

## **FACTS ABOUT THE TOBACCO TAX ACT OF 2006**

### **MARCH 2006**

**Mission Statement:** This initiative is a critical and desperately needed investment toward improving the health of all Californians through children's health insurance, improved access to emergency room care, nurse education and training, and targeted smoking reduction and smoking-related disease prevention, treatment and research efforts.

**Sponsors/Supporters:** Alliance of Catholic Health Care, American Cancer Society, American College of Emergency Physicians, California Chapter, American Heart Association, American Lung Association of California, Association of California Nurse Leaders, California Association of Nurse Practitioners, California Association of Physician Groups, California Association of Public Hospitals, California Children's Hospitals Association, California Emergency Nurses Association (Cal ENA), California Hospital Association, California Prostate Cancer Coalitions, California Primary Care Association, California School Nurses Organization, Californians for Patient Care, Campaign for Tobacco Free Kids, Children Now, Emergency and Acute Care Medical Corporation, First 5 Tulare County, PICO California, The Children's Partnership.

**Details:** This initiative will increase the state's tobacco tax by \$0.13 per cigarette (\$2.60 per pack) to provide immediate help to some of California's major health challenges. The initiative is expected to raise approximately \$2.1 billion. After providing backfill funds to Proposition 10 programs (\$170 million), the funds will be distributed as follows:

- Treatment — 52.75%
  - Hospital emergency care services (\$758 million)
  - Nurse education (\$92 million)
  - Community clinics (\$58 million)
  - Emergency physicians (\$66 million)\*
  - Steve Thompson physician education fund (\$7.6 million)
  - Prostate cancer treatment (\$18 million)
  - Tobacco cessation services (\$18 million)
  
- Prevention — 42.25%
  - Children's health insurance (\$371 million)
  - Tobacco prevention, education, enforcement programs (\$177 million)
  - Cancer, heart, asthma and other disease prevention and control programs (\$267 million)
  
- Research — 5% (\$96.5 million)
  - Includes tobacco-related disease and cancer research

**Accountability:** The Tobacco Tax of 2006 Trust Fund moneys may not be loaned to, or borrowed by, any other special fund or the General Fund for any purpose other than those authorized by the Tobacco Tax Act of 2006. The Department of Health Services will prepare an annual report describing all programs that received Tobacco Tax of 2006 Trust Fund moneys in the previous fiscal year. All moneys from the Tobacco Tax of 2006 Trust Fund are subject to audits by the Bureau of State Audits.

*\* Language within the initiative also permanently transfers \$25 million of the Hospital's allocation of Proposition 99 money to emergency physicians.*

**WHAT THE INITIATIVE WILL DO**

### **Children's Health Insurance**

The initiative will ensure California's children without basic health care coverage will have access to health insurance. Children with health insurance are more likely to get the care they need, especially essential care that can prevent avoidable conditions and expensive emergency room visits. In addition, providing health insurance to children improves their performance in school.

### **Emergency Care Services**

Funds from the initiative will go directly to local emergency room care — a service as vital to the public's interest as fire and police protection. Nearly 70 California hospitals closed their doors between 1996 and 2004 — nine in 2004 alone. Hospital emergency rooms and trauma centers are overcrowded and collectively lose hundreds of millions of dollars each year, a situation further overwhelmed by the care of smoking-related illnesses. Emergency rooms statewide will be eligible for funds to help cover the costs of emergency room physicians, nurses, specialists and other services.

### **Nurse Education**

California is struggling with a severe shortage of qualified nurses — currently at 14,000, which is expected to grow to a shortage of 42,000 by 2010 — another major cause of the closure of hospitals and emergency services. California currently does not have the capacity to educate enough nurses to meet its need. New revenues from The Tobacco Tax of 2006 will help California close the shortage gap by increasing the number of nursing educators, as well as the number of nursing student graduates.

### **Disease Prevention, Treatment and Research**

New revenues will support programs aimed at reducing the major causes of illness and death in California, including breast, cervical, colorectal and prostate cancer detection and treatment; cancer research; cancer registry; heart disease and stroke prevention; nutrition and physical activity; lung disease research; and asthma prevention and control. These funds will expand and deepen public health efforts to combat California's deadly chronic diseases.

### **Tobacco-Use Prevention and Control**

Almost 80 percent of adult smokers become addicted to tobacco before they reach the age of 18. The tax increase itself will help smokers overcome their addiction and the new revenues will also support California's proven effective tobacco-use prevention program. Existing programs receiving new revenues include those managed by the California Department of Health Services, Tobacco Control Section (media campaign, competitive grants, local health departments, smoking cessation hotline, etc.); California Department of Education's schools-based prevention programs; and University of California's Tobacco-Related Disease Research Program. Two new programs targeted in the initiative include funding for local law enforcement agencies to enforce state and local tobacco-related laws, and expanded smoking cessation services to help more people quit smoking.

**Emergency Physician Services**

Funds to be used for reimbursement of physicians for losses incurred in providing uncompensated emergency services in hospitals.

**Community Clinics**

More than 700 community-based clinics throughout the state that provide health care to uninsured and underinsured children and adults will be able to provide increased services because of these new revenues. Not-for-profit community-based clinics serve everybody who walks through their doors, regardless of their ability to pay. Clinics provide primary-care services to large numbers of people who would otherwise seek primary care in emergency rooms.

**Children and Families Trust Fund**

Funds are provided to the Proposition 10 account to make up for any reduced revenue caused by the decline in tobacco use as a result of this initiative.