

Written Testimony Presented Before the  
House Committee on Health  
March 15, 2011 at 8:30 am

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

**SB 239, SD2 RELATING TO THE HAWAII TOBACCO SETTLEMENT FUND**

Chair Yamane, Vice Chair Morikawa and members of the House Committee on Health, mahalo for the opportunity to share our support for SB 239, SD2, 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 Hawaii 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 Hawaii. 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 Hawaii at Manoa.

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.

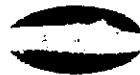
Cancer research and care is enhanced by strong alliances with community and educational partners. The medical school is a valuable partner in the University of Hawaii Cancer Consortium. Formed to support the growth and expansion of cancer research and care in our state, the consortium exists to channel 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 SB 239, and continue your commitment to improving the well being of the people of Hawai'i.

Extending the sunset date on the tobacco settlement monies to 2015 and allowing JABSOM to apply the entirety of the funds (after debt service) for operating expenses are vital to health care in Hawaii.

We ask that this Committee pass SB 239, SD2 without a reduction in the amounts JABSOM may use for operating expenses. Thank you for your time regarding this measure.



# HAWAII PACIFIC HEALTH

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Honolulu, Hawaii 96813-4333

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808-535-7401  
www.hawaiipacifichealth.org

**Tuesday, March 15, 2011**  
**Conference Room 329**

**The House on Health**

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

**From:** Virginia Pressler, MD, MBA  
Executive Vice President

**Re:** **SB 239, SD 2 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 SB 239, SD2 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 and allowing JABSOM to apply the entirety of the funds (after debt service) for operating expenses are vital to JABSOM's sustainability.

We ask that this Committee pass SB 239, SD2 without a reduction in the amounts JABSOM may use for operating expenses. Thank you for your time regarding this measure.



**WILCOX HEALTH**

Affiliates of Hawai'i Pacific Health

# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

March 15, 2011

The Honorable Ryan Yamane, Chair  
The Honorable Dee Morikawa, Vice Chair  
House Committee on Health

**Re: SB 239 SD2 – Relating to the Hawaii Tobacco Settlement Special Fund**

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

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 239 SD2. HMSA supports that provision of the Bill that extends the authorization to June 30, 2015, for the use of a portion of the Hawaii Tobacco Settlement Special Fund (Tobacco Funds) by the John A. Burns School of Medicine (JABSOM). However, we offer no comments on the other provisions of 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.

Thank you for the opportunity to testify today.

Sincerely,

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

Jennifer Diesman  
Vice President  
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

**Tuesday, March 15, 2011, 8:30AM, Conference Room 329**

To: COMMITTEE ON HEALTH  
Rep. Ryan I. Yamane, Chair  
Rep. Dee Morikawa, 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: SB 239, SD2 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.

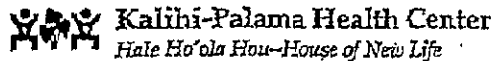
These shortage projections include a Medical School that can continue to attract individuals who want to practice in Hawaii despite the much less attractive economic environment Hawaii offers young Doctors when compared to the mainland.

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



915 North King Street  
Honolulu, Hawaii 96817

House Committee on Health  
Tuesday, March 15, 2011

**SB 239, SD2 Relating to the Hawaii Tobacco Settlement Special Fund**

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

Please support SB 239, SD2 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. Extending the sunset date on the tobacco settlement monies to '2015 and allowing JABSOM to apply the entirety of the funds (after debt service) for operating expenses are vital to JABSOM's sustainability.

We ask that this Committee pass SB 239, SD2 without a reduction in the amounts JABSOM may use for operating expenses.

Thank you for your time in reviewing my testimony.



To: The Honorable Ryan I. Yamane, Chair, Committee on Health  
 The Honorable Dee Morikawa, Vice Chair, Committee on Health  
 Members, House Committee on Health

From: Trisha Y. Nakamura, Esq., Policy and Advocacy Director

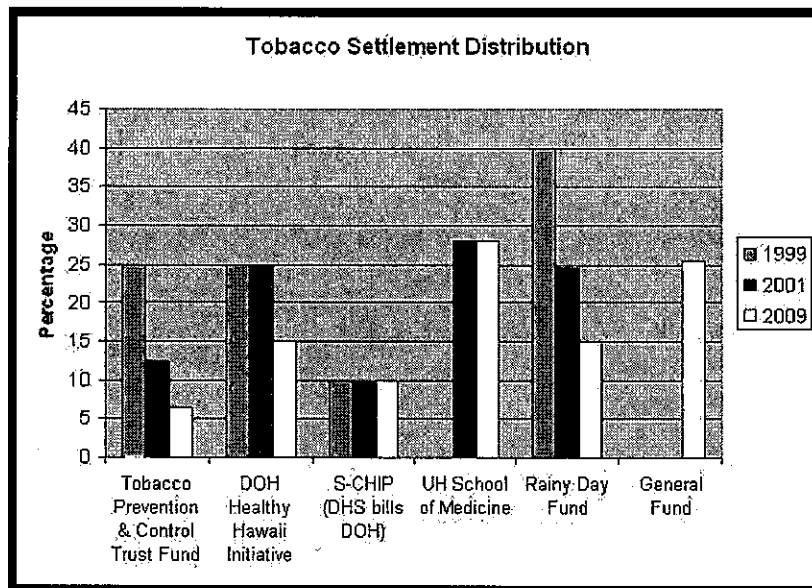
Hrg: March 15, 2011 in Rm 329 at 8:30 a.m.

Re: **Opposition to SB 239, SD 2: Relating to the Hawai'i Tobacco Settlement Special Fund**

Thank you for the opportunity to provide comments regarding SB 239, SD 2. The Coalition for a Tobacco-Free Hawai'i opposes SB 239, SD 2 because it reduces much-needed funding for tobacco prevention and control which has been dramatically cut since Hawai'i 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.

**Funding for Tobacco Prevention and Control Efforts Is a Necessity**

The Hawai'i Legislature made a strong commitment in 1999 to the people of the State: to make sure future generations do not suffer harms from preventable disease caused by smoking. This commitment was demonstrated by dedicating 25% of the Tobacco Settlement funds to tobacco prevention efforts. Over time, the portion for Tobacco Prevention and Control from the Tobacco Settlement has dwindled. A mere 6.5% of Tobacco Settlement funds now fund Tobacco Prevention and Control Efforts, while the Medical School retains the largest portion: 28%.



Hawaii's tobacco prevention and treatment programs depend on Tobacco Settlement funds. And our work is not done. Despite our amazing success to reduce youth smoking rates from one in four to one in nearly ten, 1,700 kids become daily smokers every year in Hawai'i.

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

### **Funding for Tobacco Prevention and Control Efforts Saves Money and Must Continue**

This measure presents an opportunity to ensure we reduce skyrocketing health care costs. Our strong tobacco control efforts work. Between 2002 and 2008, there were 42,300 fewer adult smokers. This spared 14,100 lives from tobacco-related deaths, saving an estimated \$402 million in direct health care costs.

There is no mistake that prevention saves money. The question that remains is who will focus on prevention efforts when funding for tobacco prevention is reduced or gone completely. While our State spends 60% of what the CDC recommends we spend on Tobacco Prevention and Control, the tobacco industry spends almost four times more: \$42 million. The major thing keeping our kids from the tobacco use and tobacco-related preventable disease and death is our prevention efforts.

### **Funding Operations of the University of Hawai'i Medical School with Tobacco Settlement Moneys Remains a Grave 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. In 2007, the Legislature also gave the Medical School temporary use of the Tobacco Settlement funds over and above the funds for debt service (the "excess") for daily operations which is to sunset this year. If the provision passed in 2007 is allowed to sunset, the excess would be returned to the Rainy Day Fund and the Hawai'i Tobacco Prevention and Control Trust Fund which would be more than 33% to the Trust Fund and 67% to the Rainy Day Fund.<sup>1</sup>

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<sup>1</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; our apologies.



The portion that would be returned to the Trust Fund could fund 13 community programs.<sup>2</sup> 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 appreciate the measure's intent to encourage the Medical School to find other sources of funding for operations by perhaps slowly decreasing the Medical School's portion starting in FY 2012 and requesting detailed accounting. However, because there are other bills still alive that would take away the amount that will be allocated to the Trust Fund as well as take a portion from the principal of the Trust Fund, we ask that the Committee hold the measure and ensure funds are dedicated to tobacco prevention efforts. However, if the committee moves this measure forward, the Coalition finds that the version in this bill is more acceptable in that JABSOM will eventually be required to secure permanent funding to meet its needs from the University of Hawai'i system which is and should be the primary source of JABSOM's funding.

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

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<sup>2</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.

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## Testimony on SB 239, SD2 “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](http://www.americanheart.org).

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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