COMPREHENSIVE STATEWIDE TOBACCO PREVENTION PROGRAMS SAVE MONEY

It is well established that comprehensive statewide tobacco-prevention programs prompt sharp reductions in smoking levels among both adults and kids by both increasing the numbers who quit or cutback and reducing the numbers who start or relapse.* As shown by the experience of those states that already have comprehensive tobacco-prevention programs, these smoking reductions save thousands of people from suffering from the wide range of smoking-caused illnesses and other health problems, thereby producing enormous declines in state health care costs and other smoking-caused expenditures.

Immediate Savings

Substantial cost savings from getting adult smokers to quit begin to appear as soon as the smoking declines occur. While most of the healthcare savings from getting kids to quit smoking or never start do not appear until many years later, some savings from reducing youth smoking also appear immediately. Most notably, reducing smoking among pregnant women (including pregnant teens, who have especially high smoking rates) produce immediate reductions in smoking-caused pregnancy and birth complications and related healthcare costs. Research studies estimate that the direct additional healthcare costs in the United States associated just with the birth complications caused by pregnant women smoking or being exposed to secondhand smoke could be as high as $2 billion per year or more, with the costs linked to each smoking-affected birth averaging $1,142 to $1,358.[1] And state Medicaid programs cover well over half of all births in the United States.[2]

Not surprisingly, program officials have announced that the Massachusetts comprehensive tobacco-prevention program, which began in 1993, quickly began paying for itself just through the declines in smoking among pregnant women in the state.[3] In addition, research in California shows that its program, which began in 1989, reduced state healthcare costs by more than $100 million in its first seven years just by reducing the number of smoking-caused low-birthweight babies, with more than $11 million of those savings in the first two years.[4] Subsequent research indicates that California's overall cost savings from reducing all smoking-affected births and birth complications during its first two years totaled roughly $20 million.[5]

Similarly, smoking declines among parents (including teen parents) rapidly produce healthcare cost savings by immediately reducing smoking-triggered asthma and respiratory illness and other secondhand-smoke health problems among their children. Parental smoking has been estimated to cause direct medical expenditures of more than $2.5 billion per year to care for smoking-caused problems of exposed newborns, infants, and children.[6] And these estimates do not even include the enormous costs associated with the physical, developmental, and behavioral problems of smoking-affected offspring that not only occur during infancy but can extend throughout their entire lives.[7]

By quickly reducing the number of cigarettes smoked by adults and kids in the state each year, statewide tobacco-control programs also reduce other health problems, and related costs, caused by secondhand smoke. Adults and children with emphysema, asthma or other respiratory illnesses, for example, can suffer immediate distress from being exposed to cigarette smoke, which can even lead to hospitalization in some cases.[8] Reducing the number of cigarettes smoked in a state can also reduce the number of smoking-caused fires and the amount of smoking-caused smoke damage, soiling, and litter. While no good estimates of the related cost savings exist, smoking-caused fires cause more than $500 million in

* For extensive examples of real-world adult and youth smoking declines in states that have already initiated statewide tobacco-prevention programs, see TFK Factsheet, *Comprehensive Statewide Tobacco Prevention Programs Effectively Reduce Tobacco Use*, http://www.tobaccofreekids.org/research/factsheets/pdf/0045.pdf, and other related Factsheets at www.tobaccofreekids.org/research/factsheets/index6.shtml. For information on the structure of effective state programs, see TFK Factsheet, *Essential Elements of a Comprehensive State Tobacco Prevention Program*, http://www.tobaccofreekids.org/research/factsheets/pdf/0015.pdf, and the others at www.tobaccofreekids.org/research/factsheets/index7.shtml.

residential and commercial property losses each year; and business maintenance and cleaning costs caused by smoking annually total roughly $5 billion nationwide.[9]

Sharp drops in the major smoking-caused diseases (such as strokes, heart disease, and lung and other cancers), with large related savings, do not appear for several years after state adult smoking levels decline. But some small declines in these smoking-caused diseases do begin to occur immediately, with significant cost savings. In California, for example, the state tobacco control program's reductions to adult smoking in its first seven years produced healthcare costs savings of $390 million just through the related declines in smoking-caused heart attacks and strokes, with more than $25 million of those savings appearing in the first two years.[10]

Annual Cost Savings From An Established State Tobacco-Prevention Program

As noted, California's tobacco-control program secured substantial savings over the first seven years of its operation just from reducing smoking-affected births and smoking-caused heart attacks and strokes. Taken together, these savings more than covered the entire cost of the state's program over that time period, by themselves, and produced even larger savings in the following years.[11] For every single dollar the state has been spending on the California program it has been reducing statewide healthcare costs by more than $3.60 -- with reductions in other smoking-caused costs saving another six dollars or more.[12] Between 1990 and 1998 the California Tobacco Control Program saved an estimated $8.4 billion in overall smoking-caused costs and more than $3.0 billion in smoking-caused healthcare costs.[13] In addition, these savings estimates for California do not even reflect the fact that since 1988 (the year before the California tobacco-prevention began), the rates of lung and bronchus cancer in California have declined more than five times as fast as they have in a sample of other areas of the U.S. (-14.0% vs. -2.7%). This decline is not only saving thousands of lives but also saving the state millions of dollars in medical costs with projected future savings in the billions.[14]

Because it started later, and is a smaller state (which faces higher per-capita costs to implement some key tobacco-control elements), the Massachusetts program has not yet enjoyed as large per-capita savings as the California tobacco prevention program. But a report by an economist at the Massachusetts Institute of Technology in 2000 found that the state's program was already reducing statewide healthcare costs by $85 million per year – which means the state was annually reducing smoking-caused health care costs by at least two dollars for every single dollar it invested in its comprehensive tobacco-prevention efforts.[15]

More recent research has added to these findings to show that state programs secure even larger returns on investment for sustained funding of tobacco prevention at adequate levels over ten or more years. Most notably, a more recent study of California's tobacco prevention found that for every dollar the state spent on its tobacco control program from 1989 to 2004, the state received tens of dollars in savings in the form of sharp reductions to total healthcare costs in the state.[16] This study confirms that the cost-saving benefits from sustained state investments in effective tobacco control programs quickly grow over time to dwarf the state expenditures, producing massive gains for the state not only in terms of both improved public health and increased worker productivity but in reduced government, business, and household costs.

Similarly, an August 2008 Australian study found that for every dollar spent on a strong tobacco control program there (consisting primarily of aggressive anti-smoking television ads along with telephone quitlines and other support services to help smokers quit) the program reduced future healthcare costs by $70 over the lifetimes of the persons the program prompted to quit. This savings estimate was based on the study's finding that for every 10,000 who quit because of the tobacco control program, more than 500 were saved from lung cancer, more than 600 escaped having heart attacks, at least 130 avoid suffering from a stroke, and more than 1700 were prevented from suffering from chronic obstructive pulmonary disease (COPD).[17]

Even Larger Future Savings From Early Tobacco-Program Smoking Declines

While impressive, the estimates of current savings compared to current costs overlook a critically important component of the cost savings from state tobacco-control. By prompting current adult and

youth smokers to quit, helping former smokers from relapsing, and getting thousands of kids to never start smoking, state tobacco-prevention programs lock in enormous savings over the lifetimes of each person stopped from smoking. Put simply, the lifetime healthcare costs of smokers total at least $16,000 more than nonsmokers, on average, despite the fact that smokers do not live as long, with a somewhat smaller difference between smokers and former smokers.[18] That means that for every thousand kids kept from smoking by a state program, future healthcare costs in the state decline by roughly $16 million (in current dollars), and for every thousand adults prompted to quit future health costs drop by roughly $8.5 million.

These savings-per-thousand figures are significant, but it is important to note that in an average-sized state a one percentage point decline in adult smoking means that more than 30,000 adults have quit smoking, which translates into savings over their lifetimes of more than a quarter of a billion dollars in reduced smoking-caused healthcare costs. And maintaining a single one-percentage-point reduction in youth smoking in an average-sized state will keep 16,000 kids alive today from ever becoming smokers, producing healthcare savings over their lifetimes of more than one quarter of a billion dollars, as well.[19] Moreover, an adequately funded, comprehensive statewide tobacco-prevention program in any state should be able to reduce adult and youth smoking by much more than a single percentage point over just its first few years of operation. California, for example, reduced adult smoking rates by roughly one percentage point per year, above and beyond national adult smoking declines, during each of its first seven years.[20] In the first three years of its youth-directed tobacco control program, Florida reduced high-school and middle-school smoking by almost three percentage points per year.[21] By reducing adult and youth smoking rates by five percentage points, an average-sized state would reduce future state smoking-caused healthcare costs by more than $2.5 billion.

Along the same lines, the findings of a 2004 study show that if every state funded it tobacco prevention efforts at the minimum amount recommended by the U.S. Centers for Disease Control and Prevention (CDC), just the related declines in youth smoking would lock in future reductions in smoking-caused healthcare costs of more than $31 billion.[22] The related declines in adult smoking and in secondhand smoke exposure from the states making these CDC investments in tobacco prevention would lock in tens of billions of dollars in additional smoking-caused cost savings.

State Tobacco-Prevention Efforts and State Medicaid Program Savings

The long-term savings from state tobacco-prevention programs -- as well as the immediate and short-term savings outlined above – also directly reduce state Medicaid program expenditures. For the average state, more than 17% of all smoking-caused healthcare expenditures within its borders are paid for by the state's Medicaid program (with actual state rates ranging from a low of slightly more than 10% for North Dakota and Delaware to more than 27% for Maine, New Hampshire and New York, and a high of 36% for Louisiana).[23] Other state healthcare programs and the state's health insurance programs for government employees also accrue significant cost savings from the smoking declines prompted by state tobacco-prevention programs.

Can Other States Do As Well As California and Massachusetts?

States that establish comprehensive statewide tobacco-prevention programs should do at least as well, in terms of cost savings, as California and Massachusetts have in the past, and could do even better. By taking advantage of the knowledge and experience gained from the efforts in California, Massachusetts, and elsewhere, other states can design and initiate programs that are even more effective than those states' early efforts and can get up to full speed more quickly. Other states can also simply make larger investments in tobacco prevention. Massachusetts and California tobacco-control expenditures have only roughly matched or even fallen below the minimum funding recommendations of the U.S. Centers for Disease Control and Prevention (CDC). By matching or exceeding the CDC guidelines, and maintaining those funding levels over time, other states should secure even larger per-capita savings.

Campaign for Tobacco-Free Kids, February 24, 2005 / Eric Lindblom

Related Campaign Fact Sheets (available at http://www.tobaccofreekids.org/research/factsheets)

- *Comprehensive Statewide Tobacco Prevention Programs Effectively Reduce Tobacco Use*

- *Youth Smoking Declines & Benefits From Adequate State Tobacco Prevention Investments*
- *Benefits & Savings from Each One Percentage Point Decline in [State] Smoking Rates*
- *Projected Cost Savings and Health Benefits from [State] Making Adequate Investments to Reduce Tobacco Use*
- *Projected Medicaid Program Savings in [State] from Adequate State Investments to Prevent and Reduce Tobacco Use*
- *Essential Elements of a Comprehensive State Tobacco Prevention Program*
- *Toll of Tobacco in the United States of America*
- *Toll of Tobacco in [State]*
- *Tobacco Caused Health-Care Expenditures in Each State & Related Federal-State Tax Burdens (Table)*
- *Immorality and Inaccuracy of the Death Benefit Argument*

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