



## STATE PUBLIC HEALTH BENEFITS AND HEALTHCARE COST SAVINGS FROM THE FEDERAL CIGARETTE TAX INCREASE

The table below presents conservative estimates of just some of the public health benefits and related healthcare cost savings each state will receive from a 61.66-cent federal cigarette tax rate increase. Additional benefits (not listed in the table) include the payments to the states under the State Children's Health Insurance Program (SCHIP), which would be funded by the tobacco tax rate increases in legislation that was passed by Congress and signed into law by President Barack Obama. The SCHIP expansion also includes increases to the federal excise tax on other tobacco products, which will produce additional public health benefits and healthcare cost savings for states.

	Fewer Kids Becoming Addicted Adults	Fewer Current Adult Smokers	Future Smoking Deaths Prevented	Future State Health Care Savings	Medicaid Share of Future Health Savings
Alabama	65,500	21,900	26,700	\$1.3 billion	\$180.9 million
Alaska	3,800	1,700	1,600	\$82.7 million	\$12.7 million
Arizona	27,400	17,800	13,400	\$648.6 million	\$90.2 million
Arkansas	22,500	12,400	10,400	\$511.6 million	\$66.5 million
California	191,700	92,300	85,800	\$4.2 billion	\$841.2 million
Colorado	29,500	16,200	13,700	\$670.2 million	\$108.1 million
Connecticut	19,200	7,700	8,100	\$409.2 million	\$62.0 million
Delaware	5,800	2,900	2,600	\$129.1 million	\$13.1 million
DC	2,000	1,500	1,000	\$49.3 million	\$5.6 million
Florida	137,500	75,400	63,900	\$3.1 billion	\$348.8 million
Georgia	68,100	37,100	31,600	\$1.5 billion	\$228.1 million
Hawaii	6,200	2,800	2,700	\$135.1 million	\$18.1 million
Idaho	8,400	5,400	4,100	\$198.3 million	\$28.0 million
Illinois	86,400	39,000	37,900	\$1.8 billion	\$355.6 million
Indiana	52,000	27,600	23,900	\$1.1 billion	\$191.5 million
Iowa	19,600	9,900	8,800	\$437.1 million	\$56.2 million
Kansas	17,800	9,000	8,000	\$397.0 million	\$45.3 million
Kentucky	48,400	30,500	23,500	\$1.1 billion	\$223.0 million
Louisiana	40,500	19,900	18,200	\$897.8 million	\$326.5 million
Maine	6,700	3,800	3,100	\$153.4 million	\$43.5 million
Maryland	27,200	13,500	12,200	\$604.3 million	\$93.1 million
Massachusetts	25,500	13,200	11,600	\$571.7 million	\$94.4 million
Michigan	75,600	30,100	32,100	\$1.6 billion	\$332.1 million
Minnesota	34,500	14,000	14,700	\$736.8 million	\$113.4 million
Mississippi	26,900	14,800	12,500	\$611.4 million	\$123.8 million
Missouri	53,300	30,700	25,100	\$1.2 billion	\$168.7 million
Montana	4,900	2,900	2,300	\$113.3 million	\$15.5 million
Nebraska	12,700	6,900	5,800	\$287.8 million	\$31.5 million
Nevada	15,600	10,100	7,600	\$369.0 million	\$44.3 million
New Hampshire	9,200	4,300	4,000	\$201.9 million	\$54.8 million
New Jersey	37,600	18,700	16,900	\$835.7 million	\$176.2 million
New Mexico	12,500	7,500	5,900	\$290.0 million	\$38.4 million
New York	77,400	41,300	35,700	\$1.7 billion	\$486.3 million
North Carolina	75,200	45,000	35,900	\$1.7 billion	\$214.8 million
North Dakota	4,300	2,900	2,100	\$102.8 million	\$10.9 million
Ohio	89,600	45,500	40,700	\$2.0 billion	\$354.4 million
Oklahoma	28,700	17,000	13,600	\$663.8 million	\$76.7 million

	Fewer Kids Becoming Addicted Adults	Fewer Current Adult Smokers	Future Smoking Deaths Prevented	Future State Health Care Savings	Medicaid Share of Future Health Savings
Oregon	23,300	11,300	10,400	\$515.1 million	\$63.3 million
Pennsylvania	92,100	44,100	41,100	\$2.0 billion	\$306.8 million
Rhode Island	5,500	2,400	2,300	\$119.1 million	\$33.1 million
South Carolina	42,100	22,200	19,300	\$947.7 million	\$175.1 million
South Dakota	5,600	2,600	2,400	\$122.7 million	\$14.6 million
Tennessee	47,400	30,200	23,100	\$1.1 billion	\$241.0 million
Texas	152,800	74,700	68,600	\$3.3 billion	\$458.8 million
Utah	9,000	5,400	4,300	\$208.8 million	\$34.1 million
Vermont	3,100	1,600	1,400	\$69.5 million	\$13.8 million
Virginia	56,700	30,000	26,000	\$1.2 billion	\$154.8 million
Washington	30,400	14,800	13,600	\$672.6 million	\$119.7 million
West Virginia	17,100	10,600	8,200	\$400.0 million	\$96.7 million
Wisconsin	33,500	16,100	14,900	\$739.2 million	\$106.3 million
Wyoming	4,100	2,300	1,900	\$93.6 million	\$13.5 million
<b>Total USA</b>	<b>1,992,400</b>	<b>1,021,500</b>	<b>905,200</b>	<b>\$44.5 billion</b>	<b>\$7.5 billion</b>

These projections are based on research findings that a 10% cigarette price increase reduces youth smoking rates by 6.5%, adult rates by 2%, and total consumption by 4%. Kids stopped from becoming addicted adult smokers or from dying from smoking are from all kids alive today. Reduced adult deaths is from current adult smokers. Future healthcare savings accrue over the lifetimes of persons who stop smoking or never start because of the cigarette tax increase. Savings are in 2004 dollars. The Medicaid Share of Future Health Savings amounts for each state represent the future reductions to total healthcare expenditures by each state's Medicaid program.

**Sources.** Congressional Research Service, *Projected FY2008 Allotments Under Compromise Proposal, Compared to Allotment Projected Under Current-Law Baseline*, September 2007. Chaloupka, F, "Macro-Social Influences: Effects of Prices and Tobacco Control Policies on the Demand for Tobacco Products," *Nicotine & Tobacco Research*, 1999, and other price studies at <http://tigger.uic.edu/~fjc> and [www.uic.edu/orgs/impacteen](http://www.uic.edu/orgs/impacteen). Orzechowski & Walker, *Tax Burden on Tobacco*, 2006. USDA Economic Research Service, [www.ers.usda.gov/Briefing/tobacco](http://www.ers.usda.gov/Briefing/tobacco). Farrelly, M, et al., *State Cigarette Excise Taxes: Implications for Revenue and Tax Evasion*, RTI International, May, 2003. CDC, *Data Highlights 2006* [and underlying CDC data/estimates]. Hodgson, T, "Cigarette Smoking and Lifetime Medical Expenditures," *The Millbank Quarterly* 70(1), 1992. U.S. Census. National Center for Health Statistics. 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. For information on shorter-term healthcare savings, see Miller, P, et al., "Birth and First-Year Costs for Mothers and Infants Attributable to Maternal Smoking," *Nicotine & Tobacco Research* 3(1):25-35, February 2001. Lightwood, J & Glantz, S, "Short-Term Economic and Health Benefits of Smoking Cessation - Myocardial Infarction and Stroke," *Circulation* 96(4):1089-1096, August 19, 1997.

**Campaign for Tobacco-Free Kids 01.08.09 / Eric Lindblom & Ann Boonn, February 4, 2009**

Information on the benefits of increasing state tobacco taxes is available at <http://www.tobaccofreekids.org/research/factsheets/index.php?CategoryID=18>.