

# Tobacco use is the leading preventable cause of premature illness & death

## Policy Statement on Increasing Tobacco Pricing

### Background

Tobacco-related illnesses continue to exact a heavy toll on Kansas and Missouri residents. Tobacco use is the leading preventable cause of premature illness and death accounting for at least 30% of all cancer deaths and 87% of lung cancer deaths in Missouri and Kansas. The percentage of adult smokers for both states exceeds the national average of 18.1%, with 22.1% in Missouri and 20.0% in Kansas. There are 15,400 tobacco-related deaths each year in Kansas and Missouri and over \$4 billion in tobacco-related health care costs. Of these expenses, approximately \$880 million are covered by state Medicaid programs. These additional medical expenses have raised the taxpayers' amount to \$889 per household.

At \$.17 per pack, Missouri's cigarette tax is the lowest in the nation, far below the national average of \$1.60. Missouri has not increased its cigarette tax since 1993. Kansas increased its tobacco tax rate by \$.50 during the 2015 legislative session, bringing Kansas' total cigarette excise tax to \$1.29 per pack.

Cigarette taxes are especially effective at reducing smoking among youth, pregnant women, and low-income residents. High school seniors reduce their cigarette consumption by 6.5% for every 10% price increase. A \$1.00 increase in Missouri's cigarette tax rate is expected to prevent 39,600 young people from smoking and save 24,400 lives from premature smoking-caused death. This would result in \$46 million in health care cost savings over the following five years.

In addition to exploring the tax rate on cigarettes and other tobacco products, HCF is watchful for other strategies to increase tobacco pricing in Kansas and Missouri, including efforts to close an important loophole related to the master settlement agreement. Missouri is the only state in the country that has not fixed the "allocable share" loophole. Closing this loophole would prevent Missouri from losing millions of dollars in Master Settlement Agreement payments and also eliminate a competitive edge for small tobacco manufacturers. These cheap and off-brand cigarettes are oftentimes the product of choice for low-income smokers.

### Rationale for HCF Support

Missouri's lowest in the nation tobacco tax has created a complex political landscape, with three separate groups vying to increase the tax on the November 2016 ballot. A common strain in all three proposals is that they propose to use the revenue generated from a tobacco tax for non-health issues (namely, transportation, early education, and higher education). This dynamic is understandable; Missouri's woefully low tax is an easy target for generating revenue. In this context, the public health value of increasing cigarette taxes can easily be overlooked. HCF's continued involvement and pressure around increased tobacco pricing is an important force to ensure that such measures are public health tools, rather than used purely to generate revenue.

#### ○ KEY TALKING POINTS

- 1 Higher tobacco prices reduce smoking, particularly by young adults, low-income smokers, and pregnant women.
- 2 Missouri has the lowest tobacco tax in the nation and, not coincidentally, one of the highest adult smoking rates.
- 3 A \$1.00 increase in Missouri's tobacco tax will decrease youth smoking by 15%. 40,000 of Missouri's young people will be prevented from smoking and 44,500 current adult smokers will quit, preventing 24,400 premature smoking-related deaths.

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