



FEDERAL TAX BURDENS ON U.S. HOUSEHOLDS CAUSED BY TOBACCO USE

Almost half of all tobacco-caused health care costs in the United States are covered by federal programs -- such as Medicare, Medicaid, VA health care, U.S. Military Hospitals, and federal employee health plans. That means that whether they smoke or not, U.S. taxpayers ultimately pay roughly \$38 billion dollars each year in federal taxes to treat the many health problems caused by smoking. These U.S. government tobacco-caused health care costs increase the average American household's federal tax bill by roughly \$320 per year.

The U.S. Government also incurs other tobacco-caused costs beyond health care. There are no good estimates of what these costs total. But the Social Security Administration, for example, pays out more than \$1.8 billion per year in Survivors Insurance to support kids with one or both parents who have died from smoking.

Recovering Tobacco-Caused Federal Taxes Through the Federal Tobacco Lawsuit

To recover some of these tobacco-caused taxpayer costs, the U.S. Government's Department of Justice has initiated a lawsuit against the big tobacco companies. That lawsuit seeks to recover tobacco-caused costs incurred by the U.S. Government because of the tobacco companies' many wrongful and illegal acts that increased the numbers of U.S. smokers and reduced the numbers that quit -- thereby increasing the overall amount of tobacco-caused disease and related costs. Because the state tobacco lawsuits already settled all issues pertaining to the federal-state Medicaid program, the federal tobacco lawsuit covers all federal tobacco-caused health costs except for those covered by the Medicaid program.

Right now, federal programs other than Medicaid spend roughly \$28.5 billion per year to cover tobacco-caused health care costs. Accordingly, the average American household now pays about \$240 in federal taxes each year to cover the smoking-caused costs that are at issue in the federal tobacco lawsuit. In fact, the average American household pays roughly \$170 in federal taxes each year just to cover the U.S. Government's tobacco-caused Medicare costs, which total \$20.5 billion per year.

In sharp contrast, federal tobacco taxes bring in only about \$5.3 billion in federal revenues per year, or roughly \$50 per U.S. household.

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Sources

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