

LD 1523: An Act To Establish the Trust for a Healthy Maine

Testimony of Carol Kelly, Pivot Point Inc.

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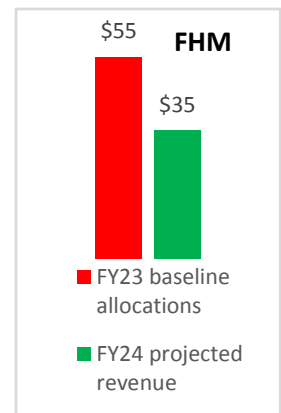
Senator Claxton, Representative Meyer, and members of the Joint Standing Committee on Health and Human Services. My name is Carol Kelly and I am a planning and policy consultant in Portland. I am here today in strong support of LD 1523, An Act To Establish the Trust for a Healthy Maine.

My very first job in public health was for the Maine Coalition on Smoking or Health in the very early days of the Fund for a Healthy Maine. With grant funding from the Robert Wood Johnson Foundation, we were able to help form and staff the Friends of the Fund for a Healthy Maine. Twenty-plus years later, many of those same Friends will be speaking here today in support of this bill, which is both a response to a perilous financial situation for the Fund, and also an exciting opportunity to restructure and reboot the tobacco settlement in a way that honors its intent: giving every child, in every corner of Maine, the chance to grow up healthy, resilient, and free from tobacco addiction.

I'll start with a snapshot of the financial situation in the Fund for a Healthy Maine. In fiscal year 2023 of the current biennium, we are receiving about \$44 million from the tobacco settlement and \$4 million in racino revenue. In the same year, we are spending about \$55 million, which is possible because of some carryover funds. Of that \$55 million baseline, \$31 million is for MaineCare and a total of \$40 million is allocated to MaineCare, Drugs for the Elderly, or DEL, HeadStart, and Purchased Social Services – a child care allocation.

Starting in Fiscal Year 2024, tobacco settlement revenue will plunge to just \$31 million each year. With the racino revenue, we will have \$35 million to spend and a \$55 million baseline to cover. From this point forward, the Fund for a Healthy Maine will have a \$20 million per year structural deficit, which will require additional revenue or cuts to programs to balance the budget.

To put a finer point on the situation, starting in FY 24, the tobacco settlement will only be enough to pay for the MaineCare baseline in the Fund. There will be nothing left over for all the other prevention and public health initiatives that are more important than ever to our public health and prevention efforts here in Maine.



For those who might want a deeper dive into spreadsheets, I'd be happy to discuss the situation further at your convenience. But now I'll move to the solution that is LD 1523 and the Trust for a Healthy Maine.

Despite the complexity of the situation, the solution we've designed with the help of our partners, and the one proposed in this bill and the sponsor's amendment is very straightforward. By transferring \$37 million out of the Fund for a Healthy Maine and into the General Fund, we can relocate and stabilize MaineCare, HeadStart, Purchased Social Services, and the non-racino portion of DEL in the General Fund. Then we can restructure the tobacco settlement from a fund to a trust and create a very specific funding formula that trustees must follow.

The beauty of this model is that while a legislature can't bind a future legislature, a legislature can bind a trust. This is a perfect opportunity to automate full funding for tobacco prevention and treatment, ensure an annual investment in health equity systems and structures, and align the remaining settlement dollars with the highest priorities in a state health plan.

The Trust for a Healthy Maine starts with the creation of a 15-member board of trustees who have expertise and experience in public health, health equity, health care, community partnerships, and workforce development. Trustees will be appointed by the Governor from nominations provided by the Senate President, Speaker of the House, Senate Minority Leader, House Minority Leader, and chiefs of Maine's Wabanaki people.

Trustees will serve staggered 3-year terms. They will adopt bylaws and elect a chair, who will serve as the Trust's liaison to this committee. They may establish sub-committees as well as advisory committees, which may include individuals with expertise or experience who are not trustees.

The Trust will receive all current and future tobacco settlement funds, including any carryovers and a pro rata share of investment income in the Fund for a Healthy Maine. The Trust will not receive racino payments that currently flow into the Fund. Racino payments and the Fund for a Healthy Maine will continue to work exactly as they do now. This means the Legislature will continue to allocate approximately \$3.7 million each year from the Fund for a Healthy Maine racino funds to the Drugs for the Elderly (DEL) Program. The Fund for a Healthy Maine will also remain available to receive other revenue sources – new or existing – that could be allocated to the Fund's designated purposes.

Preservation of the FHM is an important feature of LD 1523 because if a future Legislature decides to repeal or dissolve the Trust for a Healthy Maine for any reason, LD 1523 requires settlement funds and future settlement payments to revert back to the Fund for a Healthy Maine.

Trustees will be required to develop and approve a funding allocation plan every two years, in sync with the legislative calendar. In the development of their funding allocation plan, they will hold at least one public hearing and seek the input of a wide range of stakeholders. We expect active utilization of advisory committees and robust outreach efforts as part of this process.

Monies available must be used to fund Maine's tobacco program at the US CDC recommended (not "minimum") level; fund the Attorney General's office for their enforcement efforts; and fund the administration of the Trust, which includes a full-time staff person. Trustees must invest each year in systems and structures that will help us achieve health equity in Maine. Trustees may also choose to fund an Internal Stabilization Account and/or a Flex Fund for rapid response. The Trust may not allocate funds for the purpose of providing medical care.

All remaining funds will be allocated by trustees to state entities or their designated agents implementing evidence-based interventions to address the priorities articulated in the state health improvement plan and support the efforts of the Department and Maine CDC in preventing disease and promoting public health.

Trustees will also be empowered to promote the visibility and understanding of public health among the public; participate in the development of our state health improvement plan and provide funding for the planning process, if need be; promote multi-level planning and coordination in our public health system; and make recommendations to the Legislature regarding improving public health outcomes and promoting public health awareness and understanding.

The Trust will produce an annual report to the Governor and Legislature on its finances, outcomes, and recommendations for statutory changes related to public health.

The Trust is not an entity that creates, manages, or oversees public health or health delivery programs. It has a limited and clearly defined purpose that is in direct alignment with its source of revenue. Protecting the settlement for public health and tobacco prevention, including with the establishment of a Trust, is strongly supported by the public. And with your help, the Trust will be created with bipartisan support for its purpose and structure from lawmakers.

Since LD 1961 fell victim to the COVID shutdown in 2020 – one of hundreds of bills that remained unfinished - we have worked diligently to build upon the work this Committee did to improve the bill and address the concerns raised by advocates and policymakers. We believe this is a truly transformational approach to not only resolving the structural deficit in the Fund for a Healthy Maine, but building a modern structure for these special funds that learn from the past and align with today's challenges facing Maine kids and communities.

I urge you to support LD 1523, and later, LD 1693. I'd be happy to answer any questions you might have.

Thank you.

Carol Kelly

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