



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Health
February 8, 2011 at 9:30am

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 RELATING TO THE HAWAII TOBACCO SETTLEMENT FUND

Aloha Chair Yamane, Vice Chair Morikawa and members of the House Committee on Health. Thank you for this opportunity to provide testimony in **support** of 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 amendment is requested to conform to the sunset date on the allocation for debt services.

The legislature was both generous and wise in choosing to allow monies from the tobacco settlement fund to help operate the John A. Burns School of Medicine. Arguably, the monies are put to their **highest and best use** as we train physicians needed to care for illnesses caused by the use of tobacco and the harm caused by exposure to cigarette smoke. The funds enable us to directly intervene as physicians and public health professionals to help people stop smoking. And the money supports our development of neighbor island training and treatment opportunities.

As you hear this bill, the medical school 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 training in Hilo, West Hawai'i, Maui and Kaua'i. while 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. We simply are not able to consider increased enrollment to meet workforce needs statewide without continued financial support from the Legislature.

Remember also that in designating money to the school of medicine, you also enable JABSOM to continue programs to train speech pathologists, medical technicians, and public health specialists. JABSOM is the only avenue of training in these fields in Hawai'i.

The John A. Burns School of Medicine's faculty, students and staff work diligently *on the front lines* of community centers trying to mitigate smoking's deadly impact. **Half of all physicians**

practicing in Hawai'i and treating Hawai'i's people right now are either JABSOM faculty members or graduates of JABSOM or its post-graduate residency training programs.

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.

Tobacco's victims include our youngest keiki. It is estimated that 60 percent of American children ages 4–11 years are exposed to secondhand smoke at home. Research has shown that children (especially infants) of parents who smoke have more lung illnesses, such as bronchitis and pneumonia, and can develop asthma. Most recently, scientists reported that keiki even suffer higher blood pressure from exposure to second-hand smoke.

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.

Further, our 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 our 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.

Our medical students continue to voluntarily treat Hawaii'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.

Also, our faculty and students are actively involved in a variety of programs that benefit 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.

Our medical school 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.

The medical school's 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.

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. Nonetheless, these funds are essential to the operations of the school and its ability to meet its missions to the community.

We are proud to express our appreciation for this funding from the Hawai'i State Legislature and former Governor Ben Cayetano. The school makes a daily commitment to better health and overcoming and addressing the ills of tobacco use, which will continue to challenge our state for generations to come.

To commemorate the importance of these funds, the medical school has installed signs on campus emphasizing that Tobacco Master Settlement Agreement funding has 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.)

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.

Our 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.

We have a number of integrated programs aimed at cancer care and prevention throughout the Pacific. 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 the John A. Burns School of Medicine. 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.

In addition to supporting our tobacco 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 reduction in our state general funding appropriations over the last 3 years.

The significant shortage of physicians in Hawai'i worsens annually as the population ages and requires more care. The John A. Burns School of Medicine is the best source for doctors in our community. We train 256 medical students year-round, and, through partnering with our major local hospitals, we simultaneously train another 240 post-graduate trainees or "residents": men and women with their medical degrees who are treating patients while mastering their skills in fields including internal medicine, pediatrics, obstetrics and family medicine.

We have another 12 students who are from culturally disadvantaged backgrounds for whom we are providing a fifth year of college study, so that they may become medical students. Additionally, we have another approximately 120 undergraduate and graduate students studying health sciences, including Public Health, Medical Technology and Communication Science Disorders.

JABSOM attracts major funding into the community - \$70 million awarded and \$40 million expended last year --- that supports jobs in Hawai'i, providing research and outreach to benefit our community.

In directing JABSOM to use tobacco settlement monies for some of our operating expenses the Legislature has allowed the medical school to survive, to lead treatment for the estimated \$350 million in annual health care services required to treat Hawaii's people today because of smoking, and to train needed health care professionals for the future throughout Hawai'i.

We urge this Committee to endorse HB 1330.
Thank you for this opportunity to testify.



HOUSE COMMITTEE ON HEALTH
Rep. Ryan Yamane, Chair

Conference Room 329
Feb. 8, 2011 at 9:30 a.m.

Supporting HB 1330.

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, which extends the sunset of a law that allocates a portion of the tobacco settlement fund to the John A. Burns School of Medicine (JABSOM).

In 2007 the Legislature passed SB 1283, which was enacted as Act 264, SLH 2007, which allocates a portion of Hawaii's tobacco settlement moneys to pay for the operating expenses of JABSOM. It should be noted that JABSOM includes tobacco cessation in its academic programs, so it is an appropriate use of the moneys. The allocation to JABSOM has been working well, and it should continue.

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



HAWAII PACIFIC HEALTH

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Tuesday, February 8, 2011
Conference Room 329

The House Committee on Health

To: Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair

From: Virginia Pressler, MD, MBA
Executive Vice President

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

My name is Ginny Pressler, MD Executive Vice President at Hawai'i Pacific Health (HPH). Hawai'i 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 Hawai'i 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. Hawai'i 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.hawaiipacifichealth.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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Rep. Ryan I. Yamane, Chair
Rep. Dee Morikawa, Vice Chair
COMMITTEE ON HEALTH

Tuesday, February 8, 2011 – 9:30 a.m.
State Capitol, Conference Room 329

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

Chair Yamane, Vice Chair Morikawa and Members of the Committee:

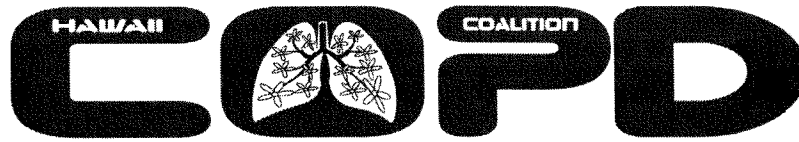
My name is Sharlene Tsuda, Vice President, Community Development of The Queen's Health Systems, testifying in strong support of HB 1330 which extends the sunset date in Act 264, relating to tobacco fund settlement, for continued use by the John A. Burns School of Medicine (JABSOM).

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.



February 6, 2011

Dear Health Chair Representative Ryan Yamane and Vice Chair Representative Dee Morikawa and members of the committee:

Re: **Opposition to HB1330, RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND.**

My name is Valerie Chang. I am Executive Director of the Hawaii COPD Coalition. Our organization provides services and support and improves treatment for Hawaii's people affected by Chronic Obstructive Pulmonary Disease (COPD), more commonly known as emphysema, chronic bronchitis and similar conditions. COPD is now the third leading cause of death in the US. Our 2007 and 2008 survey data reveal that slightly under 4% or about 20,000 to 30,000 of Hawaii adults have been told they have COPD, emphysema and/or chronic bronchitis. It is estimated that at least another 20,000 to 30,000 Hawaii adults remain undiagnosed while suffering from COPD. Tobacco smoking is the major cause of these health conditions. For more information and Hawaii Department of Health's Burden of COPD in Hawaii 2010 Report to go <http://hawaiicopd.org>. We are one of the shrinking remaining community cessation grantees from the Hawaii Tobacco Settlement Special Fund.

We oppose HB1330. Our organization is very concerned about the constant diversion of funds available for Hawaii tobacco prevention and control. Some of these are funds that have been diverted to the John A. Burns School of Medicine (JABSOM). Originally, it was for debt service; now that the amount has been lessened due to refinancing, the medical school wants to keep using it for operational expenses. We are very concerned that these funds are not being used for curriculum and research to help Hawaii's people with respiratory disease, including COPD and asthma, as well as smoking prevention and cessation programs, since that is why the Tobacco Prevention and Control Trust was created!

Another concern we have is more promises we heard made by Dean Hedges on behalf of JABSOM, to expand to do more on the neighbor islands, including possibly building a residency program for some unspecified millions in start up and more millions in ongoing expenses. This is when JABSOM seeks to continue diverting operational funds for its Kakaako site with NO proposal as to where it will get funds to be self-sustaining.


JABSOM needs to do MUCH more to support Hawaii's tobacco prevention and cessation efforts, not constantly erode and divert funding for these efforts and programs. *JABSOM also needs to come up with a viable plan to become an economically self sufficient entity, as it was originally envisioned; to date no such plan has emerged or been proposed by JABSOM with benchmarks and regular reviews, despite its repeated promises to the legislature and people of Hawaii for over a decade.*

Please continue to do the right thing to restore funding back to the Tobacco Prevention and Control Special Fund, which keeps our community programs working for tobacco prevention and control. We have lost many valuable community programs due to funding cuts and many more continue to be threatened. ***Please hold HB1330 in Committee.*** It will save our state so much money in healthcare costs and improved health for ALL of us!

Aloha,
Valerie Chang, JD
Executive Director
Hawaii COPD Coalition
Website: www.hawaiicopd.org.
e-mail: copd.hawaii@yahoo.com
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Honolulu, HI 96813



COALITION FOR A
TOBACCO-FREE HAWAII

To: The Honorable Ryan I. Yamane, Chair, Committee on Health
The Honorable Dee Morikawa, Vice Chair, Committee on Health
Members, House Committee on Education
From: Trisha Y. Nakamura, Policy and Advocacy Director 
Date: February 6, 2011
Hrg: Committee on HLT; February 8, 2011 in Rm 329 at 9:30 a.m.
Re: **Opposition to HB 1330: Relating to the Hawaii Tobacco Settlement Special Fund**

Thank you for the opportunity to provide testimony in opposition to HB 1330. The Coalition for a Tobacco Free Hawai'i opposes HB 1330 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 any effort to address the doctor shortage in Hawai'i or efforts to improve medical care here at home. 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

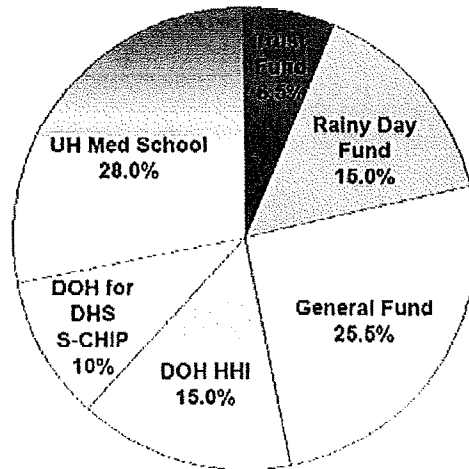
Hawai'i receives Tobacco Settlement moneys as the result of a settlement entered into between 46 states and the major tobacco companies to recover damages for tobacco-related health care costs paid by taxpayers because of the harms caused by cigarettes.

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.

In the last few years, 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/lmsa.pdf> (last visited Jan 28, 2010).

Current Distribution of Hawaii Tobacco Settlement Funds (HRS Ch. 328L)



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

Although we've made significant progress in reducing tobacco use and saving lives because of the investment in tobacco prevention and control, 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.

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 and Tobacco Prevention and Control Trust Fund.

In 2007, the Legislature gave the Medical School temporary use of the Tobacco Settlement funds for debt service and operations. Again, this was intended to be temporary, to provide the Medical School more time to develop and implement a financial plan for the Medical School's self-sustainability.

What is now funding Medical School operations could be supporting almost four community grants for three 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. 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. Our organization is a nonprofit organization of over 3,000 organizations and members working to create a healthy Hawai'i through comprehensive tobacco prevention and control efforts. The Coalition started in 1996, under the auspices of the American Cancer Society and was joined by the American Heart Association and the American Lung Association. These three organizations together with many others worked on the initial legislation on how the Tobacco Settlement moneys should be used to promote tobacco prevention and control



The Official Sponsor of Birthdays

February 6, 2010

Committee on Health
Representative Ryan Yamane, Chair
Representative Dee Morikawa, Vice Chair

Hearing:

9:30 a.m., Tuesday, February 8, 2011
Hawaii State Capitol, Room 329

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

Comments

Chair Yamane, Vice Chair Morikawa and members of the Committees on Health. Thank you for the opportunity to offer these comments on HB1330 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 for 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.

For the new members of the committee, we would note that initially funds allocated to JABSOM were to underwrite the bonding for the new medical school campus. At that time, strong assurances were made that the money would only be used for bond underwriting and not operating cost, and that unspent funds would be returned back to the MSA fund. This has never happened.

In moving forward, we ask that the legislature ensure that JABSOM develops and implements practices that will provide for the school's sustainability for the long term. That, 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.

Mahalo 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

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.

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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 Advocacy Director