



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

In reply, please refer to:  
File:

## House Committee on Health

### SB239 SD2, RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND

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

March 15, 2011, 8:30 AM

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 proposed to retain the entirety of the 28% portion of the TSSF to be used for debt service and for  
5 operational costs till June 30, 2015. SB239 SD2 amends the request and reduces the UHJABSOM  
6 portion each year and concurrently increases the portion to the Emergency and Budget Reserve Fund  
7 through fiscal year 2013. In fiscal year 2011 the UHJABSOM is projected to receive an estimated \$13.2  
8 million, of which \$2.3 million would be retained for operational costs. The projections also pertain for  
9 the fiscal biennium revenue and distribution in 2012 and 2013. If the UHJABSOM portion is reduced  
10 by one percent increments over the biennium the projected revenue stream in FY12 for UHJABSOM is  
11 \$12.7 million with general fund receiving \$13.3 million, then in FY13, \$12.2 million and \$13.8 million  
12 respectively.

13 **Purpose and Justification:** The DOH provides the following abridged table of the changes in  
14 distribution since Act 304 established the TSSF in 1999.

15

Distributions	Act 304 1999 SLH	Act 270 2001 Special Session	Act 119 SLH
Rainy Day	40%	25.5%	15%
DOH/DHS S-CHIP	25% + 10%	25% + 10%	15% + 10%
Tob Trust Fund	25%	12.5%	6.5%
UHJABSOM	N/A	28%	28%
General Fund	N/A	N/A	25.5%

1  
2 The Hawaii Legislature established the TSSF to receive revenues as a participating state in the 1998  
3 master settlement agreement (MSA) between 46 states with five major tobacco companies. The recitals  
4 section in the agreement says the payments ...*will achieve for Settling States and their citizens*  
5 *significant funding for the advancement of public health, the implementation of important tobacco-*  
6 *related public health measures. . .* In keeping with the spirit of the original lawsuit and the MSA the  
7 1999 Hawaii State Legislature passed Act 304, and stated that, *The fund shall serve as a mechanism to*  
8 *maximize financial resources for tobacco prevention and control, health promotion and disease*  
9 *prevention programs, children's health programs, and to serve as a long-term source of stable funding*  
10 *for prevention-oriented public health efforts* (SB1034 CD1).

11 The DOH respectfully requests that any redistribution of the TSSF be done in consideration of  
12 the original spirit of the lawsuit, settlement and resulting state statute that established the special fund.  
13 These funds are the result of many who wanted recognition for the suffering resulting from smoking  
14 cigarettes and desiring a healthier future for others who followed. We encourage the UHJABSOM as a  
15 recipient of the TSSF to conduct a systematic integration of tobacco prevention and control education  
16 into its curriculum and physician training and to work with public health partners to implement and  
17 report on the systems change.

18 Thank you for this opportunity to testify.

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## UNIVERSITY OF HAWAII SYSTEM Legislative Testimony

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Written Testimony Presented Before the  
House Committee on Health  
March 15, 2011 at 8:30 a.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 SD2 RELATING TO THE HAWAII TOBACCO SETTLEMENT SPECIAL FUND** (Testifying in support with Request for Amendment)

Aloha Chair Yamane, Vice Chair Morikawa and members of the House Committee on Health. Thank you for this opportunity to provide testimony in **support** of 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.

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.

**AMENDMENT REQUESTED:** We respectfully ask that you consider amending the bill by deleting the provisions reducing JABSOM's allocation by a percentage amount each year.

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 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.
- 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, Molokai, Lanai and Kauai.** 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 SD 2 with amendments to delete the percentage reductions to JABSOM's allocation.

Thank you for this opportunity to testify.



## THE QUEEN'S MEDICAL CENTER

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

Rep. Ryan I. Yamane, Chair  
Rep. Dee Morikawa, Vice Chair  
**COMMITTEE ON HEALTH**

March 15, 2011 – 8:30 a.m.  
State Capitol, Conference Room 329

**RE: SB 239 SD2, Relating to the Hawaii Tobacco Settlement Special Fund – Request  
Amendment**

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

My name is Sharlene Tsuda, Vice President, Community Development of The Queen's Health Systems. We support the bill but prefer the language in HB1330 HD1, which maintains the current funding level and extends the sunset date in Act 264, relating to tobacco fund settlement, for continued use by the John A. Burns School of Medicine (JABSOM). Decreased funding to JABSOM may result in program cuts.

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.

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.

While Queen's appreciates the Legislature's budgetary challenges, we urge you to amend this measure and respectfully ask the Legislature's consideration of the positive community benefit that a fully-operational John A. Burns School of Medicine brings to Hawaii. Thank you for the opportunity to testify.





# LATE TESTIMONY

*The Official Sponsor of Birthdays*

March 14, 2011

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

**Hearing:**

8:30 a.m., Tuesday, March 15, 2011  
Hawaii State Capitol, Room 329

**RE: SB293, SD2 – Relating to the Hawaii Tobacco Settlement Special Fund**

**Comments**

Chair Yamane, Vice Chair Morikawa and members of the Committee on Health. Thank you for the opportunity to offer these comments on SB239, SD2 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. In addition, this bill increases the portion of the Hawaii tobacco settlement special fund moneys going to the general fund until June 30, 2015. Finally, it adds annual reporting requirements for JABSOM.

As the committee members know, the American Cancer Society has been a long time supporter and advocate of JABSOM and the use of Master Settlement Agreement (MSA) funds to build and help operate the Kaka'ako 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.**

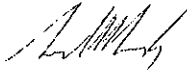
**In recent years, the Hawaii Tobacco Prevention and Control Trust Fund has had its yearly allocation from the MSA cut several times from 25% to 12.5% to 6.5% today. This provides slightly more than \$2.8 million annually to the fund. This year, the fund is expected to expend \$8.3 million. At this rate, the trust fund's balance will be almost depleted in eight or nine years.**

We believe that the amendment to the measure which reduces the amount of JABSOM's portion of Hawaii Tobacco Settlement Special Fund moneys by one percent each fiscal year starting with fiscal year 2012-2013 until the fiscal year ending June 30, 2015, is a good one and will encourage JABSOM to explore other funding options other than tobacco settlement moneys for operating cost.

We are hopeful that from 2015, we will see additional moneys to replenish funds that were lost to the Tobacco Prevention and Control Trust Fund because of the cuts made over the last few years. We can only hope that going forward, Hawaii will be able to maintain an effective tobacco control program to address the use rate increases in youth and adult tobacco use.

Mahalo for the opportunity to provide comments on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Massengale", written in a cursive style.

George S. Massengale, JD  
Director of Government Relations