

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
SENATE BILL NO. 239, S.D. 2, H.D. 1

March 22, 2011

RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND

Senate Bill No. 239, S.D. 2, H.D. 1, extends the authorization that allows the John A. Burns School of Medicine (JABSOM) a portion of the Hawaii Tobacco Settlement Special Fund moneys for annual operating costs through FY 15. The percentage of tobacco settlement moneys for JABSOM will decline on an annual basis and that amount will be used to establish a School of Public Health at the University of Hawaii. This bill creates a University of Hawaii School of Public Health special fund to finance the establishment of a School of Public Health that will be independent of JABSOM. The fund would generate revenues through legislative appropriations, tobacco settlement moneys, grants, gifts, donations, and interest earned.

The department recognizes the benefit of user fees to offset operational expenses and costs. However, as a matter of general policy, the Department of Budget and Finance expects the creation of any special fund would meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 239, S.D. 2, H.D. 1, it does not appear that the fund meets these criteria.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented Before the
House Committee on Higher Education
March 22, 2011 at 2:00 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

SB 239, SD 2, HD 1 RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND (Testifying in support with suggested amendments.)

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 SB 239, SD2, 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.

We ask that the Committees pass this measure with an effective date of June 29, 2011.

AMENDMENTS REQUESTED (See Attached): We respectfully ask that this Committee consider amending SB 239, SD2, HD1 so that the language reverts back to the original form of the bill to extend the sunset date as introduced.

However, should the Committee wish to support the school of public health, we request that the bill be amended by deleting the reference to a school of public health *independent* of JABSOM and deleting the provisions reducing JABSOM's allocation by a percentage amount each year. JABSOM currently provides administrative support to the school of public health and anticipates continued sharing of such administrative responsibilities in the interests of efficiency and cost.

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

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

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

The payback to the State for its investment is in helping to ensure there are practitioners in Hawai'i who can care for tobacco-related injury and deliver/reinforce tobacco cessation

messages that last for the lifetime of each student's professional career, and touch the lives of tens of thousands of Hawai'i's citizens each year.

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

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

JABSOM is training more students than ever before. We expanded our class size to help meet the worsening doctor shortage—and the tobacco monies allowed us to do that. Our third-year medical students now have the option of doing part of their training in Hilo, West Hawai'i, Maui and Kaua'i. First-year and fourth-year medical students have the opportunity for elective rotations on the islands of Hawai'i, Maui, Kaua'i and Moloka'i. This year, for the first time, first-year medical students have been placed in Hilo for a required three-month training block. These are bold steps taken to realize the dream of former Governor Burns to allow Hawai'i's children to become Hawai'i's most valuable citizens, those who serve to improve the health of others. Without the Legislature's vision in allocating these monies, these major steps would — especially given the past few years of economic crisis—have been impossible.

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

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

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

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

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

The program works. After six months of counseling, the number of women smoking in the home was reduced from 18% (nearly one in five participants) to only 5%. At the start, just over half of the participants smoked in their car. That percentage was slashed by almost 40%. Funding comes from the Tobacco Prevention & Control Trust Fund and the Hawai'i Community Foundation, but also from JABSOM. Without JABSOM donating

most of the time and salary of the Principal Investigator (100%) and the Director (95%) this program would have never happened.

- The Perinatal Addictions Treatment Clinic (PATH) Clinic, initiated with help from the Legislature, provides OB/GYN treatment and counseling for pregnant women and new mothers who are struggling with addictions, including smoking. Founded by one of the JABSOM faculty and staffed by the medical school's practice plan, this year the clinic began offering education in early childhood development, which includes the particular harms that addicting substances can cause for children.
- JABSOM medical students continue to voluntarily treat Hawai'i's homeless families (primarily children) at four state-sponsored shelters twice per week. Such efforts include an emphasis on healthy life-styles, including tobacco cessation.
- JABSOM faculty and students are actively involved in a variety of programs that benefit keiki in Kindergarten through 12th grade. Medical students visit 4th and 5th graders at schools throughout O'ahu, to provide interactive educational sessions about the risks, dangers and societal costs of tobacco smoking. The counseling is especially effective at securing the attention of pupils, because our medical students are closer to their own ages than many traditional role models.
- JABSOM provides services at community health centers, including those in Kalihi-Pālana, Waimānalo, on the North Shore of O'ahu, and Waikīkī, where patients are treated for tobacco-related illness and offered advice and help about reducing or stopping tobacco intake. Five to six first-year medical students are deployed to regional centers to work with patients each year.
- Our Cardiovascular Research Center has begun a partnership with The Queen's Medical Center to train two fellows (specialists) per year in cardiovascular disease, to help redress the lack of cardiologists in Hawai'i and to serve victims of cardiovascular disease. Smoking is a significant contributor to such cardiovascular disease, including strokes and heart attacks. Research in the Center for Cardiovascular Research will also focus on the impact that the abuse of methamphetamine and other drugs have on the heart.
- Our medical students organize and host an annual community health fair on campus, drawing media coverage and hundreds of citizens to see health products from local vendors and to learn about health care issues through health exhibits. Counseling against tobacco use is a primary focus of the health fair, with active participation by the Coalition for a Tobacco Free Hawai'i and other partners.
- JABSOM's Director of the Office of Public Health Studies at the medical school writes the questionnaire, analyzes the data and writes the reports evaluating the statewide *Clear The Smoke* and *Quitline* campaigns.
- A number of integrated programs aimed at cancer care and prevention throughout the Pacific are based at JABSOM. The "CEED" program is one that helps spread better health and prevention throughout the U.S. Affiliated Pacific Islands, as well as, among Pacific Islanders in Hawai'i.
- The Hawai'i Consortium for Continuing Medical Education provides required continuing education for physicians, frequently including updates and briefings about tobacco-related illness. The sponsorship committee consists of

representatives of the Hawai'i Medical Association and JABSOM. The education efforts contribute to the significant role in tobacco cessation played by primary care physicians. From 1999 through last year, some 25 sessions by the school's Department of Medicine alone focused on tobacco cessation.

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

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

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

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

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

- **Rotation of medical students for Neighbor Island training in Hilo, West Hawai'i, Maui, Moloka'i, Lanai and Kaua'i.** The costs of educational service delivery are disproportionately higher on the neighbor islands. This action would of course eliminate the opportunity to grow the medical school class size.
- **Neighbor Island residency programs for Family Medicine physicians.** Currently, the startup clinic for this effort is operating in Hilo. Faculty time and effort would be concentrated on Oahu where the costs of educational service delivery are lower.

- **Imi Ho'ola post-baccalaureate program.** This program provides an intense preparatory year for students with educational and social disadvantages. The program prepares these students for the rigors of medical school. It has been a major pipeline for under-represented local students into the medical school. Without TSSF funds, this program will need to be reduced from 12 to a maximum of 6 students per year.
- **Training of speech pathologists and medical technicians.** At this time, there is no other source of this training in Hawai'i. Actual savings would require 3-4 years to accrue given the delays inherent with the procedure for any UH program closure.
- **Reduction of medical student positions reserved for residents from 90% to 60% of entering class.** Combined with a potential doubling of tuition over next 6 years, these measures will require UH Board of Regent support and could not be immediately implemented. Both measures would dramatically reduce the number of student graduates who ultimately practice in Hawai'i.

We urge this Committee to pass SB 239, SD2, HD1 with the suggested amendments.

Thank you for this opportunity to testify.

PROPOSED AMENDMENTS

SECTION 2. Delete in its entirety.

SECTION 3. Section 328L-2, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The fund shall be used for the purpose of receiving, allocating, and appropriating the tobacco settlement moneys as follows:

- (1) Fifteen per cent shall be appropriated into the emergency and budget reserve fund under section 328L-3;
- (2) Twenty-five per cent shall be appropriated to the department for purposes of section 328L-4;
- (3) Six and one-half per cent shall be appropriated into the Hawaii tobacco prevention and control trust fund under section 328L-5; and
- (4) Twenty-eight per cent shall be appropriated into the university revenue-undertakings fund created in section 304A-2167.5 to be applied to the payment of the principal of and interest on, and to generate required coverage, if any, for, revenue bonds issued by the board of regents of the University of Hawaii to finance the cost of construction of a university health and wellness center, including a new medical school facility, to be situated on the island of Oahu, for the succeeding fiscal year; and the payment of annual operating expenses incurred by the new medical school facility and administrative services shared with the school of public health; provided that ~~this amount shall be reduced by _____ per cent each fiscal year starting with fiscal year 2012-2013 and that amount shall be deposited into the University of Hawaii school of public health special~~

~~fund; provided further that~~ any moneys in excess of the amounts required under this paragraph shall be transferred in the succeeding fiscal year to the emergency and budget reserve fund under section 328L-3;

Written Testimony Presented Before the
House Committee on Higher Education
March 22, 2011 at 2:00 pm

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

**SB 239, SD2, HD1 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 SB 239, SD2, 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 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 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, HD1 without a reduction in the amounts JABSOM may use for operating expenses. Thank you for your time regarding this measure.

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Testimony on SB 239, SD2, HD1 "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.

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.

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Honolulu, HI 96813-5485
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Kauai County:
(serviced by the Oahu office)
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Returning those funds diverted for the Medical School construction and operations to help Hawaii smokers and youth to cede 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.

Also, should funding from the Tobacco Prevention and Control Trust Fund be allocated to other state-funded organizations or programs for the express purpose of engaging in tobacco prevention and control, then those organizations and programs should be required to submit competitive grants and be held to the same assessment requirements as other community programs funded through that source to insure that those funds are used appropriately and have the desired outcome of reducing tobacco use in our state.

Respectfully submitted,

Donald B. Weisman
Hawaii Advocacy Director



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, Esq., Policy and Advocacy Director
Hrg: March 22, 2011 in Rm 309 at 2:00 p.m.
Re: **Opposition to SB 239, SD 2, HD 1: Relating to the Hawai'i Tobacco Settlement
Special Fund**

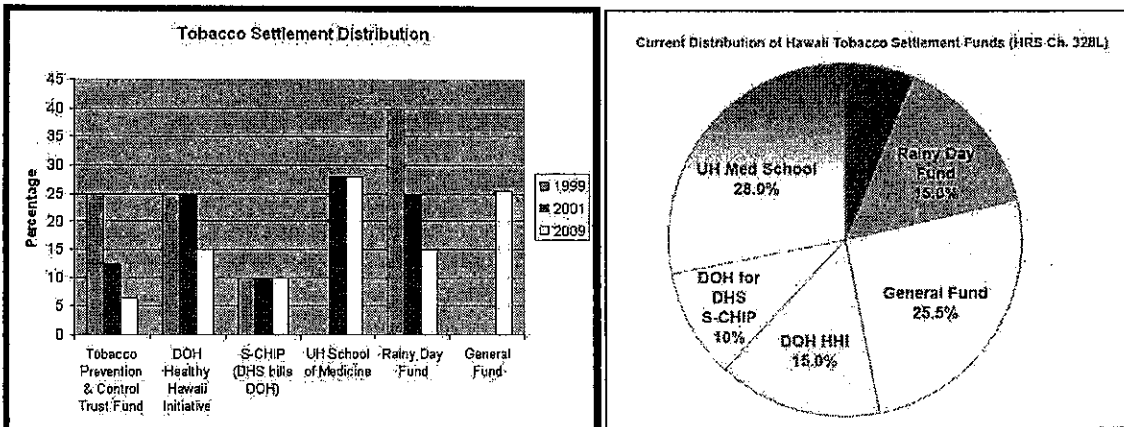
Thank you for the opportunity to provide comments regarding SB 239, SD 2, HD 1. The Coalition for a Tobacco-Free Hawai'i opposes SB 239, SD 2, HD 1 because it impacts overall funding for tobacco prevention and control which has been dramatically cut since Hawaii started receiving the funds in 1999. The Coalition does not oppose the Medical School, its School of Public Health, or its work. Rather, we raise serious concerns about the use and erosion of Tobacco Settlement funds.

I. 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. The Legislature in creating the Tobacco Prevention and Control Trust Fund made a committed to use Tobacco Settlement dollars to maximize and ensure long-term stable funding for tobacco prevention and control. Yet only 6.5% of the Tobacco Settlement is dedicated to Tobacco Prevention and Cessation efforts.

In 2001 and 2009, the Tobacco Settlement has been redirected away from tobacco prevention 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%. This amount has never been cut.

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



The Legislature granted the Medical School *temporary* use of its portion for daily operations. If the provision passed in 2007 sunsets, the excess would be returned to the Rainy Day Fund and the Hawai'i Tobacco Prevention and Control Trust Fund: more than 33% to the Trust Fund and 67% to the Rainy Day Fund.¹ **The portion that would be returned to the Trust Fund could fund 13 community programs.²**

II. Consistent Funding for Tobacco Prevention & Tobacco-Dependence Programs Saves Lives and Money.

Hawaii has made significant progress in reducing tobacco use and saving lives because of the investment in and the creation of a comprehensive tobacco prevention and control effort. Between 2002 and 2008, Hawaii saw a reduction in smoking (42,300 fewer adult smokers). This reduction saved 14,100 lives from tobacco-related deaths. And it saved an estimated \$402 million in direct medical costs, of which \$53.9 million is attributed to Medicaid costs.³ Compare the \$402 million saved to the \$58.6 million spent on tobacco prevention and control efforts from 2002-2008.⁴

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

¹ 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.

² 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.

³ Email from Department of Health to Coalition, citing Return on Investment Calculation from DOH Epidemiologist Tonya Lowery St. John.

⁴ Data from Campaign for Tobacco-Free Kids, "History of Funding for State Tobacco Prevention [and Control] Programs FY 2000-FY 2004" and "History of Funding for State Tobacco Prevention [and Control] Programs FY 2005- FY 2009.

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.

III. 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 only the debt service for the Medical School's construction. This reduced the portion for tobacco prevention by half. In 2007, the Legislature gave the Medical School *temporary* use of the Tobacco Settlement funds for debt service and operations.

The Legislature must not continue providing the Medical School with Tobacco Settlement funds if it does not provide a clear plan in place for a financially secure future, at the expense of tobacco prevention and cessation efforts. While section 6 of the bill requires the Medical School to report annually to the Legislature, it does not require a clear financial plan to ensure this request of the Legislature will not be made once again in 2015.

We want to see tobacco control survive for the long-term. We ask that the Committee hold the measure and ensure funds are dedicated to tobacco prevention efforts.

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.



**Testimony to the House Committee on Higher Education
Tuesday, March 22, 2011 at 2:00 p.m.
Conference Room 309
State Capitol**

**RE: SENATE BILL NO. 239 SD2 HD1 RELATING TO HAWAII 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 Senate Bill 239 SD2 HD1 relating to Hawaii Tobacco Settlement Special Fund, but prefers the language from HB 1300 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.

SB 239 SD2 HD1 extends the appropriation by a decreasing annual amount of a portion of Hawaii tobacco settlement special fund moneys for annual operating expenses of JABSOM until June 30, 2015. The measure establishes a University of Hawaii School of Public Health and dedicated Special Fund to receive the decreasing percentage amount from JABSOM appropriation. Act 264 which was passed in 2007 allowed JABSOM to utilize the tobacco settlement funds for operating expenses. However, Act 264 will sunset as of June 2011. Once Act 264 sunsets, the ability of JABSOM to apply tobacco settlement funds for operating expenses will be eliminated. This will have a significant negative impact upon JABSOM's ability to graduate new physicians.

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

Additionally, JABSOM's faculty members do not just teach. Many of them also have active practices and treat Hawaii's families, practicing in partnership with our teaching hospitals. With the increasing shortage of physicians throughout the state, eliminating funding to JABSOM will reduce its ability to continue to "grow" more physicians for our citizens. Clearly, the gap between physician workforce needs and physician availability is growing and will continue to do so as our population and physician workforce continues to age.

Therefore, we urge the Committee to pass SB 239 SD2 HD1 with the language from HB 1300 HD1 to maintain the funding mechanism for JABSOM. Thank you for the opportunity to testify.



HAWAII MEDICAL ASSOCIATION

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

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

COMMITTEE ON EDUCATION
Rep. Roy M Takumi, Chair
Rep. Della Au Belatti, 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 HD 1 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 many factors which include increasing Managed Care Costs, decreasing Reimbursements from Public and Private Plans and increasing Malpractice Insurance Premiums.

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.

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HAWAII PACIFIC HEALTH

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Tuesday, March 22, 2011
Conference Room 309

The House on Higher Education

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

From: Virginia Pressler, MD, MBA
Executive Vice President

Re: **SB 239, SD2, HD1 RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND
Testimony in Support**

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

We are writing in strong support of SB 239, SD2, HD1 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.

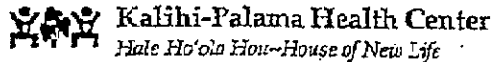
We ask that this Committee pass SB 239, SD2, HD 1 without a reduction in the amounts JABSOM may use for operating expenses. Thank you for your time regarding this measure.



STRAUB
CLINIC & HOSPITAL

WILCOX HEALTH

Affiliates of Hawaii Pacific Health



915 North King Street
Honolulu, Hawaii 96817

House Committee on Higher Education
Tuesday, March 22, 2011

SB 239, SD2, 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 SB 239, SD2, 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. 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, HD1 without a reduction in the amounts JABSOM may use for operating expenses.

Thank you for your time in reviewing my testimony.

Testimony for SB239 on 3/22/2011 2:00:00 PM

mailinglist@capitol.hawaii.gov [mailinglist@capitol.hawaii.gov]

Sent: Monday, March 21, 2011 1:05 PM

To: HEDtestimony

Cc: jmaddock@hawaii.edu

Attachments: SB 239 testimony.doc (29 KB)

Testimony for HED 3/22/2011 2:00:00 PM SB239

Conference room: 309

Testifier position: support

Testifier will be present: No

Submitted by: Jay Maddock

Organization: Individual

Address:

Phone:

E-mail: jmaddock@hawaii.edu

Submitted on: 3/21/2011

Comments:

