

Synopsis of Original Bill

House Bill 546 would appropriate \$3,000,000 from the tobacco settlement program fund to the Department of Health (DOH) for expenditure in FY09 for tobacco use cessation programs and \$1,000,000 to DOH for expenditure in FY09 for diabetes prevention, education and outreach. Any unexpended balance remaining at the end of FY09 would revert to the tobacco settlement program fund.

FISCAL IMPLICATIONS

Both the Executive and Legislative base FY09 operating budget recommendations contain \$585,000 from general funds and \$1,000,000 from Tobacco Settlement funds for diabetes prevention, education and outreach activities and \$9,115,000 in Tobacco Settlement funds for tobacco cessation and prevention.

HB 546 is proposing an additional \$1,000,000 from tobacco settlement program funds to fund diabetes prevention, education and outreach and an additional \$3,000,000 also from tobacco settlement funds for tobacco cessation and prevention. However, the \$21 million that is projected to be available in the tobacco settlement program fund for FY09 has already been allocated by House Appropriation Committee Action on HB 2.

Recently, the Attorney General reported there is no reason to change the tobacco master settlement agreement payment estimate. Department of Finance and Administration (DFA) analysts have informed the LFC that no more money than has been estimated to exist in the fund can be appropriated.

SIGNIFICANT ISSUES

The Centers for Disease Control and Prevention (CDC) has increased its recommendation for annual tobacco control funding in New Mexico to \$23.4 million (CDC Best Practices for Comprehensive Tobacco Control Programs, October 2007). HB546 would bring the DOH/Tobacco Use Prevention and Control Program (TUPAC) closer to the CDC Best Practices recommendation. DOH/TUPAC FY08 funding is \$9.1 million, 39% of the CDC Best Practices funding level. Increasing DOH/TUPAC funding to \$12.1 million would bring the state funding level to 52% of the CDC Best Practices funding level. The more states spend on sustained comprehensive tobacco control programs, the greater the reductions in smoking. (CDC Best Practices, October 2007).

The economic burden of tobacco-related illnesses and deaths is staggering. Annual smoking costs in New Mexico are \$928 million. This represents \$461 million for direct medical costs and \$467 million for lost productivity (indirect costs for absenteeism and forfeited future earnings due to smoking-caused morbidity and premature deaths) (www.tobaccofreekids.org).

Approximately one in ten adults, or 150,300 New Mexicans, has diabetes (Behavioral Risk Factor Surveillance System [BRFSS], 2006 and the University of New Mexico Bureau of Business & Economic Research, modified 2006 NM population estimates). People with diabetes are at risk for limb amputations, blindness, end-stage kidney disease and cardiovascular disease (CDC, 2004). Children are at increasing risk for type 2 diabetes due to increasing rates of obesity, poor nutrition, and lack of physical exercise.

Costs for medical care and lost productivity for a person with diabetes average more than \$13,000 per year and current estimates are almost \$2 billion a year for the state (estimated forward based on data from a 2002 Diabetes Care study). With diabetes on the rise, especially among children, these costs are increasing. Of New Mexicans without diabetes, more than half are overweight or obese and one in five do no leisure-time exercise (BRFSS, 2006), increasing their risk for diabetes. A New England Journal of Medicine (Vol. 346, No. 6, 2/7/02) study indicated that one of every seven cases of diabetes could be prevented in at-risk populations over a three-year period through exercise and diet.

ADMINISTRATIVE IMPLICATIONS

DOH notes that they may need to utilize a small portion of the appropriation for program administration. DOH/TUPAC administers 72 professional services contracts with the \$9.1 million in current funding. These contractors are operating at full capacity meaning that the additional funds would be used to support additional contractors. One FTE can effectively oversee eight contracts. The added \$3 million would translate into approximately 24 new contracts and three additional FTE. Distribution of the added appropriation for diabetes activities would require application and/or Request for Proposal (RFP) processes. The increase in administrative workload would require one additional FTE to address the added workload.

CONFLICT AND RELATIONSHIP

HB 546 is in conflict with HB 2, which has already allocated the \$21 million projected to be available for the tobacco settlement program fund in FY09. HB 546 relates to HB 40, which would appropriate \$1,000,000 of general funds for diabetes prevention, education and outreach.

OTHER SUBSTANTIVE ISSUES

Tobacco use disproportionately affects certain populations. In New Mexico, smoking rates are highest among adults who are young (18-24 years), low-income, low education, the unemployed, the uninsured, and among lesbian, gay, and bisexual individuals (Adults and Tobacco in NM: 2005 Report). DOH/TUPAC is committed to addressing tobacco-related health disparities through the implementation of the Tobacco-Related Disparities Strategic Plan 2005-2010. Addressing tobacco-related disparities is integrated into activities and planning wherever appropriate.

Populations experiencing diabetes-related disparities include Native Americans, Hispanics, African Americans, and rural communities. Native Americans in New Mexico are about twice as likely to be diagnosed with diabetes as non-Native Americans and non-Hispanics. Hispanics are about 1.5 times more likely to be diagnosed with diabetes than non-Hispanics (BRFSS, 2006).

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