



## **The Master Settlement Agreement**

On November 23, 1998, the Attorneys General of 46 states, Washington D.C., Puerto Rico, the U.S. Virgin Islands, American Samoa, the Northern Mariana Islands and Guam settled lawsuits against the five largest tobacco companies and together signed the Master Settlement Agreement (MSA). This multi-state tobacco settlement was created to recover the billions of Medicaid dollars lost to smoking-related illnesses.

In June 2000, the states began receiving annual payouts of the \$246 billion in settlement dollars—which they will continue to get over the next 25 years. In addition to these payouts, the tobacco companies were required to make significant changes to the way they advertise and promote their products. Some of the provisions include:

- Prohibiting tobacco companies from targeting youth
- Preventing youth access to cigarettes
- Prohibiting the use of cartoons in tobacco marketing campaigns
- Restricting brand name sponsorship of teams and events
- Eliminating outdoor and public transit advertising
- Restricting lobbying and the disclosure of tobacco companies' internal documents to the public.

The MSA was structured to generate policies designed to reduce tobacco use among youth in the U.S. To do this, the MSA called for the development of a national organization. Coined The American Legacy Foundation®, this organization addresses the health impacts of tobacco use through youth activism and counter-marketing, and aims to eliminate disparities of access to tobacco prevention and cessation programs.

### **Illinois**

Illinois will receive more than \$9.1 billion through the year 2025 from the MSA. Illinois receives the fifth largest payout behind California, New York, Pennsylvania and Ohio, respectively. The U.S. Centers for Disease Control (CDC) recommends that Illinois spend between \$64.9 million and \$179 million

per year for tobacco prevention programs. However, Illinois is expected to allocate only \$8.5 million in state funding for fiscal year (FY) 2010, which is 5.4% of the recommendation made by the CDC, and only 1.1% of the expected annual revenue Illinois is expected to receive during this same time period—\$857 million from the tobacco settlement payments and state tobacco taxes. Illinois ranked 42<sup>nd</sup> among the states for tobacco program funding for FY 2010.

While Illinois has not allocated a large percentage of the settlement funds for tobacco programs, the state does provide funding for a number of programs such as the Illinois Tobacco Quitline and other Illinois Department of Public Health sponsored programs geared towards prevention and cessation.

### **The Future**

Starting in FY 2008, settlement states received an increase in the annual payments made from tobacco companies. These increased amounts will continue until 2017, when there will be another substantial increase in yearly payments until 2025. Through the MSA, there continues to be a great opportunity to strengthen tobacco prevention and cessation programs in Illinois and across the nation.

Since the MSA was first announced in 1997, cigarette sales in the U.S. have fallen by more than 21%. However, national survey data show that the trend toward reductions in smoking rates among adults and youth has stalled since 2004. To remedy this, states nationwide, including Illinois, must continue directing settlement funds toward evidence-based programs that have shown to be successful in reducing tobacco use, which will lead to a decrease in smoking-related health care costs, disease, disability, and death.

Adapted from Campaign for Tobacco-Free Kids, et al. A Broken Promise to Our Children: The 1998 State Tobacco Settlement Eleven Years Later, December, 2009 and from Centers for Disease Control and Prevention. State Tobacco Activities Tracking and Evaluation System.