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TESTIMONY
OF THE
AMERICAN CANCER SOCIETY
BEFORE THE
JOINT HEARING OF THE SENATE FINANCE AND ASSEMBLY WAYS & MEANS COMMITTEES
REGARDING THE
2012-13 EXECUTIVE BUDGET
February 8, 2012
Albany, N.Y.

Good afternoon. My name is Blair Horner and I am the Vice President for Advocacy with the Eastern Division of the American Cancer Society. With me today is Russ Sciandra, our New York State Advocacy Director. We welcome the opportunity to comment on the governor's proposed health budget. We look forward to working with you to fashion a health budget that reduces in New York's cancer rate, helps identify cancers at the earliest – and often most treatable – phase, and ensures that cancer patients are adequately supported, both financially and physically, as they battle this terrible disease.

Our testimony is organized around those themes and we will comment on topics that cover each part.

Cancer is the name for many terrible diseases that have a profound impact on the lives of New Yorkers. Below is a listing of the most prevalent cancers and their impacts.

Type of Cancer	New Cases in NY	Deaths in NY
Total, all sites	**107,260**	**34,350**
Lung & Bronchus	14,200	8,850
Colon & Rectum	9,480	2,890
Pancreas	3,180	2,470
Female Breast	15,710	2,450
Prostate	15,950	1,770
Non-Hodgkin Lymphoma	4,650	1,470
Leukemia	3,070	1,350
Liver	2,170	1,310
Urinary Bladder	5,150	1,020
Ovary	1,580	1,000
Esophagus	1,140	930
Brain and ONS	1,510	810

Keeping New Yorkers from Getting Cancer: 1) Support the governor's proposal to tax "roll-your-own" tobacco at the same rate as cigarettes and reject the governor's cuts to the tobacco control program. Instead, use the new tax revenues to bolster state support for tobacco control.

The number one cancer killer is lung cancer. Tobacco causes the overwhelming majority of lung cancers and one in three deaths from cancer. In order to significantly reduce overall cancer deaths, and deaths from lung cancer in particular, New York must have a robust effort to reduce tobacco use.

In many ways, New York has been a leader in tackling the tobacco menace. New York has the highest cigarette excise tax in the nation (and the governor's loophole-closing will help further enhance the public health benefits of higher tax rates), and New York has one of the most expansive indoor smoking restriction policies in the nation. As a result, New York has seen a dramatic reduction in smoking and is among the national leaders in cutting the prevalence of tobacco use.

New York policymakers in general – and you in particular – deserve tremendous credit for these achievements. I believe that history will one day recognize these accomplishments as one of the great public health efforts, on a par with occupational safety reforms following the Triangle Shirtwaist tragedy.

However, there is one glaring area in which New York, once a leader, has been slipping badly. That area is the funding of tobacco control programs that are designed to help smokers to quit and to keep kids from using tobacco.

Over the past four years, New York has slashed its tobacco control budget. The Center for Disease Control and Prevention recommends that New York spend $254 million annually. Since 2007, state funding has been cut by more than half. During that time, New York has dropped from 5th to 20th among states' per capita spending on tobacco control. This year the Governor is proposing $36.5 million. The state must reverse this decline. And the money is there. The state collects over $2 billion in tobacco revenues. The governor proposes collecting an additional $18 million by raising the tax on loose tobacco and at the same time cuts the tobacco prevention budget by $5 million.

Limited funding prevents the Tobacco Use Prevention and Control Program from reaching the most vulnerable populations with the highest rates of smoking – those with the lowest incomes. As a result, the burden of tobacco taxes and tobacco-caused disease increasingly falls most heavily on those least able to pay.

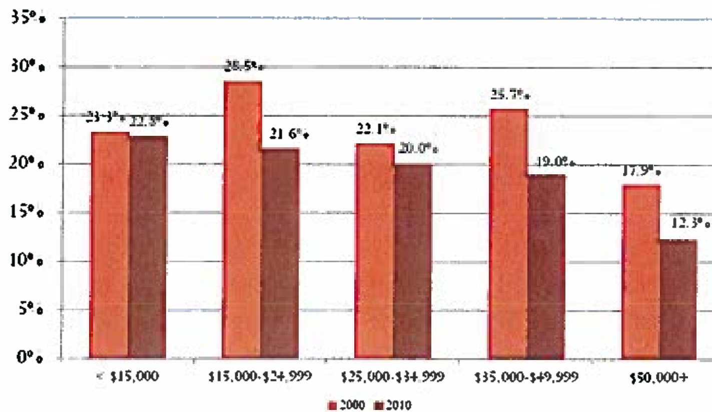
New York's tobacco control program, combined with policy measures including a high tobacco excise tax and public smoking restrictions, has fostered a decline in the rate of tobacco use among both children and adults. Between 2000 and 2010, the prevalence of smoking among high school students fell steadily from 27.1 percent to 12.6 percent, a significantly faster rate than observed in the rest of the country.

Similarly, the adult smoking rate in New York has also fallen faster than in the U.S. as a whole, dropping from 21.6% in 2003 to 15.5% in 2010. The decline in smoking has occurred about equally across all ethnic groups. There is now no significant difference among New York's major racial/ethnic groups in the adult prevalence of smoking.

However, a closer look at the data identifies one disturbing trend: The decline in smoking has not occurred among the poor – those least able to afford the cost of cigarettes and the consequences of addiction.

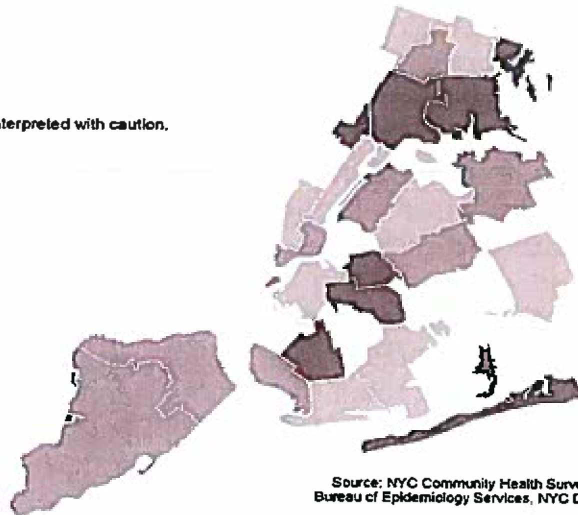
Since 2000, smoking cessation rates have been greater, and smoking prevalence is now lowest, among New Yorkers with household incomes over $50,000 a year. Among this group, which constitutes a bit over 50 percent of the population, the prevalence of adult smoking is 12 percent. But among the less affluent half, the smoking rate is 20 percent, and increases as you go down the income ladder. Those with incomes below $25,000 have the highest smoking rates, and smoking prevalence among the very poorest one-sixth of our state's people (those with income under $15,000 a year) is practically unchanged in ten years.

Adult Prevalence of Smoking by Income, 2000-2010



Poorer, less educated individuals live throughout New York. In urban, rural and suburban areas of the state, low income individuals struggle not only with extremely tight finances, but with the financial and health consequences of this powerful addiction as well.

Upstate, rural counties tend to have adult smoking rates higher than the statewide average, especially the Adirondacks and central New York, as well as the Buffalo-Niagara Falls region. All these areas exhibit lower household income and higher rates of poverty.



New York City's overall smoking rate is nearly 24 percent lower than upstate regions, (13.2% vs. 17.2%), yet within New York City, certain areas, including South Bronx, Central Harlem, Morningside Heights, Central Brooklyn and Rockaway, have much higher rates than the rest of the City.

Tobacco use and all its consequences disproportionately impact the most vulnerable members of our society. Poor smokers spend a large share of their household income on tobacco products, with half the cost going to state government. Yet they receive little help from the state when they want to quit smoking.

But this is not only a question of equity. Tobacco control saves taxpayer dollars. A recent report published in the American Journal of Public Health, found that Washington state's anti-smoking program was associated with the prevention of nearly 360,000 hospitalizations, yielding a savings of $1.5 billion. The report concluded that for every $1 the state spent on tobacco control, $5 was saved in health care costs.

Such savings can be achieved in New York, but only if the program is adequately funded.

At a minimum, we urge that you divert revenues generated by the state's tobacco taxes (further enhanced by the governor's proposal to close the loophole that allowed "loose" tobacco to be taxed at a lower rate than cigarettes) to bolster – not reduce – the state's tobacco control efforts.

<u>2) End "buttlegging" which weakens thepublic health benefits of raising taxes and robs the state of badly needed revenues.</u>

Higher prices have been shown to encourage smokers to quit or reduce their consumption of cigarettes. Cigarette tax evasion makes cigarettes cheaper and reduces the public health benefits of New York's excise tax, as well as depriving the state of much-needed revenue. Were the tax collected on all cigarettes smoked in New

York, tens of thousands of adults would quit rather than pay higher prices, and state revenues would dramatically increase.

A 2006 report to the New York State Department of Health, concluded that purchasing untaxed cigarettes was "associated with reduced intentions to quit smoking and fewer attempts to quit smoking." Moreover, the report estimated that the state lost "between $436 million and $576 million" in revenue. And that was when the state cigarette tax was $1.50.

Our review of current state financial information finds no improvement on that score. New York continues to see an erosion in tobacco taxes, in excess of what one would expect given the lower smoking rates.

Month	Excise Tax Revenue in 000s of $		Unit Sales in Carton Equivalents			
	2010	**2011**	**2010**	**2011**	**Change**	**% Change**
Jan	93,984	121,108	3,417,600	2,784,092	-633,508	-19%
Feb	85,234	96,330	3,099,418	2,214,483	-884,935	-29%
Mar	95,215	121,683	3,462,364	2,797,310	-665,053	-19%
Apr	114,141	125,662	4,150,582	2,888,782	-1,261,800	-30%
May	102,822	128,979	3,738,982	2,965,034	-773,947	-21%
June	132,504	139,147	4,818,327	3,198,782	-1,619,546	-34%
July	123,777	139,314	2,845,448	3,202,621	357,172	13%
Aug	130,539	145,658	3,000,897	3,348,460	347,563	12%
Sept	175,439	142,449	4,033,080	3,274,690	-758,391	-19%
Oct	132,909	126,785	3,055,379	2,914,598	-140,782	-5%
Nov	127,971	127,330	2,941,862	2,927,126	-14,736	-1%
Dec	137,927	132,866	3,170,736	3,054,391	-116,345	-4%
TOTAL	**1,452,462**	**1,547,311**	**41,734,675**	**35,570,368**	**-6,164,307**	**-15%**
NYS Excise Tax = $27.50/carton						
NYS Excise Tax = $43.50/carton			*Tax Revenue Source: NYSDTF Web Site*			

We applaud the Governor's efforts to reduce the sale of untaxed cigarettes and recognize his success in cutting the flow of untaxed brand name cigarettes to Native American dealers. But it's clear that major holes in the dike remain. Clearly, the state needs to bolster its efforts to stop cigarette smuggling. One key challenge in New York's ability to combat illegal tobacco sales is insufficient resources to enforce existing law. New York should invest more in tobacco tax enforcement personnel.

In addition, the use of encryption technology creates a tax stamp that is difficult to counterfeit. Using encrypted bar codes, the new stamp can be easily read with hand held portable scanners and provide information making it easier to track and trace every pack of cigarettes through the supply chain.

In California, the first state to use high-tech tax stamps, cigarette tax revenue increased substantially immediately after the new tax stamps were introduced in 2005. In June 2007, the state announced that tax evasion had dropped from 25 percent to 9 percent because of increased tax enforcement and the new stamps.[1]

The combination of enhanced enforcement resources and the high tech tax stamp can be important tools in stopping contraband trafficking in cigarettes and, not incidentally, will help reduce the prevalence of cigarette use and the diseases cigarettes cause.

We urge that the state budget to boost the number of tax enforcement agents and to modernize its tax stamp to curb cigarette smuggling and enhance state revenues.

Identifying Cancers Early: 3) Support the governor's proposal to fund the Cancer Services Program.

Cancer screening saves lives. Detecting cancer early increases the chances of successful treatment, improves survival rates, and saves New York in overall medical costs. For example, research shows that the earlier breast cancer is detected and treated, the better the survival rate. When breast cancer is diagnosed at an early stage while still confined to the breast, the 5-year survival rate is 98%.

Published research on the success of the National Breast and Cervical Cancer Early Detection Program, which partially funds and guides the state screening program, demonstrates a substantial impact on reducing mortality from breast cancer in medically uninsured, low income women. These evidence-based findings justify the state's investment in the early detection of breast cancer. In 2009, the NYS Department of Health estimates that the cost of the Cancer Services Program was offset by $46 million in savings due to early detection.

In previous years, the Cancer Services Program received as much as $29 million to conduct outreach and screenings for cancer. Combined cuts to the Cancer Services Program (CSP) in recent years have reduced overall spending for this lifesaving screening to $26.7 million in FY 2011-12, of which about $19 million directly supports the screening services. Although we understand that these are difficult economic times, the Cancer Services Program has suffered more than its fair share.

The CSP works in every community across the state to provide clinical breast exams, mammograms, pap tests, pelvic examinations, colorectal cancer screening, surgical

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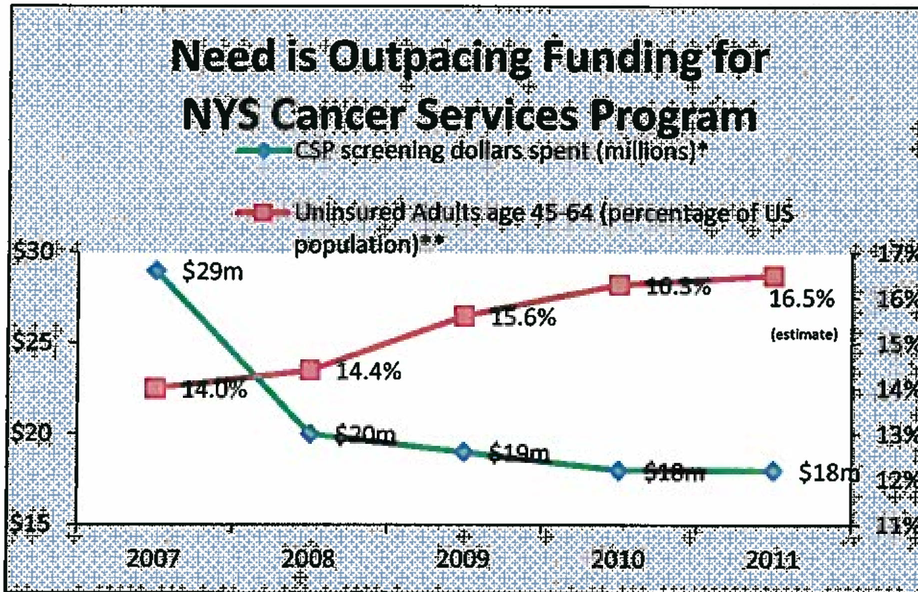
[1] California State Auditor, *Board of Equalization: Its Implementation of the Cigarette and Tobacco Products Licensing Act of 2003 Has Helped Stem the Decline in Cigarette Tax Revenues, but It Should Update Its Estimate of Cigarette Tax Evasion*, p. 17.

consultation and diagnostic testing to people without health coverage. But at current funding levels, the CSP is able to help only approximately 15% of the women who don't have insurance and can't afford a mammogram.



The Federal Medicaid Cancer Treatment Program Act allows New Yorkers diagnosed through the CSP to receive immediate Medicaid coverage for treatment of the cancer. It behooves the Medicaid program to simultaneously consider the important role this program plays in optimizing federal dollars to care for New Yorkers diagnosed with cancer. Those who continue to fall through the cracks are not only diagnosed with later-stage cancers, they often come into the Medicaid Program through a more traditional door, relying more on state funding to finance their care.

Even with the enactment of the Patient Protection and Affordable Care Act, a significant number of New Yorkers will remain uninsured. To serve these individuals, we will need to preserve this network of high quality cancer screening, diagnostic and treatment services if we are to continue to have an impact on the high burden of cancer in our state.

We respectfully request that the Cancer Services program funding be maintained at $26.7 million so that community-based programs can serve their existing clients and continue outreach to the eligible population that still needs screening. Your support, through the budgetary process, means the difference between life and death for New Yorkers impacted by cancer.

Helping Cancer Patients: 4) Support the governor's proposal to establish a health insurance exchange.

According to the US Census, New York State has well over 2.5 million uninsured and that number has been growing. In addition, research suggests that approximately 10 percent of cancer patient are uninsured at the time of diagnosis. More troubling, about one-third of cancer survivors report a loss of health insurance at some point in time since their diagnosis.

Uninsured patients are less likely to get recommended cancer screenings and are more likely to be diagnosed with cancer at later stages. For example, uninsured women diagnosed with breast cancer are 2.5 times more likely to have a late stage diagnosis than women enrolled in private health insurance.

For those who have insurance coverage, usually through their employer, the cost keeps rising. Small businesses especially struggle with the rapidly escalating costs of health insurance. Over the past decade, small-business owners nationwide have watched their health insurance premiums rise 133 percent—the same kind of premium growth large businesses have experienced. But because of their smaller scale and thinner margins, they are less able than larger businesses to absorb these increasing costs

Consequently, the percentage of small businesses offering coverage fell from 68 percent in 2000 to 59 percent in 2009. Fifty-four percent of businesses with three to nine employees offered coverage in 2000 and only 46 percent offered coverage in 2009. Because of high costs, many employees at these businesses do not take the benefits offered. A recent Urban Institute study estimates that implementation of the Affordable Care Act will save New York businesses $2.5 billion a year.

The Health Care Crisis is a Cancer Care Crisis that must be addressed NOW.

Based on its successes in Massachusetts, the American Cancer Society supports creation of a Health Insurance Exchange that will help ensure that cancer patients have unrestricted access to high quality, affordable and adequate insurance coverage that is simple to navigate and easy to understand. Achieving these goals depend on ensuring a "level playing field" for individuals, small groups and insurers operating both inside and outside of the Exchange. In other words, the state must do everything it can to avoid adverse selection so that cancer patients, and others with serious and chronic illnesses, are not disadvantaged in trying to obtain affordable coverage. Getting the Exchange right matters for people with cancer and for people with the *potential* to get cancer, which is everyone.

1. **The Exchange governance board must properly structured to ensure that its decisions serve the best interest of consumers, patients, workers, and small employers.** The governance board will make the critical management and policy decisions that determine the direction and success of the exchange. It is

important that the members have appropriate knowledge and skills to successfully make the many critical administrative decisions that must be made by 2014. It is imperative that board members not have a conflict with their business or professional interests. Other stakeholders, including patients and consumers, are best involved through advisory boards. Finally, the governance board must be held publicly accountable through open meeting laws and solicitation of public comments.

2. **The rules for the insurance market outside the exchange must complement those inside the exchange to mitigate "adverse selection."** It is essential that the insurance rules are comparable for plans inside and outside the exchanges, thus promoting a level playing field. If plans outside the exchanges can sell products under more favorable terms, those plans can cherry pick the healthiest consumers, with the exchanges ultimately becoming an insurance pool of primarily high-risk individuals. This would result in high and potentially unaffordable insurance premiums for those consumers who need care the most.

3. **Medicaid and other public insurance programs must be well integrated with the exchange.** Under federal law, all individuals with incomes under 133 percent of the federal poverty level are eligible for coverage under Medicaid. The exchanges are responsible for screening and enrolling eligible people in the program. It will be critical that the exchange is well integrated with the state Medicaid program to ensure seamless enrollment. Further, because many individuals will move between Medicaid and the exchange over time due to fluctuation in income, it is crucial that exchange rules allow for coordination of plans, benefits, and physician networks to ensure continuous coverage.

4. **The Exchange must be structured to emphasize administrative simplicity for consumers.** Consumers must be able to easily access not only information such as premium rates and enrollment forms, but also critical additional information, such as each plan's benefits, provider networks, appeals processes and consumer satisfaction measures. This information should be available in multiple languages and literacy levels.

5. **Ensure that the Exchange has a continuous and stable source of funding.** To facilitate good management and planning, it is important that the exchanges have a predictable and steady source of funding. Otherwise, there is a risk that funding will become vulnerable to the often unpredictable legislative appropriations process. Further, funding sources should be generated from assessments on plans inside and outside the exchange, so carriers outside the exchange are not afforded an unfair financial advantage that could lead to adverse selection.

6. **Legislation must include a clear process and timeline for resolving the complex policy decisions that the Exchange governance board must make in cooperation with the Legislature and the Governor.** In particular, the

American Cancer Society is concerned with how cancer-specific insurance mandates are addressed in the context of the essential benefits package. This, as well as many other important decisions, deserves to be carefully reviewed and acted upon before the end of 2012.

7. **The Exchange must be affordable to consumers.** Obviously, keeping costs low, while mandating that the plans offer high quality coverage is critically important. Starting in 2014, virtually all New Yorkers must be covered by health insurance – by their employer, the government, or purchased through the Exchange. As mentioned earlier, the bigger the insurance pool, the greater the spreading of risks – and costs. Thus, the Exchange must be empowered to actively negotiate with insurers to get the highest quality care with the lowest possible price, and offered in a manner that allows consumers to easily compare insurance products.

The American Cancer Society is doing what it can to help tackle the carnage caused by cancer. For example,

- The American Cancer Society's 425 employees provide service out of 21 offices across New York State.
- The American Cancer Society funds research in prestigious institutions such as Memorial Sloan Kettering Cancer Center, Cold Spring Harbor Laboratory, the University of Rochester, Roswell Park Cancer Center, the State University of New York, Columbia University and New York University. Currently in New York, ACS funds 103 grants totaling $48,661,000.
- In 2011, our Hope Lodges in Manhattan, Buffalo, and Rochester provided lodging and extensive support services to more than 3,500 guests who must travel far from home to access their best hope for cure.
- The American Cancer Society is on track to serve 60,000 newly diagnosed patients and/or their caregivers this year in New York and New Jersey. This year, 100 health care systems in New York and New Jersey referred patients for information, programs, and services.
- In 2010, we trained more than 220 volunteer patient navigators who work in local treatment centers providing reliable information, compassionate support, and tangible resources.
- The American Cancer Society's Reach to Recovery, Road to Recovery, Man to Man, and Look Good...Feel Better programs are delivered locally to support patients in treatment.
- Our sleep-away Camp Adventure for children with cancer and their siblings is one unique week for kids with cancer just to be kids.
- Our Cancer Survivors Network on cancer.org is an online support community for people diagnosed with cancer. Our phone lines at 800.227.2345 are open every minute of every day and for people needing answers. Every year, we provide information, help, and support to nearly one million callers nationwide.

- We are a trusted resource for more than 25 million visitors to cancer.org each year that access the latest updates, news on cancer, and listings of local programs and services.
- Our clinical trials matching service helps patients search through more than 8,000 cancer research studies for the options most appropriate for them.
- Our Treatment Decision Tool on cancer.org connects newly diagnosed patients with personalized information to make informed decisions with their physicians about treatment.
- Our Cancer Prevention Study-3 is currently enrolling 300,000 participants in a long-term study to focus on how genetics, lifestyles, and the environment affect cancer risk. To date, we have enrolled more than 7,100 participants from New York and New Jersey and need to enroll 25,000 more in the next three years.
- The American Cancer Society has had a hand in nearly every cancer research breakthrough of the last century, including the discovery of breast cancer genes, and effective treatments such as tamoxifen, Herceptin (for breast cancer), Gleevec (for leukemia), Velcade (for multiple myeloma), and Provenge (for advanced prostate cancer).
- More than ten percent of our research projects are dedicated to reducing health disparities.

Thank you for the opportunity to testify.

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