



Invest in Primary Care for Better Access and Lower Costs: Support H.B. 2154

Texas faces a current and impending shortage of physicians—particularly primary care physicians—to meet the health care needs of our growing population. If Texas is going to address skyrocketing health care costs and improve access to care, the state must rebuild its dwindling primary care workforce.

- States relying more on primary care report better health outcomes, score higher on quality rankings and record fewer Intensive Care Unit deaths, according to the Dartmouth Institute for Health Policy and Clinical Practice.
- A recent study concluded that in an average-sized metropolitan area a 1% increase in primary care physicians led to a decrease of 503 hospital admissions, 2,968 emergency room visits and 512 surgeries.

A Critical Shortage of Primary Care Doctors

The number of U.S. medical graduates choosing to enter family medicine and general internal medicine residencies has fallen by almost 50 percent over the past 10 years. Consider the following facts:

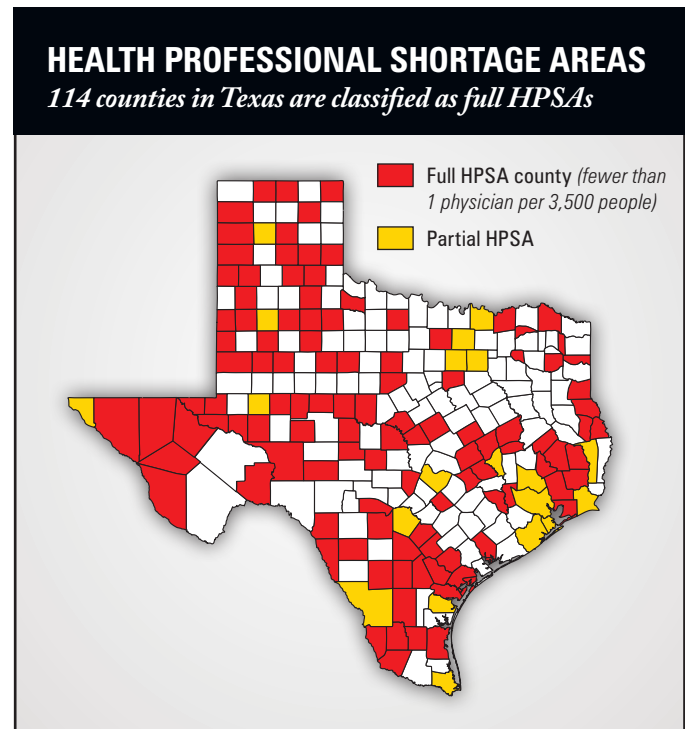
- More than half of Texas' counties need more primary care physicians. 114 counties do not meet the national standard of one physician for every 3,500 people.
- The national average for primary care physicians to every 100,000 people is 81. Texas averages 68 for every 100,000 people.
- By 2015, Texas will need more than 4,500 additional primary care physicians and other providers to care for the state's underserved population, predicted to be 5.3 million people.

Chief among the multiple factors contributing to Texas' shrinking supply of primary care physicians is the cost of medical school. Faced with such high medical school debt, many doctors forego practice in underserved areas and instead choose more lucrative specialties.

Texas Needs Bold Action to Rebuild Its Primary Care Infrastructure

Texas' existing loan repayment programs are disparate and underfunded. The repayment amounts have not changed since the programs' inception in 1985, and fall far short of meeting the state's current needs.

By consolidating the state's loan repayment programs into one entity and structuring a new, substantial investment in debt relief for primary care providers across four years of service, Texas can greatly increase access to primary care services in areas with the most need.



Restructuring the Smokeless Tobacco Tax

How Smokeless Tobacco is Currently Taxed in Texas

The State of Texas imposes an excise tax on certain products to compensate society for the harm they cause. This “sin tax” is typically applied to products with negative health consequences like beer, wine, liquor and cigarettes.

While most excise taxes are applied equally on a per-unit basis, the excise tax on smokeless tobacco is calculated on 40 percent of the manufacturer’s list price. The current method Texas uses to tax smokeless tobacco products allows less expensive brands to avoid paying their share of the harm they cause and deprives the state of excise tax revenue.

Closing Texas’ Tobacco Tax Loophole

H.B. 2154 would restructure the way Texas taxes smokeless tobacco by imposing a \$1.10 per ounce tax on all smokeless tobacco products and set a minimum weight of 1.2 ounces for each product. This would result in a \$1.32 per can tax being applied equally and consistently to all smokeless tobacco products.

The bill also includes a provision to increase the per-unit tax by 3 cents each year over four years, ultimately raising the tax on smokeless tobacco products to \$1.46. This level would bring the tax on smokeless tobacco products in line with the current tax on cigarettes.

H.B. 2154 Protects Property Tax Relief

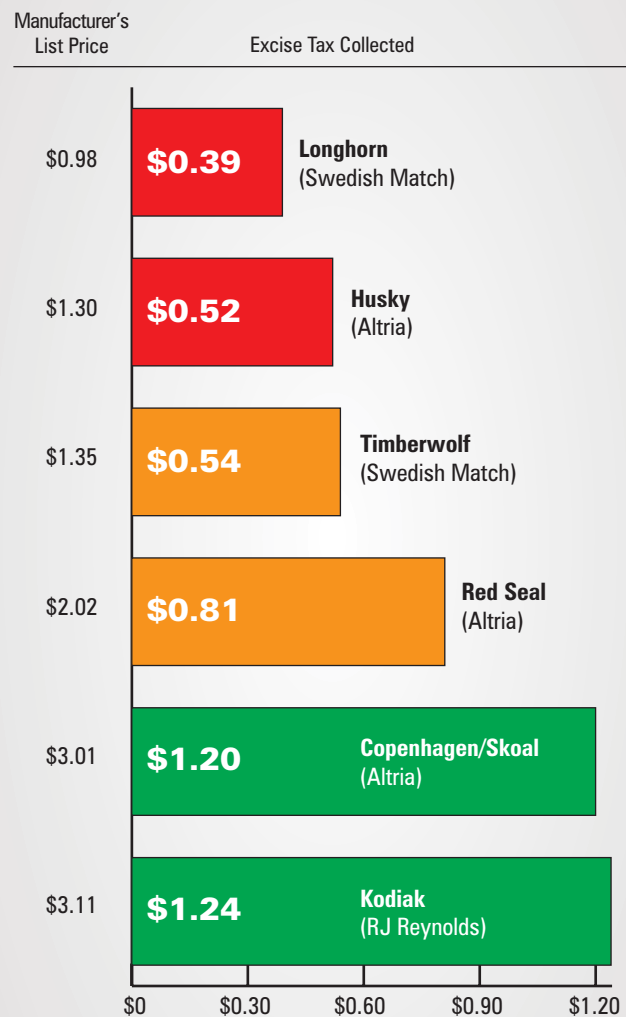
Closing the smokeless tobacco tax loophole generates much needed revenue for health care access while protecting existing tax revenue streams currently allocated to both general revenue and property tax relief.

Invest in Texas’ Health Care Workforce Infrastructure

Texas can put in place an innovative loan repayment program for health care providers to serve the state’s most underserved areas. It will remove one of the most significant barriers to physicians choosing to practice primary care and strengthen the state’s primary care infrastructure, thereby reducing unnecessary hospitalizations and costly trips to the emergency room.

H.B. 2154 is the right investment for Texas to ensure patients are able to access and receive the right care at the right time in the right setting.

TEXAS’ CURRENT TAX METHOD MEANS EQUIVALENT PRODUCTS CARRY DIFFERENT TAX BURDENS



Why should these smokeless tobacco products be taxed differently for the harm they cause Texans?

**MLP prices as of 01/01/09.*