An Ounce of Prevention:
Tobacco Control Saves Lives, Saves Money

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Acknowledgments

Community Catalyst is a national advocacy organization that builds consumer and community participation in the shaping of our health system to ensure quality, affordable health care for all.

Our work is aimed at strengthening the voice of consumers and communities wherever decisions shaping the future of our health system are being made. Community Catalyst strengthens the capacity of state and local consumer advocacy groups to participate in such discussions. The technical assistance we provide includes policy analysis, legal assistance, strategic planning, and community organizing support. Together we're building a network of organizations dedicated to creating a more just and responsive health system.

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Introduction

As spiraling health care inflation continues to threaten the security of public and private health care insurance, prevention programs will help provide the cost savings necessary to protect and expand health access without hurting consumers.

Health Care Inflation is Undermining Access

Over the last 15 years, the cost of insurance has more than doubled. After a respite in the 90s, health care spending has resumed its upward climb. With medical inflation consistently outpacing general inflation, employers are finding it more and more difficult to afford employee health care insurance. In 2003, many employers saw their health premiums rise by 13.9%, the third year of double-digit increases and the highest rate of increase since 1990.[1] Combined with the economic downturn, many employers faced tough decisions and often were forced to choose between passing the higher premiums and deductibles onto their employees or dropping coverage altogether. Further, inflation is inhibiting employees' abilities to pay the higher premiums.[2]

Increased deductibles and co-payments have the greatest impact on people who are sick and on the low-income.

Medical inflation is a serious impediment to public insurance programs as well. The growing costs of state Medicaid programs, exacerbated by the current economic recession, have states struggling to resolve growing budget shortfalls. States have faced significant budget deficits for the past three years ($38B, $80B, and $79B in SFY2002, SFY2003, and SFY2004),[3,4] and Medicaid programs continue to grow, primarily due to medical inflation (the increasing costs of caring for the elderly and disabled).[5] Legislators across the nation have made significant reductions in public insurance programs as cost-saving measures, including eliminating coverage for low-income children, adults, and the elderly, eliminating services such as dental care, physical therapy, and eye exams, and increasing cost-sharing. The cuts have resulted in a considerable slowing of the Medicaid spending growth rate, from 12.8% in SFY2002 to 9.3% in SFY2003.[6] However, the growth rate for private insurance and Medicaid are still substantially higher than the overall inflation rate of 2.2% in 2003.[7]

The high cost of insurance is the main reason why 41 million Americans are uninsured.[8] 71.0% of all nonelderly adults cited high cost as one of the factors for their lack of coverage.[9] As health care spending rises, these numbers will undoubtedly grow.[10] This situation has been made worse by a weak economy that has led to a reduction in employer-sponsored insurance as well as a reduction in the ability of states to pay for public coverage.

Tobacco Use Overburdens Our Health Care System

Tobacco use is the leading preventable cause of death and is a major burden on the health care system (private and public). Tobacco use is responsible for killing more than 440,000 people every year, and millions more suffer from a serious tobacco-related illness.

Smoking is responsible for 30% of all cancer cases. Over 100,000 men and women die of lung cancer due to smoking each year[11]. Beyond causing 87% of lung cancers, smoking is also associated with cancers of the mouth, pharynx, larynx, esophagus, pancreas, uterine cervix, kidney, and bladder[12].

Smoking also greatly increases the risk of dying from heart disease and stroke. The risk of dying from heart disease is tripled from smoking among middle-aged men and women. 21% of all coronary heart disease is also attributed to smoking each year. Smoking also doubles the risk of ischemic stroke and accounts for 18% of all stroke deaths[13]. The CDC reports that over 170,000 Americans dies from smoking related cardiovascular diseases each year[14].

In addition to cancer and cardiovascular disease, smoking causes 81% of all chronic obstructive pulmonary disease cases, which include emphysema and chronic bronchitis. Smoking is also associated with hearing loss, vision problems, chronic coughing, gastric ulcers, and weakened immune systems.

Smoking even seriously harms those who do not smoke but do breathe environmental tobacco smoke or secondhand smoke. The risks associated with secondhand smoke include low birth weight babies, Sudden Infant Death Syndrome, higher risks of respiratory tract infections, asthma, middle ear infections, and increased risks of lung cancer and heart disease mortality. Exposure to secondhand smoke causes an estimated 35,000 to 40,000 deaths from ischemic heart disease[15] and 3,000 deaths from lung cancer annually to nonsmokers[16]. Smoking during pregnancy results in approximately 1,007 infant deaths each year[17].

Not only do these diseases have significant human impacts, causing much suffering and hundreds of thousands of deaths each year, but they also have a very real fiscal cost for our health care system. In 1998, smoking caused an estimated $75B in health care costs annually.[18] About half of these costs are shouldered by private insurers or the patients themselves, but public insurance programs pay as well.[19] Medicaid pays for $23.5B or more than 31% of smoking attributable health care expenditures for adults.[20] Each pack of cigarettes sold costs the nation an estimated $7.18 in medical costs and lost

productivity. Nearly half of the increased costs are due to direct medical expenditures.[21]

Smoking during pregnancy also causes tens of thousands of low birth weight babies each year. The CDC estimated that in 1995 there were between 32,000 and 61,000 additional low birth weight births as a result of maternal smoking.[22] The direct medical costs for low birth weight births from maternal smoking were $263 million in 1995.[23] Smoking during pregnancy also results in several other birth complications, including infant respiratory distress syndrome. In 1995, the CDC estimated the health care costs associated with smoking-attributable birth complications, including low birth weight births, to be as high as $2.0 billion.[24]

The bad news is that as health care costs increase, these expenses will continue to tax both private and public insurance programs. The good news is that tobacco-related illnesses are preventable and that these are costs that can be curbed.

Tobacco Control Saves Lives, Saves Money

Tobacco control works in preventing a significant percentage of tobacco-related illnesses An investment in tobacco control programs will result in immediate and long-term health benefits and economic savings. For example, women who stop smoking before or during the first three to four months of pregnancy reduce their risk of having a low birth weight baby to that of women who never smoked.[25] As consumption decreases, preventable hospitalizations are likely to decrease as well. Five of the ten most common preventable hospitalization conditions are associated with tobacco use. Other benefits include reductions in the incidence of tobacco related illnesses such as lung cancer, heart disease, emphysema and asthma, leading to decreased costs for public and private insurers, decreased out-of-pocket expenditures, and increased productivity and life expectancy.[26] Tobacco cessation and prevention programs play a key role in helping people quit smoking, resulting in these numerous health benefits.

In Helena, Montana where a smoke-free ordinance was passed, the number of hospital admissions for heart attacks dropped by nearly 60% during the six-month period after the ordinance went into effect. Smoke-free workplace ordinances also encourage people to stop smoking. In California, approximately 26.4% of smokers in communities with strong clean indoor air laws quit smoking within six months of the survey compared with only 19.1% of smokers in communities with no ordinances.[27]

Tobacco control is cost-effective
It has been estimated that comprehensive tobacco control programs yield a return of 200-300% in savings; California estimates that they save over $3 for every $1 they invest in tobacco control. [28] These are savings that every state needs and every state can have. There are both short-term and long-term cost savings from tobacco control.

Reducing smoking among pregnant women produces rapid healthcare cost savings by decreasing the number of smoking-caused pregnancy and birth complications. The birth complications caused by maternal smoking are estimated to be as high as $2 billion in direct medical expenditures each year. The implementation of a comprehensive tobacco-prevention program in California resulted in more than $11 million in savings in the first two years because of the reduction of the number of smoking-caused low-birthweight babies. Similarly, smoking reductions among parents lowers smoking-triggered asthma and respiratory illness among their children, which causes direct healthcare costs of more than $2.5 billion each year.[29]

There are also significant long-term savings that result from adult and youth quitting or never starting to smoke, particularly from declines in major tobacco-related illnesses, such as heart disease, strokes, and cancers. “The lifetime healthcare costs of smokers total at

least $12,000 more than nonsmokers, on average, despite the fact that smokers do not live as long." The difference between smokers and formers smokers is somewhat smaller at $8,000. The associated savings from smoking cessation and prevention programs are magnified when considered in the context of percentage point declines in statewide smoking. "By reducing adult and youth smoking rates by five percentage points, an average-sized state would reduce future state healthcare costs by more than $2.1 billion."[30]

Conclusion: Prevention Pays

Budget crises and health care inflation are jeopardizing current insurance programs and will impede any further expansions in health access. An investment in comprehensive tobacco control strategy including tobacco cessation programs, increased tobacco taxes, and clean indoor air ordinances, leading to a substantial savings in dollars and improvement in health, is one that we cannot afford not to make.

Endnotes

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