



STATE COSTS CAUSED BY SMOKING [And How to Reduce Them While Also Raising Revenue]

State governments, businesses and residents spend enormous amounts of money on smoking-caused healthcare and other costs. For example, State Medicaid programs spend more than \$30 billion each year on smoking-caused health costs, with other state government healthcare spending caused by smoking totaling at least another several billion. These state expenditures can be reduced by taking effective steps to reduce smoking, such as enforcing strong smoke-free laws, increasing state tobacco-prevention funding, and raising state tobacco tax rates, which will also bring the state substantial amounts of new revenue. Increasing state tax rates on other tobacco products will secure even more health benefits, cost savings, and new state revenues. Directing some of the new tax revenues to increase the funding of state tobacco prevention programs to the levels recommended by the U.S. Centers for Disease Control & Prevention will secure even larger reductions to state healthcare costs and state Medicaid program expenditures. The following table provides a range of related data for each state (all amounts in millions unless otherwise indicated).

State	Annual Smoking Caused Health Costs in State ¹	Annual Smoking Caused Medicaid Costs	Annual Other State Gov't Health Costs From Smoking	Shortfall in Annual State Tobacco Control Funding ²	Reduced Future Medicaid Costs from 5% Smoking Declines ³	New Annual Revenues from 50¢ Cigarette Tax Increase	Reduced Future Medicaid Spending from 50¢ Increase ⁴
Alabama	\$1.49 bill.	\$238.0	\$45.0	-\$54.4	\$355.6	\$112.46	\$103.5
Alaska	\$169	\$77.0	\$5.1	-\$1.5	\$60.8	\$7.86	\$8.1
Arizona	\$1.3 bill.	\$316.0	\$38.6	-\$46.8	\$523.9	\$41.61	\$53.9
Arkansas	\$812	\$242.0	\$24.4	-\$19.5	\$212.6	\$53.52	\$35.1
California	\$9.14 bill.	\$2,959.0	\$274.3	-\$363.8	\$1,631.5	\$313.46	\$514.9
Colorado	\$1.31 bill.	\$319.0	\$39.4	-\$26.9	\$456.1	\$66.16	\$67.0
Connecticut	\$1.63 bill.	\$430.0	\$48.9	-\$35.6	\$301.1	\$34.50	\$39.4
Delaware	\$284	\$79.0	\$8.5	-\$2.6	\$50.6	\$19.28	\$7.1
DC	\$243	\$78.0	\$7.3	-\$6.5	\$36.9	\$3.61	\$3.7
Florida	\$6.32 bill.	\$1,250.0	\$189.6	-\$150.7	\$1,151.3	\$150.98	\$166.1
Georgia	\$2.25 bill.	\$537.0	\$67.6	-\$113.3	\$829.9	\$187.08	\$139.0
Hawaii	\$336	\$117.0	\$10.1	-\$3.9	\$97.3	\$10.74	\$11.0
Idaho	\$319	\$83.0	\$9.6	-\$14.3	\$125.5	\$24.50	\$16.3
Illinois	\$4.10 bill.	\$1,570.0	\$123.2	-\$147.5	\$1,397.6	\$185.93	\$235.2
Indiana	\$2.08 bill.	\$487.0	\$62.5	-\$62.8	\$598.4	\$134.11	\$123.1
Iowa	\$1.01 bill.	\$301.0	\$30.5	-\$25.5	\$220.1	\$40.11	\$35.5
Kansas	\$927	\$196.0	\$27.8	-\$30.1	\$183.5	\$41.01	\$28.2
Kentucky	\$1.50 bill.	\$487.0	\$45.0	-\$53.5	\$476.9	\$157.69	\$112.9
Louisiana	\$1.47 bill.	\$663.0	\$44.2	-\$45.0	\$922.4	\$129.38	\$186.5
Maine	\$602	\$216.0	\$18.1	-\$6.8	\$208.1	\$15.42	\$27.5

Key State-Specific Tobacco-Related Data & Rankings / 2

State	Annual Smoking Caused Health Costs in State¹	Annual Smoking Caused Medicaid Costs	Annual Other State Gov't Health Costs From Smoking	Shortfall in Annual State Tobacco Control Funding²	Reduced Future Medicaid Costs from 5% Smoking Declines³	New Annual Revenues from 50¢ Cigarette Tax Increase	Reduced Future Medicaid Spending from 50¢ Increase⁴
Maryland	\$1.96 bill.	\$476.0	\$58.9	-\$42.7	\$494.5	\$44.59	\$58.3
Massachusetts	\$3.54 bill.	\$1,046.0	\$106.3	-\$76.5	\$604.0	\$40.86	\$62.9
Michigan	\$3.40 bill.	\$1,128.0	\$102.0	-\$116.1	\$1,177.9	\$108.70	\$214.8
Minnesota	\$2.06 bill.	\$465.0	\$61.9	-\$36.9	\$458.6	\$59.25	\$69.9
Mississippi	\$719	\$264.0	\$21.6	-\$28.5	\$344.5	\$61.46	\$64.3
Missouri	\$2.13 bill.	\$532.0	\$64.1	-\$70.5	\$465.1	\$176.98	\$99.4
Montana	\$277	\$67.0	\$8.3	-\$4.6	\$74.8	\$13.51	\$9.9
Nebraska	\$537	\$134.0	\$16.1	-\$17.5	\$112.2	\$35.53	\$18.7
Nevada	\$565	\$123.0	\$17.0	-\$28.4	\$180.1	\$44.02	\$27.7
N. Hampshire	\$564	\$115.0	\$16.9	-\$18.1	\$201.2	\$24.42	\$31.9
New Jersey	\$3.17 bill.	\$967.0	\$95.3	-\$109.6	\$1,042.1	\$63.02	\$110.8
New Mexico	\$461	\$184.0	\$13.8	-\$12.9	\$151.2	\$19.14	\$22.8
New York	\$8.17 bill.	\$5,471.0	\$245.1	-\$172.4	\$3,068.2	\$55.59	\$332.3
North Carolina	\$2.46 bill.	\$769.0	\$73.9	-\$88.3	\$650.0	\$210.02	\$124.9
North Dakota	\$247	\$47.0	\$7.4	-\$5.2	\$38.2	\$14.28	\$6.2
Ohio	\$4.37 bill.	\$1,426.0	\$131.3	-\$137.9	\$1,160.1	\$180.65	\$215.0
Oklahoma	\$1.16 bill.	\$218.0	\$34.9	-\$25.9	\$241.7	\$92.90	\$46.5
Oregon	\$1.11 bill.	\$287.0	\$33.5	-\$33.9	\$263.5	\$46.14	\$39.6
Pennsylvania	\$5.19 bill.	\$1,710.0	\$155.8	-\$122.3	\$1,060.4	\$206.92	\$195.9
Rhode Island	\$506	\$179.0	\$15.2	-\$13.3	\$164.1	\$4.96	\$18.3
South Carolina	\$1.09 bill.	\$393.0	\$32.9	-\$61.2	\$471.9	\$110.69	\$99.0
South Dakota	\$274	\$58.0	\$8.2	-\$5.5	\$54.9	\$8.65	\$8.6
Tennessee	\$2.16 bill.	\$680.0	\$65.0	-\$65.6	\$764.9	\$124.26	\$144.9
Texas	\$5.83 bill.	\$1,620.0	\$174.9	-\$253.7	\$1,931.4	\$237.61	\$284.5
Utah	\$345	\$104.0	\$10.4	-\$15.4	\$267.6	\$24.87	\$19.5
Vermont	\$233	\$72.0	\$7.0	-\$4.3	\$68.9	\$4.74	\$8.0
Virginia	\$2.08 bill.	\$401.0	\$62.6	-\$89.6	\$535.4	\$181.91	\$89.5
Washington	\$1.95 bill.	\$651.0	\$58.7	-\$38.9	\$662.9	\$53.74	\$76.5
West Virginia	\$690	\$229.0	\$20.7	-\$21.1	\$245.7	\$65.56	\$55.8
Wisconsin	\$2.02 bill.	\$480.0	\$60.7	-\$48.0	\$459.9	\$55.62	\$63.0
Wyoming	\$136	\$37.0	\$4.1	-\$2.1	\$43.7	\$12.24	\$7.6

Sources: CDC, *Data Highlights 2006* [and underlying CDC data/estimates]. CDC's STATE System average annual smoking attributable productivity losses from 1997-2001 (1999 estimates updated to 2004 dollars; Miller, L. et al., "State Estimates of Medicaid Expenditures Attributable to Cigarette Smoking, Fiscal Year 1993," *Public Health Reports* 113: 140-151, March/April 1998; Orleans, CT, et al., "Helping Pregnant Smokers Quit: Meeting the Challenge in the Next Decade", *Tobacco Control* 9(Supplemental III): 6-11, 2000. CDC, "Annual Smoking-Attributable Mortality, Years of Potential Life Lost, and Productivity Losses—United States 2000-2004," *MMWR* 57(45): 1226-1228, November 14, 2008, <http://www.cdc.gov/mmwr/PDF/wk/mm5745.pdf>. See also, GAO, "CDC's April 2002 Report on Smoking: Estimates of Selected Health Consequences of Cigarette Smoking Were Reasonable," July 16, 2003, <http://www.gao.gov/new.items/d03942r.pdf>; Miller, L, et al., "State Estimates of Total Medical Expenditures Attributable to Cigarette Smoking, 1993," *Public Health Reports* 113: 447-58, Sept/Oct 1998; Zhang, X, et al., "Cost of Smoking to the Medicare Program, 1993," *Health Care Financing Review* 20(4):1-19, Summer 1999. For other non-health care smoking-caused costs, see, e.g., U.S. Department of the Treasury, *The Economic Costs of Smoking in the U.S. and the Benefits of Comprehensive Tobacco Legislation*, 1998); Chaloupka, FJ & Warner, KE, "The Economics of Smoking," in Culyer, A & Newhouse, J (eds), *The Handbook of Health Economics*, 2000.

For more state-specific data, see the Campaign for Tobacco-Free Kids website at www.tobaccofreekids.org/research/factsheets; <http://tobaccofreekids.org/research/factsheets/pdf/0168.pdf>; and www.tobaccofreekids.org/reports/settlements and <http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=6>.

Campaign for Tobacco-Free Kids, July 15, 2009

¹ Includes government, business, and household expenditures just on healthcare caused by smoking.

² Shortfall = Difference between what the state spends on tobacco prevention compared to the expenditure levels recommended by the U.S. Centers for Disease Control & Prevention (CDC). [CDC, *Best Practices for Comprehensive Tobacco Control*, October 2007.]

³ Based on state experiences to date with their tobacco prevention expenditures, states that fully fund their tobacco prevention programs at the amounts recommended by CDC should secure smoking declines averaging at least one percentage point per year for at least the first five years. Accordingly, this column shows the reduction to future smoking-caused Medicaid program expenditures that a state would secure from such a five percentage point reduction to its smoking levels. Much of the savings would begin to accrue immediately in the form of lower Medicaid expenditures each year to cover the healthcare costs of pregnant women and their newborns (which are much higher among pregnant women who smoke); and the remainder would accrue over the lifetimes of those current and future Medicaid recipients alive today who would quit smoking or not start. Other non-Medicaid health cost reductions would be much larger.

⁴ Each ten percent increase in cigarette prices caused by tobacco tax increases reduces smoking among youth and pregnant women by approximately six to seven percent and reduces adult consumption by four percent – and those smoking declines produce significant Medicaid program and other cost reductions.