

**HEALTHY FLORIDA ALLIANCE**  
**Boosting Florida's Tobacco Tax to Boost Access to Health Care**  
*Straight Answers to the Most Frequently Asked Questions*

- 1. There have been and continue to be open slots for uninsured children to enroll in KidCare (Florida's child health insurance program). Why do we need an additional tax to expand a program that isn't being fully utilized now?**

In the past, administrative barriers and misinformation have served to suppress enrollment in some components of KidCare. Many of these problems have been corrected in recent years and that word is getting out. Enrollment in the portion of KidCare targeted for expansion has been increasing steadily (up 22% during the past 18 months). Meanwhile, almost a quarter million eligible kids are and will otherwise remain without coverage.

- 2. KidCare and Medicaid are government-run programs. Why is the expansion of government the only solution being discussed here? Isn't there a private sector solution?**

Although these programs are publicly funded, all of the actual health care is provided in the private sector, as with other forms of health insurance. Although the government administers these programs and pays for the health care provided, this is necessary because private sector coverage is unavailable or unaffordable to the recipients. The vast majority have incomes below the poverty level (\$20K for a family of 4), and all are below 200% of the poverty level. Furthermore, tax credits or other incentives won't be sufficient to enable these families to purchase coverage in the private sector.

- 3. The papers are always running stories about Medicaid fraud. Shouldn't we fix the fraud and waste first, and then determine if expansion is needed?**

Medicaid fraud rates are at an all-time low, but a few high-profile cases skew the perception. The elimination of fraud and the expansion of access to critical health care are both important goals that must be pursued simultaneously. The abuse of the program by a few must not preclude access for so many.

- 4. Florida is in the process of implementing Medicaid Reform, and the shift will produce efficiencies that save the State money. Can't we reinvest those savings in expanding access to health care instead of increasing the tobacco tax?**

Florida is still in the very early stages of the Medicaid Reform experiment, expanding last July from only two counties to five. A report issued in October by the Inspector General for the State agency that administers Medicaid recommended that expansion be delayed until more information about cost-effectiveness is available. Unlike reinvested Medicaid Reform savings, which may not ever materialize, the tobacco tax will provide a dedicated source of revenue for critical health care services.

- 5. Smoking is obviously on the decline. Why would we start a new program using a revenue source that we know is already drying up?**

States that have established similar taxes have found revenues to be relatively stable, declining gradually and predictably over time. In addition, the cost savings associated with reductions in tobacco-related illnesses more than offset any decreases in revenue.

6. **Congress is already in the process of expanding child health insurance programs, and a federal tax on tobacco is proposed to pay for that expansion. So why does the State need to undertake its own expansion effort and levy its own tobacco tax increase?**

The only federal expansion bill passed by Congress thus far was vetoed by the President. Even if federal expansion of children's coverage eventually receives final approval, states would be required to match these additional federal funds. So the federal and state expansion proposals are compatible, not competing.

7. **Tobacco plays an important role in Florida's economy. Will this tax have an adverse impact?**

Smokers who quit or cutback will spend or use the money they formerly spent on cigarettes in other ways – and those alternative uses are likely to produce more jobs and more productive economic activity. Economic studies have found that even if smoking were entirely eliminated in the U.S., the net economic effect on states like Florida would still be positive. A study of retail sales by the State of Maryland's Comptroller conducted after that state's cigarette tax increase found no evidence that the increase had any direct and measurable impact on total tax revenues. Even the tobacco industry would not be significantly affected.

8. **Is KidCare a form of welfare? Are we teaching our kids to be dependent on the system and fostering an "entitlement mentality"?**

The answer to both questions is "no." First, families pay monthly premiums based on their income as well as copayments for a number of services – just as with private insurance. KidCare is modeled after private insurance and run by the private sector. Second, the provision of health care insurance coverage is not only more cost-effective than any of the alternatives, it is the best way to ensure that children receive the appropriate and timely care necessary to assure healthy outcomes – hardly welfare. Plus, KidCare coverage ends at age 19.

9. **The majority of smokers fall into the lower income brackets. Doesn't the burden created by this tax fall disproportionately fall on poor people (i.e., isn't this tax regressive?)**

It is the harmful effects of smoking that are regressive, with lower-income communities already suffering disproportionately from smoking-caused disease, disability, death, and costs. Raising cigarette taxes helps lower-income communities the most because lower-income smokers are more likely to quit because of tax increases than higher income smokers. That means that cigarette tax increases will reduce smoking-caused harms more sharply among lower income families and communities – and that lower-income smokers are more likely than higher income smokers to end up getting a big tax cut and a big increase in disposable income.

Sources: Campaign for Tobacco Free Kids, Florida Agency for Health Care Administration, Florida Department of Health, Community Catalyst

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