

NORTHWEST HEALTH FOUNDATION

The Community's Partner for Better Health

February 21, 2013

Testimony of Alejandro Queral, Program Officer, Northwest Health Foundation before the Ways and Means Subcommittee on Human Services, 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 1998, when Oregon signed the Tobacco Master Settlement Agreement, our state has received slightly over \$1 billion from tobacco companies to compensate Oregon taxpayers for past and future health care costs incurred as a result of tobacco use. In 2009 alone, tobacco use alone cost Oregonians more than **\$1.2 Billion¹** in direct medical expenditures.

The Legislature has the opportunity to invest Tobacco Master Settlement Agreement dollars in effective prevention programs that will improve the health of our communities and reduce the cost of health care. I am here today to propose a pathway for this Legislature that would leverage the newly transformed health system infrastructure to help achieve the Triple Aim of better health, better care, and lower costs.

This proposal takes a balanced approach between investing in health care and prevention, and it is supported by a large coalition of health care providers and public health advocates. I've submitted for the record materials that outline the coalition's proposal. You should have a copy in your files.

¹ *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

For purposes of this proposal, we estimate the amount of Tobacco Master Settlement Agreement dollars available for the 2013-2015 biennium to be about \$120 million after budgeting for repayment of OHSU General Obligation debt service and for enforcement by the Oregon Department of Justice of certain provisions in the MSA.

As I mentioned before, this proposal intends to ensure the success of Oregon's health transformation by allocating \$73 million for Coordinated Care Organizations and for community-based health initiatives to fund innovative strategies to prevent chronic disease. This investment could leverage up to \$120 million in matching federal dollars for improving health outcomes and reducing tobacco use of the populations they serve. Investing TMSA dollars into community-based health partnerships that bring together CCOs, local public health and community based organizations to focus on prevention is a key strategy for improving health outcomes and reducing health care costs.

In addition to health transformation investments, Tobacco Master Settlement Agreement dollars should also be spent on preventing chronic disease in children. At Northwest Health Foundation we believe that every child deserves the opportunity for a healthy life, and it is for this reason that we support allocating \$35 million from the TMSA for children's health and wellness. This money would support schools attempting to meet physical education standards established by the State Legislature in 2007, and would support enhancement of school-based centers.

Finally, we would like to see at least 10%, or about \$12 million of Tobacco Master Settlement Agreement dollars to directly reduce smoking in Oregon. We know that for every \$1 spent on tobacco prevention, the state of Oregon saves \$5 in tobacco-related costs. In Oregon, the Tobacco Prevention and Education Program has been instrumental in reducing per-capita cigarette consumption since its inception in 1996, even without any TMSA investment. By directing at least 10% of Tobacco Master Settlement Agreement dollars to TPEP, the legislature would empower this program to do so much more, like reaching the more than 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 and its coalition partners believe that investing MSA dollars in wellness and prevention and leveraging the power and infrastructure of health systems transformation offers a balanced solution that will lead to better health and reduced health care costs. In other words, this is a smart investment that will go a long ways toward improving the health of all Oregonians.

TOBACCO MASTER SETTLEMENT AGREEMENT

TMSA CAMPAIGN

American Cancer Society Cancer Action Network

American Heart Association & American Stroke Association

American Lung Association in Oregon

Campaign for Tobacco-Free Kids

Coalition of Local Health Officials

Leukemia & Lymphoma Society

Northwest Health Foundation

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.

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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	
TOTAL	\$120 million	Up to \$120 million