



**MEMORANDUM**

**TO:** Governor Jack A. Markell  
Members of the General Assembly

**FROM:** Rita M. Landgraf, Secretary *RML*  
Department of Health and Social Services

**DATE:** November 21, 2016

**SUBJECT:** Delaware Health Fund Advisory Committee  
Fiscal Year 2018 Recommendations

On behalf of the Delaware Health Fund Advisory Committee (HFAC), I present you with our Fiscal Year 2018 (FY18) Health Fund recommendations. The Committee's final decisions reflect several hours of discussion.

The State anticipates receiving \$26,622.7 million (principal payment and interest) in Tobacco Settlement Funds for FY18. The available Reserve balance is \$4,242.8.

The FY18 recommendations of HFAC are as follows:

- A motion was made to earmark 1 million dollars from the Endowment Fund and set up an account with the Delaware Community Foundation to be used for smokeless tobacco and other tobacco products not covered by the Tobacco Master Settlement. This could accumulate additional funds from the foundation for the Health Fund. Motioned by Don Fulton and Seconded by Dr. Reinhardt. The motion passed.
- Representative Osienski made a motion to accept FY 18 requested increases. This motion was seconded by Don Fulton.
- Representative Osienski made a motion to accept the original motion of using the FY 18 Requests with 2 amendments: 1) Autism would go back to \$500,000 and 2) Removing \$500,000 from the Delaware Community Foundation. Motion seconded by Don Fulton. Motion passed.

During public comment periods, HFAC received testimony from many members of the public urging an increase in spending on Tobacco Prevention programs. Over the past several years, funding for Tobacco Prevention programs has been falling and these programs provide a documented role in reducing smoking rates. This work is at the heart of the Tobacco Master Settlement Agreement, which is the source of this revenue, and saves lives and money because fewer people will develop tobacco-related health problems. The HFAC members thus recommend increasing funding for Tobacco Prevention programs and using General Fund dollars for the Delaware Healthy Children Program.

The details of this recommendation are set forth more fully in the attached spreadsheet. The recommendation expends \$29,758.3 million which can be done with spending \$3,135.6 funds from the Reserve.

HFAC again recommends establishing an Innovation Fund at the Delaware Community Foundation for the purpose of funding health-related programs in concert with the intent of the Tobacco Master Settlement Health Fund in which revenue has been decreasing, due to the decline in cigarette sales, a main goal of the tobacco lawsuit and Master Settlement Agreement. HFAC is extremely concerned about the sustainability of funding for the important work currently funded by the Health Fund in light of the decreasing revenue and thus seeks to explore leveraging private resources to support this important work. This recommendation includes having HFAC serve as the governing body for the Innovation Fund.

As the Chair of the HFAC, I would like to commend the members for their dedication and contribution to the Health Fund process:

Senator Patricia Blevins  
Senator David McBride  
Senator Bethany Hall-Long  
Dr. Charles Reinhardt  
Ms. Laura Howard

Representative Debra Heffernan  
Representative Edward Osienski  
Mr. Donald Fulton  
Ms. Paula Roy

Please contact me if you have any questions.

Enclosure

pc: Health Fund Advisory Committee Members  
Brian Maxwell, Director, Office of Management and Budget  
Michael Morton, Office of the Controller General  
Kimberly Reinagel-Nietubicz, Office of the Controller General