Costs of Tobacco

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Costs of Tobacco:

- Smoking Attributable Morbidity, Mortality and Economic Costs (SAMMEC)
  - What it is
  - Results
  - What it doesn’t include

- Tobacco industry
Adult SAMMEC

- An online application to estimate the health and health-related economic consequences of smoking.
- Provides users the ability to estimate:
  - Annual Smoking-Attributable Mortality (SAM)
  - Years of Potential Life Lost (YPLL)
  - Medical expenditures
  - Productivity losses
- 2014 Surgeon General’s Report updating methodology
  - New conditions linked to smoking
  - Updated relative risks for adult conditions
  - Four age strata used in calculations
  - Newer smoking history rates
  - More recent healthcare expenditure rates by insurer type
About 480,320 U.S. deaths attributable each year to cigarette use and secondhand smoke.

Sources: *MMWR 2008;57(45): 1226-1228, †SGR 2014
Economic Cost Component

- **Direct costs:**
  - Cigarette smoking-attributable health care expenditures

- **Indirect costs:**
  - Productivity loss associated with smoking-attributable premature death

- **2000-2004:**
  - Approximately $193 billion annually
  - Healthcare expenditure: $96 billion
  - Productivity loss: $97 billion from smoking-related causes

- **2009-2012:**
  - Approximately $289–333 billion annually
  - Healthcare expenditure: $133-176 billion
  - Productivity loss:
    - $151 billion (deaths from all causes)
    - $5.6 billion to secondhand smoke
Direct Costs of Smoking (Healthcare Expenditures)

- Optimistic case: $133 billion
  - Smoking attributes to 7.6% of national health care expenditure for persons aged 19 years and older
- More realistic case: $176 billion
  - Smoking attributes to 8.7% of national health care expenditure for persons aged 19 years and older
Indirect Costs of Smoking

- Smoking attributable productivity losses for deaths from all causes: $151 billion
  - By gender
    - Males: $105.6 billion
    - Females: $45.1 billion
  - By Disease
    - Cancers: $44.5 billion
    - Cardiovascular: $44.7 billion
    - Pulmonary diseases: $18.4 billion
    - Others: $43.2 billion
Costs of Smoking: Texas

- **Smoking Attributable Deaths**
  - 28,000 annually

- **Youth aged 0-17 projected to die from smoking**
  - 498,500

- **Direct medical costs**
  - $8.8 billion annually (expected to increase)

- **Estimates of direct medical costs are conservative**
  - Do not incorporate small cigars, emerging tobacco products
  - Underestimates morbidity and social costs
Proportion of Persons Aged 0-17 Years Projected to Become Smokers and Die of Smoking-Related Illness: US, TX and Selected States, 2012

Source: SGR, 2014
Other Costs Not Included in SAMMEC

- Productivity loss associated with smoking-attributable morbidity
  - 7,521,000 current/former smokers with COPD
  - 2,474,000 current/former smokers with heart attack
- Smoking attributable neonatal costs: $367 million in 1996 dollars
Other Costs of Tobacco

- Costs associated with other combustible and emerging tobacco products
Tobacco Industry and Costs

- Tobacco manufacturers’ goal: maximize profits
- Challenge: declining cigarette consumption

Industry’s options:
- Increase the efficiency of production
- Increase the unit price
- Avoid paying for external costs (SAMMEC)
- Introduce new substitutes to cigarettes
- Introduce price-related promotional effects
- Expand tobacco use to broader population
Per-capita consumption of different forms of tobacco in the United States, 1880–2011

Other Tobacco Products

- The use of other tobacco products: 2000-2011

**FIGURE 2. Consumption of cigarettes and other combustible tobacco products — United States, 2001–2011**

- **All combustible tobacco products**
- **Cigarettes**
- **Noncigarette products (loose tobacco and all cigars)**
Tobacco Industry: Price-related Efforts

Cigarette Marketing Expenditures per Pack, by Type, 1975-2008, Inflation Adjusted

Advertising | Public Entertainment | Placement | Price Discounts | Merchandise | Other
Broaden Consumer Base
Revenue Continues to Increase

5yr Revenue Growth

- Lorillard Revenue
- Reynolds American Revenue
- Altria Group Revenue

Oct 03 2012, 9:36PM EDT. Powered by YCharts
Conclusion

Costs are enormous
  In human suffering
  In economic effects

Tobacco industry does not pay the bill
The findings and conclusions in this presentation are the views of the authors and do not represent the official position of the Centers for Disease control and Prevention