COUNCIL OF THE CITY OF PHILADELPHIA
PUBLIC HEARING BEFORE COUNCIL COMMITTEE ON
PUBLIC HEALTH AND HUMAN SERVICES

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, May 24, 2000
11:25 a.m.

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RESOLUTION NO. 000042 - Authorizing the City Council Committee on Health and Human Services to hold public hearings in order to review and analyze the proposals of Pennsylvania Governor Tom Ridge, Pennsylvania State Senator Vincent Hughes, State House Democrats, State Senate Democrats, and all other legislative proposals under consideration for the expenditure and investment and, in general, the use of the Commonwealth's estimated $11.3 billion settlement with the tobacco companies; and further authorizing the Committee to solicit comments and suggestions from, but not limited to, health care advocates, youth advocates, health-care industry experts, financial experts, academia, State Legislative and Executive Branch officials, as well as Governor Tom Ridge, and State Senator Vincent Hughes regarding these and other proposals regarding the use of the tobacco settlement funds

PRESENT: COUNCILWOMAN MARIAN B. TASCO, Chair
COUNCILMAN ANGEL L. ORTIZ
COUNCILWOMAN BLONDELL REYNOLDS-BROWN
COUNCILMAN FRANK RIZZO

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- From Senator Vincent Hughes
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P R O C E E D I N G S

COUNCILWOMAN TASCO: Good morning. I'm asking the members of the Public Health and Human Services Committee to come to the Council chambers, please.

COUNCILMAN ORTIZ: I'm here, let's begin.

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COUNCILWOMAN TASCO: Good morning. I'd like to call the Committee on Health and Human Services to order. I'd like to say that we have quorum in the presence much Councilman Frank Rizzo, Councilwoman Blondell Reynolds Brown, Councilman Angel Ortiz. I'm Councilwoman Marian Tasco, the Chair of this committee.

We'd like to have the clerk read the resolution, please.

THE CLERK: Thank you.

Resolution No. 000042, authorizing the City Council Committee on Health and Human Services to hold public hearings in order to review and analyze the proposals of Pennsylvania Governor Tom Ridge, Pennsylvania State Senator Vincent Hughes, State House Democrats, State

Senate Democrats, and all other legislative proposals under consideration for the expenditure and investment and, in general, the use of the Commonwealth's estimated $11.3 billion settlement with the tobacco companies; and further authorizing the Committee to solicit comments and suggestions from, but not limited to, health care advocates, youth advocates, health-care industry experts, financial experts, academia, State Legislative and Executive Branch officials, as well as Governor Tom Ridge, and State Senator Vincent Hughes regarding these and other proposals regarding the use of the tobacco settlement funds.

Thank you.

COUNCILWOMAN TASCO: Thank you very much.

This resolution was introduced by my colleague Councilwoman Blondell Reynolds Brown, and her staff has prepared the witness list. If there is anyone who has not initially signed up to testify today, they should come forward and sign up with Miss Frazier.

This resolution affords us an opportunity, as a city, to influence the approach

that the Governor and the legislature will take in allocating Pennsylvania's tobacco settlement fund.

Right now I'd like to recognize Councilwoman Blondell Reynolds Brown, who will make a statement at this point.

COUNCILWOMAN BROWN: Good morning, good morning.

Let me first thank the Chair of our committee, Councilwoman Marian Tasco, for allowing us the chance to register our interests on this very, very important issue at a very, very important time. Let me thank you all for coming out and putting us in your demanding schedule to attend today's hearing on the tobacco settlement. As we all know, the state government is currently deliberating on how to spend approximately $11.3 billion over the next 25 years as its portion of the tobacco settlement.

An integral part of the word "hearing" is the word "hear." The purpose of today's hearing is for this committee to hear from you, the citizens of our city and the surrounding areas, what you view to be the best ways to spend the dollars that will be coming through in this

settlement.

In addition to the members of the committee, we have the newly appointed health commissioner, Dr. Walter Tsou, with us today, and as the Street Administration's top official on health issues, we're happy that you have joined with us. We may have individuals from the State House of Representatives, the State Senate. We already know that we have a representative from State Senator Vincent Hughes' office, and the Ridge Administration coming in to listen today as well.

Being that they play the major role in how the tobacco monies are ultimately allocated, it is important that they know what you, the testifiers', opinions are on this issue. To that end we will deliver copies of today's transcript, written testimony, as well as recommendations to the decision-makers in Harrisburg.

The decisions that are being made in Harrisburg will have a long-term effect on all Philadelphians and Pennsylvanians, and the Greater Philadelphia Urban Affairs Council stated it more specifically, and I quote, "Smoking is on the rise

amongst groups that are hard to reach: the young, the poor, high school dropouts, and racial minorities." In short, those whose health status is most at risk.

We are studying the settlement and, again, we will recommend that intense efforts be made to reach these special communities. We all know that the best use of this money is to help Pennsylvanians live healthier lives. Striking this important balance of what should be spent on which health initiatives is the challenge:

Should there be greater dollars given to low-cost health insurance?

What about dollars spent on smoking cessation programs, or Philadelphia health clinics?

What amounts should be set aside for increasing children's health insurance?

What can be done to ensure that those who are traditionally underserved have their needs met?

Sitting here today, I will admit that I do not know the ideal formula. I do know that many people in this room have had time to study

the Governor's proposal and do have strong feelings on the issue. We do look forward to hearing your educated and, I'm sure, well-informed comments. We will shape our opinion, which I intend to make known to those, as I said, who will be making the bottom-line decisions.

In closing, this is a unique opportunity for us to participate in the dialog that will help shape a comprehensive strategy for reducing the use of tobacco and in promoting improved health among all of our citizens.

Thank you for your presence, your participation, and for helping us do what I call "seize the moment."

Thank you, Madam Chair.

COUNCILWOMAN TASCO: Thank you very much.

We'd like to welcome all of you today, whether you're here as visitors or here to participate in this hearing. I notice that we have some students who have come into the room. We'd like to welcome them to City Council, and we are having a hearing today on the -- how to spend the tobacco money that the State will receive from

the tobacco settlement. Thank you for coming.

State Senator Vincent Hughes has been very, very instrumental in the State in addressing this issue in the Senate. He was here yesterday, a day early, and probably had a conflict today, and he is not here this morning, but we do call on Niles Schore, who is from his staff, who will present Senator Vincent Hughes's testimony.

(Witness comes forward.)

MR. SCHORE: Thank you. My name is Niles Schore, and I'm the Minority Staff Director for the Public Health and Welfare Committee in the Senate.

The Senator would like to commend your timing in particular. Just this week, it was announced that there will not be closure on this issue until the fall now, so that the Senator's particularly eager to hear your recommendations and those of your witnesses both as to the percentage allocations and, most importantly, to details of the programs. That is, indeed, what is the tie-up in Harrisburg is, there is not agreement on the details.

I would like to very briefly give you

some background, give you some of the major issues that the Senator has identified, both as differences between his program and the Governor's, and some issues to be concerned about to make sure that we do it properly.

I'll begin by saying that the tobacco settlement agreement is between 46 states and most, but not all, cigarette companies. In Pennsylvania, it's about 99.some-odd percent. You've heard the figure, $11.3 billion over 25 years. In fact, this agreement goes on forever. The Master Settlement Agreement really outlined for the first 25 years, and they are no more than guidelines. That is, we may end up with more than $11.3 billion, we may end up with less.

To give you an idea, to date, we were scheduled to have received $226 million. We have actually received about 198 million. The reason for that is, fewer people are smoking. One of the adjustments made to the annual payments was called "the volume adjustment." That is, if fewer people smoke, we get less money. Obviously, that is a good thing, but we need to keep in mind that that $11 billion will be changing over the years.

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COUNCILMAN ORTIZ: So that if we eliminate smoking totally, we'll get zero.

MR. SCHORE: We will get zero, but I think we would all stand up and applaud if we were able to do that. We'd have an awful lot fewer sick people to worry about their health care.

Right now, there has been several bills introduced. The Governor's proposal, which has not yet been introduced, proposes to do the following. It will set up an endowment fund of 5 percent. It will take 40 percent of the annual proceeds and put them into adult health insurance programs -- there are two different programs, and I'll tell you briefly about those in a few moments. There will be money set aside -- 15 percent for senior citizens for home and community-based services, money set aside for cessation or prevention programs, research, and for the first three years of the program, a venture capital fund.

The Senate Democratic proposal covers the same areas, but the percentages are somewhat different. One area that they both also have in common, obviously, is uncompensated care for

hospitals. It's important to recognize that hospitals will benefit in two different ways by both the Governor's proposal and the Senator's proposal. One, there will be direct payment, known as "uncompensated care": And, secondly, to the extent people will become ensured who are not now insured, obviously, there will be less uncompensated care to be concerned about.

The Senator's proposal would take 50 percent of the proceeds for the first 3 years and 62.2 percent thereafter, and create an adult health insurance program and other programs designed to benefit both children, seniors, a wide variety. The one that has gotten the most press and would take the largest amount of the money are the two major adult programs. One would be an expansion of the Medicaid program to 100 percent of the poverty level, and it would create a CHIP-like program.

It's important to focus on the services being provided by the Senator's proposal and by the Governor's proposal. You'll hear the phrase "an adult CHIP-like program" describing both. But remember, the Governor's program does not

provide pharmaceuticals, the Governor's program does not provide behavioral health services. The Governor's program does include a $30-per-month deductible copayment. And the Governor's program would take any lapsed money and put it into the endowment. The Senator's program would retain it within the health insurance program.

One of the major concerns that one needs to have about any of these health insurance programs: number one, are they comprehensive? and, number two, are they affordable? I expect the testimony you will be receiving today will focus greatly on those problems.

There's a secondary issue that I think particularly the City Council will be interested in because it has to do with welfare to work, interestingly enough. The Governor proposes that 15 percent of this money go for home and community-based services for seniors. You may be aware that there's an enormous issue going on in this state about the salaries of direct-care workers and whether we will, indeed, have sufficient direct-care workers to get these programs up and running.

Right now, there is no particular language in the Governor's proposal -- at least that's been shared with the Democratic caucus -- that would tend to address this problem. And the concern will be to the extent either that the salaries are not funded appropriately, will these services even be up and running at all?

But, secondarily, if these services are funded appropriately -- the salaries -- but other programs are not, what will this do to the basic MHMR system in this city and in this state? what will it do to the child care system? what will it do to the existing long-term care system? If all that it will do is take people who now work in the system and move them elsewhere, what will happen to these existing services? I think that's one of the most serious issues that has not really been getting a lot of discussion to date.

I would entertain any questions on the back end of this point because I think you have so much testimony that's valuable to be heard that to have me drone on about all of the different proposals, you can get that information in many place places, including -- our office would be

more than happy to provide any background that you need.

But this is a large proposal, lots of different options. The thing that I would ask in your recommendations mostly to remember is that we only have 100 percent of the money to spend.

COUNCILWOMAN BROWN: We only have what?

MR. SCHORE: 100 percent of the money to spend. I can tell you, the Senate Committee held a hearing -- held three hearings around the State, and by the end of it, we had proposals for about 175 percent of the money to be spent.

So to the extent that you would like to see some piece increase, please remember that somebody is going to lose.

COUNCILWOMAN TASCO: The Chair recognizes Councilman Ortiz.

COUNCILMAN ORTIZ: Can you go -- what are the differences -- Senator Hughes has a proposal, a bill. What are the basic differences between the proposal that Senator Hughes has and what is perceived is going to be Governor Ridge's proposal?

MR. SCHORE: Number one, Senator Hughes would expand the existing medical assistance program to go to 100 percent of the poverty level. That will mean, number one, we will get twice as many people covered because we will be getting federal funds.

COUNCILMAN ORTIZ: What is the amount of money that that will take -- what portion of the money of the tobacco settlement would then go to that?

MR. SCHORE: His proposal altogether would take in excess of 200 million of the 400 million annually. The medical assistance piece -- it's 53,000 people that we're talking about. So the arithmetic would probably be about $50-plus million dollars of tobacco money. And that would be matched by an equal amount of federal money. Obviously, the medical assistance program is comprehensive. The copays are nominal, there's no insurance deductible copayment that goes along with it.

COUNCILMAN ORTIZ: What does the Governor do?

MR. SCHORE: The Governor has one adult

health insurance program that does not include pharmaceuticals, does not include behavioral health services, requires everyone in the program -- that is, every adult in the program -- to pay $30 per month, plus we assume, but do not know at this point, that there will also be a service copayments. So that is to get into the program, you'll pay $30 a month each, each adult, toward the insurance, the monthly insurance premium. And then when you actually go to the doctor or wherever you're going, you'll have to pay some amount. That amount has not yet been released.

The other biggest difference is, Senator Hughes understands that the tobacco settlement alone will not solve the problem of the uninsured in Pennsylvania, and has proposed in Senate Bill 1408 that the cigarette tax be increased. Pennsylvania is about number 30 on the list of our cigarette tax, at 31 cents a pack. New Jersey is at 80, New York just went to $1.11. That would raise in the vicinity of 500-plus million dollars.

Pennsylvania is one of only seven states in America that does not tax non-cigarette

tobacco products. We would propose doing that. That won't raise an enormous amount of money, but it will raise about $20 million. And I think for some of the proposals that you will hear today, $20 million would be more than enough to fund them.

By doing all of that, we'd be talking about a billion-dollar program for the uninsured rather than a $140 million, which is roughly the Governor's proposal, or about 200-plus million dollars, which is the Senator's proposal, if you only use the tobacco settlement. The difference is between covering about 100,000 people and covering 60 or 700,000 people.

COUNCILMAN ORTIZ: Those are the two biggest differences?

MR. SCHORE: The services that are provided are different, where we get the money from is different, and how much money we're talking about -- which pretty much is the whole -- everything.

What is similar is roughly the percentage of the tobacco settlement, but a key point on all of this is given the 1.2 million

uninsured in Pennsylvania, if you rely only on tobacco settlement, you're not really making the dent.

I mean, this really is a historic opportunity to go forward. The cigarette tax is one that I think most people recognize would be appropriate to raise. New Jersey did raise theirs for this very purpose, in line with the tobacco settlement, as did New York. Now is the perfect time to do it.

COUNCILMAN ORTIZ: Thanks.

COUNCILWOMAN TASCO: What are the other interests -- who has -- well, who are the other interests in this legislation?

MR. SCHORE: Sure. I can tell you the competing interests.

COUNCILWOMAN TASCO: Mm-hmm.

MR. SCHORE: There are those people who say that none of the proposals does enough for children, and some people talk in terms of further expansion of the CHIP Program, some talk in terms of expending school programs. There are those who say that seniors don't get enough out of this program. The Governor's does have 15 percent of

the money going for a senior program, but there are any number of problems with that program and we have reason to believe that he'll ever spend the 15 percent.

The people who are supporting cessation and prevention programs, it's my understanding that they will tell you that they believe that the percentage allocated to them is insufficient; that is, it's significantly less than what the Centers for Disease Control are proposing -- about half, to my recollection.

The cancer institutes and other medical research facilities will tell you that most of the programs do not -- most of the proposals do not provide them sufficient funding. And I will tell you, probably the one that gets closest is the Senate Democratic Caucus one, which does provide 25 percent. The Governor provides 10 percent, and that really is a terribly broad range of possibilities that could be used.

Then there are those who would like to see the insurance money go to subsidized employers rather than employees.

COUNCILWOMAN TASCO: Are there

advocates or are they lobbyists, or are they representatives, elected officials?

MR. SCHORE: So far, there have been some elected officials on the House side and some lobbyists.

Part of what's going on here, I think, is --

COUNCILWOMAN TASCO: What would be the advantage of monies going to the employer?

MR. SCHORE: Well, I'll give you an example. There are some circumstance where it would make sense. An example would be, let us suppose that you had somebody who was working and the spousal coverage was $50 a month, but the person couldn't afford to pay the $50 a month. It might make sense to have this health insurance program pay the $50 rather than pay the complete premium for the spouse. So there would be some times when it actually would make sense.

We do that in the medical assistance program, and Senator Hughes' bill certainly does suggest -- probably if the bill ever moved, we would amend it to it make it clear that that is one of the expectations: that when it is more

affordable to subsidize an employee through their employer-based program, we ought to do that.

COUNCILWOMAN TASCO: Are there any other questions?

(No further questions.)

COUNCILWOMAN TASCO: Thank you very much for your testimony.

Next would be Dr. Walter Tsou, our new health commissioner.

(Witness comes forward.)

DR. TSOU: Councilwoman Tasco and members of the City Council Committee on Public Health, my name is Dr. Walter Tsou, and I am the newly appointed Public Health Commissioner of Philadelphia, and I am grateful for the opportunity to speak.

COUNCILWOMAN TASCO: Welcome to your first hearing.

DR. TSOU: This is my first testimony at City Council, and I look forward to working with members of City Council on public-health issues of common interest in the years ahead.

I speak to you today on the issue of tobacco settlement funds for Philadelphia. In

1998, Pennsylvania entered into an agreement with the attorney generals of 46 other states in what has been called "the Master Settlement Agreement," with all the major tobacco companies in America. This settlement created an unprecedented pool of funds to compensate the states for costs associated with tobacco use. In Pennsylvania, this has been estimated to result in revenues over and above current expenditures of around $400 million annually for the next 25 years. It's estimated, though, that these funds will decrease as smoking prevalence also decreases.

The Governor has stated that all of these funds would be used for health-related programs and he's entitled his program "The Health Investment Plan." Many public hearings throughout the State were conducted to help create this plan. In general, there's been bipartisan support from Pennsylvania legislators to use the funds for health.

The Governor has outlined general guidelines on how the funds will be spent, which I won't enumerate for you because Niles Schore has done a nice job of doing that for you, but you've

heard the basic percentages that he's stated, and I have it in my testimony written here.

In general, I believe we should support much of what the Governor has put forward, and in particular, using the funds to support health programs. Since it is likely that any final legislation will reflect these general categories, I will structure my comments around how the Governor's proposal could benefit Philadelphia and specifically our Health Department.

Number one, support of the Health Department. First, we would request dedicated funding for public health departments from the tobacco settlement for several reasons. The Governor's plan -- I would support these funds that come from the venture capital or insurance pool. Local health departments are in the best position to understand what local resources are available and those who would best benefit from tobacco education or uncompensated care funds. Further our health department can best coordinate resources without duplication within the City.

Most significantly, public health is the foundation upon which we build a health care

system. A weak public health foundation leaves major holes in our safety net, seriously weakens our ability to respond to public health outbreaks and emergencies. I believe -- in thinking about how to best implement the tobacco settlement funds, I urge City Council to use our health department as your conduit.

I would like to propose two simple mechanisms to strengthen public health infrastructure and which would allow a more logical approach to implementing the tobacco settlement. And I should tell you that in all the public debates, no one has suggested this with the Governor, so this is somewhat novel.

First, local health departments are created and supported by the County Health Act 315 of Pennsylvania. Since its passage, despite inflation, the cap on the funds has not increased in 17 years. Currently set at $6 per capita, it is woefully inadequate in comparison to the annual per capita health care costs of $4,800 nationwide. Raise the cap to $12 per capita. Still quite small in comparison, but it would dramatically improve funding for local health departments.

Each dollar rise would be worth $1.45 million to Philadelphia and could dramatically help fund a variety of public health programs, including our district health centers.

Second, raise the funds for Act 12, the funds which are used for environmental health protection, from $1.50 per capita to $3 per capita. This would support hiring staff so that we can address the many and growing environmental issues faced by our City.

Since both acts would need to be simply amended, it would be easier than to recreate new legislation. And because we would be supporting local health departments throughout the Commonwealth, I believe we should be able to garner bipartisan support across geopolitical boundaries.

Second, uncompensated care pool should include federally qualified and federally qualified-like health centers, such as our district health centers.

In Philadelphia, we run the largest ambulatory care program in the State, and we have over $13 million in uncompensated care, which we

must contribute through City dollars, and I have some graphs that I have attached. Our ambulatory care program alone sees over 110,000 patients annually; and most significantly, our uninsured percentages have dramatically increased from 42 percent in 1993 to 62 percent so far this year. While many hospitals will lobby hard for the uncompensated dollars, the Philadelphia district health centers are seeing dramatic increases in the number of uninsured without any relief. Even hospitals have referred uninsured patients to our health centers since we are truly the place of last resort for them.

So to be clear, passed without changes, the uncompensated health pool will bypass our health centers and go directly to hospitals and health systems, which should continue to lobby for a share of the uncompensated health pool.

Third, tobacco prevention, education and cessation should be administered by local health departments, if present. The Pennsylvania Health Department has stated that the tobacco prevention and cessation monies will be distributed through an RFP process. The City,

through its health department, will respond to this RFP. On a per capita basis alone, this contract could be worth over $6.5 million, and its implementation, we, in turn, can subcontract with many of Philadelphia's based nonprofit voluntary health agencies, the Philadelphia School District, community-based advocacy groups, hospitals, and other health providers to promote tobacco prevention awareness and enforcement based on the CDC Best Practices model. Coordination to prevent duplication is one of the unique advantages of using our own local Health Department.

Fourth, expand the availability and benefits of the insurance for the uninsured. And in this way, I should say that we should support Senator Vincent Hughes's bill. I support many of the comments of the Pennsylvania Consumer Coalition, who will be speaking later, and I won't enumerate in great detail, but in short, there are at least five areas that they have stated:

One is, the insurance premium of $30 per month should be phased out for those at 200 percent at poverty or below;

We need to simplify the administration

of CHIP and adult CHIP Programs so that they look the same;

3. We should maximize the federal match in Medicaid dollars by using the tobacco settlement dollars to draw down the federal match;

4. We should -- with over 1.3 million people uninsured in Pennsylvania and growing, we should use the tobacco settlement money to expand and not replace the Medicaid dollars; and

5. As stated earlier, the benefit package should include both physical and behavioral health, including substance abuse, which, I should mention, nicotine is a highly addictive drug, and it should cover basic prescription drugs. This is very important to offset the rising cost of pharmaceuticals.

And the fifth and last point I want to make is that we should limit the size of the endowment fund to 5 percent. If we have the money, let's spend it on health care needs now, not in some distant future.

So, in summary, there are important uses of the tobacco money that will greatly enhance the ability to reduce duplication of

services and enhance local programs.

Number one, let's support local health departments in Pennsylvania in enhancing Act 315 and Act 12. Both have not had any increases in the past 17 years.

Second, use the uncompensated care pool to include district health centers and federally qualified health centers to serve the majority of outpatient visits for the uninsured.

Third, let's administer the tobacco education and cessation programs through our health department.

Fourth, expand and improve the benefits and availability of insurance for the uninsured, including mental health and drug abuse treatment.

And, finally, let's spend the money on health and not on a rainy day fund.

Thank you for your consideration, and on behalf of our department, I appreciate the opportunity to comment on this bill, and I would be pleased to answer any questions at this time.

COUNCILWOMAN TASCO: Thank you very much.

In your Item A, first support public

health departments, you talk about amending the Act 315 and Act 12, and by -- in doing this by working with other health departments throughout the Commonwealth, what action is our department taking to initiate this statewide support to amend these acts?

DR. TSOU: Well, that's a very important question. I have discussed this with directors of virtually all of the health departments, and there are 9 out of the 67 counties in Pennsylvania. I think there's a recognition by all of us that we would like to enhance our County Health Act dollars. We don't have the political and lobbying power that many of the larger providers have in this state.

And, so, although I think there was verbal strong consensus that we need to do this, we have not had the organizational ability to enact it. And one of my roles, I think, as health commissioner, is to help use my bully pulpit to advance this way of providing directed support to local health departments.

COUNCILWOMAN TASCO: Are these other directors of -- county health department

directors, are they lobbying their local state legislators?

DR. TSOU: I believe that if there was an effort on our part, an agreement on our part in Philadelphia that we would do this, that they would join us in lobbying their state legislators. And I say that to you as someone who came from Montgomery County and the suburban counties around us, where I can tell you, Bucks, Chester, and Montgomery Counties, their health departments would definitely lobby on this issue with us.

COUNCILWOMAN TASCO: So it's important too to enlist support from your counterparts in the western part of the state and probably in the middle part of the state.

DR. TSOU: Right.

COUNCILWOMAN TASCO: To show the need.

You state that there has been a dramatic increase in your ambulatory patients. Could you give me a reason for the dramatic increase from 42 percent to 62 percent?

DR. TSOU: I think there are several factors on why we have a rising number of

uninsured in our health centers, and I should point out that no entity, no matter how sufficient it can try to be, can sustain those type of percentages of nonpayment for services. So it is putting a stress on the City dollars.

I think, first off, that there is a rise in the number of uninsured that has happened. As you recall, one of the changes in the Welfare Act was to actually cut 220,000 people off the rolls of Medicaid who were considered able-bodied and single individuals. Many of those people happen to be residents of Philadelphia and are coming to our health centers.

We see an increasing part of that culture diversity of our city is -- we have a lot of people who may be immigrants from other countries, may not understand how the health care system works, and they often come to our health centers for care as their first entree into medical care.

We also have many people, with the changes of welfare to work, who do not understand that they could still qualify for health benefits and, as a result, assume that they are uninsured

in the workforce.

And then one of the efforts that we are doing as a health department is, we have insurance counselors now in each of our health centers, and we're working strongly to try to make sure that they are informed of their rights to get health insurance, but there's still a gap between the time that they come into our health centers and the time that they actually get health insurance, and that gap is reflected in some of the rise of the uninsured.

COUNCILWOMAN TASCO: Some time ago we had an issue -- and this is sort of a side issue on this discussion -- about billing -- the Health Department billing the State for those patients who qualify for Medicaid, and we had not fully exercised our right to bill for the services that we provide. How is the billing going in the Health Department?

DR. TSOU: Well, the good news is that the billing is doing much better, and we are much more aggressive in asking about qualifying for insurance status, for Medicaid status, when people come to our health centers.

We have insurance counselors, as I mentioned, in each of our health centers to help us with that, and we've hired a consultant who is a strong expert in the area of Medicaid to do some training with our benefit counselors to enhance that capability. So we think that we're moving in the right direction.

But, still, the reality is that we have 1.3 million people without health insurance in Pennsylvania. Many of them, if not the bulk of them, disproportionately are right here in Philadelphia, and it does put an unusual burden on our system.

COUNCILWOMAN TASCO: Thank you very much.

Councilman Rizzo?

COUNCILMAN RIZZO: Doctor, I'd also like to also welcome you to city government.

It was interesting. As you know, there's additional controversy going to be discussed today about banning -- the banning of smoking in businesses and in other areas in the City of Philadelphia. And one of the City employees approached me as I walked into the

building and said it would be helpful if the insurance providers would give us some assistance, and I see you have listed by percent for tobacco cessation programs.

Would the Health Department be ever in a position to -- what would be the -- has there been an analysis of -- do we do anything to try to help people that are uninsured stop smoking? Are there -- is there something that you could do, or the Administration could do, to have added to the insurance coverage of City employees that the patch and other programs be included in the benefits that they have?

Again, I don't know if any company's insurance providers do offer that type of assistance, but I think it's a direction that we need to go. Obviously, a person that wants to quit will do it no matter whether they have the insurance or not, if they truly need to do it for health reasons, but I'm wondering if that added coverage would lead to some people saying, Look, it's there, I should take advantage of the program, and maybe with we'd get fewer people that smoke.

So, again, I don't know where we are with that piece of the pie, but it's something that I think we really need to do to encourage more people to stop.

DR. TSOU: Right. Well, I thank you for that question.

I think, in fairness, that, you know, historically, most people who do stop smoking do it on their own, for whatever reasons that motivate them. And one of the roles I think we could do with the tobacco money is to develop more education programs where we do counseling, individual counseling, to try to encourage them to do that.

We certainly have people who come through our City health centers, where we talk to our patients that way. We have a medical evaluation unit, which does some employee help, where this is some psychological counseling that's given. But our funds are limited in terms of direct money directed specifically for tobacco education and cessation.

And to your question about whether the patch is done, I don't think we actually purchase

patches specifically for our employees. I see that only as an aid to the larger question of how to do counseling for smoking cessation.

We see that there's a lot of expertise in the City of Philadelphia. I receive letters from some of the major medical centers about their smoking cessation programs. We know of very good programs that the American Lung Association, the American Cancer Society have put together, the American Heart Association have put together, and we would see, if we got these funds, to work really cooperatively to enhance many opportunities for smoking cessation for our City employees and also for residents of the City.

COUNCILMAN RIZZO: Doctor, you just mentioned something very interesting. Have we tried to join hands with any of those organizations and invite their participation at the health center level to bring their programs at no cost to the Health Department or to the City of Philadelphia? Would that be possibly a conduit for them to have access to more people? I mean, have we --

DR. TSOU: Well, I think you've -- this

is part of the creativity of public health, and you've sort of touched on some of that, that we happen to see lots of patients, they have a program, and of course, they want to get paid to help do this program. And with some tobacco cessation funds like this, there could be a nice marriage where we could use the expertise of our academic medical centers and voluntary health organizations to work directly with our health centers to put together some special programs.

COUNCILMAN RIZZO: Thank you.

DR. TSOU: And I look forward to doing something like that.

COUNCILMAN RIZZO: Great. Thank you, Doctor. I like the fact that you're willing to get out of that box and do some things that might not be what we normally do. So good luck.

DR. TSOU: Thank you.

COUNCILWOMAN TASCO: Councilwoman Brown.

COUNCILWOMAN BROWN: Good morning. Dr. Tsou.

DR. TSOU: Thank you.

COUNCILWOMAN BROWN: Of those that you

serve in the public health centers, can you guesstimate the approximate percentage of children and youth that are served at health centers, currently? A round number.

DR. TSOU: Yeah. I'm probably not the right -- I should probably turn to other people.

(Commissioner Tsou consults off-mike with colleagues.)

COUNCILWOMAN BROWN: Okay, well, let me share -- go ahead.

DR. TSOU: My guess is that it's about 30 percent of the patients that come in are children.

COUNCILWOMAN BROWN: 30 percent.

DR. TSOU: And 70 percent are adults. That's my guess.

COUNCILWOMAN BROWN: My follow-up question, and the reason for asking is, in proposals for recommendations, I do always look to see where the most vulnerable among us fall, and they're further down on the list, so is that to suggest, then, that should consideration in a strong way be given to supporting the public health departments more substantially, that one

by-product benefit would be that children would be better served as well. Is that --

DR. TSOU: Absolutely. Money that would be directed to our health department through Act 315, we have the discretion then to use it in the best way possible, and we certainly have a strong program for children in our health department.

COUNCILWOMAN BROWN: Given the way the Governor has listed his guidelines, with 40 percent going for insurance for the uninsured, might there be an opportunity for us, as we move to carefully craft the special interest and then prioritize -- and when I say "us," I mean the Philadelphia set of recommendations that ultimately go forward -- will there be a need to recommend that of that 40 percent for insurance for the uninsured, a special consideration, special category, or whatever, be specifically targeted for children?

DR. TSOU: We certainly could expand the CHIP Program, which is the Children's Health Insurance Program in the State with some of these tobacco dollars.

COUNCILWOMAN BROWN: Right.

DR. TSOU: Part of the purpose, I think, in the Governor's proposal is to recognize that the parents of these children are often ignored in this debate, and there's been a lot of pressure of addressing an adultship, if you will, type of program. So we could certainly lobby and say, you know, we should expend more money to support CHIP.

There was a lot of -- the biggest problem, apparently, in the CHIP Program is that there is money available, and a lot of people do not -- children aren't aware of how to get access to it and take advantage of what's available right now. So one of the hopes, I guess, is that to add an additional component by maybe including adults with this money, we might be able to convince more parents to get their children also enrolled at the same time.

COUNCILWOMAN BROWN: As an aside, is that to suggest then that we have not taken maximum benefit of the CHIP Program? "We," meaning the Philadelphians?

DR. TSOU: I can't speak for numbers,

but it's the general impression statewide is that we still have many children eligible for CHIP who have not enrolled, but I don't know specifically in Philadelphia what those numbers are.

COUNCILWOMAN BROWN: Okay, then. Thank you.

COUNCILMAN ORTIZ: Madam Chairwoman?

COUNCILWOMAN TASCO: Councilman Ortiz.

COUNCILMAN ORTIZ: Dr. Tsou, I know that the Governor divides it along certain categories in terms of the expenditures of the tobacco money that goes to several categories. Within those categories, what would be the amount of money that would come to the City of Philadelphia?

DR. TSOU: As a -- well, that's a fair question.

Let me put it this way. This estimated $400 million, if it was purely on a per capita basis, we're talking directly or indirectly through a variety of these pools, something like $65 million that could come to the City of Philadelphia either in support to the Health Departments or to one of the health agencies that

are out there, and it could come in a variety of forms -- you know, the uninsured pool, the long-term care pools, the broad-based health research, and so on.

The fact that we actually have some special types of services like academic research programs, which would particularly benefit from the venture capital pool or with the broad-based health research that we have in academic centers suggests that it, in fact, might be even more than $65 million that would come to the City itself.

So I don't know the exact number. A lot depends on how the final allocations will come, but a good guess would be, at a minimum, $65 million would come to the City in resources.

COUNCILMAN ORTIZ: Right now, our hospitals carry a burden of the uninsured. Do we have any figures as to how that burden would be lightened in terms of the tobacco --

DR. TSOU: Well, I think you're going to hear later on from Andrew Wigglesworth, and he probably is best to be able to answer that question.

COUNCILWOMAN TASCO: Thank you very

much. You might want to stick around just for a few moments, not all day, but for a few moments.

DR. TSOU: Okay.

COUNCILWOMAN TASCO: I know you have a very busy schedule, but we may have some further questions.

DR. TSOU: Okay.

COUNCILWOMAN TASCO: The Chair calls on Andrew Wigglesworth, Delaware Valley Healthcare Council.

(Witness comes forward.)

MR. WIGGLESWORTH: Good afternoon.

COUNCILWOMAN TASCO: Good afternoon. State your name and proceed with your testimony.

MR. WIGGLESWORTH: I have written testimony that's in a blue packet that looks like this.

COUNCILWOMAN TASCO: Yes, very nice.

Madam Chairwoman and members of the committee, my name is Andrew Wigglesworth. I'm President of the Delaware Valley Healthcare Council. As many of you know, our organization represents and advocates for more than 150 hospitals, health systems, and other provider

organizations in the region.

And at the outset, I want to say that we want to commend you for holding this hearing. It's important that these issues be discussed. There are obviously a lot of important challenges facing the health care system, and the tobacco settlement funds, quite frankly, represent an enormous opportunity to begin to address some of the challenges facing in our health care system.

First, I can sum up our position very briefly on the Governor's -- and I will summarize my testimony as opposed to reading it, but I can summarize our position on the Governor's proposal very briefly.

We strongly support what the Governor and the legislative leadership have committed to in terms of dedicating the tobacco settlement monies to improving health care, or the health of all Pennsylvanians. In many other states, the debate is over whether to go to general tax relief, curb cuts and sidewalks, roads, other things, and the Governor and the legislative leadership are to be commended for basically staking out the position that these monies ought

to be used to address health care issues.

We also believe that the Governor has shown leadership in proposing the mix of services, in particularly improving access and coverage to health care, health finance, uncompensated care, looking at some of the issues that may have economic development implications in terms of funding broad-based health care research and health-related activities, as well as funding tobacco prevention and cessation programs.

I would like to now, having state that at the outset, briefly describe why we feel it's so important that the settlement monies be corrected towards improving the health of citizens of this region and state.

The human tragedy of tobacco-related illnesses is enormous in Pennsylvania in that 22,000 people die each year of tobacco-related illnesses, 30 percent of all cancer deaths are related to tobacco use, 80 percent of all pulmonary disease deaths, it's a leading cause of coronary artery or heart disease. So it's a major impact on our people and on our health care system.

The 11.3 billion in tobacco settlement funds over the next 25 years, as I said, represents a unique opportunity to address these challenges. These funds also provide new hope for improving our ability to prevent, diagnose, and treat diseases, to help the many thousands of Pennsylvanians suffering from tobacco-related illnesses.

Our position, and we have stated this consistently over -- basically over the past year, since the tobacco funds have been used, is that the monies ought to be used to support health-care services for the uninsured, with a priority towards uncompensated care provided by hospitals, medical research in tobacco-related diseases, health promotion and prevention activities, rehabilitation, smoking cessation programs, health education for children, and improvement of the health-care delivery system and cost containment issues.

We also believe that it's very important that these funds supplement -- not supplant -- existing state and actually local expenditures as well. Obviously, if the tobacco

monies are brought in one door and a corresponding amount of State funds, or whatever, are taken out another door, these funds are not going to have a significant impact.

We're also pleased that the Governor has recommended that 50 percent of the available funds be directed towards expanding insurance coverage and services to uninsured Pennsylvanians. As the previous two witnesses have described, 1 in every 10 of our residents are without coverage. The City of Philadelphia's latest State Health Department estimates were above the Statewide average in the City as 12.5 percent of the uninsured.

And I would point to many of the questions you're asking about the characteristics of the uninsured, how many children, whether they employed, unemployed, are in this booklet that's in the packet, that goes through a lot of those statistics.

The trend in terms of uninsured, Pennsylvania, fortunately, has been below the national average in the numbers of uninsured, but over the last decade or so, we have been catching

up with the national rate. And, in fact, our rate of increase in the number of uninsured citizens has been growing faster than the national average.

And there were questions earlier about why there are changes in the uninsured. It's due to a lot of things. The Commissioner mentioned the changes in Medicaid, Act 35, welfare-reform confusion over that, the barriers, the application process for Medicaid and CHIP is very confusing, and there are efforts to change that. It's also due to the changing nature of our economy -- a shift from a heavily manufacturing-based economy to a service-based economy that doesn't necessarily carry all the same benefits for workers. All of those factors are at play in terms of creating the number of uninsured.

As you know, Pennsylvania hospitals and health systems have had a tradition of providing care to all of those who need, regardless of their ability to pay. The mission actually goes back to Benjamin Franklin, when he established the first hospital in this country in Pennsylvania Hospital.

The increasing numbers of uninsured persons, particularly in the context of the

Balanced Budget Act, reduction in Medicare payments, managed care, what's going on in the compression of payments to hospitals, changes in State policy as it relates to Medicaid, is jeopardizing the ability of hospitals to continue to meet this burden in terms of providing services to the uninsured.

Last fall, we released a study of uninsured. Across the State, it's about 700 -- in excess of $700 million is provided by hospitals across the State. Of that, in this region, approximately $400 million is provided by hospitals and health systems in this region. So it's over 235 million by hospitals and health systems in the City of Philadelphia itself.

COUNCILMAN ORTIZ: How would settlement and the money alleviate some of that cost? What would be the formula?

MR. WIGGLESWORTH: Well, in particular what -- again, as been mentioned, the Governor has proposed that 50 percent of the monies go for services to the uninsured; 40 percent of it would go to expand insurance coverage, 10 percent of it would go basically to payments to hospitals for

uncompensated care in a variety of forms.

We have proposed modifications to the Governor's proposals to say that to the extent that you don't put -- that monies designated for insurance are not expended, they ought to be put into the uncompensated care pool; in other words, kind of a shunt between the 40 percent and the 10 percent. Because we know from our experience with Medicaid and with CHIP, it will take years for people to actually get enrolled, but the people obviously are not disappearing and they're obviously getting sick and seeking care. So, therefore, the monies for the uncompensated care ought to be increased.

In terms of the actual dollar amounts that would be allocated to this region, I can provide those to you for the record, but obviously, a lot of legislation that is necessary hasn't been introduced yet, so there are specific formulas. But, basically, hospitals would benefit by people getting coverage that are heretofore uninsured, as well as the direct grants.

COUNCILMAN ORTIZ: But given the projected formula that the Governor has put

forward and since you say that at least a third of that uncompensated is brought out by the hospitals in Philadelphia and the community health centers, within that formula that the Governor puts forward, what would be the monies projected to go towards aiding in terms of the uninsured?

MR. WIGGLESWORTH: Councilman, that's just it. I can't tell you the specific dollar amount. We have come up with projections that I would be happy to provide to you for the record, but the specific formulas have not been developed yet, the specific programs haven't been developed yet. The concept is there. The Governor's office has not introduced specific legislation at this point.

But, again, in terms -- and, in fact, one of the issues that our association, my association, is going through is trying to develop distribution formulas to target the monies on those institutions that serve the disproportion number of uninsured citizens. And every hospital -- and to the extent that there are private, not-for-profit hospitals in this state, it's a matter of omission as well as -- there are levels

of uncompensated care that they're going to provide.

But there are some institutions, particularly in this city, that are literally drowning in uncompensated care, and they need to have targeted assistance to those institutions. And while I'm very sympathetic to the City's position about City health centers, I think the tale of the numbers is that in that Dr. Tsou mentioned 13 million, and the numbers that I'm talking about are hundreds of millions.

And I would add that Philadelphia's the largest city in America without a public hospital. And that's a good thing. I don't think that we need to have public hospitals, but in terms of the costs that are borne by other cities and other municipalities in other parts of the country, I would suggest that Philadelphia is getting a very good deal, as it were, by virtue of the support that hospitals provide. And what we are suggesting with respect to uncompensated care is that we need -- that hospitals need the support, particularly those that are bearing the disproportionate burden today.

In terms of the key findings of our study in terms of uncompensated care and the characteristics of it, services related to heart and lung disease, trauma, and mental health services are more likely to have uncompensated care. Pennsylvania has no mechanism -- like New Jersey, like New York, like Maryland -- to more equitably distribute the cost of uncompensated care. New Jersey has a specific program that allocates money each year to help bear that cost, as does New York, as does Maryland. Virtually every contiguous state has that.

There was a question earlier about the number of uninsured children. There's approximately 267,000, at least in 1998. Now, over half of those children are eligible for Medicaid or CHIP but are not enrolled. So there it points out -- again, sort of underscoring my point about the ability to get people enrolled, even if the insurance is available.

Hospitals, in addition to the numerous free care and other community services, are also trying to do their part to try to address the issue of trying to enroll people -- and

particularly children -- in programs, MA and CHIP.

Our program First Steps For Healthy Kids was established. It basically is a region-wide program by hospitals to ensure that every child born in the region has a medical home. And one of the particular parts of that is to work with the school systems, work with others to help enroll and provide resources to help cut through some of the maze of bureaucratic requirements and other things to get children enrolled and to address some of the confusion that has resulted of welfare reform. Thousands of children have been enrolled because of that program, and we've working with organizations like PCCY and others to work on a community-wide effort to try to do what we can do to try to make sure that children in particular but others that are eligible for Medicaid and CHIP are taken care of and enrolled.

As I said, we strongly support 50 percent of the dollars being used for services for the uninsured, and I would like to reemphasize that we think it's appropriate for the Governor's

proposal to be amended to include what was an amendment by Representative Taylor to say that to the extent that the monies aren't spent on insurance, they shouldn't go into the Endowment Fund or put into a rainy day fund; they ought to go into expanding the amount of money available to pay for uncompensated care.

I know that members of this committee are well aware of the stresses that have occurred on the health care system in Philadelphia, whether it's closure of hospitals, to the largest bankruptcy in -- a nonprofit bankruptcy in the history of the United States, in terms of the Allegheny System, as to be an indication of the types of pressures that the health care system is under.

And more needs to be done to address the changes occurring in our health care system. And as one of the previous witnesses has indicated, the tobacco settlement is not a panacea for all of the problems that are facing the health care system, but it is an important first step in a number of different ways.

I would also like to echo, in wrapping

up, echo a couple of other comments that were made by the Commissioner, and that is that the Governor's insurance proposal, as he's outlined it, we suggest that it be modified to set the financial participation, the 5 percent copayment or cost-sharing requirement, we think is too high, and that that will serve as a barrier to many of the people needing it to in fact enrolling, and that that ought to be re-looked at and readjusted.

It absolutely needs to include prescription drugs. Otherwise, again, the promise -- what we'll do is wind up creating a whole bunch of people that are under-insured as opposed to uninsured. I suppose it's marginally better, but we think that prescription drugs should be included in it.

And I think it's also important to, wherever possible, to maximize the use of federal funds, and that is to the extent that we can draw down federal Medicaid match, and whether it's, for example, enabling people with serious medical conditions that are enrolled in the new program under the Governor's proposal to allow them to spend down into Medicaid, much as uninsured people

do today. But we do need to take advantage of all opportunities to draw down additional federal funds.

Again, in closing, I know that this reemphasizes -- one, this program represents an enormous opportunity to address some of the problems facing the system. The other items that I did not mention, whether it's home and community-based services for the elderly, it's very important in terms of providing alternatives to nursing home placement and to assist elderly to stay in their homes. The research dollars, the health care -- the venture capital fund can play an enormous role in Philadelphia.

In Philadelphia, we have one of the largest concentrations of health care and medical expertise in the world in this city, and we should be working together on a strategic plan, if you will, to make sure that Philadelphia realizes the potential to be a global life sciences center. And those kinds of proposals, whether it's a venture capital fund or the research dollars or other things, will help to achieve that kind of project, and in a positive way, try to grow the

Philadelphia economy where it's appropriate in health care. And so we strongly support those aspects of the Governor's plan as well.

I'd be happy to answer any questions that you may have. Again, I want to commend you for holding the hearing, and I hope that the City and health care organizations, hospitals and health systems can work together to advocate for the appropriate use of these dollars when the issues get considered in earnest in the fall in Harrisburg.

COUNCILWOMAN TASCO: Thank you very much.

Any questions?

COUNCILWOMAN BROWN: Yes, I do have one, again, related to what is a revelation for me, and that is the still-inadequate usage of the CHIP Program. I had a follow-up question here which you answered, and that is that the Philadelphia School District is actively participating and assisting in raising that bar through PCCY?

MR. WIGGLESWORTH: We actually did a program -- we worked with PECO Energy, actually

PECO helped us. We distributed through -- under our First Steps For Healthy Kids Program, had distributed, I think, last year, and it's being done again this year, more than 100,000 fliers to school children basically to bring home to alert parents to the availability of CHIP as well as MA.

We're also right now working on a proposal to do, in effect, an experimental proposal on specific outreach efforts in particular clusters.

We've also encouraged hospitals to partner with schools to assist them in that effort in terms of making sure that children and their parents are aware of the insurance opportunities that are available.

There's a whole series of things that I'd be happy to give you sort of the comprehensive look, but the School District of Philadelphia -- I think Superintendent Hornbeck has stated a clear policy or goal of having every child in school in Philadelphia insured, and virtually every child given -- I mean, if you use as a proxy the eligibility for free or reduced-price lunches, and corresponding with the eligibility for CHIP,

virtually every child in the Philadelphia school system is eligible for CHIP, to the extent that they're uninsured.

And it's something that we need to do more, and we're working as hard as we can to try to do our part to make sure that that objective is achieved.

COUNCILWOMAN BROWN: I would be very much interested in seeing that that list -- and as a former teacher, I know that repetition breeds learning. Folks have to hear and see information several different times before it connects. So to that extent, I'd be interested in seeing that, to see how we can layer the message, because getting it once, even for adults, doesn't work.

And then the only other thing I would recommend is the clergy community, or the faith-based community as another avenue that can be utilized to make sure that the information reaches the very world we're trying to touch.

MR. WIGGLESWORTH: Right. Through community partnerships, we're working with a whole series of organizations like that, but I think those are good suggestions, and I'll take them

back to my staff to make sure we follow up on them.

COUNCILWOMAN BROWN: Please.

COUNCILWOMAN TASCO: Let me just ask you a question. Why do you think it's difficult to have children enrolled into the CHIP Program?

MR. WIGGLESWORTH: Why is it difficult?

COUNCILWOMAN TASCO: Mm-hmm.

MR. WIGGLESWORTH: To get them enrolled? Well, you've got -- I mean, it's complicated, but the enrollment process is perhaps not as smooth as it could be. And in the Department of Public Welfare and the Insurance Department, which actually managers the CHIP Program, as opposed to the MA Program, are working together, and they are trying to come up with a common application form, because right now, there are separate applications for the program.

They're also trying to get up -- to come up with procedures to basically ensure that the extent that you're ineligible for CHIP, you're automatically moved over to Medicaid, and vice versa, so that there's clear linkages between the

programs. So common application, those linkages.

We're also looking at ways and have recommended to the State that there be -- we try once again to out-station eligibility workers at hospitals, because oftentimes, that's where large numbers of people go to seek care that are uninsured, and it would be nice to get those.

Part of the problem is also confusion with, as was mentioned before, with welfare reform. People feel that even though there is a clear distinction between Medicaid and the former AFD or TANF payment, that there's a feeling that if you're on the rolls for Medicaid, maybe it's counting towards the lifetime limit on benefits.

There's also the issue that in terms of recertification for those benefits -- there was a very positive incentive for people to come in and be recertified because they needed to do that in order to receive the cash assistance. And when there's no longer the cash assistance, sometimes the Medicaid eligibility lapses, and that ought to be -- you know, so there isn't an incentive to go and basically do the paperwork to maintain the Medicaid eligibility.

So there's a whole series of issues that need to be addressed, and there is some activity going on at the State. One of the things that we're working on is seeing whether or not the State -- and I think the State is interested in it, but whether we could, on a pilot basis, try to waive the requirement for income verification. Some other states have done that.

But, again, if you use the free and reduced-price lunch eligibility as kind of a proxy, it would suggest that enrolling kids would be a whole lot easier if you didn't have to go through the process of getting all of the income verification materials together and basically submitting that. And if we could waive that requirement, we could get a lot of people enrolled and move forward.

COUNCILWOMAN TASCO: Thank you very much.

MR. WIGGLESWORTH: Thank you.

COUNCILWOMAN TASCO: We appreciate your coming in.

Sharmain Matlock-Turner, Greater Philadelphia Urban Affairs Coalition.

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(Witness comes forward.)

MS. TURNER: Good afternoon.

COUNCILWOMAN TASCO: Good afternoon.

COUNCILWOMAN BROWN: Good afternoon.

COUNCILWOMAN TASCO: Your testimony is short, right? It's not this book, right?

MS. TURNER: (Laughs.) It's not too long.

I want to thank -- I'm not going to read the whole book. That's a reference document for you.

COUNCILWOMAN TASCO: Okay.

MS. TURNER: But I want to thank Councilwoman Tasco, who chairs this committee, as well as Councilwoman Brown, and also Councilman Rizzo and Ortiz, who were here, for hosting these hearings around the tobacco settlement issue.

I'm with the Coalition, and we have been looking at this issue today, and I know you're going to hear a lot of information about the various parts of the settlement.

We have really focused our attention around cessation and prevention, and so the report that we've presented to you was really our first

look at the whole issue of what's going on around prevention and cessation, and specifically targeting the minority community in Philadelphia -- African-American, Hispanic and Asian -- to make sure that we included them in the discussion as we move forward and try to figure out a way to ultimately get to where Councilman Ortiz stated, and that is where we would have zero amount of money because we would have zero people smoking.

And just to add what he said about there being no money. I think some of the numbers that I've seen is that it costs Pennsylvania $3 billion annually to deal with all the costs that go with smoking, so getting the settlement down to zero because no one's smoking is ultimately going to save all of us, I think, a lot of money.

I do want to thank you for the opportunity to testify today. The Greater Philadelphia Urban Affairs Coalition, known as "GPUAC," has been around for 31 years and is the region's principal vehicle for the development and implementation of community-based solutions to serious and complex problems, particularly in

minority communities. Our core mission is to enable grassroots groups to do what they do best: reach out to help the disadvantaged communities help themselves.

I am pleased to testify today. I've also had the opportunity to testify on the tobacco settlement last summer at the invitation of State Senator Hughes before the Senate Health and Welfare Committee on this issue.

My testimony is in three parts today. First, a look at the facts, who in our City is most at risk from smoking; secondly, what can be done to reduce the number of minority teen and minority adult smokers; and third, why GPUAC wants to work with the City on targeted culturally-appropriate health education and advocacy, along with coalition-building, research-sharing, and evaluation.

GPUAC recently undertook a preliminary assessment of what the tobacco settlement could and should mean to Philadelphia's minority community. GPUAC's assessment involved investigative research, a preliminary review of the literature, a look at regional news stories

over the last ten years, and interviews of elected officials, legislative staff, and experts in public health, smoking cessation, and prevention.

The focus was on gathering information about smoking incidence and impact, the State's current and proposed plans for financial investment and programs, local and national models for working with minority communities, the identification of local leadership programs and resources to reduce smoking, the related gaps in needs, and, finally, recommendations for action for Philadelphia's African-American, Latino, and Asian communities.

The report that I have distributed with testimony is a summary of our initial findings and preliminary recommendations for action. The information presented here by GPUAC directly relates to the Governor's plan to support programs that focus on tobacco prevention and cessation. We believe it is important for our city to develop a comprehensive plan to reduce the use of tobacco among all Philadelphians, particularly those whose health status is most at risk. We recommend that funds be appropriated for prevention and cessation

activities, be targeted to Philadelphia's minority groups -- African-American, Hispanic, and Asian citizens. This recommendation is made because chronic and preventable disease is associated with smoking disproportionately affect these racial and ethnic groups. Here are the fact to back up what I just said:

Chronic and preventable disease associated with smoking, disproportionately affect Philadelphia's African-American, Hispanic, and Asian citizens.

Smoking remains the leading preventable cause of death. It is on the rise among groups that are hard to reach -- the young, the poor, high school dropouts, and racial minorities. More than 50 years, ago lung cancer, disease that is directly related to smoking, ravaged minorities and the majority population on an equal basis. Today, the lung cancer rate among African-Americans is 63 percent than that for whites. And today, cigarette smoking has risen most dramatically in communities of color.

These statistics should not come as surprise. Minority smokers are a target audience

of the tobacco-makers, an industry that advertises heavily in communities of color. In Pennsylvania, 24 percent of all adults are believed to be smokers. The incidence of smoking among the State's African-American population is 31.4 percent and 28 percent for Hispanics. Asians in Pennsylvania have the lowest incidence rate, at 19 percent.

The smoking escalation rate among young racial and ethnic minorities is particularly alarming. Twenty percent of African-American high school students smoke, an 80 percent increase between 1991 and 1997.

As stated earlier, smoking is the number-one preventable cause of death in the City of Philadelphia. One in every six deaths, an estimated 3,451 persons in 1990, is related to smoking. We know that without intervention, minority cigarette-smoking adolescents will continue to smoke.

Since the incidence of smoking for African-Americans and Hispanics in Pennsylvania is higher than average and considerable growth is predicted for these populations in Philadelphia

over the next 20 years, the local public health ramifications are more than serious; they are deadly. We must act now in partnership with one another to reduce the number of adult smokers who are racial minorities and cut the rate in which young minority teens are smoking.

National attention is now focused on teen smoking. President Clinton's tobacco proposal announced February 5th seeks to cut teen smoking in half by 2004. The plan is to make cigarettes more expensive and to penalize the tobacco industry.

Little is known about how to successfully intervene to stop smoking among minority teens or adults. There is much debate about whether teen smoking in particular is a health issue or a law enforcement issue. What many experts believe is that action is needed on both fronts, that cutting teen smoking means effective law enforcement and targeted culturally-appropriate health education.

African-Americans, as well as other minorities, have very limited resources for smoking cessation and prevention activity. This

is just beginning to change. In February, the National Public Radio reported that an increasing number of states are using part of their share of the tobacco settlement for minority health programs.

The Federal Centers for Disease Control and Prevention and in the Surgeon General's report, it states that the capacity of tobacco control efforts to keep pace with the patterns of tobacco use and cessation depends on timely recognition of emerging prevalence and cessation patterns and the resulting development of appropriate community-based programs to address the facts involved.

The essential role of active community partnerships has been demonstrated in model statewide initiatives which have achieved significant reductions in the incidence of smoking. California has seen a 35 percent to 40 percent reduction in smoking over 8 years as a result of an annual investment of $90 million per year for the past 8 years. One-third of their funding is used for school-based education and prevention activities, and two-thirds for a

comprehensive anti-tobacco education efforts that include a media campaign, local programs, and surveillance and educational initiatives. Ethnic community networks are funded by the state to ensure the design and implementation of culturally-sensitive strategies.

And if you look at our report, you'll see that there are similar results when you take a look at the State of Massachusetts and Florida.

In Philadelphia, GPUAC proposes to reverse recent trends in tobacco use by working with the City of Philadelphia community leaders and public health experts to create a minority smoking cessation coalition. The purpose of this coalition would be to develop and implement a comprehensive plan to reduce the incidence and impact of smoking on racial minorities in the City of Philadelphia and to secure sufficient resources to see that the plan is implemented.

Over a 5-year period, our goal is to reduce by 25 percent the number of adult smokers who are racial minorities and to cut in half the rate in which young African-Americans and other teens are smoking. And we believe these goals can

be accomplished through education, advocacy, coalition-building, serving as a clearinghouse and resource-sharing on what actually works, and then to make sure that there is an evaluation tool to see whether or not the programs that have been established are actually working in minority communities.

Certainly, the Greater Philadelphia Urban Affairs Coalition has a long history of bringing together people in order to solve problems. We suggest that we join with you to make sure that dollars are appropriated for these activities and, most importantly, that minority communities in the City of Philadelphia are specifically targeted because they are the most at risk.

Thank you very much.

COUNCILWOMAN TASCO: Thank you very much.

Questions?

COUNCILWOMAN BROWN: Just one. When we look at the Governor's list of priorities and the percentage that he's attached to each one of those categorical areas, and when we consider what your

priorities are to be, have you had an opportunity yet to talk through or think through a strategy that reaches a complement between the Governor's preliminary proposal and what your focus is?

MS. TURNER: We think that certainly, because the Governor has agreed to spend about $60 million annually on prevention and cessation, if they take a look at who is most affected and if they take a look at their own Healthy People 2000 Report and see the incidence of lung cancer and other cancers that are affecting minority communities, they will clearly see that there's a strong need to make sure that once those dollars are appropriated, either at the State level or at the City level, we're hoping that people will remember that the minority community is very, very disproportionately affected by this issue, and that dollars will be put in place to make sure that we can turn that around.

We believe that community-based organizations and community people need to get involved in this issue. It's not just enough for people who are experts to be involved, but ultimately, if we're going to have a long impact

of really changed behavior, it's really about bringing community people into the process and giving them an opportunity to talk about what they think will work and to evaluate what other people are proposing.

COUNCILWOMAN TASCO: This is an offhanded kind of question. Have you seen the ads, billboards around town with butthead? And do you know anything about that?

MS. TURNER: All right. When we sat down to put this proposal together, one of the first issues that really caught our attention as to why we thought it was important to make sure that issue of minorities was talked about, because we took a look at those butthead commercials, and we didn't see that they appeared to be culturally sensitive. It didn't appear they were being targeted for everyone. It seemed as if they were, you know, being handled from someplace, we understand, in Harrisburg, but that there had not been community input. And we think if there had been, you would still see -- you would see things that were more culturally diverse.

The Center for Disease Control has

clearly said that in order to have a real impact on reducing smoking, we really have got to have culturally-sensitive programming and advertising that's really going to target all communities. And we hope that in putting this coalition together, that one of the areas we would look at would clearly be advertising.

I think we need to get together with -- we have some really great minority advertising firms in the City of Philadelphia. I would certainly suggest to the coalition members that what we'd want to do would be to bring them in and see whether or not there are some opportunities here for us to really put together an effective campaign and advertising campaign that would bring everyone to the table.

COUNCILWOMAN BLACKWELL: Thank you very much. We appreciate your testimony.

MS. TURNER: Thank you very much.

COUNCILWOMAN TASCO: Next is Henry Nicholas, President of District Council 1199c.

(Witness comes forward.)

MR. NICHOLAS: Thank you so very much, Madam Chairperson and your committee for convening

this testimony.

Perhaps it is appropriate that I make clear that the issue before Philadelphia is bigger than the tobacco settlement. In fact, as we speak, the entire health delivery system in Philadelphia is in the intensive care unit, on the respirator, and that the tobacco settlement represents our only visual signs for resuscitation.

It is clear that the Philadelphia entire economy is at risk. With the largest concentration of health care in the State being in Philadelphia, when the hospitals are put in jeopardy, so is the Philadelphia economy. Indeed, the Philadelphia budget surplus is projected to run out in the next five years. According to the U.S. Department of Labor, more Philadelphians are employed by hospitals than any other single entity. And so, what happens to Philadelphia health care determines what happens to the Philadelphia economy.

In the last 12 months, 15,000 good-paying health care jobs were lost in Philadelphia. It is estimated that this year, a

like number will occur. So the tobacco settlement represents the only window f opportunity that Philadelphia has, in my opinion, to save itself.

I have, over the last six months, have been a part of a coalition, have participated in a significant lobbying effort at the State capitol. And to follow on what Sister Matlock said, we are prepared to be a partner in a massive public relations campaign across the State to make sure that we get the message out.

My counterpart in New York 1199 spent more than $15 million to make sure that the $1 tobacco tax got raised, to make sure that a significant part of the tobacco dollars got targeted for health care.

We are facing a problem, and although we were first afraid that this would get looped into the budget, the fact that it's delayed will give us an opportunity to prepare, if we are preparing to act in a meaningful way.

In our visit to the people on the Hill, and we have met with every senator on the committee out of which this legislation will evolve. And clearly what I heard was what we see

is not what we're going to get, suggesting that -- notwithstanding the fact that the Governor had proposed spending 40 percent of the money in tobacco-related areas. As soon as the bell rings and the horses are out of their stall, everybody will be standing at the gate to chip off his or her piece. And so we might indeed see a disappearing of that 40 percent allocation as we're now speaking of it.

But, clearly, Philadelphia, in my opinion, has the most to gain and the most to lose. Because if we do not do something to stop the hemorrhaging in the health delivery system here in Philadelphia, the whole Philadelphia economy is going to start tremoring as if a earthquake was near.

For instance, the mother of all hospitals in the Commonwealth of Pennsylvania, if not in the country, the University of Pennsylvania, in the last five months has already laid off 5,000 workers, with another 3,000 in the hopper that will come before the year is out. If the University of Pennsylvania is having problems, you can imagine what's happening with the rest of

the health-care industry in Philadelphia. As a representative of the employees, we have a ringside seat inside of the hospitals, and we know what is happening.

Clearly, we believe, politically and organizationally, the only monies that will be available to rescue health care in Pennsylvania is this tobacco money. If we do not forego the opportunity to put up a fight to get our share, irregardless of what happens in November, there will be no new money for health care and health care coverage, irregardless to who gets elected.

So the tobacco settlement is a widow of opportunity, and we, as an organization, our union is prepared. We have already prepared ads for all of the papers in this region. We have already arranged for a major media (unintelligible) in the print media and in the electronic media statewide, but we need help. It is not just our issue; it is everybody's issue. And we are prepared to partner with anyone, any coalition, any organization, putting up our share of the money, marbles, and chalk to make sure that the right message gets played out, and that in the end, we are successful

in achieving a portion of these dollars to take care of the uninsured in Pennsylvania.

Senator Hughes's bill goes a long way in moving us into that direction, but it has not passed yet. And I am fearful that before any meaningful legislation that looks out for poor people gets passed, the money might just go up in smoke.

It should be interesting to note that the health care professionals project that the cost of health care insurance, over the next 5 years, will rise, will be between 9 and 13 percent. It is also projected that for every percentage rise, 50,000 more Pennsylvanians will be without health care. There's already 1.2 million people that are uninsured. So as the cost of health care goes up in each percentage point, another 50,000 people fall out of coverage.

So this is a big, big issue for the Commonwealth of Pennsylvania, but it is also a bigger issue for Philadelphia because its economy depends on health care. Health care is the largest employer, and if it goes down, we all go down with it, and I did not want to miss the

opportunity to make that point, because it is bigger than everything else. It is the heart of this city, the health care industry.

I am prepared to answer any questions.

COUNCILWOMAN TASCO: Is there a coalition effort moving forward in Philadelphia to lobby Harrisburg for this money?

MR. NICHOLAS: There is a statewide coalition, there is an aggressive grassroots coalition that has been meeting for the last six months. Dr. Tsou and I spent a couple of days in Harrisburg right after he was appointed, going around and meeting with the various legislation. And so we have a clear of the thinking of the Senate side of those who have the authority over the legislation. So we've met with both them, we met with Secretary Peace, who has a big role to play in this issue. So we've been meeting, and when out in recess we went house calling to a number of legislators, so we have been working together.

But it is at a crucial juncture, and we have some time between now and September or October, and when the legislation moves, we are

concerned that special-interest groups will take all of the resources, and the Philadelphia economy will die as a result of it. We need to make sure that we get some of that money into Philadelphia.

COUNCILWOMAN TASCO: Dr. Tsou has outlined, and Niles also outlined, the breakdown, the percentage breakdown that the Governor has offered to -- of where to appropriate this money. It's 40 percent for the uninsured and 15 percent for home and health care and 10 percent for uncompensated care provided by the hospitals, 10 percent for tobacco prevention and education, and so on.

Is there a dissatisfaction or a disagreement about the breakdown of their appropriation of the proposed allocation?

MR. NICHOLAS: We have a severe problem with the fact that the Governor's proposal does not cover half of those who he took their health care cost away from them, the 263,000 people. He does not cover half of that population in this proposal.

The other crucial issue in his proposal is, he refuses to access a more than 50 percent

match in Medicaid dollars that would be available if he would draw down on them, suggesting that he would not draw down on those dollars, although they could significantly cover more Pennsylvanians. He suggests to participate in that way would constitute an entitlement program, and since he's against entitlement programs, he will not draw down on the federal match.

And we've been pushing, pushing, pushing in our lobbying effort, getting the Governor to draw down on that money. The federal government would give him 54 cents for every dollar spent, if he would draw, but down since he's ideologically opposed to what he calls "these entitlements," he has steadfastly said he would not go that way. And that's a big piece of our struggle as the campaign heats up.

COUNCILWOMAN TASCO: But you don't disagree that a certain portion of the money should go for tobacco prevention education, do you?

MR. NICHOLAS: No, I don't; I agree with that.

COUNCILWOMAN TASCO: Okay. So I guess

my point is that we have had different people testify this morning for different uses.

MR. NICHOLAS: I'm closer to the Vincent Hughes legislative directive because it more liberal and covers more people than the narrow limitations that the Governor has put forth. In the Vincent Hughes legislation, he proposes to raise, as did New York, New Jersey, and a number of other states, additional tobacco tax dollars.

COUNCILWOMAN TASCO: Mm-hmm.

MR. NICHOLAS: That is not a part of the Governor's directive.

COUNCILWOMAN TASCO: Now, those people who have testified and those people who are here today, how do we join together so that Philadelphia comes out with one voice and one plan? Because when you go to the door and you're divided, then they tend to -- legislators or government administration decides to do or develop their own plan because "those folks can't get their act together."

So we need to coordinate your requests and come up with a plan that's pushed by all of

the people, whether it's for health care coverage or prevention or home-based care or whatever, that there is a joint effort that you all support, and that you're not competing for those dollars.

MR. NICHOLAS: We've been out on the territory for the last eight months, and I can testify that for the most part, 99 percent of all of the players on this issue are indeed on the same page. The Delaware hospital Council, we're on the same page; Dr. Tsou, we're on the same page; Sister Matlock, who just testified, we're on the same page, and we want to get on her page, because if she can help raise the significant dollars to help spend the necessary public campaign that we must do on this issue, we are prepared to be a major partner in that effort.

COUNCILWOMAN TASCO: Okay, thank you.

COUNCILWOMAN BROWN: As a matter of record, who are other members of the coalition that you're referring to? You've mentioned Dr. Tsou.

MR. NICHOLAS: Yeah. There are a number of people. All of the major grassroots organizations have been meeting either in my

office or their office for the last eight months preparing the issue. We've sent out more than 600 pieces of legislation to the business community across the State, we have sent out a significant mailing to all of the labor across the State.

And so we have not just been Philadelphia-based; we've been building a coalition statewide. The Philadelphia AFL-CIO is on the board and all of the community organizations have been participating.

COUNCILWOMAN BROWN: That's is helpful to know in terms of underscoring Councilwoman Tasco's point, that we -- there's more than an indication, but a reality that the coalition from Philadelphia is indeed speaking with one voice.

MR. NICHOLAS: And our coalition has been a player in moving the Hughes legislation. We are at Children's Hospital when it was for announced and we were in Harrisburg the day it was first unveiled there, so we have been out on the edge of the debate for the last eight months.

COUNCILWOMAN BROWN: Is this what we received in the Pennsylvania Consumer Health Coalition?

MR. NICHOLAS: That's correct.

COUNCILWOMAN BROWN: Very helpful. Thank you very much.

MR. NICHOLAS: Thank you.

COUNCILWOMAN TASCO: Thank you very much, Mr. Nicholas. Nice to see you again.

Catherine Balsley, Philadelphia School District.

(Witness comes forward.)

COUNCILWOMAN TASCO: Good afternoon. Thank you for coming. Would you identify yourself for the record, please.

DR. BALSLEY: Yes. Good afternoon. My name is Dr. Catherine Balsley, and I'm the Director of Curriculum for --

COUNCILWOMAN TASCO: Forgive me for not recognizing you as "Dr." I apologize.

DR. BALSLEY: Pardon me?

COUNCILWOMAN TASCO: Forgive me for not saying "Dr." It's on the list here.

DR. BALSLEY: That's quite all right.

I'm the Curriculum Director for the Philadelphia Public School System. Thank you for the opportunity to share comments related to the

State's proposals under consideration for the expenditure and use of the Commonwealth's tobacco settlement.

As a lifelong advocate for child and adolescent health and Curriculum Director for this nation's fifth largest school district, I would like to propose for consideration just one recommendation, and is that we lobby for the development of a statewide infrastructure to support school-based comprehensive health education, including tobacco prevention education that will provide for funded technical assistance through CBOs to communities and direct noncompetitive funding to local school districts.

This recommendation specifically calls for a stronger collaboration between the Pennsylvania Department of Health and Department of Education to ensure several things:

The adoption of State academic standards for health and physical education, K through 12;

The implementation of State-based surveillance and program evaluation systems. For example, the Centers for Disease Control and

Prevention's Youth Risk Behavior Survey and health education assessment to the PSSA, which is the Pennsylvania State System of Assessment;

Adequate resources for the implementation of evidence-based tobacco prevention curricula and teacher training;

Adequate funding for the development of school health councils, community coalitions, and tobacco-focused youth-serving community-based organizations;

And, finally, increased access to smoking cessation programs specifically targeting youth.

In essence, this recommendation is a deliberate and intentional effort to focus attention and a fair share of the potential resources on the population most at risk, most vulnerable, least cared for or about, yet most likely to benefit from tobacco-related disease prevention initiatives -- our young people.

Over the span of my 27 years as a health education teacher and school administrator in Philadelphia, I have become increasingly frustrated, many times angered, and mostly

disheartened by the lack of cooperation between the State Departments of Health and Education in addressing the very specific health and education needs of our children and youth. Salient examples of this lack of cooperation include the lack of coordinating funding priorities, the lack of promoting health promotion initiatives, and the lack of collaborating with youth-serving community-based organizations to ensure that youth health issues are fairly represented in the broader adult community.

If there is one important lessen to be learned from the past 12 years in dealing with the AIDS epidemic, it is to make it a priority to build and sustain a coordinated support system of prevention, education, and services that begins in the early years with school-aged youth.

I want to give you just three short, but significant, examples to illustrate the importance of developing statewide infrastructure to support school-aged tobacco prevention education.

First, it is very important to collect quality data so that one can make wise

programmatic and funding decisions. It is generally agreed that the tobacco use begins in teen years. Nationally, more than 6,000 persons under the age of 18 try their first cigarette each day. About 1 in 10 middle school students and more than a quarter of high school students are current cigarette smokers. Although national data is more important, it too often allows for denial, and parents may say, Well, that may be true over there, but not in my school, not in my community, or not my child.

In the Philadelphia public schools, we are able to monitor and, thus, more accurately describe smoking behavior among our youth because we implement the Youth Risk Behavior Surveillance Survey biannually. The YRBS is part of the Centers for Disease Control surveillance system that monitors adolescent health behaviors.

Some of this year's data tell us that more than two-thirds, 67.9 percent, of our high school students have tried smoking. Current use is less than a quarter, or 23 percent. Of those who reported to smoke cigarettes, almost 12 percent of them purchased them from a store, and

87 percent of them smoked on school property.

These data provide us with important information about patterns of behavior that have very serious public health and education implications. Such a system of surveillance at the State level could help lay the foundation for shaping public policy and developing specific and targeted prevention strategies and activities at the local level.

Second, it is generally thought that prevention education is key to tobacco control. There is very strong evidence to suggest that school-based, evidence-based curricula, combined with adequate teacher training, can significantly reduce or delay adolescent smoking. Yet there are no adopted State standards or planned instruction for health education, no State assessments for health instruction, and few District dollars are ever spent purchasing health education textbooks, instructional resources, or for teacher professional development.

In my own experience, the average elementary middle school budget for health instruction is less than $100 per year for the

entire school. And if I could just show you, up here in my hand, I have one penny. This amounts to one penny spent per child per year on health instruction in any public school in the State of Pennsylvania. CDC recommends between $4 and $6 per child annually. Certainly, we do not get our fair share or are we equal partners at the table.

Third, like with all else, school cannot do this alone. School-based efforts must be linked with the broader community of partners that can provided the wrap-around services and political support necessary to address the issues of tobacco control and health advocacy from many perspectives. Organizations such as TEACH, the American Cancer Society and the American Lung Association are essential partners and leaders in promoting healthier children. Funding opportunities to these organizations must be strengthened so that they can continue to advocate for those who are powerless to advocate for themselves.

The development of a statewide infrastructure to support school-based comprehensive health education, including tobacco

prevention education, is critical to our success in tobacco control. We must advocate for a stronger collaboration between the Pennsylvania Department of Health and the Pennsylvania Department of Education. We must also diligently campaign for a stronger focus on prevention efforts for our youth. They are, after all, the promise of our Commonwealth.

Thank you again for making this opportunity available.

COUNCILWOMAN TASCO: Thank you very much.

And in this effort, what is the Philadelphia School District doing in terms of galvanizing support for your proposal?

DR. BALSLEY: Well, the School District of Philadelphia is actually not only a leader in the State of Pennsylvania, but a leader in the nation. We do not depend on operational funds to do our work. We are very busily out there getting grants and foundation funds to put together a very comprehensive health education program. We have considerable funding from the Centers for Disease Control.

I, over the years, have participated in many state organizational meetings, lobbying activities, and that's why I said I was so frustrated by the inability of the State to move an agenda of health education forward. And I am hopeful that City Council and, through our lobbying efforts, can push the agenda of comprehensive health education at the State level, because what the bottom line is, in schools, if it's not tested, it's not taught.

And we know that the diseases of today, the most important and significant causes of morbidity and mortality, are caused by things that we can prevent, the kinds of behaviors and life choices that we make, and one is tobacco use.

COUNCILWOMAN TASCO: Have you sought the support of our State legislators?

DR. BALSLEY: I have, many times, on many coalitions. The American Cancer Society has a very powerful lobbying effort and a coordinated school health council that meets in Harrisburg on a regular basis. I mean, there are a number of initiatives.

But I'm honestly think the bottom line

is that we do not value children enough to say that prevention efforts are where we need to put our dollars. And I was hopeful that you would ask me the question, do I think the Governor's priorities, in terms of the allocation of resources, is --

COUNCILWOMAN TASCO: Well, I'll ask you. You can answer.

DR. BALSLEY: No, I don't. I absolutely think we need to have the courage to say that we need to put resources not only into youth but into prevention education, that we must focus prevention. We know we can prevent the diseases through research-based or evidence-based programs, and we must put the dollars there to be able to do that.

COUNCILWOMAN TASCO: Well, they do have 10 percent for tobacco prevention education, based on best practice models developed by the Center for Disease Control.

DR. BALSLEY: That's correct, and 10 percent is hardly anything for what it is we need to do in the schools.

COUNCILWOMAN TASCO: It's not enough.

DR. BALSLEY: You know, I just remind you, this one penny, one cent for the health education of each child is clearly not enough.

COUNCILWOMAN TASCO: Okay. Well, maybe your group can work with the other local groups to try to and modify the proposal.

DR. BALSLEY: We would love to do that. Thank you for that opportunity.

COUNCILWOMAN TASCO: Thank you, thank you.

COUNCILWOMAN BROWN: I do want to thank you for your very eloquent testimony and restate what Councilwoman Tasco has said. Please make a point to meet, introduce yourself to Sharmain Matlock-Turner. Given the focus of their proposal and your interest, there's an opportunity there, as well as to Henry Nichols. Is Henry still here?

COUNCILWOMAN TASCO: I think he left.

COUNCILWOMAN BROWN: Please.

DR. BALSLEY: Thank you very much.

COUNCILWOMAN BROWN: Okay.

COUNCILWOMAN TASCO: Rachael Milenbach and Jeffrey Barg.

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(Witnesses come forward.)

COUNCILWOMAN TASCO: You're going to be here all day?

MS. MILENBACH: We're spending the day together, aren't we?

COUNCILWOMAN TASCO: Would you identify yourself for the record, please.

MS. MILENBACH: Good morning. My name is Rachael Milenbach, and I'm Director of the Tobacco Control and Prevention Program at the Health Promotion Council of Southeastern Pennsylvania. We're also called "HPC."

Our organization has provided tobacco control services to Philadelphia and the four surrounding counties since 1993. Our programs and activities include prevention and education, smoking cessation, youth access to tobacco, secondhand smoke, and community empowerment. Many of our tobacco control advocacy projects fall under the auspices TEACH, which stands for the "Tobacco-Free Education and Action Coalition for Health." I am also here as coordinator for TEACH, and I'm the Treasurer of the Coalition for Tobacco-Free PA.

TEACH has been at the forefront of many activities that have served to improve the quality of life as it relates to tobacco use for all Philadelphians and our suburban neighbors. For example:

We spearheaded the effort to remove all tobacco and alcohol advertising from SEPTA buses.

For three years, we gave many grants to community groups throughout the region who wanted to address tobacco use prevention and cessation within their own community.

We worked closely with Philadelphia City Council to pass two tobacco control ordinances that hold merchants accountable for selling tobacco products to children either through over-the-counter sales or vending machines. These two ordinance points, which you passed in 1995 and 1998, have made a tremendous difference in the ease with which children and adolescents can buy cigarettes, which is the only product on the market today, which, when used as intended by the manufacturer, will kill 1 out of 3 individuals.

We're here today to listen to many

representatives of organizations who are voicing their opinions on how the Commonwealth share of the 1998 multi-state tobacco settlement should be allocated to best serve the residents of Philadelphia. Councilwoman Brown, I appreciate foresight in holding these hearings so that we, as a city, can work better with Governor Ridge and the Pennsylvania State legislature. At the time, how the settlement monies will be used is in their hands. I'm here today to help ensure that we communicate to Harrisburg in a strong and united voice how Philadelphia will most benefit from this one-time opportunity.

The Health Promotion Council and TEACH strongly recommends that the Pennsylvania State Legislature appropriates 25 percent of the tobacco settlement monies to tobacco control and prevention. The Centers for Disease Control has issued a detailed guideline for use of the funds, outlining the various synergistic parts of an effective program. These recommendations were developed to address each state's needs and to assist in developing a budget for a statewide comprehensive tobacco control program. In their

calculations for Pennsylvania, the CDC concludes that 25 percent of the settlement money be devoted to tobacco control in order for the State to have a truly effective program.

We also recommend that the Pennsylvania State Legislature uses the plan developed by the Pennsylvania Department of Health, whereby the money is distributed by the lead agency in each county. In Philadelphia, the lead agency would be the Philadelphia Department of Health.

The Ridge Administration has proposed this plan, but it is hardly a foregone conclusion, and there is no shortage of special interests lobbying to have funds marked for their own organizations.

The Pennsylvania Department of Health has developed and implemented the State's Tobacco Control Program since the beginning. Their considerable expertise and experience must be utilized if Pennsylvania is to have any chance of using the settlement monies effectively for tobacco control.

We also recommend that the funds which are ultimately allocated to tobacco prevention and

cessation be spent on effective tobacco control projects with organizations that have experience and a proven track record in tobacco control. How tobacco settlement money is spent will be carefully scrutinized. To apportion funds out to organizations with no prior experience will set us up for failure and prove the tobacco industry's claim that tobacco control programs don't work. Instead, let's fund those who have experience and set up programs to provide technical assistance and training for those who want to join the tobacco control movement.

I want to digress for a moment in terms of what you just said to Dr. Balsley. One of the things that TEACH does is, we hold coalition meetings. Right now, we meet as a five-county coalition every other month, and certainly, everyone who's here, such as Sharmain Matlock-Turner, Henry Nichols, and other folks, and anybody, really, is invited to come to our TEACH meetings.

COUNCILWOMAN TASCO: Who's a part of the coalition?

MS. MILENBACH: We have over a hundred

member organizations. I don't have the list with me, but I'd be happy to get it to you.

COUNCILWOMAN TASCO: How diverse is the coalition?

MS. MILENBACH: It's very diverse. It's five county. It's Asian, African-American, Latino. There's schools, there's professionals, there's hospitals, there's pharmacists, there's students, there's citizens who care deeply about this issue.

The only -- in order to join TEACH, all you have to do is agree with our mission statement. There's no dues, it's open to anyone. Over the years, we've had a wide variety of people come and go, and it's a great thing. When we have our meetings, it's always very exciting. And as we end, we realize what a full two hours that we've had and how much networking everyone does with each other and all of the ideas that come out of getting together and talking on a regular basis.

COUNCILWOMAN TASCO: In your statement about having -- an organization having a proven track record in tobacco control, there are groups

who certainly have some interest in providing education, who might not have the special track record in tobacco control but certainly have a track record in community outreach and deal with other groups.

MS. MILENBACH: Right.

COUNCILWOMAN TASCO: I think you do yourself a disservice by saying that it should be only those people with a track record 'cause what we're trying to get here is a coordinated effort to go to Harrisburg. The first thing you're going to do a disservice is by going disjointed to the legislators, and that what we want to see is a coordinated effort.

MS. MILENBACH: Okay, we do, too.

COUNCILWOMAN TASCO: And not have this "us-against-them" kind of mentality, which will be disregarded in Harrisburg, and you know that.

MS. MILENBACH: Okay. I didn't mean for it to come across like that. It doesn't necessarily mean when I say that that, you know, they have to have already provided programming, you know, to children or whatever.

I know that the Urban Affairs Coalition

has been working very hard on tobacco. I'm really -- for, I think, about a year and a half, if not longer. And clearly, from their testimony, they've delved into the issues, they understand them, they've learned a tremendous amount. So even if they haven't, you know, provided actual programs, I think they're still in there.

When I say that, what I'm referring to is that when we -- for the tobacco prevention money, when it's divvied up and groups are going, you know, to do whatever it is that that they propose to do with the money, just for all of our sakes, that we know that the money's going place where good results will come. And they're an excellent organization and I have no doubt that they wouldn't do an excellent job.

And, as you said before, we also all need to be working together. You know, another group, for example, is Uptown Coalition, who haven't gotten here yet today. I believe they'll be here this afternoon, in terms of being very involved with tobacco control in Philadelphia. So we welcome all of them.

I just think we need to all be working

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together and supporting each other. And if there's things that we can do based on our years of experience that, you know, we can share, we do a tremendous amount of training and we've done technical assistance. And, you know, our phones ring constantly with people calling in different parts of the five counties who are doing something. So we need all of us, and we need a lot more people to really reach into all parts of the community to make a difference.

COUNCILWOMAN TASCO: Thank you.

MS. MILENBACH: I'll return to my testimony now.

To begin, I will explain why tobacco control programs are important. Nicotine is an addictive drug. In fact, scientists have found it to be as addictive as crack and heroin. Because it is legal and historically has been used casually and without concern for the consequences, it has become far and away the most common and serious addiction in the United States.

The majority of smokers began smoking as teens or preteens. Many regret having ever started and then try different strategies to

quit. Some are successful in quitting right away, some succeed after many attempts, some succeed after a frightening medical experience. Others continue trying and are never successful, some give up trying and never stop.

It is no accident that cigarettes are addictive. They are a high-tech product, a drug-delivery device engineered by the companies that manufacture them, with scientific precision towards the single goal of selling more cigarettes.

Commercial cigarettes contain hundreds of chemical additives, although none of these chemicals are required to be revealed on the label. Cigarette smoke contains thousands of chemicals and has been listed as a Class A carcinogen by the USA EPA.

The chemicals found in cigarette smoke are even more dangerous and explain the overwhelming scientific data on the harmful effects of secondhand smoke. Secondhand smoke is the third leading cause of preventable death in country, killing 53,000 nonsmokers each year.

I'm going to skip ahead. What I would

have included statistics from the Pennsylvania Department of Health that looks at what the economics of cost of smoking is statewide and then also in Pennsylvania.

COUNCILWOMAN TASCO: Your testimony will be put into the record in its full presentation.

MS. MILENBACH: Right. The one notable point to make here is that in Philadelphia, 3,110 people died from smoking-related deaths in 1997, which is the moat most recent data that we have from the Pennsylvania Department of Health right now.

The good news is that tobacco control programs work when adequately funded. There's a national network of tobacco control advocates who meet annually, and via e-mail and other methods, we work with each other. There's a tremendous amount of knowledge, there's a tremendous amount of programs that have been tried. Some of have worked, some haven't worked.

When people say that tobacco control programs don't work, I think they're probably not fully entrenched in the tobacco control movement

and don't truly have a sense of the wonderful people who are out there and who are working so hard and have been working so hard for decades on this issue.

I want to tell one quick story. I think it illustrates again what Dr. Balsley was talking about in terms of youth and in terms of reaching out to them and providing services that help them to make intelligent decisions.

Last Friday, I spoke to a community of 7th to 12th graders and their teachers. The experience was typical. After fully participating during class, many young people came up to me at the end. The comments ranged from, "You have sufficiently scared me, I am going to quit. What you said about secondhand smoke is scary. How can I protect myself? I have asthma, I smoke, and I feel terrible all the time. Can you help me quit?"

This story is typical. We've done thousands of presentations and reached thousands of youth in Philadelphia, in the counties, in school community settings, and we're welcomed with open arms and very, very appreciated by the

communities who have had our staff come in and work with them.

To reiterate what Dr. Balsley said, I hope that in the money that comes for prevention and cessation, that we really can provide quality school prevention programs and quality smoking cessation really for every school and for every child in Philadelphia who wants it.

I'm going to skip over things that I think other people have talked about a little bit.

Okay, I'll end here. I urge Council to actively support the allocation of 25 percent of the tobacco settlement monies for tobacco prevention and cessation activity. We hope that decisions will be made clearly and logically and not because of the politics and other issues that sometimes get in the way.

Philadelphia is home to a majority of the State's seasoned tobacco control advocates. We are ready for the responsibility and we will no disappoint you. We are also well-connected, as someone else pointed out, with advocates from throughout the State. We work closely with the Pennsylvania Department of Health, we are members

of the Coalition for a Tobacco-Free PA. We will continue working with our colleagues to make Philadelphia and Pennsylvania a healthier place to live.

Thank you.

COUNCILWOMAN TASCO: Thank you.

Could you just briefly tell me how the ordinance on the vending machines -- have you done any monitoring or evaluation of the bill?

MS. MILENBACH: Yes, we do. We have pretty extensive evaluation. I can also get that to you.

Basically, it's made quite a difference. Initially, when we started doing under-aged tobacco-buying surveys, our kids consistently were able to go into stores, and 85 percent of the time, they were able to purchase cigarettes with no questions asked.

A couple of changes have taken place as a result of passage of the law and enforcement of it. We work with L&I, they write citations for merchants who are found selling cigarettes illegally to kids. They've been a wonderful organization to work with.

What we have now is, we have signs posted virtually in every store in the City saying -- because that's a part of the provision of the law, that you have to have a sign posted. In the beginning, there were very few signs up.

We have a much, much higher percentage, and I can get you the exact numbers of merchants who are asking for ID. And that simple intervention makes a big difference.

Most importantly, we've brought the citywide rate down to just below 50 percent, and that's been consistent over time. We've broken our data down by neighborhood, and there's been neighborhoods who, at times, when we went out, did a series of buys in a particular zip code, they had 0 percent. This is astounding. Philadelphia has the highest compliance -- you know, the highest sales rates to youth typically in the State.

COUNCILWOMAN BROWN: Has the highest what?

MS. MILENBACH: We've had the highest sales rate to children of cigarettes in the State. We have brought it down much lower, it's a

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much bigger percentage that we've brought it down than in any other part of the State. At this point, we're lower than some of the other parts.

And we have the best and the strongest law in the State. It's a model. We get calls from all over the State, we've gotten calls from outside of the State for our legislation because other people wanted to use it in trying to develop their own.

So that's been a real success story, and a lot of partners have helped make that possible.

COUNCILWOMAN TASCO: Thank you very much.

MS. MILENBACH: Thank you.

COUNCILWOMAN TASCO: Mr. Barg?

MR. BARG: Yes.

COUNCILWOMAN TASCO: Could you kind of summarize. I mean, I think the record has been documented about the statistics and the proposes and things of that nature. Could you summarize yours?

MR. BARG: I will be very brief. I only have two pages, and I will move through it

pretty quickly.

I'm Chairman of TEACH and past president and current executive committee member of the Coalition for a Tobacco-Free Pennsylvania. I appreciate the opportunity to testify here today. I appreciate the committee's courtesy in moving us up in the order. Actually, we have a press conference coming up in 15 minutes or so.

I can't help but note that the circumstances of today's hearings could have been very different from what they are today. If Philadelphia had filed suit against the tobacco companies as a number of other cities had, such as San Francisco, the hearing today would be on how Philadelphia should spend the money -- the millions of dollars that we would be getting directly from the tobacco companies. Now we have a settlement that not only limits Philadelphia's ability to sue the tobacco companies in the future, but also fails to earmark any money for the cities of Pennsylvania, including Philadelphia.

Another unfortunate aspect of the settlement is that none of the money going to the

State is earmarked for the purpose of reducing tobacco use and the billions of dollars in treatment of the diseases that it costs us. This has given license to everyone and their brother to stake their claim on the money; hence, the division that you're trying to overcome here.

Now, I think the Ridge Administration did an admirable job of weeding out many of the tangential purposes and proposed allocating 15 percent of the settlement to comprehensive and sustained tobacco prevention and cessation programs.

The Ridge proposal does fall short, however, of the recommendation of the U.S. Centers for Disease Control and Prevention. We would like to see the General Assembly provide the additional funding required to bring us in line with the CDC recommendation of spending between 65 and $184 million annually so that we can reduce the scourge of tobacco-related disease in the State, with it's massive human and financial costs.

Shortchanging the programs to reduce tobacco use, which have proven to be successful in California and Massachusetts, would only doom us

to spend more for treating tobacco-related diseases than we receive in tobacco settlement payments. So it would ultimately be counterproductive.

Now, the State Health Department is in the process of developing a plan to implement the programmatic elements recommend by the CDC to reduce tobacco use. We wholeheartedly endorse this approach. It includes counter-tobacco advertising, school-based programs, enforcement of laws against selling tobacco products to minors, smoking cessation programs, chronic disease programs, and community-based programs.

It is my understanding that the State Health Department currently plans to allocate most of its tobacco control funds to county and municipal health departments and drug and alcohol prevention authorities for community-based programs. There's a very good reason for doing this. In Pennsylvania, as well as the rest of the nation, we have had the greatest success in reducing tobacco use through local initiatives.

In Philadelphia, for example, we have the best law in the state for reducing illegal

sale of tobacco products to minors, and the law has helped us cut these illegal sales in half. Our mass transit system was the first in the State, I believe, to accept no tobacco advertising. And if City Council adopts Councilman Nutter's proposal to curtail nonsmokers exposure to secondhand smoke, one of the CDC's four primary goals, we will once again provide leadership for the rest of the State.

There are other organizations in the State, however, which are attempting to divert funding for reducing tobacco use to their coffers, I'm afraid. Some have denigrated the effectiveness of tobacco control measures, even though research has shown tobacco control and cessation programs to be the most cost-effective way of reducing cancer deaths. Some have warned against duplication of programs coming out of the National Foundation, but this foundation was never intended to substitute for State-funded programs. Other statewide organizations have been trying to change the State Health Department's plan to allocate most of its tobacco control funding to local government agencies.

I urge the City to lobby hard for full funding of tobacco control programs, in line with the CDC recommendations, as well as the State Health Department plan to fund local government agencies. The City's ability to sue the tobacco companies is curtailed by the State settlement. It is imperative that the State provide adequate funding to the City, therefore, to reduce tobacco use.

Thank you.

COUNCILWOMAN TASCO: Thank you very much.

Do you have any idea why we didn't sue?

MR. BARG: I'm sorry?

COUNCILWOMAN TASCO: Do you have any idea why Philadelphia didn't sue?

MR. BARG: I think you'll have to take that up with the former mayor.

COUNCILWOMAN TASCO: Thank you. As we have to do a lot of things.

Thank you very much. We appreciate your testimony and look forward to hearing you this afternoon, I imagine.

MR. BARG: Yes. Thank you very much.

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COUNCILWOMAN TASCO: Dr. Lawrence Frame, American Heart Association.

(Witnesses come forward.)

DR. FRAME: Good afternoon. I'm Dr. Lawrence Frame, a cardiologist and past president of the American Heart Association, Pennslyvania-Delaware affiliate. I am joined here today by Melanie Horvath (ph.) of the American Cancer Society, and Nathan Manes (ph.) from the American Lung Association.

I'm here representing a coalition of these three statewide organizations: the American Heart Association, the American Cancer Society, and the American Lung Association. We have joined together to help ensure the well-being of Pennsylvania's benefits from the settlement monies by promoting effective tobacco prevention and cessation programs.

You have before you our detailed plan called "A Call for Action," which is included with the statements. Our basic goals are two. First, we recommend that the entire settlement funds be directed to new health initiatives; second, we as that a substantial portion of the monies be used

to fund a comprehensive tobacco control program that prevention, treatment, education, cessation, and research.

Tobacco is the single largest preventable risk factor for stroke, cancer, heart disease, and lung ailments such as emphysema in our Commonwealth. Each year, over 23,000 deaths are linked to tobacco in our state.

Our agencies are asking for funding for our own programs. Instead, we are advocating a comprehensive approach to tobacco control. We need a plan that will be sustained over time, use community partnerships, enforce our youth access and secondhand smoke tobacco laws, help Pennsylvania smokers quit, teach our children the dangers of tobacco use, investigate approaches to cessation and prevention through biobehavioral research, evaluate our results, and implement the best practices.

Our proposal follows the Center for Disease Control guidelines in terms of what a comprehensive tobacco control settlement is. I'm not going to read the details of our proposal, but it has multifacets that are detailed in the Call

to Action description. It is based on proven programs and strategies such as those that have been shown to prevent people from starting to smoke or reduce smoking consumption in the leading state such as Massachusetts, Florida, and California.

We applaud the Governor's position that all of the funds should be used for health initiatives. The Governor has also outlined a proposal that includes 15 percent of tobacco settlement monies to be directed to cessation and prevention programs.

A statewide nonpartisan task force or commission consisting of the appropriate state department secretaries, private health sector experts, and voluntary health organizations should be established to oversee the distribution and use of these settlement funds.

This funding should then be directed to local multi-county lead agencies across the Commonwealth, which have submitted proposals to a State board comprised of experts in the field of tobacco cessation and prevention.

Local communities, such as the City of

Philadelphia, should have input into these local lead agencies and be able to submit proposals for funding. Using the lead agency model, Philadelphia would able to fund local programs that follow the CDC guidelines for best practices.

What could this funding do for Philadelphia and Pennsylvanians? We've already heard that in Pennsylvania, 35 percent of high school students, 63,000 kids under the age of 18 become new daily smokers each year. That means today that as we speak, 150 of our Commonwealth children will start using tobacco.

Smoking claims the lives of 23,000 Pennsylvanians each year, and an estimated 274,000 Pennsylvania children who are under the age of 18 will die prematurely from smoking unless we can stop this trend.

By acting now, these are lives that could be saved. By acting now, we are helping our children grow up tobacco-free. By acting now, we are ensuring a healthier tomorrow for Philadelphians and Pennsylvanians.

The Commonwealth has an unprecedented opportunity to invest in education, treatment, and

research that will significantly improve the health of Pennsylvanians in the coming century. We all have to remember that the reason why there's a huge pool of money here, the tobacco settlement, is because of the tremendous negative impact that tobacco has on the health of our communities. Therefore, we owe it to your constituents and our fellow citizens to institute effective programs that will decrease this smoking problem; otherwise, we will see increases in tobacco addiction and continued economic effects that will arise for decades to come.

Our coalition and its thousands of volunteers across the State of Pennsylvania encourage Councilmembers to join us in a call insisting that 15 percent of all tobacco settlement funds be directed toward cessation and prevention programs. We also want to see that programs follow the CDC guidelines for best practices and are comprehensive in scope and nature.

Thank you for this opportunity to comment.

COUNCILWOMAN TASCO: Thank you very

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much. Thank you very much for your testimony and for the documentation. That certainly will be helpful as we moved forward on this issue. Thank you.

DR. FRAME: Thank you.

COUNCILWOMAN TASCO: Cheryl Weiss, 21st Century League.

UNIDENTIFIED PERSON: She left.

COUNCILWOMAN TASCO: Okay. Evonne Tisdale, Richard Weishaupt, Stepheni Trott-Batipps, Jacqueline Rigney.

(Witnesses come forward.)

COUNCILWOMAN TASCO: Good afternoon. State your name for the record, please.

MS. TISDALE: My name is Evonne Tisdale, and I am the Assistant Director of the Philadelphia Unemployment Project. I am also here representing the Consumer Health Coalition, which is a broad-based statewide coalition of groups who came together in an effort to ensure that these tobacco dollars were being used for health care; more specifically, for uninsured adults in Pennsylvania.

COUNCILWOMAN TASCO: You may testify,

go ahead.

MS. TISDALE: I'm going to try to be brief 'cause I know we're running behind time, but I'd like to thank you for inviting me to testify here this morning on this very important subject.

As I mentioned, I am here representing the Consumer Health Coalition and the Philadelphia Unemployment Project. And basically what I do is I do run a health rights hotline for the Philadelphia Unemployment Project where Philadelphia citizens call in, trying to access health care. And my job is basically to try and get them any available resource that is possible here in Philadelphia.

More and more recently, the resources for the uninsured has been shrinking, while the number of uninsured have been increasing. More than 75 to 80 percent of calls that I receive are from uninsured adults who are working here in Philadelphia, who either cannot afford to purchase insurance through their employers, or they are either not able to afford them.

When we heard about the tobacco settlement funds, basically we saw this as a

window of opportunity for us to really try and make an impact on the severity of the uninsured not being able to get the needed health care. We came together -- or I basically contacted groups in the Philadelphia are and throughout Pennsylvania who I know are advocates for the uninsured, for them to come together to work on putting -- really ensuring that the State legislature put these dollars into the means of health care.

All of the funds received by the State -- we came up with several principles, and I'll just briefly go over them. That all of the funds received by the State should be spent on health care. Claims against the tobacco industry were based on the fact that the state and local governments had spend billions of dollars over the years treating tobacco- related illnesses, so we see that proceeds from the settlements, therefore, should be funneled back into health care.

We felt also that funds should be provided to health care for the uninsured because the poor and uninsured have less access to health care and a lack of health insurance. It is a

major barrier for them getting the care for the illnesses that they have.

In Philadelphia, we have approximately 100,000 people who are uninsured. Over 20 percent of that population are adults who are between the ages of 18 and 64. Seventy percent of those uninsured are working adults who are working in house households, as I mentioned, where they do not have health insurance because they can't afford it or their employers don't basically offer it to them. In addition to that, more than 21,000 families within last year, between '98 and '99, who left the welfare rolls fell into this pool of uninsured.

The political climate of today suggests that everyone should be working and that our citizens should become self-sufficient, pay their taxes, and do what we consider to be the right thing, but we must also ensure that they are healthy. And the uninsured only depend on the provisions of uncompensated care and charity care from our city health centers and hospitals to get the care that they need.

Currently, 63 percent of the people now

serviced by our city health centers are uninsured. They are receiving free care because they have no health insurance, and the financial burden on our city and its health centers will eventually erode their ability to provide services, and we will continue to see the decline and elimination of health-care services, jobs, and institutions here in Philadelphia.

As I mentioned earlier, the tobacco settlement funds was an opportunity for us to see ways of stabilizing the resources for the uninsured. This tobacco money is free money, and Governor Ridge has already proposed that these funds be used for health care. He wants to allocate 40 percent, which is approximately $160 million a year for the next 25 years, to a State-funded health insurance plan for uninsured adults.

There are some concerns with the specific, which Richard will address, I guess, with the Governor's health insurance plan, and I've also included that in a packet that I gave with my testimony. But overall, the Governor has basically put together a good plan. It is a good

start. But, unfortunately, arguments are being made by State legislators to reduce the 40 percent for the uninsured. It is being said that this program will be underutilized by uninsured Pennsylvanians, and in all likelihood, for the first year or so, this may be true.

We understand it will take time to put together a new health program, to get it up and running, and for the citizens to become aware of the plan. But this money should remain available and accessible for use in programs for the uninsured.

The Governor has also indicated that he would use -- that any unused funds would have to go into what they call "a rainy day fund," where it would take two-thirds of the legislature to release it and, therefore, after its release, it could be used for whatever means necessary that they deem necessary. If this money, the 40 percent, is reduced and the number of uninsured are allowed to continue to rise, we will continue to see the further decline of health care resources here in Philadelphia.

We are a part of, as I said, the

statewide coalition who has been lobbying in Harrisburg for the past several months to ensure that the funds for the uninsured stay at 40 percent. Part of our message to legislators has been that any unused funds by the uninsured health plan should go to facilities that actually basically use or have a high disproportionate share of uninsured, such as City health centers or rural health centers and our hospitals.

Health centers are first points of contact in the health care system for many of the uninsured. People can be enrolled into the health centers -- excuse me, can be enrolled through the health centers into the new health insurance plans. And also, the health centers, thereby, would be paid for their services.

When we go to the State legislators, time and time again, they have responded to us by saying, We haven't heard anything from the City regarding funding for the health centers. Unfortunately, we cannot respond to them as to the reason why. It is surely not because there is not a need. There a window of opportunity for Philadelphia to make an impact on these decisions,

and we're here asking you to do so now.

We encourage City Council and the Mayor to make every effort to influence the debate publicly and behind closed doors with those key legislators that will decide the outcome of this debate. Philadelphia's uninsured cannot afford for you to watch the tobacco settlement parade go by.

And as I said, the groups that are in this coalition are statewide. We have about 75 groups that meet or that are interested in really taking this debate to the legislators.

And I want to pass this on to Richard so that you can get a detailed explanation as to why the Governor's plan needs some work, but we do need the City Council at this point to really make an impact.

COUNCILWOMAN BROWN: Before we move to the next witness, your name is Mr. -- help me out.

MR. WEISHAUPT: Richard Weishaupt.

COUNCILWOMAN BROWN: Weishaupt. In your visits to Harrisburg, have you met with both sides of the aisle, both the Rs and the Ds?

MS. TISDALE: Yes, we have.

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COUNCILWOMAN BROWN: Okay. And the coalition you're referring to is what Henry Nicholas spoke to earlier in his testimony?

MS. TISDALE: Yes.

COUNCILWOMAN BROWN: The Pennsylvania Consumer Health Coalition?

MS. TISDALE: Exactly.

COUNCILWOMAN BROWN: Very well.

Please.

MR. WEISHAUPT: Thank you. And in the interest of time, I'll be very brief.

We're concerned that the 40 percent that's earmarked for insurance be used for health care of the uninsured. And we all know that it will take a while to sign people up, it will take a particularly long while if the Governor's plan to have a $30 premium stays in effect, because experience in other states suggests that if the amount is that high, no one will sign up for the insurance. Because for people at or below the poverty level, $30 a month just doesn't seem like a wise choice of where to use their money.

The first reaction that we have when we talk to people in the Health Department about this

was, Could we pay the $30 insurance premiums for them? because we're going to be the ones that are left holding the bag if people don't have the insurance when they come through. It would make much more sense to put the insurance premiums on a sliding scale so that people could afford them and make them basically free for people below the poverty level.

The CHIP Program charges a premium for families above 200 percent of poverty, and that part of the CHIP Program is extremely underutilized. Even the modest premiums that the CHIP Program charges, and even given the fact that most families and most adults will sacrifice so that their children can get health care, even that program is way under-subscribed. And if we put a $30 premium on this, people aren't going to take it.

Assuming we get over that hurdle, the question is, Well, it's going to take some time to get people signed up, what should the money be used for in the meantime? We don't have a problem going with it going to legitimate health care agencies that provide services to the uninsured.

We are concerned, though, that the money will be spread too thin to every hospital and every health-care provider in the Commonwealth who comes forth with a tale of woe.

The money needs to be earmarked for the hospitals and institutions that provide some degree of accountability and some degree of access to people without insurance. It can't be going to every hospital merely because they are a hospital. There isn't enough money to go around to make this into a broad-based grant program to every health care agency in the entire Commonwealth.

It needs to be earmarked, it needs to be identified, and there needs to be accountability so that it's simple to administer, but at the same time, it goes to the institutions that are closest to the brink of disaster. Mr. Nicholas talked about that earlier. It needs to go to those institutions so that they can remain open and serve the communities where large numbers of the uninsured are found.

That basically is it. I could talk a lot longer, but it's late and I know there are other people behind us that want to testify.

COUNCILWOMAN BROWN: Again, with regards to the CHIP Program, and always recognizing that there's several sides to one story, one point of view, or one fact, even, what's your view on why the CHIP Program is underutilized?

MR. WEISHAUPT: Well, I don't think it's any one thing. And I would say that I spend a lot of my time trying to work on getting more kids into the Medicaid program and into CHIP.

One study that we have seen from California suggests that a good way to sign up more families in CHIP Programs is to offer insurance for the entire family, because at least for some families, it may be that the children are older and they're not in that age where they need to see the doctor all that often. I mean, they should see the doctor every two years or so, but, you know, teenagers don't need to see the doctor all that often for checkups, and a lot of them are resistent to that.

The way to reach those families, or at least some of them, is to offer comprehensive insurance both for the children and for their

parents, 'cause some of the parents have health problems, and if you could offer one package that would bring the whole family in and say, Here, we can provide some level of coverage for everybody in your family, we could insure a lot more people. And there are suggestions that states that have gone that route have had better success in signing people up for CHIP.

And so one of the suggestions we have is for people with families is to run this program in conjunction with the CHIP Program so that one stop, one application gets people -- everybody in the family access to health insurance.

COUNCILWOMAN BROWN: Have you all sat down with Senator Hughes?

MS. TISDALE: Yes.

MR. WEISHAUPT: Yes.

COUNCILWOMAN BROWN: Okay. Very good. Okay, then. Thank you very much.

MS. TISDALE: Thank you.

MR. WEISHAUPT: Thank you.

COUNCILWOMAN BROWN: Please.

MS. BATIPPS: My name is Stepheni Trott-Batipps, and I am a member of the

Philadelphia Unemployment Project, the Pennsylvania Consumer Health Coalition, but most important of all, I am a member of the 1.2 uninsured.

And as I sat here listening -- and I had something prepared and I'm going to make this part brief too -- I couldn't help but notice that no one was talking about the uninsured. I couldn't help but notice that you look at it as most of the uninsured at certain income levels and certain things that are happening to them.

But there are a lot of factors for many people to be uninsured, there are a lot of factors why it's most critical to have some health coverage. Many of your uninsureds (sic) are working uninsureds, and they themselves cannot afford it. I myself, through a divorced, could not afford COBRA because $570 a month is way too much when I am a single parent taking care of a child who's 6-foot-1-1/2 and wears a 13-1/2 shoe and is only 13 years old. So, therefore I could not afford it.

The only thing I was able to do was to get CHIP for him. However, it was a lot of red

type, a lot of running around. The information was not easily accessible. I would like to see, as Richard has mentioned, as Evonne has mentioned, an adult-like program where I, too, can take benefits for myself as well as my child. Because within one year's time, we're going to be in a Catch 22. My child will no longer be eligible for CHIP, he will be out of insurance, I will be out of insurance, we will not be able to afford the premiums, they will be still higher.

And yet and still, I have a rare enzyme disease which causes me to go into what they call "Steven Johnson syndrome." I break out in hives, I go into respiratory failure, and sometimes, I have seizures. As I live here in a glass bubble, I have to say, Well, I still have to go on, I have a family to support, a child to raise. I make sure that he gets the best treatment, and he has a heart murmur and asthma.

So you see, the uninsured is looked at in a different light. And while we lobby and we argue for a lot of other points, let's talk about lobbying for who needs it. I'm glad that Governor Ridge proposed 40 percent of the money to go to

the uninsured, I'm glad to see that there are advocacies like with the Pennsylvania Consumer Health Coalition thinking about the uninsured, thinking about what we really need, and not just saying, Well, this is another agency to pass it on to.

Smoking cessation, all of those I agree with. I agree that there's a lot of health problems, but I don't hear anyone agreeing about what to do with the uninsured.

And as I said, I'd make this short, so please think about the City becoming involved. I use your facilities, I use the City health centers, I use the emergency rooms at hospitals, but that's not enough if the funds dry up, so please think about that.

And thank you.

COUNCILWOMAN BROWN: You're welcome.

The beauty of this type of forum, public hearings, is that it allows all who care about an issue to register where you are with that issue. And you've spoken to the next step, which is to reach through a strategy, that Councilwoman Tasco has already spoken to, trying to come to

grips with priority consensus, if there's such a possibility, as we move to submit a formal set of recommendations to Governor Ridge.

But be encouraged, because that's the beauty of this kind of forum, so that we, on this side of the table, don't miss any possibilities of what should be in that ultimate document. Okay?

Thank you very much.

COUNCILWOMAN TASCO: Thank you very much for your testimony.

Bill Godshall and Marcia Hinnershitz.

(Witness comes forward.)

MS. HINNERSHITZ: Good afternoon.

COUNCILWOMAN TASCO: Good afternoon.

MS. HINNERSHITZ: Bill, I believe, is across the hall at a press conference.

COUNCILWOMAN TASCO: Okay.

MS. HINNERSHITZ: And he'll be back with us.

My name is Marcia Hinnershitz. I'm President of the Coalition for Tobacco-Free Pennsylvania. And I know in our discussions this morning and this afternoon, we talked about the importance of who supports you.

Our coalition is representative of over 50 organizations, diverse organizations across Pennsylvania, who came together to look at the issues that tobacco brings to our state, and we are concerned.

I also serve as a child advocate and I work as a prevention specialist with the Single County Authority in Berks County. And one of our concerns has always been, how do we promote the health of our children? And what we have found in looking at the issue of smoking -- and I know you've heard this already -- is that smoking really is one of the major causes or health concerns for our children. And if you look at issues around drugs, murders, violence, AIDS, all major health concerns, and you put them all together, it doesn't really amount to what smoking really brings to the health care costs of our country.

Unfortunately, none of these problems have easy solutions, and tobacco prevention doesn't either. We are confronted with billions of dollars being spent by the tobacco industry to be able to encourage our youth to smoke. We have

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a formidable obstacle. And in Pennsylvania at this point, we do not have a single consistent source of funding for tobacco prevention or smoking sensation. We really need to address the significant gap in health care services.

The Master Settlement Agreement, of course, offers an opportunity. The goal of the settlement was clear and direct: to reduce the burden of illness and disease caused by past and future tobacco use. When the Master Settlement Agreement became a reality in Pennsylvania, the Coalition for a Tobacco-Free Pennsylvania developed a proposal following the guidelines of the Center for Disease Control, basically requesting that 25 percent of the tobacco settlement dollars be directed to tobacco control programs. We wanted to model those programs over what we know has been successful in other states. We know that we don't need to reinvent the wheel.

In January, Governor Ridge presented his health investment proposal. And, again, he presented an emphasis on tobacco prevention, but unfortunately, only a 15 percent designation for tobacco prevention, including smoking cessation.

What Governor Ridge's administration was able to recognize, though, is that we do have an infrastructure in place in Pennsylvania that can effectively administer the tobacco control programs. The Department of Health and our single county authorities have already set in place experience with contract management, data collection, and quality assurance, and have been recognized by the Governor to serve as lead agencies.

What I think is important to understand about both the Department of Health and our single county authorities is, we have experience in reaching out to community organizations to engage in diversity. We know that if you're going to implement effective programs, it can't be a cookie-cutter approach, that each community's going to be different. What works in Philadelphia may not work in a rural area of Altoona, okay? So we see this as being the most effective approach, which is really to look at what communities need and designing those programs to work effectively within each community.

We also know that prevention does work.

Unfortunately, in the dialogues that have gone on recently, we've heard people say, Well, prevention doesn't work. We only need to look to other states that have had well funded programs. In Florida, amazingly, a 54 percent drop in use of tobacco by middle school youth because they were able to have a comprehensive program.

We become concerned if funding is not consistently directed to tobacco prevention, we may lose out on an opportunity to really impact on the health care. When we talk about unfunded health care, if we're able to be successful in prevention, we might down the line not be able to be as concerned about the health care cost because they indeed will be reduced.

One of the things in coming to Philadelphia -- and I really feel honored sitting here in the City Council. It was one of my dreams as a social worker when I attended Temple University to be speaking to City Council. I keep thinking what Benjamin Franklin said: "An ounce of prevention is worth a pound of cure." We can't forget that because that's real, and we can make a difference in prevention.

I've included in my presentation some suggestions for effectiveness in prevention programming. One thing we do know is that school-based programs, as has been stated earlier, curriculum can be effective. We've seen that in drug and alcohol prevention. We need to build on those models, but we need to make sure there's a consistent, discrete source of funding for tobacco prevention programs, or we're just going to continue to spin our wheels and generate more health care costs rather than reducing the health burden on both this city and on Pennsylvania.

I thank you.

COUNCILWOMAN TASCO: Thank you very much for your testimony. Thank you very much.

Joe Minott, Clean Air Council.

Could we have Shelah Harper, Chairwoman of Board of Citizens Public Health Centers. We'll make this sort of like a panel since you all represent similar interests.

(Witness comes forward.)

COUNCILWOMAN TASCO: Good afternoon. Please state your name for the record.

MR. MINOTT: My name is Joseph Minott.

Shall I start?

COUNCILWOMAN TASCO: Go ahead.

MR. MINOTT: Good afternoon. I am Joseph Minott, and I'm the Executive Director of the Clean Air Council of Philadelphia. I am an attorney, an environmentalist, a soccer coach, and a community activist.

I am the full-time Executive Director of the Clean Air Council, but my most important role is that of father. My son, Christopher, is an active ten-year-old. He loves to play soccer and basketball. He also an asthmatic. I do not know how many of you in this room today have had to deal with a child that has had to be rushed to the hospital because he could not breathe, or even had to explain to a child that he needs to skip a soccer game air because of air pollution, indoor or outdoor, is making him wheeze. If you have asthmatic member of your family, you will understand the urgency I feel on this topic.

The Clean Air Council is a member-supported nonprofit organization that was formed in 1967. The Council is involved in secondhand smoke as part of its work on indoor air quality.

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The health impact from indoor air quality is the Council's interest in smoking-related issues.

We commend City Council for creating this opportunity for the community to respond to the Governor's proposal on allocation of the tobacco settlement funds. The Council's first and strongest point is to emphasize the need for maximum local involvement in the allocation process. Local health departments must deal with the negative impact of smoking on smokers and nonsmokers alike on a daily basis.

The Clean Air Council supports the position of the Philadelphia Health Department, that dedicated funding be provided for public health departments through the venture capital or insurance pool components of the Governor's and Senator Hugh's proposals. The Council supports City's effort to assure that local health departments are recipients of tobacco settlement funds.

It is very important that however the money is allocated to local health departments, that a portion is dedicated to prevention and cessation. The local health departments are best

qualified to determine how to administer these funds through program recommendations submitted by organizations in their jurisdiction.

The other important issue to keep in mind, as local health departments make allocation determinations and create mechanisms for distribution, is the overall importance of indoor quality and the negative health impact of secondhand smoke. The Clean Air Council gets more phone calls each month on secondhand smoke than any other air pollution issue. Indoor air pollution creates more health problems than outdoor pollution, and most indoor pollution is from secondhand smoke. The Clean Air Council operates the region's only indoor air pollution information center and handles over 2,000 calls per year.

I'm going to skip the rest of my testimony and just conclude that the Clean Air Council urges the Commonwealth to allocate funds through the local health departments. The Council urges the City and the Commonwealth to assure that funding for smoking cessation and prevention is protected. The Clean Air Council strongly

recommends that education programs funded through the tobacco settlement money have indoor air quality is one of the priorities. This includes the health impact of secondhand smoke.

Thank you very much for the opportunity to come to testify before you today.

COUNCILWOMAN TASCO: Thank you very much for your testimony.

Would you state your name for the record.

MS. HARPER: Yes. Good afternoon. My name is Shelah Harper. I am Chair of the Board of Citizens for Health Care Center No. 9, and I'm here today representing a group of public health centers.

I, first of all, am a smoker. I have been smoking since I was 16 years old. I'm also uninsured. I am very much interested in making certain that these funds go towards what it was originally intended for: which is those who are addicted to nicotine.

I've heard a lot of things today about the uninsured. I feel as though -- of course, that's a major issue that must be dealt with.

However, we have we have we have to focus those funds on those that are uninsured that have diseases as a result nicotine addiction -- whether it's lung, heart, respiratory, whatever. It can't be an endless pot of money that just goes to cover the uninsured; it has to be focused on what it was originally dedicated for.

Now, as a member of the Board of Citizens for Health Center No. 9, I'm also concerned about the cutback of federal funding that's going to be coming down the pike as of the year 2003. We are federally qualified health centers, which is how our boards came into existence. As of the year 2003, that funding will be stopped. What will happen after that is a study, with no guarantee of additional funds.

That FQHC funding cutback, without specific as to what's going to replace it, along with the demise of the Allegheny Health Systems -- Allegheny Health Systems, over the last ten years, received a major part of something called "hospital disproportionate share dollars," which is to cover the uninsured. Back when all of that happened back in March, we sent a letter to the

Attorney General to request specifics of how those funds were spent in the community. We wanted to make certain that those funds, whatever was earmarked for the uninsured, was spent in that community as opposed to being swept under the rug with whatever else happened with those public funds through Medicaid and Medicare.

The tobacco settlement of $11.3 billion represents a lot of money, for which our public health centers, with the exception of the smoking cessation programs -- when the Governor's budget plan says 10 percent towards hospitals and clinics, he does not mean public health clinics; he means hospital clinics. Therefore, it's going to have to be amended to specify public health ambulatory health clinics, because we have, of course, a number of people, like myself, who will, eventually, 10, 20 years from now, have cancer or whatever, who might possibly be uninsured, that are seen at those public health centers.

Our public health centers see -- now this is some statistics that I saw recently. Seventy-five percent of all of our patients that we see throughout the entire city have no

insurance. And at Public Health Center No. 9, it is 86 percent of all the people that we see have no insurance. And that's because we have a larger proportion of people that just slipped through the cracks. They are not eligible for medical assistance, they are not eligible for anything else.

One other thing that I'd like to really have us take a look at. While CHIP is a wonderful, wonderful program, when people get insurance, they leave our public health system, they go to private physicians. A CHIPS-like adult program, unless something is specifically earmarked towards the public health centers, almost spells a death sentence for the public health centers, because, again, once get insurance, they will go elsewhere.

Everybody refers to us as "the free clinic." We are not free by no means, as you guys well know. It costs quite a bit of money to operate those centers.

So, again, I'm just here today to plead to Council and to whoever citizens are here to make certain that those funds are not just

earmarked to go into an endless pot of uncompensated care for mismanaged possibly hospitals, okay? And the reason I say that is because, you know, if you don't get your bill out, you don't get paid. And, of course, that's uncompensated.

That is not what we are talking about. We are talking about people who specifically do not have insurance -- not that the hospital did not bill and they're not managed properly. We're talking about the people without insurance, we're talking about the people that are suffering from tobacco-related illnesses. And it is very important that we maintain that focus not in this pool of $11.3 billion forever.

So what we are doing, as boards of citizens, we have a little campaign going on where what we're trying to do is to contact our State elected officials, representatives. We are also a member of the Consumer Health Coalition, and we have been meeting. We have petitions that we are signing and we're asking people to call their State elected officials and local elected officials, and also to keep in mind that the

uninsured that smoke should be our focus.

Thank you very much.

COUNCILWOMAN TASCO: Thank you very much.

MS. HARPER: Thank you.

COUNCILWOMAN TASCO: Thank you. Could we have the mental health association of Southeastern Pennsylvania -- Donna Preston, Frezell Campbell, Patricia Romano, Richard Askew, III.

(Witnesses come forward.)

COUNCILWOMAN TASCO: Is William Dunn here? You'll be next, Mr. Dunn. And then Mr. Sklaroff, is Mr. Sklaroff here? All right after this panel. Thank you.

MS. BENNETT: Hi. My name is Holly Bennett. And just for the record, as you've been asking, we're from the Mental Health Association of Southeastern Pennsylvania. All of our comments are very brief but I think, more importantly, very personal.

COUNCILWOMAN TASCO: Thank you.

MS. ROMANO: Good afternoon.

COUNCILWOMAN TASCO: Identify yourself

for the record, okay.

MS. ROMANO: Thank you very much for the chance to speak to you today.

My name is Pat Romano, and I am an advocate with the Friends Connection, a peer support program that helps people in their recovery from mental illness and substance abuse disorders. I am here to urge that you encourage the Governor to expand his proposal to provide health insurance for the uninsured so that the insurance covers not just physical health but behavioral health care and prescription medications.

Unless insurance covers people's behavior health needs, it is only doing half the job. Untreated, mental illness has a proven and often disastrous impact on physical health. This is even more obvious in the case of untreated substance-abuse disorders.

I have mental illness as well as a substance-disorder and am here to tell you that my life would be unmanageable without insurance. I was 34 when I finally realized I had a substance-abuse disorder. Although I had been drinking

since I was 14 years old, my mother died when I was 12, and I became so withdrawn, that they put me on tranquilizers. But at 14, I picked up a drink. A few years later, I married a man who was an active alcoholic. I sought help from AL-ANON and soon realized that I had a drinking problem also. I started going to Alcoholics Anonymous and though I would be able to save my ex-husband, but it didn't work out that way. My home life was insane, and I went downhill to the point of becoming suicidal. Although Alcoholics Anonymous was helpful, I needed more help than I found there.

Finally, in 1987, I called the Living (unintelligible) Foundation, a residential substance-abuse treatment center in Bensalem. I was there for 28 days, followed by a 6-month stay in a halfway house for women. When I got out, I was sober a year, I didn't want to drink, and I also didn't want to live, but I didn't want to die, I was in some kind of limbo. I went back to the halfway house, and they suggested I get a psychiatric evaluation. I went into the hospital for five days and I was diagnosed with

post-traumatic stress disorder and anxiety disorder.

I have now been on medication for about 12 years and have been sober all that time. But if I had not had insurance coverage, I do not know what might have happened. I now see a psychiatrist and my medications are covered through my prescription plan.

I have been happily remarried for 10 years, I have a daughter we adopted when she was 16, she is now 21, and I also have a 12-year-old.

Some of my family members also take medication, and without insurance, we would have to decide whether to take medication or eat. Frankly, as expensive as mental health care and medications are, I don't know how good a roof we could keep over our heads without insurance.

I am hopeful that you will urge Governor Ridge to revise plan so that it includes mental health, substance abuse, and prescription covering. Thank you for your attention.

COUNCILWOMAN TASCO: Thank you very much. You bring a whole 'nother perspective to the testimony today that we have not heard too

much specifically for this area. Thank you.

MS. PRESTON: Good afternoon. My name is Donna Preston, and I'm a peer advocate on the staff at the Mental Health Association of Southeastern Pennsylvania.

I appreciate the opportunity to talk with you about the Governor's proposed plan to use 40 percent of the tobacco fund settlement to expand health insurance, while, at the same time, excluding mental health, substance abuse, and prescription coverage.

An insurance plan for uninsured people that does not include behavioral health and prescription drug coverage will be a disaster. It is both discriminatory and extremely short-sighted. Although such services are expensive, not providing such service, they'll end up being even nor expensive. This is because without adequate behavioral health care, many people will become dependent rather than contributing members of society.

COUNCILWOMAN TASCO: Excuse me for a moment.

To those of you who are having sidebar

conversations, we would appreciate it if you would take your conversations to the hall. This is a hearing on the use of the tobacco settlement money. We will begin the next hearing soon after this is completed, but it is distracting. We appreciate your cooperation. Thank you.

Proceed.

MS. PRESTON: A few years ago, when the Pennsylvania General Assembly considered mental health parity legislation, all of the reputable data pointed to the cost effectiveness of mental health treatment. That has not changed coverage. If for mental illnesses are excluded from the package, consumers of mental health services will remain effectively uninsured with regard to the conditions for which they most needed the coverage.

As someone who has been diagnosed with bipolar disorder, I know the comprehensive services I need to get better and get healthy so that I can be productive. My treatment and recovery are a daily process. Without the services I need, I would not be able to function productively. I know what my life would be like

without mental health treatment because I walked around for almost a year with undiagnosed mental illness before I went into the hospital. I had hallucinations in which memories from my past came back to haunt me in terrifying form. The most frightening came out of my Air Force experience as a weapons technician for the 26th (unintelligible) Command, which was located outside of Phoenix, Arizona in the early '80s.

Years later, as I was getting sick, the computer-simulated nuclear annihilation I had seen at that time became real to me. It blocked out all the walls, the furniture, and everything else. And all I saw was a nuclear holocaust destroying the universe over and over and over again.

At work, on the street, and at home, I was tortured by a separate reality. I couldn't make it stop or even slow it down. It interfered with my ability to communicate and it was extremely difficult to understand what people were saying to me, and I had to be very careful how I responded to them because I didn't want anyone to know what was going on in my mind.

At that time, I was working as a concierge in an upscale Philadelphia residential complex and I had to deal with staff, residents, and guests who included celebrities such as Bill Cosby, Will Smith, Sylvester Stallone, and Randall Cunningham. I was working the graveyard shift, and I was always seeing or hearing something that wasn't there. I would call security, and they would check it out and say there was nothing there, so I had to back down because I couldn't trust my own perceptions.

My thoughts were racing and I couldn't shut my mind off long enough to get a decent night's sleep, which made everything even worse. People complained to management that my behavior was strange and inappropriate, and I was finally let go.

Then I had no benefits, I couldn't afford COBRA, and I couldn't look for another job because the racing thoughts and hallucinations were becoming more intense. I would see snakes crawling on the ground that would make me freeze in the middle of the block, and I couldn't step off the curb to cross the street because it seemed

likes cars were trying to run me over.

Today, because I have mental health coverage, I am a productive taxpaying member of the community. Without such coverage, I guarantee that I wouldn't be here before you today. I certainly wouldn't be able to afford the medications I need. Without a prescription plan, these drugs would cost me around $325 a month.

I hope you will urge the Governor to include mental health, substance abuse, and prescription coverage in his plan for health insurance for the uninsured.

Thank you.

COUNCILWOMAN TASCO: Thank you very much for your testimony. We appreciate you sharing it.

MR. ASKEW: Good afternoon, ladies and gentlemen, committee members, and other distinguished guests, my name is Mr. Richard Askew, III, and I am with the Mental Health Association of Southeastern Pennsylvania. I am a 38-year-old young man, and I am a health consumer.

I know that time is running out for us to speak, but I will be succinct, and what saying

to you, although I have something written, I'm going to speak to you extemporaneously, but I will be brief.

First of all, I have been diagnosed as mentally ill ever since I was a little boy, and what I want to say is that I consider this a honor and a privilege to be here before you today to speak. I speak on only on my own behalf but also for those who cannot speak for themselves, those who are too ill or those who just couldn't do it.

Each day I awake, I go to a mental health program in the Northeast. This costs my insurance on a monthly basis $4,600, and my expenses of my medicine are $160 a month. One medication alone is $70 a month.

And I come on behalf to ask you all for the government's plan on the tobacco fund settlement to please seek out mental health. People are dying. Without medicine, where would I be? I was once so terribly disillusioned and sick that I saw Satan the devil. I heard voices, I became afraid of people. I was afraid to even go outside, I was afraid of my family. I stayed locked up inside of my own house, with bars on the

door.

To some of you, it may seem, Well, this has no bearing on my life. But let me tell you all something right now. Mental illness could happen to any one of you. I don't care what your status is, I don't care how much money you have or whatever. A blow to the head, a accident, you too can become mentally ill.

I lost my sister Carol at the age of 18, which was 20 years ago. I loved her dearly. She too, like I am, was bipolar. Carol took her life in one of her low spells when she jumped in the river. I cried and I cried and I cried. The one person that really loved me was taken away from me. I was angry at God, I was angry at the world. Why did you take my sister.

Today, my life is a struggle. Some of you have jobs to go to. You know, everything comes easy for you. But each day of my life is a struggle. For people when they find out you got that stigma of being mentally ill, they talk down to you. They say mean little things, patronizing you. I am not a stupid person by no means. I've been to four colleges, two schools, and I'll let

you know, I have finished top student in most of my classes, but I still am mentally ill.

If you're wondering, what I'm trying to say to you today is that, suppose I didn't have any insurance, suppose I could not get a job, what would happen to me? I would be dead. No more program, no more medication.

Please, please, I ask you earnestly, on my behalf, on behalf of millions of other people that I know who suffer from mental illness, please consider in the Governor's proposed plan tobacco funds, make some allotment, allocations for us who are mentally ill. We are not asking for a handout; we are asking for a hand up. Please consider that.

I thank you all very much for giving me this opportunity. Thank you all and God bless you.

COUNCILWOMAN TASCO: Thank you very much for your testimony. Certainly Councilwoman Blondell Reynolds Brown, in preparing her report on this session, will make that a top priority of her report.

MS. CAMPBELL: Good afternoon,

Councilwomen.

COUNCILWOMAN TASCO: Good afternoon.

MS. CAMPBELL: And guests, friends. My name is Frenzell Campbell, and I'm a recovering substance abuser. I've been clean for ten years now. I now work for the Friends Connection, where I help other people with substance-substance abuse disorders and mental-health issues.

I have been working in the mental health field for ten years now. I'm glad I can be here to talk about the importance of substance-abuse treatment. I am sure it won't surprise you when I say that drugs can kill. I don't know where I would be today if I hadn't gotten clean. As a matter of fact, I do know: dead.

I have been in my addiction since I was 17 at the time I had gotten involved with some negative people who weren't good for me. I started out smoking marijuana, which led to drinking, which led to cocaine, which led to heroin.

Time passed and I had four children. My kids' father was very abusive, and my life was chaos. As a result of my addiction and being left

alone by children's father, I attempted suicide. I landed in a hospital, but I could not get the treatment I felt that would have helped me because I was on public assistance.

I was in the hospital for a week and was then released. They stated I was fine. Of course, my benefits had ran out. I had heard about a good rehab program in Chester called "Keystone," but you needed real good insurance to get into Keystone. I ended up back in the psych ward at St. Joe's. I never attended a substance-abuse treatment facility because it just wasn't covered.

Finally, I moved to Narcotics Anonymous. That didn't help me in the beginning. I managed to get my act together for a while, but then I started using again, to the point that I believed that this was the last time that I was -- this was the last time and I was going to die. I worried about losing my kids, I was afraid to face my parents, I was derelict. Finally, my sister helped me. She took my hand and she guided me.

My kids are doing well now, but my 12-year-old son who was born during my addition

had withdrawal symptoms when he was born. He has been through JFK and Children's Psychiatric Center. Luckily at that point, I had a job with insurance coverage.

That's why I'm here today, 'cause I strongly believe that had I been able to go into a facility and get the help I need, I would have gotten cleaner sooner. But as I was saying, I'm here today to tell you people that substance-abuse treatment should be able to be covered through this tobacco proposal plan -- just as if it was a physical problem like heart disease or cancer. People's lives are at stake just the same.

Thank you very much.

COUNCILWOMAN TASCO: Thank you very much for your testimony.

Are there any questions of the panelists?

COUNCILWOMAN BROWN: I do have a comment. It is incredible that the Governor's proposal, as we know it to be currently crafted, does not have a provision to assist and provide help to those of us who are struggling with mental health, so that's the downside. The upside is

that we have now until September to provide recommendations, suggestions through a collective coalition and enlighten the Governor to the value of having this particular constituency included as well.

MS. BENNETT: And we are a part of many of the coalitions that have been here today. The group that spoke earlier, the Pennsylvania Health Care Coalition, we are a member of. We also do a fair amount of letter-writing at our drop-in centers, at our clubhouses, so we are taking action both individually, as well as in a collaborative effort.

COUNCILWOMAN BROWN: So you, too, have met Senator Hughes?

MS. BENNETT: Yes. We're a part of that whole big group as well and attended a rally day, a lobby day, yes.

COUNCILWOMAN BROWN: Very well. Thank you.

MS. BENNETT: Thank you.

COUNCILWOMAN TASCO: Thank you very much for your testimony. We appreciate it and good luck.

MS. BENNETT: Thank you for your time.

COUNCILWOMAN TASCO: Could we have Mr. William Mr. Bill Godshall, and Dr. Robert Sklaroff.

Is there anyone else here to testify on this resolution?

(No response.)

(Witnesses come forward.)

COUNCILWOMAN TASCO: Why don't you go, Mr. Dunn.

MR. DUNN: Good afternoon. My name is William Dunn. I'm here today because I am concerned about the tobacco settlements.

I know about the damage that tobacco can do. I started smoking at the age of 12, and by 1986, I was smoking 3 packs a day. In August of '86, I was diagnosed with throat cancer because of smoking, at the age of 40.

I had a total laryngectomy September the 8th of 1986. I had to relearn to talk. Some of the things that I couldn't do anymore was to smell. I could no longer sing, I could not go swimming. I started smoking at the age of 12 because I thought it was cool. Since my

laryngectomy, I kind of changed, and I started talking to young people, trying to get them not to end up like me.

The tobacco settlement money, 25 percent of that money is needed to be used to help young people realize the effects of tobacco. The smoker cessation programs -- prevention, prevention, prevention. The programs that are out there are all good, and they're all needed, but we need to encourage them to spend 25 percent of that money on tobacco education and prevention. If we can prevent our kids today from ending up like me, it will be well worthwhile, and I'm not going to say anything more on it.

Thank you.

COUNCILWOMAN TASCO: Thank you very much for your testimony and thank you so much for your patience.

Mr. Godshall, why don't you go next, and we'll end up with Dr. Sklaroff.

MR. GODSHALL: Hello and thank you for permitting me to testify today.

COUNCILWOMAN TASCO: You may have left, and I notice you're from the Smoke-Free

Pennsylvania. We have recorded on our record all the statistics, so if you could give the other point of your message, it would be helpful.

MR. GODSHALL: Okay. My name is Bill Godshall, and I founded Smoke-Free Pennsylvania in 1989 and have served as the Executive Director ever since. We're a grassroots organization with 500 members across the State, whose goals are to protect people from secondhand smoke, to protect youth from tobacco, and to help nicotine addicts with recovery.

In 1994, '95, and '96, we were the first organization to urge Attorneys General Preate, then Corbett, then Fisher to file a lawsuit against the tobacco industry. On the day Attorney General Fisher filed the lawsuit against the tobacco industry, he said, "This is a fight about protecting the public health and safety of the young people of our Commonwealth." We think that goal is extremely important for all Pennsylvanians to remember.

Following the settlement in November 1998, our organization, in alliance with 50 other health advocacy groups, as the Coalition for a

Tobacco-Free Pennsylvania, developed a comprehensive statewide tobacco-control program proposal that is consistent with the Centers for Disease Controls Best Practice Guidelines and prevention and cessation programs that have reduced smoking by 35 percent in California and Massachusetts this past decade.

Throughout the last year, we've testified at numerous public hearings and met with many State officials, urging them to appropriate $120 million annually, or 30 percent of the settlement for our comprehensive tobacco-control proposal, much of which would fund local health departments, including Philadelphia's.

In January this year, Governor Ridge unveiled his proposal for the comprehensive tobacco-control programs that very closely resembled our proposal, although the Governor's proposal provided just half of the money that we had requested, and the lower estimate of the CDC's recommended budget. And the CDC's guidelines is attached to the back of my testimony.

(Mr. Godshall's testimony not provided to stenographer for attachment hereto.)

MR. GODSHALL: Since the Governor's proposal was announced, Smoke-Free Pennsylvania has been urging the State legislature to support the Governor's proposed plan for tobacco-control programs, which is also attached to the back of my testimony, but to expand the tobacco-control appropriation from 15 percent to 25 percent of the settlement funds.

And just to put this in context, this year in Pennsylvania, about $5.7 billion will be spent treating tobacco diseases, 5.7 billion. The settlement will be about 350 to 400 annually in the State, of which the Governor's proposed 55 to 60 million for tobacco-control programs. Now, that means for every hundred dollars that is currently spent treating tobacco diseases, the settlement only brings in $7 of that 100. And of the $7 that come in from the settlement, only one of those dollars will be appropriated under the Governor's plan for prevention and control programs, so that's 1 1/100th of the money the State is currently spending to treat tobacco diseases.

Under the State Department of Health

plan, much of the money would go to local health departments, as has been previously stated. And if the Governor's proposal is adopted by the legislature, Philadelphia's health department can expect to receive 4 to $5 million annually to implement various components of the State Health Department's comprehensive program.

And I'm not going to go through the components of the CDC's Best Practices. I think many of the other speakers before me have already addressed this issue. But we are confident that the Philadelphia Health Department, under Dr. Walter Tsou's leadership, is best suited to implement and administer these programs within the City of Philadelphia.

Not only are tobacco-control programs effective, but they are also supported by the public. In March, a statewide survey of registered voters found that 75 percent of those questioned favored spending 25 percent of the settlement funds for tobacco prevention and cessation programs.

In closing, I urge the Philadelphia City Council to request the State legislature to

support Governor Ridge's and the State Health Department's tobacco-control program proposal. I also urge this Council to request that the State legislature increase the funding for these tobacco-control and prevention and cessation programs from the 15 percent proposed by the Governor to 25 percent of the total settlement funds. Of all the proposals for spending settlement funds, only tobacco-control programs can achieve the original goals in the State's lawsuit, and tobacco-control programs have also been found to be the most cost-effective health services in terms of years of lives saved for each dollar spent.

Thank you, and I'll be pleased to answer any questions.

COUNCILWOMAN BROWN: One question. Are you a member of the coalition that Henry Nicholas or Sharmain Matlock-Turner spoke about, where your priorities parallel or at least mirror their priorities with regards to how the dollars can be spent?

MR. GODSHALL: Was that the Consumer Health Coalition?

COUNCILWOMAN BROWN: Yes.

MR. GODSHALL: No, we're not.

COUNCILWOMAN BROWN: Very well.

COUNCILWOMAN TASCO: Thank you very much.

To those of you waiting for the second hearing, we are going to open the balcony, so maybe you can have a seat. It's going to be a long day, so we'll open it for your convenience.

Thank you very much, gentlemen, and you don't have to stay if you don't want to. I just called you up together so we could sort of conclude this. Dr. Sklaroff, you have a lengthy testimony. We'd appreciate it if you would summarize it.

DR. SKLAROFF: Absolutely.

COUNCILWOMAN TASCO: It will be put into the record as presented.

DR. SKLAROFF: Yes. You can convert what you have typed to written testimony, and you also have appended to it about 70 pieces of paper, which you don't have before you, but staff already has filed, okay?

Okay, what I'm going to do is I'm going

this into one third of its length, and then add about two paragraphs of oral comments summarizing what I heard today, and then leading into two key-action items that might formulate your thinking as opposed to simply viewing this as everybody preaching to the converted.

I am Robert B. Sklaroff, M.D., a Philadelphia physician and taxpayer. I speak on behalf of the Federation of Physicians and Dentists, a constituent organization of the National Association of Hospital Health Care Employees.

NUHHCE, as you heard from Henry Nichols earlier, is a part of AFSCME, which is part of the AFL-CIO. FPD was indeed part of the coalition to which he referred, and I attended a number of its meetings. At the triennial NUHHCE convention in California, a resolution that I helped write was adopted, and that called for one quarter of the money from MSA (Master Settlement Agreement) to go to tobacco control (unintelligible) went to CDC guidelines, you heard, and the other 75 percent to go to Medicaid. And you already heard from Henry Nicholas, and he explained why if you put it in

Medicaid, you get the matching funds. All the other ideas of Ridge do not max out on the total dollars.

And I also attended a couple of meetings with Senator Hughes, and I believe also he encouraged a lot of these ideas, particularly through his PACT Program, and a lot of these ideas are independent of whether or not do you or do not get the concomitant tax increase, of course, which would be desirable.

I'm speaking on behalf of FPD, which is 6500 members strong, and I've testified to this effect in the State House, Senate, and the Administration last year. I didn't elaborate in the written testimony this time on how to spend the money because, quite frankly, your body does not have control over those issues, although I do support urgently whatever coalition-building you can achieve in order to make sure the monies are divvied up as previously suggested.

What I want to do so is skip Page 1, skip Page 2, and only cite the fact that Dr. Ronald Herberman's testimony, which I was provided two days ago, which was critiqued by

Mr. Godshall in great depth, including in the media yesterday, a follow-up article in the Post Gazette, illustrates the problem that you must make sure you follow, and that is, with all due respect to the academic centers, the jury is not out. Tobacco control works and is cost-effective.

I am now going to skip to what is my major concern. I'm now on Page 3. At the top of the page, I state the legal issues. I have to read this paragraph so that you understand exactly the context of what I'm trying to achieve. I only have three weeks before the deadline for an amicus brief that could be filed by the City of Philadelphia regarding my Writ of Certiorari to the United States Supreme Court, and I want to explain a couple key details, and then what you will see in rest of the testimony will be bold-print and underlined, and I will not go into the rest of text.

I will now focus upon the legal issues you must now confront regarding the MSA, and if you want to be able to ensure the money goes properly, then the City should try to attain standing through the Court of Common Pleas. And

then by that mechanism, you will be able to achieve the interpleader status that the City supposedly was going to be seeking a year-plus ago. And then by that mechanism, the Court controls divying up the money, and since the lawsuit was filed for Medicaid recipients, that's where the money would be directed by court order to go. So that's the priority of the implementation mechanism I'm trying to describe to you.

You need not be concerned about the fact that I've sued Philip Morris, Incorporated for having financed the billboards sponsored by Wawa Food Markets that got some press last year, in April and in December. You need only know that I sued the Attorney General for having allowed this pattern of behavior to occur, plus having allowed youth marketing to go unchallenged in Pennsylvania. The latter was identified last year and dutifully reported by myself to General Fisher. He has remained inert, even as a California colleague Friday, a week ago, filed suit against R.J. Reynolds for comparable mail-order activities, and even as the parent

organization of General Fisher, the National Association of Attorneys General (NAAG) last week announced it is pursuing the tobacco industry for having expanding advertising in magazines read by youth, particularly Sports Illustrated, the February issue, the swimsuits.

Both of these behaviors were predicted by myself, and you heard from Messrs. Barg and Godshall. We wrote an essay that was published in the Post Gazette and in the Inquirer a year and a half ago, only weeks after the (unintelligible) of the MSA. That the Attorney General's colleagues are now belatedly discovering the disingenuous behavior of Big Tobacco was somewhat reassuring, but that he has forced me to prod him to enjoin such reprehensible conduct is quite sad.

So with all due respect, I'm going to skip now the bottom of Page 3 and describe some of your handouts, and I'm going to skip the top of Page 4 and I'm going to go right to the four action items that were in the brief that was filed in the court on June the 12th of 1999 by Michael Eichert, representing the City and coauthored by Steve Scheller, a private attorney.

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He said, number one, the participation of City of Philadelphia as amicus curiae herein was proper. I have no problem with that.

Number 2. Intervention, he said, was unnecessary only because they anticipated an interpleading would be filed. It was not filed. Therefore, intervention is necessary by the City of Philadelphia. And the mechanism is to join into the appeal that was filed initially by the Allegheny County people, which subsequently got cost by the wayside, which is another story I can skip.

Number 3. City of Philadelphia is not a"Releasing Party." That has not been stipulated. Verbal comments notwithstanding by the Attorney General, the bottom-line point is, House Bill 445 has a "whereas" section which would empower the Attorney General potentially by interpretation to block lawsuits filed by the City and/or by other tobacco-related activists such as myself. So, therefore, I would want to see that stipulated as opposed to a verbal comment that could be superseded by a contractual finding. And Part A was, the Attorney General does not have the

authority to release claims on behalf of the City. Fine, please stipulate it.

Number 2 (sic). The MSA has already contemplated the position of the City of Philadelphia. Fine, stipulate it.

Point 4. The Court should require the parties hereto to clarify their position on the scope of release. There's some great quotes in here, I'll just read one of them. "The City, nevertheless, urges this court, in the interest of the public good, to require the parties to set forth on the record their position at this time." This point was supported in the minority opinion of the Commonwealth Court by James Kelly and, therefore, since it was ignored, however, it's incumbent upon the City as soon as possible to pass a resolution in City Council to state we need an amicus curiae brief filed on my litigation, I'm a sole litigant, and this is the last pathway that you're going to have, but all the other lawsuits at the State level are not dealing with nonseparable clauses and/or are only related to the fiscal issues. Mine is the only one dealing with whether or not there could be immunity

granted to the tobacco industry for future misconduct and also whether or not the illegal, etc. offset clause, which is in my writ, is going to be validated, by which means, that if I sue the tobacco industry and win, you lose that amount of money that they would pay me because they would deduct that dollar for dollar to it from the annual allocated payments. This is stuff that has not gotten press, unfortunately, and which had better get to the public consciousness before it's too late.

So I close with the request, number one, whatever you can do to formulate a coalition to the State government, 25 percent tobacco control, 75 percent Medicaid recipients, as intended by the filing of the lawsuit, which was a class action lawsuit, per all the various quotes in the beginning preamble thereof, all available on the Internet upon request.

And, number two, please ASAP, pass a resolution so -- and I only have three weeks before the deadline runs -- to support my litigation to the United States Supreme Court through an amicus curiae brief.

And I'll answer any questions you have.

COUNCILWOMAN TASCO: Well, thank you very much. Certainly, this is an issue that's a legal issue, and we just received this testimony, so we can't tell intelligently ask you any questions at this point in time with the limited amount of time that we have.

DR. SKLAROFF: I'm available 26 hours a day and 9 days a week.

COUNCILWOMAN TASCO: Thank you very much.

Is there anyone else to testify on this resolution.

(No response.)

COUNCILWOMAN TASCO: There being no further testimony on this resolution, this committee will recess to the call of the Chair.

I will state that the hearing on Bill No. 000314 will begin at 3:15. We have to allow for our court stenographer to take a break. She has been here since 10:30.

(Adjourned at 2:55 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Wednesday, May 24, 2000, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COMMITTEE ON PUBLIC HEALTH AND HUMAN SERVICES
BILL NO. 000042

_____,
JOSEPHINE CARDILLO,
Registered Professional Reporter