

The Honorable Nancy Nathanson
House Committee on Revenue
900 Court Street NE
Salem, OR 97301

April 10, 2019

In Support of HB 2270

Chair Nathanson and members of the House Committee on Revenue:

Thank you for the opportunity to provide testimony in support of House Bill 2270 which would implement a \$2.00 per pack raise in the cost of cigarettes and a 65% tax on the wholesale price of e-cigarettes.

HB 2270 is an integral piece of the six-year Medicaid funding package and is projected to generate \$346 million dollars per biennia. This critical funding would ensure health care for over one million low-income Oregonians including 400,000 children. As the state's coordinated care organizations (CCOs), we are charged with providing care for some of the most vulnerable among us. Furthermore, we are charged to be good stewards of state dollars, acting in a capacity that supports the whole community health of the areas we serve, and to identify reasonable steps to draw down the overall cost of the state's health care system.

Currently, \$347 million dollars is spent addressing smoking related illness per year for members on the Oregon Health Plan. This cost is derived from 27% of the OHP population that currently uses tobacco and nicotine, a percentage that is higher than the tobacco and nicotine use among those that are privately insured. This high-percentage of tobacco and nicotine users accounts for 9% of the overall cost to CCOs on an annual basis. Due to this disproportionate cost to the state health care system, we support the 90% allocation of generated funding in HB 2270 going to fund the Oregon Health Plan.

As a result of the impact that tobacco and nicotine use have on the health of our individual members, the state has incentivized a smoking cessation metric to encourage programs that will help those who want to quit do so in a supported manner. While CCOs have had success in meeting our benchmarks for smoking cessation, we know that our programs could be even better supported with additional resources for community based and culturally specific programs that address the needs of members in a way that eases their transition to becoming non-smokers. That is why we support the 10% allocation in HB 2270 that would go to tribes, RHECs, and other culturally based and community specific, local programs to address cessation and prevention, as well as health disparities related to tobacco and nicotine use.

For too long big tobacco has targeted indigenous communities, communities of color, low-income communities, and LGBT communities with their marketing tactics. Today they have turned their attention to kids. By targeting children as young as 12 with e-cigarette campaigns, we have seen youth use skyrocket. From 2017-2018 there was a 48% increase in the number of middle schoolers that had tried e-cigarettes; if something is not done to curb access to these

products, we will have an entirely new generation addicted to smoking, and our work on cessation of cigarette smoking will have effectively been erased.

As CCOs we view HB 2270 to be a responsible, longer-term solution to not only funding the state's Medicaid program but to also drawing down the long-term cost to the state's health care system. We urge Oregon lawmakers to stand up to big tobacco and increase the cost of tobacco and nicotine in order lower our state's health care costs and make meaningful investments in programs that will address use in communities that have been disproportionately impacted by tobacco and nicotine use.

Thank you for your consideration of HB 2270, we encourage your support.

