



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

House Committee on Finance

Written Testimony Only

HB1330 HD1, RELATING TO
THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Acting Director of Health

March 1, 2011
3:00PM, Room 308

1 **Department's Position:** The Department of Health offers comments as the administrator of the tobacco
2 settlement special fund (TSSF).

3 **Fiscal Implications:** The University of Hawaii John A. Burns School of Medicine (UHJABSOM)
4 proposes to retain the entirety of the 28% portion of the TSSF to be used for debt service and for annual
5 operating expenses incurred by the new medical facility till June 30, 2015. In fiscal year 2011 the
6 UHJABSOM is projected to receive an estimated \$13.2 million, of which \$2.3 million would be retained
7 for the annual operational expenses of the new medical school facility. The projections also pertain for
8 the fiscal biennium revenue and distribution in 2012 and 2013.

9 **Purpose and Justification:** The Department provides the following abridged table of the changes in
10 distribution since Act 304 established the TSSF in 1999. The Hawaii Legislature established the TSSF
11 to receive revenues as a participating state in the 1998 master settlement agreement (MSA) between 46
12 states with five major tobacco companies. The recitals section in the agreement says the payments
13 *...will achieve for Settling States and their citizens significant funding for the advancement of public*
14 *health, the implementation of important tobacco-related public health measures. . .* In keeping with the

1 spirit of the original lawsuit and the MSA the 1999 Hawaii State Legislature passed Act 304, and stated
 2 that, *The fund shall serve as a mechanism to maximize financial resources for tobacco prevention and*
 3 *control, health promotion and disease prevention programs, children's health programs, and to serve as*
 4 *a long-term source of stable funding for prevention-oriented public health efforts (SB1034 CD1).*

Distributions	Act 304 1999 SLH	Act 270 2001 Special Session	Act 119 SLH	FY12 Projected Distribution
Rainy Day	40%	25.5%	15%	7,054,159
DOH/DHS S-CHIP	25%	25%	15%	7,054,159
DHS S-CHIP	10%	10%	10%	4,702,773
Tob Trust Fund	25%	12.5%	6.5%	3,056,802
UHJABSOM	N/A	28%	28%	13,767,764
General Fund	N/A	N/A	25.5%	12,789,496
Total Assessments to General Fund				2,329,732
Total FY12 Ceiling				50,154,886

5
 6 The University of Hawaii's portion was established during the Third Special Session of the 2001
 7 Legislature to promote higher education and to assist the ailing construction industry. Since that time,
 8 Chapter 328L-2(b)(4) was amended in 2007, to allow the funds to also be used for, *the payment of*
 9 *annual operating expenses incurred by the new medical school facility.* The Department values the
 10 partnership with the UHJABSOM in supporting the goals of public health. The DOH also respectfully
 11 requests that the proposal for UHJABSOM to retain funding through June 30, 2015 be done in
 12 consideration of the impact the redistribution of the special fund has had on public health prevention
 13 programs.

14 Thank you for this opportunity to testify.

15



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Finance
March 1, 2011 at 3 p.m.

by

Virginia S. Hinshaw, Chancellor

and

Jerris Hedges, MD, MS, MMM, Dean

John A. Burns School of Medicine

University of Hawai'i at Mānoa

HB 1330 HD1 RELATING TO THE HAWAII TOBACCO SETTLEMENT FUND

Aloha Chair Oshiro, Vice Chair Lee and members of the House Committee on Finance. Thank you for this opportunity to provide testimony in **support** of 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.

By allocating monies from the tobacco settlement fund to help operate JABSOM, the monies are put to their *most appropriate and effective use* as we train physicians for the **full range of services** needed to address tobacco addictions --- from prevention to cessation, education, outreach and treatment.

The investment that the State makes in the medical school helps not only deliver the tobacco cessation message and thus potentially prevent new injuries, but also helps provide the physicians who directly care for those injured by tobacco use.

Patients are more than 30% more likely to take the tobacco cessation advice of their physicians than other advocates.

The payback to the State for its investment is in helping to ensure there are practitioners in Hawai'i who can care for tobacco-related injury and deliver/reinforce tobacco cessation messages that last for the lifetime of each student's professional career, and touch the lives of tens of thousands of Hawai'i's citizens each year.

Citizens of Hawai'i will suffer the consequences of tobacco use for years after quitting, and no amount of prevention messaging will substitute for the care that our physicians will provide to those with tobacco-related illness.

The investment of the Tobacco Settlement Funds in the medical school is one of the best health bargains the State has today.

JABSOM is training more students than ever before. We expanded our class size to help meet the worsening doctor shortage---and the tobacco monies allowed us to do that. Our third-year medical students now have the option of doing part of their training in Hilo, West Hawai'i, Maui and Kaua'i. First-year and fourth-year medical students have the opportunity for elective

rotations on the islands of Hawai'i, Maui, Kaua'i and Moloka'i. This year, for the first time, first-year medical students have been placed in Hilo for a required three-month training block. These are bold steps taken to realize the dream of former Governor Burns to allow Hawai'i's children to become Hawai'i's most valuable citizens, those who serve to improve the health of others. Without the Legislature's vision in allocating these monies, these major steps would – especially given the past few years of economic crisis—have been impossible.

Hawai'i currently has a shortage of more than 600 physicians, and is expected to have a shortage of more than 1200 physicians within 10 years. The UH medical school is the primary source of practicing physicians in Hawai'i. More than 50% of all Hawai'i's current practicing doctors were trained at the School or serve on our faculty.

We are not able to consider increased enrollment to meet the demand for more doctors without continued financial support from the Legislature.

Tobacco cessation and tobacco dependence treatment for the people of Hawai'i are prominent throughout the medical school's curriculum; **every single medical student gets this training.** Our faculty, residents, medical students and related health care professionals provide care daily in offices, clinics and hospitals throughout Hawai'i. These healthcare providers routinely offer smokers help to quit smoking through interventional counseling and medications.

Tobacco settlement funds enable us to directly intervene as physicians and public health professionals to help people stop smoking. Here are some of the ways we do that:

- JABSOM supports the Principal Investigator and 95% of the Director's time to oversee the *Healthy Quit Smoking Program* at the Kapi'olani Medical Center for Women and Children. This service, which has trained and coordinated the services of 170 certified tobacco cessation specialists, nurses, and other health officials, seeks to reduce smoke exposure in the home (and car) affecting our children. This past year, the program received 2,210 referrals. Many of those were women, from low incomes, and about half were of Native Hawaiian ancestry.

The program works. After six months of counseling, the number of women smoking in the home was reduced from 18% (nearly one in five participants) to only 5%. At the start, just over half of the participants smoked in their car. That percentage was slashed by almost 40%. Funding comes from the Tobacco Prevention & Control Trust Fund and the Hawai'i Community Foundation, but also from JABSOM. Without JABSOM donating most of the time and salary of the Principal Investigator (100%) and the Director (95%) this program would have never happened.

- The Perinatal Addictions Treatment Clinic (PATH) Clinic, initiated with help from the Legislature, provides OB/GYN treatment and counseling for pregnant women and new mothers who are struggling with addictions, including smoking. Founded by one of the JABSOM faculty and staffed by the medical school's practice plan, this year the clinic began offering education in early childhood development, which includes the particular harms that addicting substances can cause for children.
- JABSOM medical students continue to voluntarily treat Hawai'i's homeless families (primarily children) at four state-sponsored shelters twice per week. Such efforts include an emphasis on healthy life-styles, including tobacco cessation.

- JABSOM faculty and students are actively involved in a variety of programs that benefit keiki in Kindergarten through 12th grade. Medical students visit 4th and 5th graders at schools throughout O'ahu, to provide interactive educational sessions about the risks, dangers and societal costs of tobacco smoking. The counseling is especially effective at securing the attention of pupils, because our medical students are closer to their own ages than many traditional role models.
- JABSOM provides services at community health centers, including those in Kalihi-Pālana, Waimānalo, on the North Shore of O'ahu, and Waikīkī, where patients are treated for tobacco-related illness and offered advice and help about reducing or stopping tobacco intake. Five to six first-year medical students are deployed to regional centers to work with patients each year.
- Our Cardiovascular Research Center has begun a partnership with The Queen's Medical Center to train two fellows (specialists) per year in cardiovascular disease, to help redress the lack of cardiologists in Hawai'i and to serve victims of cardiovascular disease. Smoking is a significant contributor to such cardiovascular disease, including strokes and heart attacks. Research in the Center for Cardiovascular Research will also focus on the impact that the abuse of methamphetamine and other drugs have on the heart.
- Our medical students organize and host an annual community health fair on campus, drawing media coverage and hundreds of citizens to see health products from local vendors and to learn about health care issues through health exhibits. Counseling against tobacco use is a primary focus of the health fair, with active participation by the Coalition for a Tobacco Free Hawai'i and other partners.
- JABSOM's Director of the Office of Public Health Studies at the medical school writes the questionnaire, analyzes the data and writes the reports evaluating the statewide *Clear The Smoke* and *Quitline* campaigns.
- A number of integrated programs aimed at cancer care and prevention throughout the Pacific are based at JABSOM. The "CEED" program is one that helps spread better health and prevention throughout the U.S. Affiliated Pacific Islands, as well as, among Pacific Islanders in Hawai'i.
- The Hawai'i Consortium for Continuing Medical Education provides required continuing education for physicians, frequently including updates and briefings about tobacco-related illness. The sponsorship committee consists of representatives of the Hawai'i Medical Association and JABSOM. The education efforts contribute to the significant role in tobacco cessation played by primary care physicians. From 1999 through last year, some 25 sessions by the school's Department of Medicine alone focused on tobacco cessation.

Please note that the direct application of tobacco settlement funds to the programs cited above is not always readily apparent in the University accounting system, since the funds are received very late in the fiscal year due to mainland protocols in administering the monies from the fund. JABSOM, thus, must use funds from other sources to cover these vital services until the tobacco funds arrive at the end of the fiscal year. Sometimes the funds arrive a day or two before the end of the fiscal year and must be spent before the fiscal year expires. It would be useful to have the ability to carry over the monies into the next fiscal year.

JABSOM is truly grateful for the opportunity to use the tobacco funds for a purpose that serves the entire state. To commemorate the importance of these funds, signs were installed on campus emphasizing that Tobacco Master Settlement Agreement funding contributed to the construction of the medical campus buildings. Related information is provided to our students and visitors during tours and training orientations. During our public tours of the campus and facilities, community groups and visitors learn how tobacco-related illness hurts our populations by increasing organ injury and raising costs for care and treatment. (Health care costs in Hawai'i related to tobacco use are estimated to exceed \$350 million annually in Hawai'i.)

In addition to supporting tobacco prevention, education and cessation efforts, the tobacco settlement monies are an investment by the Legislature, which has directly contributed to our school's ability to grow more physicians (who in turn care for more of those affected by tobacco-related illness). These funds helped mitigate the more than \$6 million dollar cut to our state general fund appropriation that occurred over the last 2 years.

The following is provided in response to many Legislators who have requested information on the likely outcome if the bill failed to pass. If JABSOM is denied use of the tobacco settlement funds for operating purposes, and this occurs without additional state General Funds or other yet unidentified revenue, such that only the debt service is covered with TSSF after June 30, 2015, it will be forced to significantly raise medical student tuition, reduce the proportion of trainees from Hawai'i (90% of our students are local students), and/or reduce programs as outlined below to make up for the loss of operating funds. The first two options (major tuition increases and changes in the proportion of trainees from Hawai'i) will have a significant negative impact upon the State of Hawai'i's physician workforce and both require approval by the Board of Regents.

JABSOM would, of course, cut back to all but its core mission, and programs, such as the following, could be considered for reduction or elimination:

- **Rotation of medical students for Neighbor Island training in Hilo, West Hawai'i, Maui, Molokai, Lanai and Kauai.** The costs of educational service delivery are disproportionately higher on the neighbor islands. This action would of course eliminate the opportunity to grow the medical school class size.
- **Neighbor Island residency programs for Family Medicine physicians.** Currently, the startup clinic for this effort is operating in Hilo. Faculty time and effort would be concentrated on Oahu where the costs of educational service delivery are lower.
- **Imi Ho'ola post-baccalaureate program.** This program provides an intense preparatory year for students with educational and social disadvantages. The program prepares these students for the rigors of medical school. It has been a major pipeline for under-represented local students into the medical school. Without TSSF funds, this program will need to be reduced from 12 to a maximum of 6 students per year.
- **Training of speech pathologists and medical technicians.** At this time, there is no other source of this training in Hawai'i. Actual savings would require 3-4 years to accrue given the delays inherent with the procedure for any UH program closure.
- **Reduction of medical student positions reserved for residents from 90% to 60% of entering class.** Combined with a potential doubling of tuition over next 6 years, these measures will require UH Board of Regent support and could not be immediately

implemented. Both measures would dramatically reduce the number of student graduates who ultimately practice in Hawai'i.

We urge this Committee to pass HB 1330 HD1.

Thank you for this opportunity to testify.

Written Testimony Presented Before the
House Committee on Finance
March 1, 2011 at 3:00 pm
By
Michele Carbone, MD, Director
University of Hawaii Cancer Center

HB 1330, HB 1 RELATING TO THE HAWAI'I TOBACCO SETTLEMENT FUND

Chair Oshiro, Vice Chair Lee and members of the House Committee on Finance, mahalo for the opportunity to share our support for HB 1330, 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.

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 ground-breaking 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.



HAWAII MEDICAL ASSOCIATION

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

Thursday, March 1, 2011, 3:00 pm, Conference Room 308

To: COMMITTEE ON Finance
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, 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 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

**PRESIDENT - MORRIS MITSUNAGA, MD PRESIDENT-ELECT - ROGER KIMURA, MD
SECRETARY - THOMAS KOSASA, MD IMMEDIATE PAST PRESIDENT - DR. ROBERT C. MARVIT, MD TREASURER
- STEPHEN KEMBLE, MD EXECUTIVE DIRECTOR - CHRISTOPHER FLANDERS, DO**



**Testimony to the House Committee on Finance
Tuesday, March 01, 2011
3:00 p.m.
Conference Room 308, State Capitol
Agenda #6**

**RE: HOUSE BILL NO. 1330 HD1 RELATING TO THE HAWAII TOBACCO
SETTLEMENT SPECIAL FUND**

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

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports HB 1330 HD1.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

A principal part of the Chamber's role has been to foster and improve healthcare in Hawaii through our support of the John A. Burns School of Medicine (JABSOM) and partnership with the hospitals in Hawaii. The Chamber recognizes that JABSOM plays a major role in supplying the state with much needed qualified physicians.

We are writing in strong support of HB 1330 HD1, which extends the appropriation of a portion of Hawaii tobacco settlement special fund moneys for annual operating expenses of JABSOM until June 30, 2015, and adds annual reporting requirements. Act 264 which was passed in 2007 allowed JABSOM to utilize the tobacco settlement funds for operating expenses. However, Act 264 will sunset as of June 2011. Once Act 264 sunsets, the ability of JABSOM to apply tobacco settlement funds for operating expenses will be eliminated. This will have a significant negative impact upon JABSOM's ability to graduate new physicians.

JABSOM plays a major role in educating and thereby providing physicians in Hawaii. As much as 80% or more of its graduating physicians remain in Hawaii, providing much needed health care locally. Nearly 90% of JABSOM's students are residents of Hawaii. Without JABSOM, Hawaii's students would have to be sent to another state to train, and the likelihood of their returning to practice in Hawaii would be compromised because of the allure of higher incomes and lower costs of living.

Additionally, JABSOM's faculty members do not just teach. Many of them also have active practices and treat Hawaii's families, practicing in partnership with our teaching hospitals. With the increasing shortage of physicians throughout the state, eliminating funding to JABSOM will

reduce its ability to continue to "grow" more physicians for our citizens. Clearly, the gap between physician workforce needs and physician availability is growing and will continue to do so as our population and physician workforce continues to age.

Therefore, we urge the Committee to pass HB 1330 HD1 and maintain the funding mechanism for JABSOM. Thank you for the opportunity to testify.



HOUSE COMMITTEE ON FINANCE
Rep. Marcus Oshiro, Chair

Conference Room 308
March 1, 2011 at 3:00 p.m. (Agenda #6)

Supporting HB 1330 HD 1.

The Healthcare Association of Hawaii advocates for 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 HB 1330 HD 1, which extends the sunset provision of a law that allocates a portion of the tobacco settlement funds to the John A. Burns School of Medicine (JABSOM).

In 2007 the Legislature passed SB 1283, enacted as Act 264, SLH 2007, which allocates a portion of Hawaii's tobacco settlement moneys to pay for a portion of the operating expenses of JABSOM. HB 1330 HD 1 extends the sunset provision of Act 264.

JABSOM engages in various activities that reduce the use of tobacco. For example, JABSOM provides substantial financial support to a program at Kapiolani Medical Center for Women and Children that reduces children's exposure to smoke. The program has demonstrated success in significantly reducing the number of women who smoke in the home and in their car.

In addition, the academic programs of JABSOM include topics such as the effects of tobacco, the treatment of diseases caused by tobacco, and tobacco cessation. Ultimately, Hawaii's residents are the beneficiaries because JABSOM graduates now comprise a major portion of the physicians who are practicing in Hawaii.

The allocation of tobacco settlement funds to JABSOM has been working well, and it should continue.

For the foregoing reasons, the Healthcare Association supports HB 1330 HD 1.

HMSA



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March 1, 2011

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance

Re: HB 1330 HD1 – Relating to the Hawaii Tobacco Settlement Special Fund

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1330 HD1 which extends the authorization to June 30, 2015, the use of a portion of the Hawaii Tobacco Settlement Special Fund (Tobacco Funds) by the John A. Burns School of Medicine (JABSOM). HMSA supports this legislation.

JABSOM stands as the fulcrum of Hawaii's development as the health center of the Pacific. We believe that JABSOM has made wise use of its share of the Tobacco Funds by investing in the training of medical professionals and technicians who go on to live and work in Hawaii. And, we very much are cognizant of the need for such services in our remote island communities.

In addition to training physicians, Tobacco Funds have been used to train speech pathologists, medical technicians, and public health specialists – all members of the health care community. The nexus between the Tobacco Funds and these health care providers is clear. The health risks of tobacco use and second hand smoke is evident and documented in cases of lung cancer, pneumonia, asthma, and higher blood pressure.

We believe that every effort to address the cause and effects of tobacco use, including the schooling of those professionals and technicians who help to ameliorate those factors, is imperative and a proper use of the Tobacco Funds. We recommend the passage of this Bill.

Thank you for the opportunity to testify today.

Sincerely,

A handwritten signature in black ink, appearing to read "JD", with a long horizontal stroke extending to the right.

Jennifer Diesman
Vice President
Government Relations



THE QUEEN'S MEDICAL CENTER

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

Representative Marcus R. Oshiro, Chair
Representative Marilyn B. Lee, Vice Chair
HOUSE FINANCE COMMITTEE

Tuesday March 1, 2011 – 3:00 p.m.
State Capitol, Conference Room 308

RE: HB 1330 HD1 Relating to the Hawaii Tobacco Settlement Special Fund

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 HB 1330 HD1 which extends 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, 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.



HAWAII PACIFIC HEALTH

55 Merchant Street
Honolulu, Hawaii 96813-4333

Kapi'olani • Pali Momi • Straub • Wilcox

808-535-7401
www.hawaiihealth.org

Tuesday, March 1, 2011
Conference Room 308

The House Committee on Finance

To: Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **HB 1330, HD1 RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND**
Testimony in Support

My name is Ginny Pressler, MD Executive Vice President at Hawaii Pacific Health (HPH). Hawaii Pacific Health is a nonprofit health care system and the state's largest health care provider, committed to providing the highest quality medical care and service to the people of Hawaii and the Pacific Region through its four affiliated hospitals, 44 outpatient clinics and more than 2,200 physicians and clinicians. The network is anchored by its four nonprofit hospitals: Kapi'olani Medical Center for Women & Children, Kapi'olani Medical Center at Pali Momi, Straub Clinic & Hospital and Wilcox Memorial Hospital. Collectively, they lead the state in the areas of women's health, pediatric care, cardiovascular services, bone and joint services and cancer care. Hawaii Pacific Health ranks among the top 3.8 percent of hospitals nationwide in electronic medical record adoption, with system-wide implementation that allows its hospitals to offer integrated, coordinated care throughout the state. Learn more at: <http://www.hawaiihealth.org>

We are writing in strong support of HB 1330 which would extend the sunset date on the 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.

JABSOM is the only medical school in Hawaii. The majority of physicians practicing in Hawaii are graduates of JABSOM or its residency program. As many as 80% of JABSOM's graduating physicians remain in Hawaii, providing much needed health care throughout the state.

HPH maintains a close working relationship with JABSOM. Many of JABSOM's residency programs are based in our hospitals; many of JABSOM's graduates also practice in our hospitals. Given the projected shortages of physicians and healthcare professionals for the state, JABSOM's continued ability to educate and train future physicians for practice in Hawaii is critical. Extending the sunset date on the tobacco settlement monies to 2015 is vital to JABSOM's sustainability.

We ask that you pass HB 1330. Thank you for your time regarding this measure.



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February 27, 2011

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

Hearing:

3:00 p.m., Tuesday, March 1, 2011
Hawaii State Capitol, Room 308

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

Comments

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

As the committee 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.

In our previous comments, we ask the subject matter committees to ensure that JABSOM develops and implements practices that will provide for the school's sustainability for the long term, and from July 1, 2015, JABSOM not rely on MSA moneys. We need to replenish funds that were lost because of the allocation percentage cuts made to the Tobacco Prevention and Control Trust Fund over the last few years. If we do not address this issue there may not be an effective tobacco control program in the State of Hawaii.

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

Sincerely,

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

George S. Massengale, JD
Director of Government Relations



COALITION FOR A
TOBACCO-FREE HAWAII

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: February 28, 2011
Hrg: Committee on FIN; March 1, 2011 in Rm 308 at 3:00 p.m. AGENDA #6
Re: **Opposition to HB 1330, HD 1: Relating to the Hawaii Tobacco Settlement Special Fund**

Thank you for the opportunity to provide testimony in opposition to HB 1330, HD 1. The Coalition for a Tobacco Free Hawai'i opposes HB 1330, HD 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.

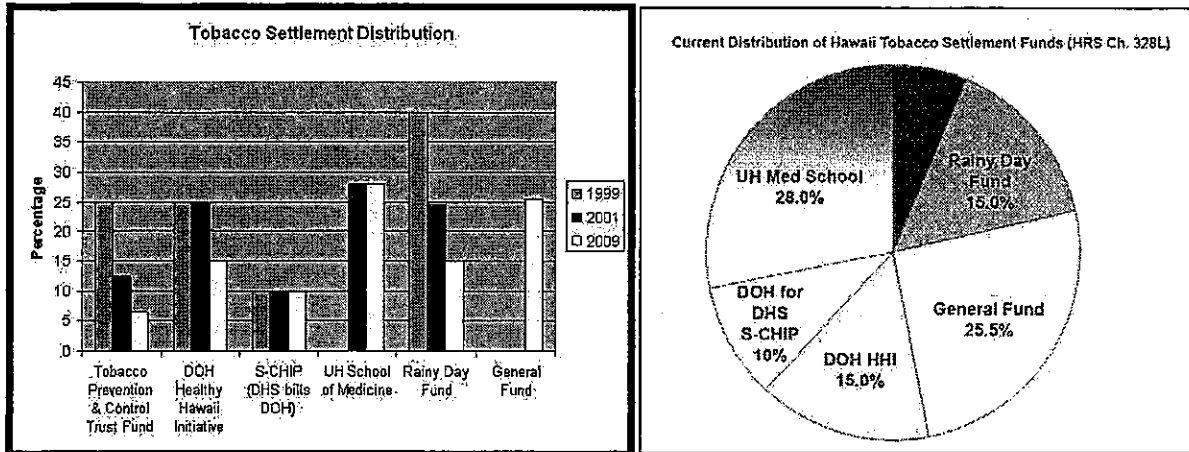
Hawaii's Tobacco Settlement Funds Have Been Dramatically Reduced and Must Be Returned to Tobacco Prevention

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.¹ 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%. And this amount has never been cut.

¹ 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).



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

Consistent funding for Tobacco Prevention & Tobacco-Dependence Programs saves lives and money. We have made significant progress in reducing tobacco use and saving lives because of the investment in tobacco prevention and control. If funds are further cut, this progress will end.

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.² Compare the \$402 million saved to the \$58.6 million spent on tobacco prevention and control efforts from 2002-2008.³

Tobacco use remains a serious health issue. Tobacco continues to kill more people than alcohol, murders, AIDS, car crashes, illegal drugs and suicides COMBINED. In fact, lung cancer associated with tobacco use kills more women than breast cancer in Hawai'i. Hawai'i still has over 150,000 adult smokers throughout the State. And more than 1,000 Hawai'i youth become daily smokers each year. Smoking costs us over half a billion dollars per year in smoking-related health care costs and lost productivity.

² Email from Department of Health to Coalition, citing Return on Investment Calculation from DOH Epidemiologist Tonya Lowery St. John.

³ 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.

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 the debt service for the Medical School's construction. This reduced the portion for tobacco prevention by half.

The Legislature's support of the Medical School was never intended to fund operations; and the support was meant to be temporary. If the Medical School did not use all of the moneys, remaining amounts would be returned to the Rainy Day Fund and the Hawai'i Tobacco Prevention and Control Trust Fund. Once the debt had been paid, the Tobacco Settlement moneys would go back to the Rainy Day Fund (80%) and Tobacco Prevention and Control Trust Fund (20%).

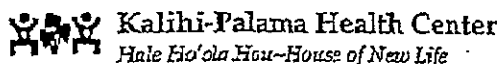
In 2007, the Legislature gave the Medical School temporary use of the Tobacco Settlement funds for debt service and operations.

The funds now used for Medical School operations that would be distributed to tobacco prevention efforts could fund 12 community grants for one year or 4 grants for 3 years. The community lost programs as a result of cuts to the Tobacco Prevention and Control Trust Fund. Our state cannot afford to have Tobacco Settlement moneys directed away from tobacco prevention efforts.

We want to see the Medical School survive for the long-term. Our state must not continue providing the school with opportunity after opportunity to use Tobacco Settlement funds without a clear plan in place for a financially secure future at the expense of tobacco prevention and cessation efforts that are working. While the Coalition wishes to see a decreased need for tobacco prevention efforts, the reality is our prevention efforts are working in a David v. Goliath fight against an industry that has a legal duty to its shareholders to make a profit. We must remember that this profit is made on the backs of tobacco users, resulting in costly and ravaging harms to people and our state. We call on our strong leaders to uphold its duty to the people to protect the public health.

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.



915 North King Street
Honolulu, Hawaii 96817

House Committee on Finance
Tuesday, March 1, 2011

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

Chair Oshiro, Vice Chair Lee, and Members of the Committee, my name is Darrin Sato from *Kalihī-Palama Health Center*.

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

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 testimony.

The American Heart Association mission is: Building healthier lives free of cardiovascular diseases and stroke.



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Testimony on HB 1330, Relating To The Hawaii Tobacco Settlement Special Fund

One of the American Heart Association's leading policy focuses is to insure that each state invests in tobacco prevention, control and cessation programs at at least the minimum level recommended by the Centers for Disease Control. Tobacco use remains the leading preventable cause of death in our state and in the country, and a leading risk factor for heart disease and stroke.

The U.S. Centers For Disease Control (CDC) recommends that Hawaii needs to invest a *minimum* of \$15.4 million each year to fund an effective, comprehensive tobacco control program. The most that Hawaii has invested since the Tobacco Prevention and Control Trust Fund was established was approximately \$8 million.

At the same time, according to the Federal Trade Commission, the tobacco companies spend approximately \$42 million each year toward marketing and advertising their deadly products in Hawaii.

The American Heart Association also supports the University of Hawaii John A. Burns School of Medicine. In fact, it is currently funding a \$95,000 research grant at JABSOM. However, it believes that JABSOM's operational costs (janitorial services, landscaping, electricity, etc.) should be funded from a source other than those that were originally targeted to fund community tobacco prevention and control programs throughout our state. That loss of revenue means that fewer new community programs can be established and it has stalled the growth of a sustainable infrastructure of programs that would otherwise have further reduced smoking rates, and deaths and disability caused by tobacco use.

A study completed last year by Penn State University estimated that in Hawaii the annual direct costs to the economy attributable to smoking were in excess of \$1.1 billion, including workplace productivity losses of \$215 million, premature death losses of \$449 million, and direct medical expenditures of \$444 million. While the retail price of a pack of cigarettes in Hawaii is on average \$7.45, the combined medical costs and productivity losses attributable to each pack of cigarettes sold are approximately \$23.26 per pack of cigarettes.

Allocations to the Tobacco Prevention and Control Trust Fund were halved from 25 percent of annual Tobacco Settlement Funds received by Hawaii to only 12 ½ percent in 2001 following the 9/11 attacks to pay for construction of the new University of Hawaii medical school. At that time, the intent was to build the medical school and then return any moneys in excess of that needed for the construction to the Tobacco Settlement Fund, with the returned funds being allocated 80% to the "rainy day fund" and "20% to the Tobacco Prevention Fund. Since then, allocations to the Trust Fund were cut in half again so that currently only 6 ½ percent of the Settlement Funds actually fund tobacco prevention, cessation and control programs.

Please remember the American Heart Association in your will.

Serving Hawaii since 1948

For information on the AHA's educational or research programs, contact your nearest AHA office, or visit our web site at www.americanheart.org.

Honolulu County:
667 Ala Moana Blvd.,
Suite 600
Honolulu, HI 96813-5485
Phone: 808-538-7021
Fax: 808-538-3443

Maui County:
J. Walter Cameron Center
95 Mahalani Street, No. 13
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Phone: 808-244-7185
Fax: 808-242-1857

Hawaii County:
400 Hualani Street, Ste. 15
Hilo, HI 96720-4344
Phone: 808-961-2825
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Kauai County:
(served by the Oahu office)
Toll-Free 1-866-205-3256



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Returning those funds diverted for the Medical School construction and operations to help Hawaii smokers and youth to cease from smoking, or to never start, will insure that future generations of Hawaii taxpayers will no longer have to subsidize tobacco industry profits through the payment of tobacco-related healthcare costs.

The structure of the Master Settlement Agreement payments from the tobacco industry to the state are based on national smoking rates. As smokers die, and tobacco-control efforts continue to successfully wean current tobacco users off their addiction and prevent new smokers from starting, payments from the industry to the state will drop, thus making those payments an unstable source of operating income for the Medical School. Drops in tobacco control program funding as a result of drops in smoking rates would be not only acceptable, but a goal of those programs. A reduction in smoking rates, the death and disability caused by tobacco use, and its resulting economic costs should also be the goal of the state.

While the American Heart Association of Hawaii supports the U.H. John A. Burns School of Medicine, and in fact has invested millions of dollars in research there, it strongly urges legislators to identify an alternative, more appropriate, stable source of funding for the Medical School's day-to-day operations. Tobacco settlement funds should be used to help those who affected directly by tobacco addiction and tobacco industry marketing.

Respectfully submitted,

Donald B. Weisman
Hawaii Government Affairs Director

Testimony: Finance Committee
March 1, 2011 • 3 p.m.

Barbara A. Hastings
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Hilo, Hawaii 96720
bahastings@me.com

There are two reasons for you to vote against HB 1330, HD 1.

It was not the deal on which the Tobacco Settlement money was based. Citizens and elected officials made a decision on this matter. It should not be our way to renege or seriously alter these decisions, made legally and in good conscience.

The idea behind using it for tobacco prevention is to reduce overall costs to the medical system. I'm sure you read the studies, so I won't burden you with the scientific evidence.

Mahalo for your efforts on behalf of our state. We know you serve in a stressful time.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 01, 2011 7:50 AM
To: FINTestimony
Cc: Bill_Walaka@hotmail.com
Subject: Testimony for HB1330 on 3/1/2011 3:00:00 PM

Testimony for FIN 3/1/2011 3:00:00 PM HB1330

Conference room: 308
Testifier position: oppose
Testifier will be present: No
Submitted by: WILLIAM WALTER
Organization: Individual
Address:
Phone:
E-mail: Bill_Walaka@hotmail.com
Submitted on: 3/1/2011

Comments:

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