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GOVERNOR OF HAWAII



LORETTA J. FUDDY, A.C.S.W., M.P.H.
ACTING DIRECTOR OF HEALTH

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

In reply, please refer to:
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House Committee on Higher Education

Written Testimony Only

HB1330 HD1, RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND

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

February 15, 2011
2:00PM, Room 309

- 1 **Department's Position:** The Department of Health (DOH) offers comments as the administrator of the
2 Tobacco Settlement Special Fund (TSSF).
- 3 **Fiscal Implications:** The University of Hawaii John A. Burns School of Medicine (UHJABSOM)
4 proposes to retain the entirety of the 28% portion of the TSSF to be used for debt service and for annual
5 operating expenses incurred by the new medical facility till June 30, 2015. In fiscal year 2011 the
6 UHJABSOM is projected to receive an estimated \$13.2 million, of which \$2.3 million would be retained
7 for operational costs. The projections also pertain for the fiscal biennium revenue and distribution in
8 2012 and 2013.
- 9 **Purpose and Justification:** The DOH provides the following abridged table of the changes in
10 distribution since Act 304 established the TSSF in 1999. The Hawaii Legislature established the TSSF
11 to receive revenues as a participating state in the 1998 master settlement agreement (MSA) between 46
12 states with five major tobacco companies. The recitals section in the agreement says the payments
13 *...will achieve for Settling States and their citizens significant funding for the advancement of public*
14 *health, the implementation of important tobacco-related public health measures. . .*" In keeping with

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

Distributions	Act 304 1999 SLH	Act 270 2001 Special Session	Act 119 SLH	FY12 Projected Distribution
Rainy Day	40%	25.5%	15%	7,054,159
DOH/DHS S-CHIP	25%	25%	15%	7,054,159
DHS S-CHIP	10%	10%	10%	4,702,773
Tob Trust Fund	25%	12.5%	6.5%	3,056,802
UHJABSOM	N/A	28%	28%	13,167,764
General Fund	N/A	N/A	25.5%	12,789,496
Total Assessments to General Fund				2,329,732
Total FY12 Ceiling				50,154,886

6
 7 The DOH values the partnership with the UHJABSOM in supporting the goals of public health.
 8 The DOH also respectfully requests that the proposal for UHJABSOM to retain funding through June
 9 30, 2015 be done in consideration of the impact the redistribution of the special fund has had on public
 10 health prevention programs.

11 Thank you for this opportunity to testify.

12



Kalihi-Palama Health Center
Hale Ho'ola Hou—House of New Life

LATE TESTIMONY

915 North King Street
Honolulu, Hawaii 96817

House Committee on Higher Education
Tuesday, February 15, 2011

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

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

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

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

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

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

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

Thank you for your time in reviewing my testimony.