

Written Testimony Presented Before the  
House Committee on Higher Education  
February 15, 2011 at 2:00 pm  
By  
Michele Carbone, MD, Director  
University of Hawaii Cancer Center

## **HB 1330 RELATING TO THE HAWAII TOBACCO SETTLEMENT FUND**

Chair Nishimoto, Vice Chair Nakashima and members of the House Committee on Higher Education, 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.



## UNIVERSITY OF HAWAII SYSTEM Legislative Testimony

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Written Testimony Presented Before the  
House Committee on Higher Education  
February 15, 2011 at 2 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

### HB1330 HD1 RELATING TO THE HAWAII TOBACCO SETTLEMENT FUND

Aloha Chair Nishimoto, Vice Chair Nakashima and members of the House Committee on Higher Education. Thank you for this opportunity to provide testimony in **support** of HB1330 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. The amendment is requested to conform to the sunset date on the allocation for debt services.

The legislature was 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 Master Settlement Agreement (that gave rise to the Tobacco Settlement Fund for Hawai'i) was undertaken to compensate the State of Hawai'i for current and future tobacco-related injury to its citizens. The funds enable us to directly intervene as physicians and public health professionals to help people stop smoking. The funding also supports our development of neighbor island training and treatment opportunities, again, to treat illnesses related to tobacco use.

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 pay back to the State for its investment in helping ensure there are practitioners in Hawai'i who can care for tobacco-related injury and deliver/reinforce tobacco cessation messages lasts for the lifetime of each student's professional career, and touches 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.

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.

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.

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 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:

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 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.

Also, our faculty and students are actively involved in a variety of programs that benefit Kindergarten through 12<sup>th</sup> grade. Medical students visit 4<sup>th</sup> and 5<sup>th</sup> 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 2 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 additional 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 Hawai'i'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 HB1330 HD1.

Thank you for this opportunity to testify.







## HAWAII MEDICAL ASSOCIATION

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

**Tuesday February 15, 2011; 2:00 p.m. Conference Room 309**

To: COMMITTEE ON HIGHER EDUCATION  
Rep. Scott Y. Nishimoto, Chair  
Rep. Mark M. Nakashima, 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 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 politically. 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





# THE QUEEN'S MEDICAL CENTER

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

Rep. Scott Y. Nishimoto, Chair  
Rep. Mark M. Nakashima, Vice Chair  
**COMMITTEE ON HIGHER EDUCATION**

Tuesday, February 15, 2011 – 2:00 p.m.  
State Capitol, Conference Room 309

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

Chair Nishimoto, Vice Chair Nakashima 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.





55 Merchant Street  
Honolulu, Hawai'i 96813-4333

## HAWAI'I PACIFIC HEALTH

Kapi'olani • Pali Momi • Straub • Wilcox

808-535-7401  
www.hawaiipacifichealth.org

**Tuesday, February 15, 2011**  
**Conference Room 309**

### The House Committee on Higher Education

To: Representative Scott Nishimoto, Chair  
Representative Mark Nakashima, 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**

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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.



Affiliates of Hawai'i Pacific Health



# HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association

February 15, 2011

The Honorable Scott Y. Nishimoto, Chair  
The Honorable Mark M. Nakashima, Vice Chair  
House Committee on Higher Education

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

Dear Chair Nishimoto, Vice Chair Nakashima 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", written over a white background.

Jennifer Diesman  
Vice President  
Government Relations







HOUSE COMMITTEE ON HIGHER EDUCATION  
Rep. Scott Nishimoto, Chair

Conference Room 309  
Feb. 15, 2011 at 2:00 p.m.

**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.





COALITION FOR A  
TOBACCO-FREE HAWAII

To: The Honorable Scott Y. Nishimoto, Chair, Committee on Higher Education  
The Honorable Mark M. Nakashima, Vice Chair, Committee on Higher Education  
Members, House Committee on Higher Education  
From: Trisha Y. Nakamura, Policy and Advocacy Director   
Date: February 12, 2011  
Hrg: Committee on HED; February 15, 2011 in Rm 309 at 2:00 p.m.  
Re: **Opposition to HB 1330 HD 1: Relating to the Hawaii Tobacco Settlement Special Fund**

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Thank you for the opportunity to provide testimony in opposition to HB 1330 HD 1. The Coalition for a Tobacco Free Hawai'i opposes this measure 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.<sup>1</sup> The Tobacco Settlement Special Fund was intended to maximize and ensure long-term stable funding for tobacco prevention and control, health promotion, and disease prevention.

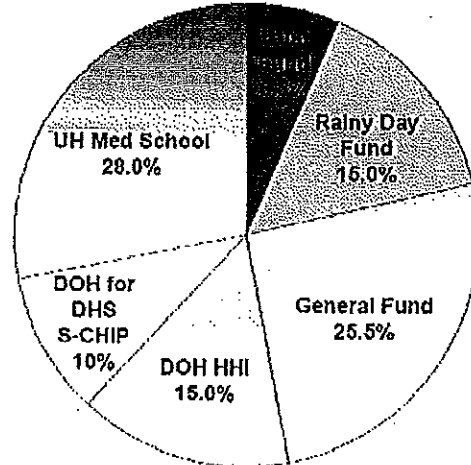
In the last few years, the Tobacco Settlement has been dramatically redirected away from tobacco prevention and public health efforts. The portion dedicated to funding strong prevention and quit-smoking programs has been whittled down from 25 percent to 12.5 percent to 6.5 percent. The portion of Tobacco Settlement Funds for the Trust Fund is the smallest. The Medical School receives the largest allocation of Tobacco Settlement funds: 28%. And this

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

amount has never been cut, even when cuts were made to the Rainy Day Fund, the Department of Health, and the Tobacco Prevention and Control Trust Fund.

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 and replenishing the Rainy Day fund. 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





**Testimony to the House Committee on Higher Education  
Tuesday, February 15, 2011 at 2:00 p.m.  
Conference Room 309, State Capitol**

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

Chair Nishimoto, Vice Chair Nakashima, 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 Relating To Use Of Tobacco Settlement Funds 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 Committees to pass HB 1330 HD1 and maintain the funding mechanism for JABSOM. Thank you for the opportunity to testify.





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February 14, 2010

Committee on Higher Education  
Representative Scott Y. Nishimoto, Chair  
Representative Mark M. Nakashima, Vice Chair

**Hearing:**  
2:00 p.m., Tuesday, February 15, 2011  
Hawaii State Capitol, Room 309

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

### **Comments**

Chair Nishimoto, Vice Chair Nakashima and members of the Committees on Higher Education. 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.

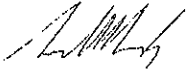
**Needless to say, both our medical school and our tobacco control program have equally positive health impacts in the treatment and prevention of cancers in Hawaii. The Society certainly values a robust medical school to teach and train high-quality physicians, biomedical scientists, and allied health 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.

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.

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

Sincerely,



George S. Massengale, JD  
Director of Government Relations