



News Release

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Governor's new plan funds ongoing programs with funds that are tied up in court; Legislature should restore smoking cessation programs with tobacco settlement funds

Last week the governor offered his proposal to balance the FY 2010-2011 budget. **Important health and human services programs may not receive the resources they are due because the money is tied up in court and may never come under state control.**

The governor's framework dedicates about \$230 million in former tobacco settlement funds to the five important programs listed below. **The Center for Community Solutions** urges the governor and the Ohio General Assembly to raise sufficient tax revenue to fund these and other social service programs rather than promising funds that the state does not have. We also urge the General Assembly to restore some funding for smoking cessation programs.

Programs to be funded with tobacco settlement dollars include:

- Breast and Cervical Cancer Screening in the Department of Health (\$3,456,821 over the biennium);
- Adult and child protective services in the Department of Job and Family Services (\$92 million over the biennium to replace lost TANF dollars)
- Medicaid expansion for children with family incomes between 200-300% of the federal poverty level (FPL) in the Department of Job and Family Services;
- Children's Medicaid Buy In, a healthcare program for children with family incomes over 300% FPL in the Department of Job and Family Services; and
- Some Medicaid services for adults that are considered optional under federal law in the Department of Job and Family Services.

The funds in question originated from the Tobacco Master Settlement Agreement (MSA) with major tobacco companies, which provides states with annual payments to compensate them for the health care costs of people with smoking related illnesses. The MSA did not dictate how the states may use the funds, and Ohio sold its interest in future MSA payments in 2007. The funds were originally allocated to the Tobacco Use Prevention and Control Foundation (TUP) in fiscal years 2000 and 2001. In 2008, Governor Strickland and the legislature agreed to use the TUP funding (estimated to be \$230 million) for a job stimulus plan less \$40 million that went to the Ohio Department of Health to continue some tobacco prevention and cessation activities. To preempt this

action, the TUP board voted to grant the dollars to the American Legacy Foundation to assure that funds would remain dedicated for tobacco prevention in Ohio. A lawsuit followed, and the funds remain frozen.

“Tobacco use remains the number one preventable disease in Ohio and one of the major cost drivers for Medicaid. Diverting funds away from tobacco use prevention programs will ensure that the State will continue to pay unnecessarily for expensive medical treatment for years to come. It’s a classic ‘pay me now or pay me later’ situation,” said **Jon Honeck, Public Policy fellow at The Center for Community Solutions.**

Taking tobacco prevention funds away puts children at greater risk and leaves adult smokers without the resources to quit. Ohio ranks 45th in the nation in state spending on tobacco prevention. The American Lung Association (ALA) gives Ohio a grade of “F” in Fiscal Year 2009 Tobacco Control Program Funding. The Campaign for Tobacco-Free Kids estimates that in Ohio, 18,500 people die annually because of their smoking and another 2,170 die from second-hand smoke. People who quit smoking can expect to live 10 years longer.

Diverting funds from tobacco prevention not only costs lives, it is expensive. According to the ALA, the annual economic costs of tobacco to the state of Ohio were \$9.17 billion, which includes health care expenses and productivity losses. In 2004, health care costs in Ohio due to tobacco totaled \$4.32 billion according to the U.S. Centers for Disease Control and Prevention. Of this, Ohio’s Medicaid program pays an estimated \$1.4 billion.

While Ohio is diverting resources from tobacco prevention, the federal government is taking action to reduce future tobacco-related illness and costs. On Monday of this week, President Obama signed the Family Smoking Prevention and Tobacco Control Act, which gives the U.S. Food and Drug Administration authority to regulate tobacco products.

“Diverting funds from tobacco prevention is the wrong thing to do at a time when the President and the Congress have acted decisively to enact new legislation to protect our children from tobacco. Not funding tobacco prevention programs puts the State at odds with the feds,” said Honeck.

The Center for Community Solutions is a private, independent, nonprofit organization focused on policy and system reform. It provides strategic leadership to improve targeted health, social, and economic conditions. Established in 1913, it is a United Way agency.