

# NORTHWEST HEALTH FOUNDATION

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## *The Community's Partner for Better Health*

May 6, 2013

Testimony submitted by Alejandro Queral, Program Officer, Northwest Health Foundation before the House Human Services and Housing Committee, Oregon State Legislature

The Northwest Health Foundation is an independent, nonprofit foundation that seeks to advance, support, and promote the health of the people of Oregon and southwest Washington. We achieve our mission through a variety of means, including grantmaking, technical assistance and training, convening, commissioning research, and supporting policy advocacy.

Since the Master Settlement Agreement was signed, Oregon has not been able to access those funds to spend on tobacco prevention initiatives, despite the agreement's original intent – to reimburse the state for health care costs of tobacco. NWHF believes that preventing tobacco use in the first place is the best way to reduce or eliminate the loss of life and increased health care costs incurred by tobacco use. For this reason, NWHF supports the concept within HB 2136 of dedicating *at least* 10% of Tobacco Master Settlement Agreement funds to tobacco prevention and control.

Today, the Legislature has the opportunity to use Master Settlement Agreement dollars to invest in proven prevention programs that will improve the health of our communities and reduce the cost of health care.

Oregon has received over \$1 billion from tobacco companies since the Master Settlement Agreement was signed in 1998. In 2003, however, the legislature chose to allocate the next 10 years' worth of Master Settlement Agreement funds to pay back general appropriation bonds and to pay for the Tobacco Enforcement Fund. So, while we've received over \$1 billion in payments from tobacco companies, not one penny of that money has been spent on tobacco prevention.

But let's put MSA dollars in context of the cost of tobacco. In 2009, Oregon received **\$98 million**<sup>1</sup> from the tobacco companies; that same year, tobacco use cost Oregonians more than **\$1.2 Billion**<sup>2</sup> in direct medical expenditures alone. Even if all the MSA dollars Oregon receives each year were spent on tobacco prevention, cessation and medical treatment, it would only cover about 7% of the \$1.1 billion of direct health care costs incurred by Oregon taxpayers each year.

Here in Oregon, we do have a program that works. It's called the Tobacco Prevention and Education Program – or "TPEP". Four years after Oregon voters approved Measure 44 in 1996 to fund the program, TPEP helped reduce per-capita cigarette consumption by more than 20%, and in its first 10 years, TPEP led the way in reducing per-capita cigarette consumption by nearly 50%.<sup>3</sup>

Programs like this not only reduce smoking and save lives, but also save money by reducing health care costs: A recent analysis of California's tobacco prevention revealed that between 1989 and 2008, California's tobacco control program reduced health care costs by \$134 billion, far more than the \$2.4 billion spent on the program.

By dedicating 10% of Master Settlement Agreement dollars to TPEP, the legislature would empower this program to do so much more -- to reach the 4,200 youth under 18 in Oregon who become new daily smokers each year -- and stop them from every starting to smoke.

Northwest Health Foundation supports the concept that tobacco MSA dollars should be spent for what it was intended: tobacco control, tobacco prevention, and tobacco cessation. Today, this concept is more important and relevant because Oregon's health systems transformation has as its central goal to improve health, provide better care and reduce costs of health care. Investing in prevention leads to better health and lesser costs. In other words, investing tobacco master settlement agreement dollars into tobacco prevention and other chronic disease prevention initiatives now would be an investment to ensure the success of health systems transformation in Oregon.

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<sup>1</sup> Campaign for Tobacco Free Kids. Factsheet: *Actual Tobacco Payments Received by the States, 2002-2012*. Available at <http://www.tobaccofreekids.org/research/factsheets/pdf/0365.pdf> Accessed Feb 15, 2013

<sup>2</sup> *Oregon Tobacco Facts and Laws*. January 2011. Oregon Health Authority. Available at <http://public.health.oregon.gov/PreventionWellness/TobaccoPrevention/Documents/tobfacts.pdf> Accessed Feb 15, 2013

<sup>3</sup> *Ibid.*