

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 2493, S.D. 2

March 17, 2010

RELATING TO USE OF TOBACCO SETTLEMENT FUNDS

Senate Bill No. 2493, S.D. 2, extends the sunset date of Act 264, Session Laws of Hawaii 2007, and Act 119, Session Laws of Hawaii 2009, Relating to Tobacco Fund Settlement, for continued use by the John A. Burns School of Medicine.

We oppose this bill. The proposed amendment will limit the flexibility of the Executive Branch to review program funding requirements and allocate funding to programs based on statewide priorities and will negatively impact the already reduced General Fund revenues. The proposed amendment also would not provide any flexibility to account for any adverse fiscal conditions and will obligate future Legislatures to provide funding without regard to appropriateness. We suggest a review of the debt services and operating cost of the John A. Burns School of Medicine to determine an appropriate funding amount rather than allocating a percentage of an unspecified revenue amount.



## **UNIVERSITY OF HAWAII SYSTEM**

### **Legislative Testimony**

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Written Comments Presented to the  
House Committee on Finance  
March 17, 2010 at 3:00 p.m.  
Conference Room 308

By

Virginia S. Hinshaw, Chancellor  
And

Jerris R. Hedges, MD, MS, MMM  
Dean and Professor of Medicine  
Barry & Virginia Weinman Endowed Chair  
John A. Burns School of Medicine  
University of Hawai'i at Mānoa

Aloha, Chair Oshiro and members of the House Committee on Finance. Thank you for this opportunity to provide comments in support of Senate Bill 2493 SD2, which would clarify the sunset date on tobacco master settlement agreement monies for continued use of funds for operating expenses by the John A. Burns School of Medicine through 2015.

When JABSOM's Kaka'ako campus was built, the medical school also had to assume its own expenses for electricity, security and custodial services – costs that were previously absorbed by UH Mānoa. The tobacco settlement funding allows us to meet those expenses without resorting to the general fund.

More importantly, the legislature's investment in JABSOM is allowing us to grow MORE physicians. This year, in fact, despite a more than \$3 million dollar reduction in our state general funding, we will – without new state appropriations – increase the size of our incoming class from 62 to 64 students. This is a modest increase, to be sure, but one that required commitment from our faculty, staff and administrators, and something we would not be able to consider without the support you have given us in the tobacco settlement monies.

The increase is critical to continued healthcare services in the State. We have a significant shortage of physicians in Hawaii, one that is expected to grow as the population ages and requires more care. About 40% of all practicing physicians in Hawaii are graduates of JABSOM or its residency programs, making JABSOM the best source for doctors in our community.

The school of medicine educates and trains a total of 250 medical students year-round, and through partnering with our major local hospitals, we simultaneously train another 240 medical “residents”: men and women with their medical degrees who are treating patients while mastering their skills in fields including primary care, pediatrics, obstetrics and family medicine. We have another ten students who are from disadvantaged backgrounds whom we are training for a fifth year of college study, so that they may become medical students. Additionally, we

have another 120 or so undergraduate and graduate students studying health sciences, including Public Health, Medical Technology and Communication Science Disorders.

We need to keep JABSOM on a course to success because we face a rapidly growing physician shortage, because we attract major funding into the community – 42 million dollars last year – that supports jobs in Hawai‘i providing research and outreach to benefit our community, and because we treat Hawai‘i’s people for tobacco-related disease and strive to reduce the tobacco addiction that costs our state more than \$350 million a year and destroys the quality of our citizens’ lives.

Please be assured that we are making every effort to reduce the amount of general fund support required for JABSOM. In addition to the state-imposed budget cuts this past year, we have instituted a “green initiative” that is projected to save one million dollars this year by shortening hours of operation – and at times shutting down completely – our medical education building. As you know, that is on top of the fact that our facility already is more efficient than many other state buildings because of features, including the energy saving seawater cooling system, which allowed JABSOM to be awarded a LEED (Leadership in Energy and Environmental Design) certification in 2008. Finally, tobacco cessation and tobacco dependence treatment for the people of Hawai‘i are prominent throughout the medical school’s curriculum and in extensive outreach throughout the state of Hawai‘i.

Thank for this opportunity to provide testimony on this measure.



HOUSE COMMITTEE ON FINANCE  
Rep. Marcus Oshiro, Chair

Conference Room 308  
Mar. 17, 2010 at 3:00 p.m.

**Supporting SB 2493 SD 2.**

The Healthcare Association of Hawaii represents its member organizations that span the entire spectrum of health care, including all acute care hospitals, as well as long term care facilities, home care agencies, and hospices. Thank you for this opportunity to testify in support of SB 2493 SD 2, which repeals the sunset date of the law allowing tobacco settlement funds allocated to the University of Hawaii to be used for the operations of the John A. Burns School of Medicine.

The John A. Burns School of Medicine is the only medical school in Hawaii. Its primary mission is to train physicians for Hawaii and the Pacific, and approximately 60% of the practicing physicians in Hawaii are graduates of the John A. Burns School of Medicine MD or residency program.

In 2007 the Legislature passed Act 264, SLH 2007. At that time 28% of the tobacco settlement funds were allocated to the University of Hawaii to fund a new health and wellness center, including a new medical school facility. The new medical school facility was constructed in 2005. Act 264, SLH 2007, allowed those tobacco settlement funds to be used for the operating expenses of the medical school. This arrangement has been working well, and the sunset date should now be repealed.

For the foregoing reasons, the Healthcare Association supports SB 2493 SD 2.

Hawaii State Legislature  
SB2493

Testimony of Kelley Withy, President of Hawaii State Rural Health Association  
2010

March, 2010

The Hawaii State Rural Health Association would like to express our strongest support for SB2493. We have conducted published research on the rural health care needs across the State and found that while all communities are unique, there are some themes that are common throughout the state. Needs that are commonly identified in our rural and underserved communities include:

1. Financial assistance (insurance coverage, medication, free services)
2. Expanding services that are available to rural communities (including telehealth, CHCs, community services)
3. Improving access to available services (Long term care, primary care, specialty care, mental health care, substance abuse treatment, health care training and other services)
4. Decreasing drug use
5. Increasing health education and training opportunities for community members
5. Increasing the number of health care providers working in rural areas
6. Increasing cultural sensitivity of providers

The most recent assessment of physicians in the State of Hawaii performed by my office under the auspices of Act 219, SL2009 estimates that we have 500 providers less than we need to meet the demand estimated by population mix. Furthermore, this deficit may grow to 1,500 providers by 2020 if no action is taken. There are many actions that must be taken to meet the growing demand for health care providers and Senate Bill 2493 is an essential step toward meeting the need for providers in Hawaii.

The Hawaii State Rural Health Association supports legislation that will increase services to rural communities, including legislation that supports expanding the health workforce, developing assistance programs for rural areas, and expanding the facilities available to rural citizens. We expect this to be done in culturally appropriate ways with significant grass roots community involvement at all steps of the process. We feel strongly that SB2493 does this and appreciate your support.

Sincerely,  
Kelley Withy, MD, PhD  
President, Hawaii State Rural Health Association



*The Official Sponsor of Birthdays*

March 16, 2010

Committee on Finance  
Representative Marcus Oshiro, Chair  
Representative Marilyn Lee, Vice Chair

**Hearing:**  
3:00 P.M. Wednesday, March 17, 2010  
Hawaii State Capitol, Room 308

**RE: SB2493, SD2 – Relating to use of tobacco settlement funds.**

**Comments**

Chairs Oshiro, Vice Chair Lee, and members of the Committees on Finance. Thank you for the opportunity to offer these comments on SB2493, SD2 which extends sunset date in Act 264, relating to tobacco fund settlement, for continued use by John A. Burns School of Medicine. It also requires annual reporting by the University of Hawaii. Finally this measure would reallocate moneys in the Hawaii tobacco settlement special fund for this purpose.

The American Cancer Society Hawaii Pacific Inc. is a community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer. This mission includes advocating for access to quality health care, medical and biomedical research, public health policy, and effective tobacco control measures.

Both our medical school and our tobacco control program have equally positive health impacts in the treatment and prevention of cancers in Hawaii. For this reason, we offer comments only.

**The Society certainly values a robust medical school to teach and train high-quality physicians, biomedical scientists, and allied health workers for Hawaii and the Pacific. At the same time we also see value in having a viable and sustainable tobacco control program dedicated to reducing the negative impact on the health of our citizens caused by tobacco use.**

We would ask that our legislature, in addition to providing for the sustainability of JABSOM, to also continue to provide for and ensure the sustainability of our tobacco control prevention and cessation efforts.

Thank you for the opportunity to provide these comments on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "George S. Massengale".

George S. Massengale, JD  
Director of Government Relations



To: The Honorable Marcus R. Oshiro, Chair, Committee on Finance  
The Honorable Marilyn B. Lee, Vice Chair, Committee on Finance  
Members, House Committee on Finance  
From: Trisha Y. Nakamura, Policy and Advocacy Director  
Date: March 17, 2009  
Hrg: House Committee on Finance; March 17, 2009 in Rm 308 at 3:00 p.m. (Agenda #2)  
Re: **Comments re SB 2493, SD 2**  
**Relating to Use of Tobacco Settlement Funds**

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Thank you for the opportunity to provide comment on SB 2493, SD 2, which will allow the John A. Burns School of Medicine to continue to use Tobacco Settlement moneys for its operations, require annual reporting by the University of Hawaii on finances, and return the distribution of the Tobacco Settlement funds to the allocation that was in place prior to 2009.

The Coalition for a Tobacco Free Hawaii (Coalition) is the only independent organization in Hawaii whose sole mission is to reduce tobacco use through education, policy and advocacy. Our organization is a small nonprofit organization of over 3,000 organizations and members that work to create a healthy Hawaii through comprehensive tobacco prevention and control efforts. The Coalition started in 1996, under the auspices of the American Cancer Society. The Coalition, along with its founding members, played a key role in establishing the Tobacco Prevention and Control Trust Fund, which now receives 6.5% of the Tobacco Settlement—nearly 75% less than in 1999 when it was established.

The Coalition appreciates the challenges our State faces—a serious economic situation as well as a shortage of trained doctors in Hawaii, particularly on neighbor islands and in rural areas. We acknowledge the work of the medical school to continue its operations to train skilled doctors. We also appreciate the efforts by the medical school to train their doctors in tobacco treatment.

However, we would like to take this opportunity to comment on the distribution of the Tobacco Settlement to the Tobacco Prevention and Control Trust Fund (“Trust Fund”). The Trust Fund is the State’s vehicle to ensure Tobacco Settlement dollars work to address tobacco use through tobacco prevention and treatment programs. The Trust Fund and the tobacco prevention and quit-smoking programs it funds have resulted in tremendous public health gains over the past ten years. From 2002 to 2008, there are 42,300 fewer adult smokers in Hawaii, saving 14,100 lives from tobacco-related deaths and saving our State an estimated \$402 million

in direct medical costs. There is no mistake—this consistent dedicated source of funding from the Tobacco Settlement (from the tobacco industry which has cost our State billions of dollars in health-related costs) has resulted in lives saved and dollars saved. For example, the PATH Clinic noted it could help 150 women to stop smoking for the cost of caring for one low-birth weight baby (smoking and exposure to second-hand smoke among pregnant women causes low-birth weight babies). Programs like PATH provide critical services and save our State money.

**The public appreciates the Legislature's investment in tobacco prevention and control.** A December 2009 poll indicates that **92% of Hawaii residents agree that Tobacco Settlement dollars, money intended to compensate states for tobacco related illness costs and to fund prevention and quit smoking programs, should go to tobacco prevention.** And when asked whether Hawaii should continue to fund tobacco prevention at the current level of 6.5% or cut tobacco prevention funding and spend the money to help balance the budget, 75% said we should continue to fund tobacco prevention.

Our work is not done. Working with even less, community programs struggle to offer group and individual counseling, and educate youth about the dangers of tobacco and provide them with tools to reject tobacco. We have over 150,000 adults who smoke in Hawaii, and smokeless tobacco use by our youth is rising. Now is not the time to cut funding for tobacco prevention and control programs.

Thank you for the opportunity to comment on the funding for critical tobacco prevention and control funds. We ask that you continue funding for tobacco prevention and control via the Tobacco Prevention and Control Trust Fund so that these community-based services can continue. **Thank you for the opportunity to testify on this matter.**





## THE QUEEN'S MEDICAL CENTER

1301 Punchbowl Street • Honolulu, Hawaii 96813 • Phone (808) 538-9011 • Fax: (808) 547-4646

Rep. Marcus R. Oshiro, Chair  
Rep. Marilyn B. Lee, Vice Chair  
**COMMITTEE ON FINANCE**

Wednesday, March 17, 2010, 3:00 p.m.  
State Capitol, Conference Room 308

**RE: SB 2493 SD2 Relating to Use of Tobacco Settlement Funds**

Chair Oshiro, Vice Chair Lee and Members of the Committee:

My name is Sharlene Tsuda, Vice President, Community Development of The Queen's Health Systems, testifying in strong support of SB 2493 SD2 which repeals the sunset date in Act 264, relating to tobacco fund settlement, for continued use by the John A. Burns School of Medicine (JABSOM).

Queen's is the largest private tertiary care hospital in the State of Hawaii offering specialized care in the areas of cardiology, neuroscience, orthopedics, behavioral health, oncology, women's health, emergency services and trauma. Queen's has the largest number of physicians, nurses, and other professional and technical staff in the state supporting the people of Hawaii.

We recognize that education and research are key ingredients in providing excellent patient care. Queen's has a longstanding history of supporting healthcare education and training in Hawaii and is home to a number of residency programs offered in conjunction with JABSOM. Many of the physicians practicing at Queen's today received their education at JABSOM. As medical knowledge, innovation and technology continue to expand, the capability to prepare future physicians for practice here in Hawaii will become increasingly important.

While Queen's wholly appreciates the Legislature's budgetary challenges in light of the State's economic outlook, we respectfully ask the Legislature's consideration of the positive community benefit of a fully-operational John A. Burns School of Medicine brings to Hawaii. The Queen's Health Systems and The Queen's Medical Center are committed to our partnership with the John A. Burns School of Medicine and look forward to continued collaboration to meet the patient care, education, and research needs of our community.

We urge you to pass this measure and thank you for the opportunity to testify.

## FINTestimony

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, March 17, 2010 8:11 AM  
**To:** FINTestimony  
**Cc:** mz9995@hotmail.com  
**Subject:** Testimony for SB2493 on 3/17/2010 3:00:00 PM

Testimony for FIN 3/17/2010 3:00:00 PM SB2493

Conference room: 308  
Testifier position: oppose  
Testifier will be present: Yes  
Submitted by: Michael Zehner  
Organization: Hawaii Smokers Alliance  
Address: Honolulu, HI  
Phone: 9520275  
E-mail: [mz9995@hotmail.com](mailto:mz9995@hotmail.com)  
Submitted on: 3/17/2010

Comments:

Comments:

How arrogant it is that the professional anti-smoking lobby who are private special interest rings want to double their funding at the expensive of our teachers, taxpayers, and everybody else by sneaking into the bottom of a Burn's medical school sunset bill.

It's also an interesting note that the same anti-smoking lobby is loathed by the very smokers they pretend to exist for. These anti-smoking groups don't represent our interests and don't

peak for me!

Let's say NO to private special interest groups stealing from the working man.

## FINTestimony

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From: mailinglist@capitol.hawaii.gov  
Sent: Monday, March 15, 2010 7:42 PM  
To: FINTestimony  
Cc: kawikc@aol.com  
Subject: Testimony for SB2493 on 3/17/2010 3:00:00 PM

Testimony for FIN 3/17/2010 3:00:00 PM SB2493

Conference room: 308  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: kawika crowley  
Organization: Individual  
Address: p.o box 544 kaa'awa, hi.  
Phone: 381 9031  
E-mail: [kawikc@aol.com](mailto:kawikc@aol.com)  
Submitted on: 3/15/2010

Comments:

i adamantly oppose this waste of tax payer monies. kawika