

**HB 1330**

**HD1, SD1**

Written Comments in Support Presented Before the  
Senate Committee on Ways and Means  
March 30, 2011

By  
Michele Carbone, MD, Director  
University of Hawaii Cancer Center

**HB 1330, HD1, SD1 RELATING TO THE HAWAI'I TOBACCO SETTLEMENT FUND**

Chair Ige, Vice Chair Kidani and members of the Committee, mahalo for the opportunity to share our support for HB 1330, HD1, which would extend the sunset date on tobacco master settlement agreement monies for continued use by the John A. Burns School of Medicine (JABSOM) from June 30, 2011 to June 30, 2015.

We ask that this Committee pass HB 1330, HD1 SD1 without a reduction in the amounts JABSOM may use for operating expenses.

The University of Hawai'i Cancer Center is one of only 65 National Cancer Institute (NCI) designated Cancer Centers in the country. The Center studies cancer in relation to the unique physical, cultural, and environmental characteristics of Hawai'i. Our mission is to reduce the burden of cancer and ensure a healthier future for the people of our state. We are a research enterprise affiliated with the University of Hawai'i at Mānoa.

We applaud the legislature's previous decision to allow monies from the tobacco settlement fund to help operate the John A. Burns School of Medicine. It is imperative that we provide support for educating and training young physicians. Physician shortages across the nation have created a near crisis situation in some areas. We know that 50% of the physicians trained in Hawaii stay in Hawaii. Therefore, providing funding for the operational health of our Medical School should remain one of our state's highest priorities.

The perils of tobacco use have long been known. Smoking is one of the most preventable causes of death in our society. But national research also tells us there is no safe form of tobacco use. At least 28 chemicals in smokeless tobacco have been found to cause oral, esophageal, and pancreatic cancer. All tobacco products contain nicotine which is addictive. It seems most fitting that monies from the tobacco master settlement would be utilized to support the Medical School—an entity that does so much to ensure the health and access to quality medical care for our residents here in the Islands.

Cancer research and care is enhanced by strong alliances with community and educational partners. The medical school is a valuable partner in the University of Hawaii Cancer Consortium. Formed to support the growth and expansion of cancer research and care in our state, the consortium exists to channel groundbreaking discovery into the clinical setting for the benefit of the patient. Our researchers collaborate closely with the clinicians at the Queen's Medical Center, Hawaii Pacific Health and Kuakini Medical Center to ensure that our cancer patients have access to the most innovative treatments and clinical trials close to home.

Whether through its conduct of medical research, community education and outreach programs or through the critical training of young medical professionals to serve our communities, JABSOM is essential to the Cancer Center's future success and to the improved health of all who reside in Hawai'i. We strongly urge you to support HB 1330, and continue your commitment to improving the well being of the people of Hawai'i.

Thank you for the opportunity to provide these comments.



## COALITION FOR A TOBACCO-FREE HAWAII

To: The Honorable David Y. Ige, Chair, Committee on Ways and Means  
The Honorable Michelle Kidani, Vice Chair, Committee on Ways and Means  
Members, Senate Committee on Ways and Means  
From: Trisha Y. Nakamura, Policy and Advocacy Director  
DM: Committee on WAM; March 30, 2011 in Rm 211 at 9:30 a.m.  
Re: **Opposition to HB 1330, HD 1, SD 1: Relating to the Hawaii Tobacco Settlement  
Special Fund**

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Thank you for the opportunity to provide testimony in opposition to HB 1330, HD 1, SD 1. The Coalition for a Tobacco-Free Hawaii opposes HB 1330, HD 1, SD 1 because it impacts overall funding for tobacco prevention and control which has been dramatically cut since Hawaii started receiving the funds in 1999. The Coalition does not oppose the Medical School or its work. Rather, we raise serious concerns about the use and erosion of Tobacco Settlement funds.

### **I. Consistent Well-Funded Tobacco Prevention and Control Efforts Work**

Hawaii's programs are working efficiently and effectively to prevent disease and tobacco-related death. And our programs are saving the State money. Between 2002 and 2008, Hawaii saw a reduction in smoking (42,300 fewer adult smokers). This reduction saved 14,100 lives from tobacco-related deaths. And it saved an estimated \$402 million in direct medical costs, of which \$53.9 million is attributed to Medicaid costs.<sup>1</sup> Compare the \$402 million saved to the \$58.6 million spent on tobacco prevention and control efforts from 2002-2008.<sup>2</sup> **Consistent funding for Tobacco Prevention & Tobacco-Dependence Programs saves lives and money.**

Tobacco still remains a major health issue that must be addressed through comprehensive efforts. Hawaii still has over 150,000 adult smokers throughout the State. And more than 1,000 Hawaii youth become daily smokers each year. Smoking costs us an estimated \$336 million dollars per year in smoking-related health care costs, \$117 million of which is attributed to Medicaid.<sup>3</sup> The work of tobacco-dependence treatment and prevention programs is not over.

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<sup>1</sup> Email from Department of Health to author, citing ROI Calculation from DOH Epidemiologist Tonya Lowery St. John.

<sup>2</sup> Data from Campaign for Tobacco-Free Kids, "History of Funding for State Tobacco Prevention [and Control] Programs FY 2000-FY 2004" and "History of Funding for State Tobacco Prevention [and Control] Programs FY 2005- FY 2009."

<sup>3</sup> Campaign for Tobacco-Free Kids, "Toll of Tobacco in Hawaii" available at [http://www.tobaccofreekids.org/facts\\_issues/toll\\_us/hawaii](http://www.tobaccofreekids.org/facts_issues/toll_us/hawaii) (last visited Feb 14, 2011).

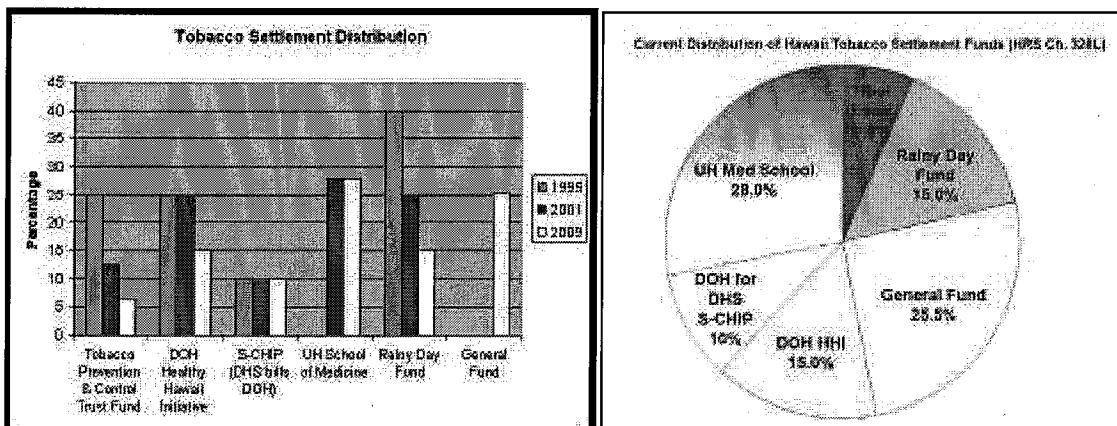
## II. Hawaii's Tobacco Settlement Funds Have Been Dramatically Reduced and Must Be Returned to Tobacco Prevention

Hawai'i receives Tobacco Settlement moneys as the result of a settlement entered into between 46 states and the major tobacco companies to recover damages for tobacco-related health care costs paid by taxpayers because of the harms caused by cigarettes.

By joining the settlement, Hawai'i made a promise to the people of Hawai'i to reduce youth use of tobacco and to advance public health.<sup>4</sup> The Tobacco Settlement Special Fund was intended to maximize and ensure long-term stable funding for tobacco prevention and control, health promotion, and disease prevention. Yet only 6.5% of the Tobacco Settlement is dedicated to Tobacco Prevention and Cessation efforts.

In 2001 and 2009, the Tobacco Settlement has been redirected away from tobacco prevention and public health efforts. The portion dedicated to funding strong prevention and quit-smoking programs has been whittled down from 25 percent to 12.5 percent to 6.5 percent. The portion of Tobacco Settlement Funds for the Trust Fund is the smallest. The Medical School receives the largest allocation of Tobacco Settlement funds: 28%. This amount has never been cut.

**We are deeply concerned that the long-term viability of tobacco prevention efforts is at risk.**



<sup>4</sup> Hawai'i upon signing the settlement, agreed to "reduc[e] underage tobacco use by discouraging such use and by preventing Youth access to Tobacco Products" and avoid further cost of litigation to "achieve for [Hawai'i and its] citizens significant funding for the advancement of public health." (See Master Settlement Agreement, Recitals. Available at <http://ag.ca.gov/tobacco/pdf/1msa.pdf> (last visited Jan 28, 2010).

### **III. Funding Operations of the University of Hawai'i Medical School with Tobacco Settlement Moneys Is a Concern**

In 2001, during special session, the Legislature redirected resources from the Tobacco Settlement for the building of the Medical School's Kaka'ako campus. 28 percent of the Tobacco Settlement was allocated to assist with paying only the debt service for the Medical School's construction. This reduced the portion for tobacco prevention by half. In 2007, the Legislature gave the Medical School *temporary* use of the Tobacco Settlement funds for debt service and operations.

The Legislature granted the Medical School temporary use of its portion for daily operations. If the provision passed in 2007 sunsets, the excess would be returned to the Rainy Day Fund and the Hawai'i Tobacco Prevention and Control Trust Fund: more than 33% to the Trust Fund and 67% to the Rainy Day Fund.<sup>5</sup> The portion that would be returned to the Trust Fund could fund 13 community programs.<sup>6</sup>

We want to see the Medical School survive for the long-term. Our state must not continue providing the school with Tobacco Settlement funds without a clear plan in place for a financially secure future at the expense of tobacco prevention and cessation efforts. While section 3 of the bill requires the Medical School to report annually to the Legislature, it does not require a clear financial plan to ensure this request of the Legislature will not be made once again in 2015.

If the Committee does pass out this measure, we request that the portions unused by the Medical School for debt service be dedicated to the Tobacco Prevention and Control Trust Fund and ask the Committee to consider this measure in light of attempts to further reduce funding for tobacco prevention. Still, we ask that the Committee hold the measure and ensure funds are dedicated to tobacco prevention efforts.

Thank you for the opportunity to comment on this matter.

*The Coalition for a Tobacco Free Hawai'i (Coalition) is the only independent organization in Hawai'i whose sole mission is to reduce tobacco use through education, policy and advocacy.*

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<sup>5</sup> Please note that in prior testimonies for HB 1330 and SB 239, the Coalition indicated 80% would be returned to the Rainy Day Fund and 20% to the Trust Fund. This was an error; mea culpa.

<sup>6</sup> Figure based on the Tobacco Settlement Special Fund ceiling set at \$50,000,000, leaving the Medical School with \$14,000,000 total. Assuming the debt service is approximately \$11,000,000; leaving 33.2% of \$3,000,000 dedicated to the Trust Fund. The 2009 community grants were approximately \$75,000/year.



*The Official Sponsor of Birthdays*

March 28, 2011

Committee on Ways and Means  
Senator David Y. Ige, Chair  
Senator Michelle Kidani, Vice Chair

**Hearing:**

9:30 a.m., Wednesday, March 30, 2011  
Hawaii State Capitol, Room 211

**RE: HB1330, HD1, SD1 – Relating to the Hawaii Tobacco Settlement Special Fund**

**Comments**

Chair Ige, Vice Chair Kidani and members of the Committee on Ways and Means. Thank you for the opportunity to offer these written comments on HB1330, HD1, SD1, which extends the appropriation of the portion of the Hawaii Tobacco Settlement Special Fund moneys for annual operating expenses of the John A. Burns School of Medicine (JABSOM) until June 30, 2015.

As the members know, the American Cancer Society has been a long time supporter and advocate of JABSOM and the use of Master Settlement Agreement (MSA) funds to build and help operate the Kakaako campus. At the same time, the Society has a mission to eliminate cancer as a major health problem in Hawaii through access to quality health care, medical and biomedical research, and public health policies that strongly advocate for an effective and sustainable tobacco control program.

**Needless to say, both our medical school and our tobacco control program have equally positive health impacts in the treatment and prevention of cancers in Hawaii. 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. We also see equal value in maintaining a viable tobacco control program dedicated to reducing the negative impact tobacco has on the health of our people.**

In recent years, the Hawaii Tobacco Prevention and Control Trust Fund had its yearly allocation from the MSA cut several times from 25% to 12.5% to 6.5% today. This provides slightly more than \$2.8 million annually to the fund. This year, the fund is expected to expend \$8.3 million. At this rate, the trust fund's balance will be almost depleted in eight or nine years.

We would suggest that the committees amend this bill, inserting language encouraging JABSOM to explore other funding options for operating cost. This makes good fiscal sense and would contribute to their long term sustainability.

American Cancer Society Hawaii Pacific, Inc., 2370 Nu'uuanu Avenue, Honolulu, Hawaii 96817-1714  
●Phone: (808) 595-7500 ●Fax: (808) 595-7502 ●24-Hour Cancer Info: (800) 227-2345 ●<http://www.cancer.org>

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

Sincerely,

A handwritten signature in black ink, appearing to read "G. Massengale", written in a cursive style.

George S. Massengale, JD  
Director of Government Relations





## HAWAII MEDICAL ASSOCIATION

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814  
Phone (808) 536-7702 Fax (808) 528-2376 www.hmaonline.net

**Wednesday, March 30, 2011, 9:30 a.m, Conference Room 211**

To: COMMITTEE ON WAYS AND MEANS  
Senator David Ige, Chair  
Senator Michelle Kidani, Vice Chair

From: Hawaii Medical Association  
Dr. Morris Mitsunaga, MD, President  
Linda Rasmussen, MD, Legislative Co-Chair  
Dr. Joseph Zobian, MD, Legislative Co-Chair  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

Re: HB 1330, HD1, SD1 RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND

In Support.

Chairs & Committee Members:

**Hawaii is short 644 Doctors - a 23% increase in supply is needed. The shortage is expected to increase to 50% in the next decade. Patients injured on neighbor islands often unnecessarily die or have lifelong medical issues due to our access to care crisis.**

Doctors have been leaving the state for the past decade due to increasing Malpractice Insurance Premiums, Increasing Managed Care Costs and decreasing Reimbursements from Public and Private Plans.

Efforts to make Hawaii a more viable place to practice Medicine continue to fail. The only hope that we have is to fund our Medical School.

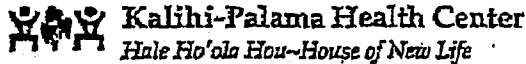
These shortage projections include a Medical School that can continue to attract individuals who want to practice in Hawaii despite the much less attractive economic environment Hawaii offers young Doctors when compared to the mainland.

**If the medical school is forced to raise tuition and decrease its rural outreach, our access to care problem will implode even faster than what is currently projected by Hawaii's workforce assessment.**

Thank you for the opportunity to provide this testimony.

### OFFICERS

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915 North King Street  
Honolulu, Hawaii 96817

Written Comments in Support  
Senate Committee on Ways and Means  
March 30, 2011

**HB 1330, HD1 SD1 Relating to the Hawaii Tobacco Settlement Special Fund**

Chair Ige, Vice Chair Kidani, and Members of the Committee, my name is Darrin Sato from *Kalihi-Palama Health Center*.

Please support HB 1330, HD1, SD1 which would extend the authorization for JABSOM to receive funding from the Tobacco Settlement Fund for operating purposes.

We ask that this Committee pass HB 1330, HD1 SD1 without a reduction in the amounts JABSOM may use for operating expenses.

A stable stream of these funds over the years has allowed JABSOM to conduct tobacco related programs, including incorporating tobacco prevention and treatment in its core curricula.

Research has shown that patients are 30% more likely to accept and follow through on smoking advice provided by their doctor than from any other source. There will be fewer physicians in Hawaii (especially on the neighbor islands) to give that life-saving advice if JABSOM loses the essential support of the Tobacco Settlement Fund. A study completed just last year found that because of retirements and increasing demands from an aging population, there is a need for about 150 new doctors per year. JABSOM is currently graduating less than half of that amount; yet the data show that the students who attend JABSOM are the most likely to remain and practice here — more than 50% of the practicing physicians in Hawaii have received some or all of their training at JABSOM or serve on its faculty.

As a Community Health Center, we provide training for medical students and residents. We utilize this as a means to attract future doctors into primary health care for the underserved population.

Use of the monies from the Tobacco Settlement makes practical sense, since it is often JABSOM programs and staff who work to conduct the research, studies, outreach and treatment of tobacco-related illness.

Thank you for your time in reviewing my comments.