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FISCAL IMPACT REPORT

SPONSOR: Garcia DATE TYPED: 02/11/01 HB _____
 SHORT TITLE: Tobacco Settlement Fund Appropriations SB 33/aSPAC
 ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	\$ 20,097.6			Recurring	Tobacco Settlement Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 129

Relates to HB 2, HB 98, SB 44

SOURCES OF INFORMATION

Department of Health (DOH)
 New Mexico State Department of Education (DOE)
 Health Policy Commission
 New Mexico Veterans' Service Commission

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amends the bill as follows:

- c Provides for an additional \$1,600.0 of tobacco settlement funds to the board of regents of the University of New Mexico for the health sciences center which includes:
 - 1) \$50.0 to provide area health education centers with rural student support;
 - 2) \$150.0 for the telemedicine program;
 - 3) \$50.0 for the Los Pasos program;
 - 4) \$800.0 for the Pediatric Oncology and Specialty Physicians program;
 - 5) \$150.0 for the Poison and Drug Information Center; and
 - 6) \$400.0 to provide specialty education in trauma, critical and emergency care.

The additional funds appropriated brings the total for UNM to \$6,000.0.

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- c Provides for an additional \$4,297.6 of tobacco settlement funds to the DOH for comprehensive tobacco use prevention and cessation programs.

The additional fund appropriated brings the total for DOH to \$14,097.6.

Synopsis of Original Bill

SB 33 appropriates money from the tobacco settlement program fund to the following agencies for specific purposes:

To the Department of Health

- c \$5,000.0 for community based tobacco use prevention and cessation programs.
- c \$1,000.0 for diabetes prevention programs
- c \$2,500.0 for primary prevention home visits to newborns of at-risk families.
- c \$300.0 for breast and cervical cancer treatment for low-income women.
- c \$1,000.0 for mobile prenatal and neonatal medical services in rural Dona Ana county.

To UNM Health Sciences Center:

- c \$1,500.0 for emphysema and lung cancer detection and treatment research including \$500.0 to include women in studies on early detection of lung cancer.
- c \$2,900.0 for research, clinical care and prevention of tobacco-related illness including \$140.0 for core support of the Master's in Public Health Program

To the State Department of Public Education:

- c \$275.0 to contract for media literacy tobacco use prevention intervention programs.

To the State Veterans' Service Commission

- c \$600.0 to contract for assistance to veterans with lung disease in a transitional living center for homeless veterans.

Significant Issues

The Health Department reports that SB 33 is a logical, well-thought-out piece of legislation that takes into account the rationale underlying the legal action brought by the state attorneys general against the tobacco industry.

Diabetes is the seventh leading cause of death in New Mexico. Approximately 14% of all New Mexicans age 40 and over have diabetes with 90 – 95% having Type 2 Diabetes.

There is currently no comprehensive system of primary prevention home visiting services in New Mexico for families who desire and need additional support. The bill provides an opportunity to provide consistent family support as desired and needed at critical times in child development.

The 1998 "Healthcare State Rankings" lists New Mexico as the third highest state in the nation with 22.3% of the population uninsured.

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According to the New Mexico 1999 High School Youth Risk Behavior Survey:

- c 65% of respondents reported they have smoked cigarettes.
- c 20% were 13 or 14 years old when they first smoked a cigarette.

Media Literacy is one of the seven required health education content standards for school aged children. Media Literacy is an effective strategy for tobacco use prevention education, alcohol and other drug use prevention education, HIV prevention education, Nutrition education, and other health related topics.

FISCAL IMPLICATIONS

SB 33 appropriates the following amounts from Tobacco Settlement Program Funds:

- c \$9,800.0 to DOH. (includes \$300.0 for breast and cervical cancer treatments which will draw federal match).
- c \$4,400.0 to UNM.
- c \$275.0 to Department of Ed.
- c \$600.0 to NM Veterans Service Commission.

Federal Bill HR 4386 was passed October 2000 enacting The Federal Breast and Cervical Cancer Prevention and Treatment Act of 2000 (P.L.106-354) which allows participating states to receive a federal match at the states CHIP rate (81 federal/19 state) from Centers for Disease Control (CDC) program dollars. This could bring an additional \$1.3 million in federal funding to the state.

In FY 2001, the tobacco use prevention and Cessation Services received \$1.75 million, juvenile and adult diabetes services received \$1 million, and HIV/AIDS services and medicine received \$750.0 from the Tobacco Settlement Program Fund. These amounts were included in the Department of Health's base budget request for SFY 2002.

If approved by the Health Care Financing Authority, the proposed \$475.0 appropriation to contract for primary prevention home visits to families of newborns could leverage almost \$2.5 million in federal Medicaid funds (based upon a match ratio of 81% Federal to 19% State dollars) for the State Children's Health Insurance Program (SCHIP) Phase II.

In the first year, an estimated \$6,000 would be needed in capital outlay for equipment. Ongoing costs for the program will include \$90.0 for personnel, supplies and operating costs, leaving \$2,404.0 for training, evaluation and services. These staff are needed to start up a new program of this magnitude and complexity. The amount that would be appropriated is sufficient to carry out the program, with an average cost of \$2,800 per family per year.

ADMINISTRATIVE IMPLICATIONS

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If SB 33 is enacted, additional staff would be necessary in the Department of Health to administer the programs funded.

The State Tobacco Use Prevention and Control Program would require three additional FTEs to implement the expanded statewide the programs proposed in this bill. These FTEs will be especially needed to provide adequate technical assistance and training to the increased number of contractors the Program will be working with, and to monitor these contractors' progress in fulfilling their scopes of work.

The \$1.775 million directly appropriated in FY01 to the Tobacco Use Prevention and Control Program in professional services contracts is all obligated.

The Diabetes Program has been able to add staff as outlined in last year's appropriation to develop, implement and support these new activities.

If enacted, SB 33 would require at least two additional FTE for the administrative support necessary for contract administration, monitoring, training and technical assistance for primary prevention home visiting services for families.

One 1 FTE would be needed to perform the administrative support and coordination of the appropriation for breast and cervical cancer treatment. The New Mexico Breast and Cervical Cancer (NM B&CC) Program would be able to support this individual with case management services.

Contracts for prenatal and neonatal medical services could be administered by District 3 of the Public Health Division, or Border Health Office of the Public Health Division, Department of Health with no additional administrative support.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

HB 2 contains the following amounts from Tobacco Settlement Program Funds:

- c \$7,225.0 to DOH includes:
 - \$5,000.0 for tobacco prevention and cessation programs
 - \$475.0 for early childhood and development home visits (federal funds can be leverage through SCHIP which can increase the program funds to \$2.5 million)
 - \$750.0 for HIV services
 - \$1,000.0 for diabetes programs

- c \$4,400.0 to UNM Health and Science Center

- c \$9,072.6 to Medicaid and SCHIP includes:
 - \$300.0 for breast and cervical cancer treatments which will draw federal match.
 - \$450.0 for Medicaid Smoking Cessation
 - \$ 5,322.6 for SCHIP for working poor parents
 - \$3,000.0 for Medicaid base

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c \$275.0 for media literacy project.

HB 2 does not contain and appropriation for funding homeless veterans with lung disease and for contracting for neonatal medical services in rural areas of Dona Ana county. It does provide for funding for other programs noted in SB 33.

Companion bill is HB 129

Relates to HB 98, general appropriation bill, \$336.0 for Breast and Cervical Cancer Prevention and Treatment.

Relates to SB 44, general appropriation bill, \$2,000.0 for at-risk pregnant women.

TECHNICAL ISSUES

The NM Veterans' Service Commission noted that language needs to be clarified relative to:

- c whether veterans needing assistance must be currently residing in a homeless shelter, or whether they would be eligible prior to placement in such a facility.
- c whether the contracts are for the facility itself or whether the money could be used, to fund a therapist to visit and assist the veteran at the facility.

OTHER SUBSTANTIVE ISSUES

The Health Policy Commission reports that:

- c The tobacco settlement in New Mexico represents an estimated \$1.85 billion from FY2000 through 2025.
- c Over the next 25 years 75,000 New Mexicans will die due to tobacco-related illnesses and disease.
- c A recent study by CDC found more than 28 percent of high school-age kids are smokers and nearly 10 percent of middle school-age kids are smoking regularly. The result has been initiatives in 19 states that have been or will be funded, at least partially by tobacco settlement revenues.

The NM veterans' service commission reports that many veterans developed a dependency for tobacco during their military service, due, in part, to armed forces supplying tobacco to the enlisted on a regular basis before medical problems associated with tobacco were documented. Programs described in SB 33 are included in the DOH Strategic Plan.

SB 33 would fund the recommendations of the Tobacco Settlement Interim Committee pursuant to the Master Settlement Agreement (MSA), which would offer a unique opportunity to substantially

reduce the immense burden of disease, death, suffering, and economic costs that tobacco use imposes on New Mexico.

It should also be noted that a poll of 500 New Mexico residents conducted in January 2000 by Research and Polling found that 90% of those surveyed supported spending at least one fourth of the state's settlement proceeds on tobacco prevention.

Health Department provided the following information:

Tobacco use is a major public health problem in New Mexico. Smoking is the leading preventable cause of death in the state, causing over 2,000 deaths annually. Tobacco use also imposes substantial economic costs on New Mexico. Smoking cost the state \$432 million in 1996, including \$170 in health care costs and \$262 in lost productivity from illness and premature death. In 1995, New Mexico spent \$48 million on treating Medicaid patients with smoking-related diseases [Centers for Disease Control and Prevention and Smoking Attributable Mortality, Morbidity and Economic costs (SAMMEC) data].

In New Mexico an average of 218 women die each year of breast cancer and 25 die of cervical cancer. Over the past nine years the New Mexico Breast & Cervical Cancer Early Detection Program has funded 120,000 pap smears and 90,000 mammograms. During those nine years, 757 women have been diagnosed with cervical cancer and 259 women have been diagnosed with breast cancer.

BD/ar