

Beacon Hill Byline by Mary Rogeness

January 28, 1999

Budgeting the Tobacco Funds

This week's Byline is tackling a policy issue you may have read about in recent newspapers, the budgeting of money from settlement with tobacco companies. It is a complex issue, but since it will eventually involve billions of dollars, I thought it was worth some consideration.

Last fall the television news programs were filled with talk of astronomical sums what would be paid to the states by tobacco companies to settle a massive lawsuit. Billions and even trillions of dollars were discussed so lightly that the sums lost their meaning. But now the settlement has become reality. Massachusetts' share of the settlement is \$7.6 billion to be paid over 25 years. Now we are faced with the question of using the money appropriately and prudently.

The first answer to that question was offered last week by Governor Cellucci. I attended a press conference at which the governor outlined a plan to deposit all money in a trust fund dedicated to expanding health care programs. The plan fits well with the stated reason for the initial lawsuit -- that tobacco use has cost the state billions of dollars in health care expenses. That recommendation would make Massachusetts the first state in the nation to target all tobacco settlement monies for health care.

The first year's income to Massachusetts will be \$361 million, and the governor proposes using \$270 million for expanded health services, leaving the remainder in trust. If we spend less each year than we take in, the fund will serve medical needs well beyond the term of the settlement.

Programs that will benefit from the infusion of funds are the Children's and Seniors Health Care Assistance Fund, pharmacy assistance and home care programs, HIV AIDS programs, and "Turning 22," a program that provides a transition for mentally retarded youth. The sum of \$500,000 is set aside to analyze the effectiveness of the existing smoking prevention program.

The proposal appealed to me as an appropriate use of funds. Each item provides new health benefits for a segment of the population, and they combine to improve the overall health of our society. I have already received calls from senior citizens who have lost coverage of their prescription needs because of recent changes in Medicare HMO regulations, and that problem is addressed as a priority. Working with the budget every year, I have seen the unmet needs in many other programs targeted for expansion.

This is only the first endeavor to budget a substantial new source of state funds, and some objections have already been raised. The main criticism comes from those who say that money should be set aside for anti-tobacco programs, making me wonder if they know that Massachusetts already spends close to \$100 million a year to deter our youth from smoking and help smokers break their habit.

Governor Cellucci's budget will soon be released, containing his plans for the tobacco windfall. I will keep working to make those plans a reality as the legislature develops the budget for next year.