

Governor's Column 9/1/01

Health Care Proposal Doesn't Touch Tobacco Fund Principal

About four years ago, Mississippi began receiving payments from tobacco companies as part of the historic settlement crafted by Attorney General Mike Moore. He initiated the effort to recoup costs to the state from tobacco-related health care, and he deserves the credit for the millions of dollars the state is now receiving from the tobacco industry.

As part of the settlement in Mississippi, the Legislature wisely put together the Health Care Trust Fund, into which the annual payments from the tobacco companies are deposited. By law, once these payments are deposited, the principal of the trust fund cannot be touched – only the earnings are to be used, and they can only be used for health care.

On July 26, I offered a proposal at the Neshoba County Fair for us to use a portion of our annual payments to support health care needs. I talked with General Moore, Speaker Tim Ford, and Lieutenant Governor Amy Tuck before the speech and they agreed to keep an open mind on the proposal. We have continued to meet, and Speaker Ford and Lieutenant Governor Tuck have established a committee to study the issue.

Since putting the proposal on the table, there has been a tremendous amount of confusion about it. It has been written time and again that I am proposing to raid the principal of the Health Care Trust Fund. Let me say this one more time – I have never stated that I want to touch the principal of the fund. My proposal does not touch the principal of the fund. And, by law, I cannot touch the principal of the fund.

Here, once again, is the outline of what I have suggested. Each year, the State of Mississippi receives a payment from the tobacco industry. Contrary to popular belief, these payments do not end after 25 years; they only stop if the tobacco companies go out of business. This year, we are scheduled to receive approximately \$210 million for our annual payment.

I have suggested that we look at taking a portion of that payment, say \$100 million, and use it to capture federal matching funds to use for health care. The remainder of the payment would go into the Health Care Trust Fund, where it would grow the balance of the fund as well as its earnings.

For too long, we have not been taking advantage of matching federal funds. Every other state during the 90's has been bringing in federal dollars through aggressive and innovative programs, and now we need to catch up. Let's look at how we can take a portion of the tobacco payment, divert it for health-care related issues, and get some of the money we've been sending to Washington back to Mississippi to take care of our people.

With some bold action, we could turn \$100 million into more than \$400 million for health care needs. We could increase access to health care in rural areas. We could help improve ambulance and other emergency services in areas desperately in need for better services. We could provide screenings for cancer, heart disease and other health problems that affect Mississippians. We could ensure our schools have an adequate number of school nurses to help serve our children's needs.

In the proposal I have made, the Health Care Trust Fund will continue to grow, and will reach the \$1 billion mark in 2008. That's not a raid on the principal. If we just use this year's earnings from the Health Care Trust Fund, we'll have about \$19 million to spend. I'm proposing that we try together to find a way to spend over \$400 million on health care.

Which one would best help the people of Mississippi?