

**MINUTES
of the
THIRD MEETING
of the
TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE**

**August 20, 2018
University of New Mexico
Domenici Center for Health Sciences Education,
West Wing, Room 3010
Albuquerque**

The third meeting of the Tobacco Settlement Revenue Oversight Committee (TSROC) was called to order by Representative Elizabeth "Liz" Thomson, co-chair, on August 20, 2018 at 9:38 a.m. in Room 3010 of the West Wing of the Domenici Center for Health Sciences Education at the University of New Mexico (UNM) in Albuquerque.

Present

Sen. Cisco McSorley, Co-Chair
Rep. Elizabeth "Liz" Thomson, Co-Chair
Rep. Joanne J. Ferrary
Sen. John Arthur Smith
Rep. Monica Youngblood

Absent

Sen. Sander Rue

Advisory Members

Rep. Gail Chasey
Sen. Candace Gould
Sen. Linda M. Lopez
Sen. Mary Kay Papen

Rep. Jim R. Trujillo

Staff

Lenaya Montoya, Staff Attorney, Legislative Council Service (LCS)
Celia Ludi, Staff Attorney, LCS
Kathleen Dexter, Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are on the website and in the meeting file.

Monday, August 20

UNM Health Sciences Center (HSC) Tobacco Settlement Revenue Programs Overview

Richard S. Larson, M.D., Ph.D., executive vice chancellor and vice chancellor for research, UNM HSC, welcomed the committee and provided an overview of programs at the center that are funded with tobacco settlement revenue.

As a health center affiliated with a university, the UNM HSC's charge is not only to deliver health care but also to provide education and conduct research. The HSC's activities are not limited to its Albuquerque location; the center hosts nearly 600 activities, including research and support services, in 246 communities around the state. Tobacco settlement revenue supports three core projects centered on clinical care, education and research into tobacco-related illnesses:

- the New Mexico Poison and Drug Information Center (NMPDIC) — a hotline that receives more than 23,000 calls per year and is the only poison control center in the state;
- the pediatric oncology program — a program that is the only source of tertiary care for children with cancer in the state and that includes numerous clinical trials, which provide treatment for 96 percent of young cancer patients in New Mexico; and
- biomedical research in genomics, biocomputing and environmental health — research efforts that began with pilot funding through tobacco settlement funds and, in many cases, led to additional federal funding, other grant funding and commercialization of technology developed at the HSC.

Since 2007, tobacco settlement revenue has also been used for instruction and general purposes, including specialty trauma and pediatric care education. The funds support additional faculty positions in these fields and supplement faculty compensation rates, which are below the national average.

Dr. Larson noted that the HSC's fiscal year (FY) 2020 funding request from tobacco settlement revenue is \$2.96 million, an increase of \$103,000 over the HSC's FY 2018 appropriation and a return to the level of funding the HSC received in FY 2017.

On questioning, Dr. Larson and committee members addressed the following topics.

Instruction and general purposes funding. The use of tobacco settlement revenue for instruction and general purposes was initially intended, in 2007, to be temporary; it has since become permanent.

Cigarette tax. Smoking rates in the state have declined each time the cigarette tax has increased. Increases in the cigarette tax do not affect the HSC unless money is directed in statute to the center.

Bioscience companies. Some bioscience companies that have developed and marketed technology that originated at the HSC with tobacco settlement money have moved out of state because other locales are more receptive and responsive to their inquiries. The New Mexico Bioscience Authority was created to help keep those companies in the state. Possible initiatives to keep bioscience companies in New Mexico include a locally funded community readiness program; a state co-investment entity; a requirement that companies that receive seed funding through the state remain in the state for a certain length of time; and tax incentives.

Clinical trials. Most of the cancer treatment clinical trials available through the HSC are national trials based elsewhere, though some are based at the HSC.

Medicaid. Managed care organizations are aggressively negotiating to decrease reimbursement rates for Medicaid health care providers. With the federal share about to decrease, the state has to come up with an additional \$600 million to cover the Medicaid program.

Patient-Centered Outcomes Research Institute (PCORI). The HSC receives funding from the PCORI, a federal agency that was established in 2009 and is due for reauthorization in 2019. If it is not reauthorized, the HSC will have to make cuts to its research programs.

Pediatric asthma. New Mexico has the highest incidence of pediatric asthma in the Rocky Mountain region. The HSC has developed a home monitoring device for asthma.

Marijuana. A member noted that an article in the *New England Journal of Medicine* equated the effect of marijuana on the brain to the effect of tobacco on the lungs.

Pediatric Oncology Program; Specialty Education in Pediatrics

John Kuttesch, M.D., Ph.D., division chief, Pediatric Hematology/Oncology, UNM HSC, gave an overview of the HSC's pediatric oncology program, which serves patients from all around the state.

The program's mission is to lessen the burden of childhood cancer for children and families in New Mexico through clinical service, research and education. The program provides a continuum of care, from diagnosis to survivorship, through its combined resources as both a comprehensive children's hospital and a comprehensive cancer center. In FY 2018, the program had 350 active patients who were treated through approximately 5,000 clinic and inpatient visits. Current initiatives in the program include 50 therapeutic trials; 15 studies on cancer control, epidemiology, late effects and pharmacology; and innovative therapies, including immunotherapies, targeted therapies and precision medicine. The program also mentors and educates medical residents and students.

In FY 2019, the program received \$250,000 — nine percent of its budget — from tobacco settlement funds.

On questioning, Dr. Kuttesch and committee members addressed the following topics.

Leukemia. The HSC was the first to gather data on leukemia "hot spots", or clusters of incidence. New Mexico does not have these clusters but does have noticeable ethnic disparities, with Hispanics having the worst outcomes. Outcomes, in general, have improved across all ethnicities over the past 40 years, from five percent positive outcomes in the 1970s to 85 percent positive outcomes currently.

Patients in southern New Mexico. Many children in southern New Mexico who need oncology services go to El Paso, Texas, where a facility is in the process of getting certified as a children's oncology center, or these families go to a facility in Lubbock, Texas. These patients might benefit more from coming to the UNM HSC where they can participate in clinical trials.

Insurance coverage. Approximately 30 percent of patients treated through the pediatric oncology program are covered by private insurance and approximately 70 percent by Medicaid. Both groups receive the same level and quality of care.

Tour: Interprofessional Healthcare Simulation Center (IHSC)

Committee members toured the HSC's IHSC. Tour guides included Beth Mercer, program specialist, IHSC, and Joseph P. Sanchez, Ph.D., program operations director, College of Nursing, UNM HSC.

UNM Comprehensive Cancer Center Update

Cheryl Willman, M.D., director and chief executive officer, UNM Comprehensive Cancer Center, gave an update on the center, which is one of only 49 cancer centers in the U.S. to achieve "comprehensive" status and certification.

The UNM Comprehensive Cancer Center provides personalized state-of-the-art diagnosis and treatment for approximately 65 percent of all cancer patients in New Mexico. More than 12,000 patients receive care each year through the center, which is one of only three cancer centers in the nation that provides treatment regardless of a patient's ability to pay. In addition to treatment available at its facilities at UNM, the center provides treatment through cooperating clinics and providers in all counties of the state.

Research conducted at the cancer center has led to new diagnostics and drugs for several cancers and has earned UNM 136 patents since 2010, with more than 100 additional patents pending. Thirteen new companies have been launched based on biotechnology developed at the center. Los Alamos National Laboratory, Sandia National Laboratories, the Lovelace Respiratory Research Institute and New Mexico State University have all participated in the cancer center's research efforts.

The New Mexico Tumor Registry, which was established in 1966 by the legislature, is managed at the cancer center, as is a similar registry for human papillomavirus and cervical

cancer. The registries have revealed ethnic disparities in cancer incidence and have helped the cancer center focus on cancers that disproportionately affect the state's minority and underserved populations.

The UNM Comprehensive Cancer Center relies on both state and federal funding. A rule change that took effect in January 2018 by executive order concerning the federal 340B prescription drug pricing program effectively cut annual funding to the cancer center by \$9.75 million. Dr. Willman noted that this funding decrease, when added to the \$10 million in annual unreimbursed ambulatory cancer care that the center already provides, leaves a nearly \$20 million funding gap that not only jeopardizes clinical services and research efforts, but also jeopardizes the center's designation as a comprehensive cancer center. The center has petitioned for a one-year extension on its application to renew its comprehensive cancer center designation as it seeks additional funding elsewhere, including from the legislature.

On questioning, Dr. Willman and committee members addressed the following topics.

340B program. The new rule under the 340B drug pricing program that cut funding to the UNM Comprehensive Cancer Center did not affect all cancer centers in the country, only those whose patients are primarily low-income. The action will have a disproportionate effect on cancer patients in New Mexico, who are often low-income and from rural areas, and has effectively created two classes of cancer centers pitted against each other. Lawsuits challenging the new rule failed in July on a technicality but will be refiled in September. Legislation to change the rule is stalled in Congress.

Funding streams. More than one-half of the state funding for the cancer center comes from the cigarette tax. Members spoke both in favor of and against earmarked funding streams and of the need to establish long-term funding for the cancer center. Patents are a potentially strong funding stream; New York University holds a patent that generates enough revenue to pay tuition costs for medical students.

Ovarian cancer immunotherapy clinical trial. Patients can enter the clinical trial at any stage of their cancer.

Smokeless tobacco. Members discussed the possibility of imposing a tax on smokeless tobacco products and sending the tax revenue to the Tobacco Settlement Permanent Fund. A member noted that past legislation to increase the cigarette tax included a tax on smokeless tobacco but that the provision was amended out of the bill before it passed.

NMPDIC

Susan Smolinske, Pharm.D., director, NMPDIC, reported on the NMPDIC's work to reduce morbidity and mortality associated with poisoning, adverse drug interactions and medication errors.

In FY 2018, the NMPDIC received more than 23,000 calls, hosted more than 400 poison prevention outreach programs and reached more than one million people through its public education events and public service announcements. A survey conducted by the federal Department of Health and Human Services states that phone calls to poison information centers can save millions of dollars in health care spending each year by reducing emergency room visits for situations that can be monitored and handled at home. In addition, poison information center staff members consult with hospitals that have admitted poison victims; in New Mexico, such consultations shortened inpatient stays by an average of three days in FY 2014, saving nearly \$37 million. With the growing use of medical marijuana and e-cigarettes, calls to the NMPDIC have become more complex, as interactions with these drugs are not yet fully understood.

The NMPDIC received \$590,300 in tobacco settlement funding in FY 2019. If this funding remains flat for FY 2020 and other revenue sources do not increase, the NMPDIC's funding reserves will dip to approximately \$6,500 in FY 2020 if the center continues its current level of services.

On questioning, Dr. Smolinske noted that only 25 percent of the U.S. population is aware of poison control centers and the services that they provide. The NMPDIC sends representatives to rural clinics, senior centers and Women, Infants and Children Program centers to increase awareness of the NMPDIC. In addition, the New Mexico Home Builders Association provided grant funding to place refrigerator magnets with NMPDIC contact information in all new homes.

Indian Affairs Department (IAD) Tobacco Cessation and Prevention Programs

Suzette Shije, secretary-designate, IAD, and Allie Moore, Keres Consulting, Inc., gave a presentation on tobacco cessation and prevention programs for Native American youth that are funded by tobacco settlement revenue.

In the 2015 *New Mexico Youth Risk and Resiliency Survey*, more than one-third of Native American high school students reported having used a tobacco product — cigarette, e-cigarette, hookah, cigar or spit tobacco — in the month preceding their response to the survey. More than one-half of those who had been smoking for a year had also tried to quit. The presenters noted that helping these youth to quit smoking is an important public health intervention.

In FY 2018, the IAD distributed its \$249,300 tobacco settlement revenue appropriation to nine community-based tobacco cessation and prevention programs hosted by the pueblos of Acoma, Nambe and Pojoaque; the Navajo Nation; the Mescalero Apache Tribe; the Albuquerque Area Southwest Tribal Epidemiology Center; the Albuquerque Indian Center; and Keres Consulting, Inc. Program activities ranged from education on the distinction between commercial and traditional tobacco use to poster contests and continuing education unit courses in tobacco intervention skills for health care providers. The activities, which were tailored to each community and audience, reached more than 18,000 youth and adults, reduced commercial tobacco use among Native Americans, strengthened cultural identity and improved health outcomes.

The presenters were joined by Margaret Merrill, executive director, Oso Vista Ranch Project, and Ernest Tsosie of the James and Ernie comedy team. Ms. Merrill and Mr. Tsosie reported on the success of their program, "Know the Truth", which delivers media literacy, suicide prevention and tobacco cessation messages to Navajo youth and adults through standup comedy routines.

In assessing the success of the FY 2018 programs, the presenters found opportunities for improvement in three areas:

- improving the payment process to get funds to communities in a more timely and efficient manner;
- reducing the reversion of funds by monitoring programs and getting all funds expended; and
- improving grantee training and technical assistance.

On questioning, the presenters and committee members addressed the following topics.

Best practices. The IAD programs adhere to best practices developed by the federal Centers for Disease Control and Prevention (CDC) for tobacco cessation and prevention programs. The CDC also requires that programs tailor their strategies to each community served.

Tobacco settlement revenue funding. In FY 2009, the IAD received \$500,000 in tobacco settlement revenue funding for its cessation and prevention programs; in FY 2018, it received only \$249,300.

Cigarette tax. When the state increases its cigarette tax, tribes have agreed to increase their taxes as well.

E-cigarettes. According to the 2015 *New Mexico Youth Risk and Resiliency Survey*, nearly eight percent of middle school students have used traditional tobacco products, such as cigarettes, and 13 percent have used e-cigarettes.

Adjournment

There being no further business before the committee, the third meeting of the TSROC for the 2018 interim adjourned at 5:08 p.m.