North Carolina’s Experience
Master Settlement Agreement and Tobacco Use Prevention and Cessation
2001-2012

Today’s Presentation in 3 Brief Parts

• Brief History regarding the Master Settlement Agreement (MSA) and its purpose, especially related to the leading preventable cause of death in NC and the nation

• How NC’s MSA funds invested 2003 - 12 were successful:
  ◦ in keeping young people from starting to use tobacco and
  ◦ In preventing tobacco use among women of childbearing age/pregnant women
  ◦ In helping all tobacco users who want to quit

• Data on the ongoing costs of tobacco addiction, disease and death in NC
Brief History of MSA

IN NORTH CAROLINA
AS IT RELATES TO TOBACCO PREVENTION AND CESSATION

Youth smoking up in N.C.

A new CDC report says that 35.8 percent of teens use cigarettes. Another study suggests the state needs to spend more on prevention.

By VT WANNEMACHER

The smoking rate among high school students in North Carolina has increased by about 12 percent in six years, the U.S. Centers for Disease Control and Prevention reported Monday.

The CDC report shows that 35.8 percent, more than one in three North Carolina high school students, smoked occasionally or regularly in 1997, the latest year for which data were available.

Experts worry that the overall rate will rise as these students grow into adult smokers. Some blame “smoking chic” emanating from Hollywood and easy access to cigarettes.

A related CDC report also suggests that North Carolina may be spending only a small fraction of the money needed to be effective in combating smoking among all segments of the population.

“It’s a serious problem... The rates of smoking among youth in North Carolina have been increasing similar to the rest of the nation,” said Terry Perhevich, associate director for science at the CDC Office on Smoking and Health in Atlanta. “We are estimating that even if the youth smoking rates level off, 166,000 youths in North Carolina now under 18 smoke.”

See SMOKING, PAGE 8A
### A Brief History of the MSA in NC

as it relates to tobacco prevention and cessation and the health and economic burden of tobacco use

The 1998 State Tobacco Settlement, also known as the Master Settlement Agreement (MSA), provides NC a historic opportunity to:

- **Save Lives**
- **Protect Children**
- **Drive Down the Taxpayer Health Care Costs**

### Did you Know?

MSA Calls for States to Invest Tobacco Settlement Funds to Prevent and Reduce Tobacco Use

- In 1998, the Master Settlement Agreement (MSA) settled the states’ Medicaid lawsuits against the major tobacco companies for recovery of their tobacco-related health-care costs
- As part of the MSA, the companies agreed to curtail or cease certain marketing practices (transit ads, billboards, **cartoon characters**)
- Tobacco companies also agreed to pay, **in perpetuity**, various annual payments to the states for compensation related to smoking-related illnesses
  - Every April, approximately $140 million in MSA payments come to NC
- MSA contains explicit language that shows the parties to MSA expected and intended that the payments to the states would be used to prevent and reduce tobacco use, especially among children
Excerpts from MSA

...the undersigned Settling State officials believe that entry into this agreement ... is necessary in order to further the Settling States’ policies designed to reduce Youth smoking, to promote the public health and to secure monetary payments to the Settling States;

the Settling States and the Participating Manufacturers . . . have agreed to settle their respective lawsuits and potential claims pursuant to terms which will achieve for the Settling States and their citizens significant funding for the advancement of public health, the implementation of important tobacco-related public health measures...

NC MSA Allocation History:
Did you Know?

- Every April, approximately $140 million in MSA payments come to NC
- 25% went to the Health and Wellness Trust Fund 2001-2012.
  - Investments in tobacco prevention and cessation increased from $6.2m to $19.2m (08-09) for tobacco prevention and cessation.
  - 2004, NCGA scheduled $350m for HWTF to pay in bonds that the state issued for capital construction unrelated to prevention and cessation services.
  - This debt service reduced the amount available for tobacco prevention and cessation to about $15 million in 2009-10.
  - HWTF was abolished in 11-12, with the remainder of funds coming to NC DPH to complete the tobacco prevention and cessation obligations for the year.

Other Components of NC’s MSA:

- 50% goes to the Golden Leaf Foundation (per the consent decree) for community economic development in tobacco dependent communities. http://www.goldenleaf.org/
- 25% goes to the Tobacco Trust Fund Commission http://www.tobaccotrustfund.org/
- Phase II funds provided a “buy out” for tobacco farmers, ending the federal tobacco program and providing reimbursement for Quota Owners and Growers. http://www.cals.ncsu.edu/advancement/tobaccobuyout/buyoutbkgd_new.htm
SUCCESEES in NC

COME FROM MSA INVESTMENTS IN EVIDENCE BASED TOBACCO PREVENTION AND CESSATION 2003-12

Source: ImpacTeen Project, UIC; YRBS

State Tobacco Control Program Funding and Youth Smoking Prevalence
NC’s FUNDED COMMUNITY BASED INITIATIVES

Full time staff working with teens across NC
Youth Empowerment and Community Education
2009-2011

Key
- Counties with a HWTF grant
- Counties with a HWTF Teen grant
- Counties with a HWTF Pilot Project
- Counties with a HWTF Colleges grant

Media Campaigns Combined With Community Interventions Work

- Terrie Hall, North Carolinian, is featured in the CDC Tips from Former Smokers Campaign

http://www.youtube.com/watch?v=QubbxCgIkik
Percentage of **middle and high school students** who report **current use** of any tobacco product: NC YTS 1999-2011

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*Current use defined as use on one or more of the past 30 days
Percentage of middle and high school students who are current smokers: NC YTS 1999-2011

*Current use defined as use on one or more of the past 30 days*

www.YouQuitTwoQuit.com

*NEW You Quit Two Quit Practice Bulletin*
*Free 3 credit CE from ACCOG on Perinatal Smoking Cessation*

**Did you know?** Quitting smoking gives you more energy and helps you breathe more easily.

**health.**

Pregnant & New Mothers. Your baby’s health is a delicate and fragile balance. Quitting smoking now is one of the best things you can do to preserve it. Learn more.

The Benefits of Quitting Smoking and Staying Quit
Facts About Quitting and Staying Quit
Getting Support When Trying to Quit
Plan to Quit Smoking

**support.**

Friends & Family. By making the decision to quit, you’ve taken the first step to ensuring your good health. But you don’t have to take the journey alone. Invite your friends and family to walk with you. Learn more.

Health Care Professionals. Your doctors have a vested interest in the well-being of you and your baby; they’ll do everything they can to ease your...
The NC MSA investment in the Teen Tobacco Prevention and Cessation Initiative, showed a strong return on investment of $8.35 for every $1.00 spent on the initiative.

-- Chenoweth & Associates, Inc.
2011

North Carolinians want to Quit – Percentages of Smokers who made a Serious but failed attempt to Quit Smoking 2011

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<td>College Grad</td>
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NC Rate: 61.7
- An evidence-based telephone tobacco treatment service
- Consists of four treatment sessions
- Special protocol for pregnant women includes 10 treatment sessions
- Highly trained, professional Quit Coaches
- Available free to all North Carolina residents
- Accessible 24 hours a day, 7 days a week

**QuitlineNC Enrollments**
January 2011 – August 2012

- Free NRT
- QuitlineNC state funding reinstated
- SHP funding only
North Carolina’s Ongoing Costs

**OF TOBACCO ADDICTION, DISEASE AND DEATH IN NC**

Despite Progress Made
Tobacco Use Still a Threat to North Carolinians

- Tobacco use remains the leading preventable cause of death in North Carolina.
- More than one million people in North Carolina still use tobacco, which is responsible for one in five deaths in the state. For each death, there are 20 more people who are sick or disabled because of tobacco use.
- North Carolina’s smoking-attributable direct medical care costs are conservatively estimated at $2.4 billion annually with a cost of $769 million for Medicaid.
- In addition, excess medical care costs from exposure to secondhand smoke in North Carolina are estimated to be $293.3 million per year.
Need and Opportunity Exists across NC to improve birth outcomes and lower costs

More than 1 of 10 babies in NC are born to women reporting tobacco use during pregnancy.

In some counties over 30% of babies are born to women who smoked.

What Will it Take? to Keep our Kids and Grandkids and Women of Childbearing age Tobacco-free?

- Most tobacco users start at ages 11-14.
- Each year at least 100,000 students enter sixth grade in North Carolina.
- At this age, they become more vulnerable to tobacco marketing and other messages supporting tobacco use.
- Tobacco use tends to rise steadily from sixth through 12th grade.
- Data from other states show that, with no prevention or cessation programs, or a diminished ones, the risk to each new class of teens will grow, as will tobacco attributable health care costs.
Healthy NC 2020:
Tobacco Use Objectives

- Decrease percent adults currently smoking (key performance indicator)
  - Target: **13.0%** (Baseline [2009] 20.3%)

- Decrease percent high school youth using any tobacco
  - Target: **15.0%** (Baseline [2009] 25.8%)

- Decrease percent workers reporting SHS in workplace
  - Target: **0%** (Baseline [2008] 14.6%)

- Reduce percentage of women who smoke during pregnancy
  - Target: **6.8%** Baseline [2008] 10.4%

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Thank you!

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Main Line: 919-707-5400

- [www.tobaccopreventionandcontrol.ncdhhs.gov](http://www.tobaccopreventionandcontrol.ncdhhs.gov)  
- [www.smokefree.nc.gov](http://www.smokefree.nc.gov)  
- [www.smokefreehousingNC.com](http://www.smokefreehousingNC.com)  
- [www.tru.nc.gov](http://www.tru.nc.gov)  
- [www.tobaccofreecollegesnc.com](http://www.tobaccofreecollegesnc.com)  
- [www.quitlinenc.com](http://www.quitlinenc.com)