



New Jersey's Comprehensive Tobacco Control Program: Importance of Sustained Funding

History of Tobacco Control Funding

Tobacco use is the leading preventable cause of death in the U.S., killing more than 400,000 people and costing \$96 billion in health care bills each year. Every day, another 1,000 kids become regular smokers – one-third of them will die prematurely as a result.

In New Jersey, tobacco kills 11,200 residents a year, imposing more than \$3 billion in health care costs, with nearly a billion dollars paid by Medicaid. Despite these devastating costs, state funding for New Jersey's Comprehensive Tobacco Control Program (CTCP) has dramatically decreased, from \$30 million in FY2003 to just over \$7.5 million this fiscal year (FY10). The cuts have come despite the recommendations from the federal Centers for Disease Control and Prevention (CDC) that NJ spend \$119.8 million annually to reduce smoking.

The CTCP provides funding for tobacco control, and prevention and cessation programs, including cessation services like New Jersey's toll-free Quitline, web-based Quitnet, and walk-in hospital based Quitcenters—all services designed to help smokers quit. The CTCP also funds community and school based programs, including

- The NJ REBEL program-- a statewide, youth-led anti-tobacco movement, whereby teens educate their peers (middle school and high school students) about the dangers of tobacco use;
- Community Partnerships for a Tobacco-Free New Jersey (CPTFNJ)-- a network of nineteen community-based prevention agencies, housed in all of New Jersey's twenty-one counties, which are responsible for increasing tobacco cessation and reducing involuntary exposure to second-hand smoke through community education/training and cessation advocacy; and
- Specialized Tobacco Control Community Partners-- who provide training and technical assistance for healthcare providers; smoke-free worksite programs; a mobile outreach unit to serve geographically and racially disparate populations; and a research/information clearinghouse for health care consumers and policymakers.



Currently, New Jersey ranks 38th in the nation in tobacco control funding programs, according to a national report released in early December by a coalition of public health organizations. The annual report on states' funding of tobacco prevention programs, titled "A Broken Promise to Our Children: The 1998 State Tobacco Settlement 11 Years Later," was released by the Campaign for Tobacco-Free Kids, American Heart Association, American Cancer Society Cancer Action Network, American Lung Association and the Robert Wood Johnson Foundation.

Other key findings for New Jersey from the report include:

- New Jersey this year will collect \$968 million from the 1998 tobacco settlement and tobacco taxes, but will spend just 0.9 percent of it on tobacco prevention programs.
- The tobacco companies spend \$226.3 million a year to market their products in New Jersey. This is 26 times what the state spends on tobacco prevention.

New Jersey has implemented several strong policies to reduce tobacco use, including a statewide smoke-free workplace law (with the exception for the casino gaming floor loophole that leaves 40,000 casino workers unprotected), and a high cigarette tax of \$2.70 a pack. However, New Jersey has fallen short in funding tobacco control, prevention and cessation programs.

In New Jersey, 15.8 percent of high school students smoke, and 9,000 more kids become regular smokers every year. Eleven years after the 1998 state tobacco settlement, the new report finds that the states this year are collecting record amounts of revenue from the tobacco industry, but are spending less of it on tobacco prevention. The report warns that the nation's progress in reducing smoking is at risk unless states increase funding for programs to prevent kids from smoking and help smokers quit.

Increased Tobacco Control Funding: Return on Investment

It is well established that comprehensive statewide tobacco control, prevention and cessation programs prompt sharp reductions in smoking levels among both adults and kids, by both increasing the numbers who quit or cut back, and reducing the number of smokers who start or relapse. As shown by the experience of those states that already have **well-funded** 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, producing substantial declines in state health care costs and other smoking-caused expenditures.

Annual Cost Savings From An Established State Tobacco-Prevention Program

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.¹

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.²

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. 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.³

In Massachusetts, a report by an economist at the Massachusetts Institute of Technology in 2000 found that the state's program was 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.⁴

¹ Lightwood, J & Glantz, S, "Short-term Economic and Health Benefits of Smoking Cessation: Myocardial Infarction and Stroke," *Circulation*, 96:1089-1096, 1997; Lightwood, JM, et al., "Short-Term Health and Economic Benefits of Smoking Cessation: Low Birth Weight," *Pediatrics* 104(6):1312-1320, December 1999; 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.

² Tobacco Control Section, California Department of Health Services, *California Tobacco Control Update*, August 2000, <http://www.dhs.ca.gov/tobacco> or <http://www.dhs.ca.gov/tobacco/documents/pubs/CTCUpdate.pdf>.

³ Tobacco Control Section, California Department of Health Services, *California Tobacco Control Update*, August 2000, <http://www.dhs.ca.gov/tobacco/documents/pubs/CTCUpdate.pdf> or <http://www.dhs.ca.gov/tobacco>.

⁴ CDC, "Declines in Lung Cancer Rates – California," *MMWR* 49(47):1066-9, December 2000, <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm4947a4.htm>.

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.⁵ This study confirms that the cost saving benefits from sustained state investments in effective tobacco control programs quickly grow overtime 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).⁶

Long-Term Savings From Tobacco Control Program Outcomes

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.⁷ That means that for

⁴ Harris, J, "Status Report on the Massachusetts Tobacco Control Campaign, with a Preliminary Calculation of the Impact of the Campaign on Total Health Care Spending in Massachusetts," 2000.

⁵ Lightwood, JM et al., "Effect of the California Tobacco Control Program on Personal Health Care Expenditures," *PLOS Medicine* 5(8): 1214-22, August 2008, <http://medicine.plosjournals.org/perlserv/?request=getdocument&doi=10.1371%2Fjournal.pmed.0050178>.

⁶ Hurley, SF & JP Matthews, "Cost-Effectiveness of the Australian National Tobacco Campaign," *Tobacco Control*, <http://tobaccocontrol.bmj.com/cgi/content/abstract/tc.2008.025213v1>, published online August 21, 2008.

⁷ Hodgson, TA, "Cigarette Smoking and Lifetime Medical Expenditures," *The Millbank Quarterly* 70(1), 1992 [study's



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.

The findings of a 2004 study show that if every state funded its 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.⁸ 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.

Conclusion

The data is clear that a well-funded tobacco control program, sustained over time, can reduce smoking rates, and secondhand smoke exposure to nonsmokers, resulting in lower health care costs. In New Jersey, it is estimated that increasing funding to restore the program's original level of \$30 million, would result in over 21,000 fewer kids becoming adult smokers, and save the state Medicaid program over \$80 million; raising funding even higher would create even more dramatic results. In the past, the New Jersey Breathes Coalition has proposed alternate ways to raise revenue to fund this program, and would be pleased to discuss these alternatives at a later date. A well-funded tobacco control program would not only reduce overall state healthcare and Medicaid costs over time, but more importantly save valuable lives of New Jersey residents.

results converted to 2002 dollars using Consumer Price Index for medical care prices (following CDC updating formulas and procedures)]; See also, Nusselder, W, et al., "Smoking and the Compression of Morbidity," *Epidemiology and Community Health*, 2000; Warner, KE, et al., "Medical Costs of Smoking in the United States: *Comprehensive State Tobacco Prevention Programs Save Money / 5* Estimates, Their Validity, and Their Implications," *Tobacco Control* 8(3):290-300, Autumn 1999, <http://tc.bmjournals.com>.

⁸ Tauras, JA, et al., "State Tobacco Control Spending and Youth Smoking," *American Journal of Public Health*, February, 2005 [with additional calculations by the primary authors based on the studies findings and methodology].