



House Human Services Committee  
Chair Tomei

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### Tobacco Master Settlement Agreement – Informational Hearing

The American Heart Association is the nation's oldest, largest voluntary organization devoted to fighting heart disease and stroke. Founded by six cardiologists in 1924, our organization now includes more than 22.5 million volunteers and supporters. We fund innovative research, fight for stronger public health policies and provide critical tools and information to save and improve lives.

The AHA's mission is to build healthier lives, free of cardiovascular diseases and stroke. We have our work cut out for us. Heart disease remains the #1 killer of Oregonians. Tobacco is the #1 cause of heart disease and the number one cause of preventable death. Conquering heart disease will require a dedicated and united effort by individuals, communities and our elected leaders to invest in prevention, create and sustain healthy living and work sites and ensure individuals have the tools and medical access they need to get and stay healthy.

As you have heard, the monumental Tobacco Master Settlement Agreement between 46 states (including Oregon) and the "Big 4" tobacco companies was finalized in 1998. This agreement requires tobacco companies to pay states *in perpetuity* for the costs of tobacco and tobacco – related diseases. In Oregon, the tobacco companies have given more than \$1 billion of TMSA funds over the last decade but not one penny has been spent on tobacco prevention. (Reference Pie Chart). For the first time in a decade, we have the opportunity to invest TMSA dollars toward the original purpose: compensating Oregon for taxpayer money spent on patients and family members with tobacco related diseases and reducing tobacco use with a focus on Oregon's children.



HB 2136 is a bill that would dedicate 10 percent of TMSA funds towards tobacco prevention. For the 2013-2015 biennium that would be roughly \$12 million. The remaining 90 percent would go towards the Oregon Health Authority. The AHA supports the concept behind this bill and the investment in tobacco prevention and health.

Additionally, the AHA has been working with a growing and diverse group of organizations and individuals (reference one-pager), the TMSA Campaign, who are committed to fulfilling the original intent of the Agreement. We are urging the legislature to dedicate all \$120 million settlement funds available in 2013-2015 toward health and wellness efforts. These investments are consistent with the intent of the TMSA, would support and promote healthy communities, and would create long-term savings in Oregon's health system by preventing and managing disease as well as bringing down significant federal matching funds.

#### TMSA Campaign Recommendations:

- **\$73 million for Oregon's health transformation.** Investing in health transformation and prevention could leverage up to \$120 million in matching federal dollars for CCOs and community partnerships to reduce tobacco use and improve health outcomes. This is a significant investment into improving the health, and reducing the health care costs, for Oregon.
- **\$35 million for children's health and wellness.** The focus of the Agreement was to protect *children* from the dangers of tobacco. Subsequent studies have shown that health doesn't happen in a vacuum and, in fact, protecting kids from tobacco helps empower them to make other healthy choices like getting physically active and eating healthy foods – and vice versa.

Focusing efforts on our children's health and wellness will reduce chronic illness, improve mental and oral health, and integrate healthy behaviors by enhancing investment in physical education and school-based health centers.



- Investment in Physical Education now will help Oregon meet the PE minute requirement which all schools will be held to starting in 2017. This 2007 law requires schools to provide 150 minutes per week of physical education for students in kindergarten – 8th grade and 225 minutes per week for students in grades 5 – 8. Regular physical activity is associated with a healthier, longer life and lower risk of cardiovascular disease, high blood pressure, diabetes, obesity, and some cancers. Recent studies have also found a strong correlation between physical activity in schools and students' academic performance.
- **\$12 million to reduce smoking in Oregon.** The health impacts of smoking and secondhand smoke are widely documented. Tobacco remains the number one cause of preventable death and disease in Oregon. Every year tobacco use kills 7,000 Oregonians and secondhand smoke causes an additional 800 deaths in Oregon annually. Using current smoking rates, 74,000 kids now under 18 and alive in Oregon will ultimately die prematurely from smoking.

The #1 way to cut the costs of tobacco related diseases is to prevent a child from ever starting to smoke. Tobacco is the most addictive drug on the planet and new research from the Centers for Disease Control and Prevention show that “80 % of all smokers start before the age of 18”. Cutting tobacco costs means protecting kids from tobacco. And tobacco prevention works. Oregon's tobacco prevention efforts have received national recognition for successful results in decreasing the tobacco use rate, most significantly amongst youth and pregnant women.

Since the TPEP program began in 1996, smoking in Oregon has declined 69 percent among 8<sup>th</sup> graders. Women are 34 percent less likely to expose themselves to cigarette smoke while pregnant. We passed one of the most comprehensive smoke-free policies in the country, protecting hundreds of thousands of employees from exposure to second hand smoke on a daily basis. **For every \$1 spent on tobacco interventions, the State of Oregon realizes a \$5 return on investment from reduced tobacco-related costs.**<sup>1</sup> Last, in addition to the health and economic benefits of tobacco



prevention, a recent poll shows 85% of Oregon voters favor dedicating *at least 10% of Oregon settlement money* to tobacco prevention programs.<sup>ii</sup>

Chronic diseases are preventable. But we need the leadership of our elected leaders and the commitment of individuals and communities to reap these benefits. Oregon has a unique opportunity to lead the nation again by restoring the public's trust and protecting our children from the dangers of tobacco which will set them an unhealthy course for the rest of their lives. Thank you and I'm happy to respond to any questions.

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<sup>i</sup> Tobacco Prevention and Education Program. Oregon Tobacco Facts & Laws. Portland, Oregon: Oregon Department of Human Services, Oregon Public Health Division, 2010.

<sup>ii</sup> Riley Research & Associates, Oregon Statewide Likely Voter Poll. August 2012. Riley Research Associates surveyed 396 Oregon voters regarding their opinions on topics of current interest. The scientific telephone survey is representative of Oregon's "likely" voting public, qualified as only those having voted in at least two of the past four major elections. About half of respondents (49%) have voted in four of the past four elections. A sample of 396 is accurate to within +/-5 percent at a 95% level of confidence. Interviews took place from August 20th through 30th 2012.

# TOBACCO MASTER SETTLEMENT AGREEMENT

# TMSA CAMPAIGN

American Cancer Society Cancer Action Network

American Diabetes Association

American Heart Association & American Stroke Association

American Lung Association in Oregon

Campaign for Tobacco-Free Kids

Coalition of Local Health Officials

Elders in Action

Leukemia & Lymphoma Society

Northwest Health Foundation

Oregon Latino Health Coalition

Oregon Medical Association

Oregon Nurses Association

Oregon Primary Care Association

Oregon Public Health Association

Oregon Public Health Institute

Oregon School Based Health Care Network

Physical Education for All Kids (PEAK)

Tobacco Free Coalition of Oregon, Inc.  
(TOFCO, Inc.)

Upstream Public Health

The monumental Tobacco Master Settlement Agreement between 46 states and the "Big 4" tobacco companies was finalized in 1998. Since then, not one penny of the \$1 billion Oregon has received in settlement funds has gone towards tobacco prevention.

For the first time in a decade, we have the opportunity to invest Tobacco Master Settlement Agreement dollars toward the original purpose: *compensating Oregon for taxpayer money spent on patients and family members with tobacco-related diseases and reducing tobacco use, with a focus on Oregon's children.*

To fulfill the original intent of the Agreement and create long-term savings in Oregon's health system, the TMSA Campaign recommends all **\$120 million settlement funds\* available in 2013-15** be allocated to health and wellness efforts.

- **\$73 million for Oregon's health transformation**  
Investing in health transformation and prevention could leverage up to \$120 million in matching federal dollars for CCOs and community partnerships to reduce tobacco use and improve health outcomes. This is a significant investment into improving the health, and reducing the health care costs, for Oregon.
- **\$35 million for children's health and wellness**  
Focusing efforts on our children's health and wellness will reduce chronic illness, improve mental and oral health, and integrate healthy behaviors by enhancing investment in physical education and school-based health centers.
- **\$12 million to reduce smoking in Oregon**  
According to a recent poll, 85% of Oregon voters favor dedicating *at least 10% of Oregon settlement money* to tobacco prevention programs. For every \$1 spent on tobacco interventions, the State of Oregon realizes a \$5 return on investment from reduced tobacco-related costs.

\* Turn to back page for detailed breakdown of \$120 million

For more information, please contact:

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Investing in Oregon's health	Tobacco Master Settlement Agreement Funds	Matching Federal Funds
Investment in Coordinated Care Organizations (CCOs) to implement evidence-based programs focused on prevention and reduction of chronic disease of the Medicaid population	\$36.5 million	\$60 million
Investment in community-based health initiatives to fund innovative strategies to combat chronic disease	\$36.5 million	Up to \$60 million
Investment in Tobacco Prevention and Education Program (TPEP) to improve health outcomes, drive down health care costs and save lives	\$12 million	
Investment in school-based health centers to address children's chronic illness, mental health and oral health	\$ 5 million	
Investment in physical education in schools to promote healthy behaviors in our children	\$30 million	
<b>TOTAL</b>	<b>\$120 million</b>	<b>Up to \$120 million</b>

# Tobacco settlement allocation, 1999-2013

\$1.142 billion received (2012-2013 expected receipts)

