencies to provide oversight of credit offsets, these carbon credits can be sold to health care companies in the county looking to reduce their carbon footprint.

Landowners with at least 50 acres of forestland or more are eligible to participate in the program. The American Carbon Registry estimated that landowners with 300 acres of forestland would receive an average annual benefit of \$8,000. Ninety (90) percent of the payments would go to the families in the form of a so-called ATreeM debit card, which the families may use for healthcare services and medication. The other 10 percent would go into a community healthcare account to improve the access to healthcare for the entire rural community. Pinchot partnered with PacificSource Administrators to offer the ATreeM debit cards, which can be used to pay for prescriptions, wellness care, dental care, co-pays and insurance deductibles. In addition, participation in the FHHHI would not prevent timber harvesting, part of long-term timber management plans.

This program requires substantial cooperation among landowners, healthcare facilities and carbon traders. County Commissioner Anthony Hyde, a former mayor of Vernonia helped market the program, by arranging meetings with forestland owners, the healthcare industry and carbon traders where they can discuss their concerns about the program. Landowners were primarily concerned about entering into proposed 20 or 30-year contracts. Their other concerns included whether the payments would be taxable and the uncertainty regarding healthcare costs in 20 or 30 years. For example, \$5,000 per year might be sufficient to help with health care expenses for a family currently, but it might not prove inadequate in 20 years. The landowners discussed these and other concerns with the stakeholders and decided to participate in the pilot program. The pilot program was launched in 2014.

The FHHHI seeks to improve the economic outcomes for Columbia County landowners and increase the resiliency of the county. County Commissioner Anthony Hyde helped the Pinchot Institute for Conservation and the other stakeholders of the project to connect with the local landowners and the healthcare industry. If successful, the FHHHI can serve as a model for other counties seeking to conserve forestlands while improving the local economy.