



WISCONSIN WOMEN'S
HEALTH FOUNDATION

White Paper The Economic Impact of Smoking 2nd Annual Dialogue

September 18, 2007
Madison, Wisconsin

“We have made incredible progress, but Wisconsin is still bearing the burden of \$4 Billion in added health care costs or lost productivity costs.”

*Dr. Michael Fiore
Professor of Medicine,
UW School of Medicine
and Public Health, and
Director for the UW
Center for Tobacco
Research and
Intervention*

“Treat smoking as a disease, as an addiction.”

*Dr. Frederick Eichmiller
Vice President of Delta
Dental of Wisconsin*

In today's world, smoking and other tobacco-related diseases cause unparalleled effects upon the economy and the community. Millions of dollars are lost every year as a result of decreased productivity attributed to smoking-related health problems.

On September 18, 2007, the Foundation facilitated a dialogue between some of Wisconsin's top professionals and legislators in the health care industry concerning the economic impacts of tobacco use.

Dr. Michael Fiore, Professor of Medicine at the UW School of Medicine and Public Health and the Director for the UW Center for Tobacco Research and Intervention moderated the conversation between panelists Dr. Frank Chaloupka, Professor of Economics, University of Illinois-Chicago; Dr. Frederick Eichmiller, Vice President of Delta Dental of Wisconsin; Secretary Kevin R. Hayden, Wisconsin Department of Health and Family Services; Linda McKnew, President and CEO, Managed Health Services; and Tommy G. Thompson, Former Wisconsin Governor and U.S. Secretary of Health and Human Services. These health professionals offered important insight into the social and economic effects of smoking and other tobacco use, and detailed solutions to promote a smoke-free workplace.

Identification of Problem

Tobacco use affects both the individual and the community. An estimated 438,000 people die annually from smoking-related health problems, and over 26,000 people die from the effects of secondhand smoke. Dr. Fiore described the devastating effects that tobacco use has on Wisconsin families. This year, 7,000 Wisconsin families will lose a loved one to a disease directly caused by tobacco use. In fact, tobacco-related diseases account for 20% of all deaths in Wisconsin. Although the prevalence of tobacco use is half what it was in the early 1960s, Dr. Fiore stated that there are still over 1 million smokers in the state of Wisconsin, and over 45 million smokers across the country. If these smokers continue to smoke, half will die from smoking-related diseases.

“Get together with other businesses that oppose non-smoking policies, and demonstrate their positive impact. Educate others.”

*Dr. Frank Chaloupka
Professor of Economics,
University of Illinois-
Chicago*

“70% of smokers want to quit, and 40% try every year. Employers that have the opportunity to provide cessation services such as counselors, treatments, and information about Medicare benefits to their employees will make a big impact on improving the quality of health and quality of productivity of their employees.”

*Tommy G. Thompson
Former Wisconsin
Governor and U.S.
Secretary of Health and
Human Services*

Tobacco use also causes health problems. Dr. Eichmiller detailed the effect that smoking has on the teeth and gums. He states that tooth staining costs an extra \$118 per year, gum disease (of which 38% is attributed to smoking) costs an extra \$480 per year, and periodontal disease costs an extra \$5- 6 billion per year across the U.S. Dr. Eichmiller states that individuals who smoke have a risk of periodontal disease that is 3 to 5 times that of a non-smoking individual. Therefore, dental costs for an employee that smokes is an average of 1.3 times higher than a non-smoking employee.

One of the most problematic ways in which tobacco use hurts individuals is seen through the effects on pregnant women. Linda McKnew described these effects. She stated that, “women with babies in utero are most vulnerable to smoking-related health problems.” For example, pregnant smokers are 3 to 5 times more likely to deliver a low-weight or pre-term baby (as correlated with gum disease incidences, as affirmed by Dr. Eichmiller). Also, Linda McKnew claims, women who smoke prior to pregnancy have greater odds of having fertility or conception problems. Women who smoke after pregnancy expose their babies to secondhand smoke – and these babies are 1.4 to 3 times more likely to die from SIDS. Similarly, the babies that are exposed to secondhand smoke are twice as likely to be smokers later in life.

What does this mean for businesses? Dr. Chaloupka detailed the many effects that smoking has on the workplace and the economy. First, smoking leads to increased health care spending for businesses – up to \$94 billion per year in the U.S., and \$2 billion per year in Wisconsin. Costs for premature death of workers also adds up to \$115 billion per year in the U.S., and \$2 billion per year in Wisconsin. Companies also suffer lost productivity in workers due to absences from smoking-related health problems, including the effects of secondhand smoke. In fact, tobacco users miss up to 60% more work per year than a non-smoker, averaging 2.3 days. Businesses face higher insurance premiums – even on such aspects as fire and property insurance – and have to pay higher cleaning and maintenance costs. Overall, Dr. Fiore stated, the U.S. economy loses more than \$200 billion per year on health care costs and lost productivity.

Eliminating smoking in the workplace is an ideal goal across the state of Wisconsin. However, there are many structural barriers that prevent businesses – and individuals – from adopting smoke-free policies. When asked by Dr. Fiore why cigarettes are still legal products, Linda McKnew stated, “Cigarettes are still legal because there’s a human desire to smoke – some believe that it’s their personal right. We have not yet swayed public opinion.” She also asserts that anti-smoking campaigns run the risk of ‘blaming the victim.’ There is often a perception of a personal weakness if one cannot quit smoking. Many do not recognize tobacco addiction as a true addiction, when it is actually one of the most addictive legal substances available. Dr. Eichmiller supported this statement, suggesting that certain types of tobacco use – like smokeless tobacco – are ignored.

There are also individuals who smoke that are not in the workplace, and often

“This is the only way in our state that we tolerate exposing workers to a deadly substance.”

*Dr. Michael Fiore
Professor of Medicine, UW
School of Medicine and
Public Health, and
Director for the UW
Center for Tobacco
Research and Intervention*

“We look to the state to deal with public health issues. What we need is a public-private partnership between the state and the employer.”

*Secretary Kevin R.
Hayden, Wisconsin
Department of Health and
Family Services*

aren't targeted through anti-smoking campaigns. This includes seniors who are retired. While Medicare and Medicaid cover benefits for evidence-based tobacco dependence, and support cessation of tobacco use, many individuals do not know their benefits. Dr. Chaloupka suggested that programs must be developed to target smokers that aren't in the workplace. Similarly, those in the workplace must be made aware of their resources – such as health care subsidies for treatment medications and counseling.

Solutions

The five panelists offered several solutions to combat the economic effects of smoking in the workplace. These solutions provide intersections between areas of education and policy. Dr. Chaloupka stated that businesses must support smoke-free policies, and provide incentives for workers to quit smoking. Such incentives could include a lower cost of subsidies for treatments, with no copayment. He cited California as a state that has seen success with such policies. The state has seen a \$4 reduction in health care costs for every \$1 invested in anti-smoking policies. Dr. Eichmiller reinforced the need for collaboration with employers, dentists, and doctors: dentists need to develop prevention treatments for smoking-related diseases and collaborate with employers to make these treatments known. Employers must cover dental health, and insurance carriers must provide incentives for workers to use these dental benefits. Doctors and dentists also must collaborate, to ensure that each side receives proper education on smoking-related health issues, and the correct treatments to prescribe. Dr. Eichmiller reinforced the reminder that smokeless tobacco is as important to target as other forms of tobacco use.

Secretary Thompson correlated Dr. Chaloupka's support of smoke-free policies in the workplace with the need for state-wide education on the effects of smoking. He explained that these educational programs should include pictures, diagrams, and exhibits to demonstrate what tobacco does to one's body. These educational programs should target youth, especially young women, who often smoke to prevent weight gain.

Secretary Hayden outlined the means by which to fund these educational programs and smoke-free initiatives: raise the tax on cigarettes to \$1.25 per pack, and increase the tax on other tobacco products as well. In this case Secretary Hayden claimed, over 40,000 adults will quit smoking, and over 85,000 children will not start smoking. However, it is essential to ensure that the funds from these taxes are placed directly into the funds for tobacco cessation and health awareness programs.

In an interview with John Powell of WisconsinEye on “Smoking, Health, and Taxes,” Dr. Fiore illustrated his three-fold plan for eliminating tobacco use in Wisconsin:

- 1) Raise the excise tax on cigarettes by \$1.25 per pack.** Cigarettes exhibit price elasticity: with a 10% price raise, consumption of tobacco products will drop 4-5%. If the tax on cigarettes is raised

“Smoking is not a partisan issue – it’s a health issue.”

*Dr. Michael Fiore
Professor of Medicine, UW
School of Medicine and
Public Health, and Director
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\$1.25, more than 25,000 smokers will quit. Young people, who are particularly price sensitive, will experiment much less. Targeting young people is essential, since by age 21, 90% of smokers have started smoking.

2) Devote \$30 million to fund programs designed for tobacco control.

This includes devoting money to public service campaigns that are particularly impactful with young people in preventing tobacco use, and empowering groups of young people working with the issue of tobacco use, such as the ‘FACT’ group. Similarly, this funding should be used to pay for programs that will help smokers quit – such as the Wisconsin Tobacco Quit Line (1-800-QUIT-NOW). Programs that include both counseling and medication services for tobacco users have a successful quit rate that is upwards of 20, 30, or 40 percent.

3) Enact Senate Bill 150, making Wisconsin the 26th state to be ‘safe and smoke free.’ Over 85% of Madison residents support the state-wide smoking ban. The Wisconsin Restaurant Association also supports the bill to make Wisconsin a smoke-free environment. In fact, studies show that restaurants’ revenue remains the same or even increases when restaurants are made smoke-free.

Dr. Fiore concluded that, “Most of these people don’t want to smoke, but they’re addicted to a drug. Tobacco use is a chronic disease – something that many individuals struggle with for much of their life. I frequently talk about this as a “Hundred Years’ War.” What changed attitudes in America was the recognition in the 1950s that components of cigarette smoke cause cancer. Ultimately, our challenge as a society and as a medical community is: do we need to take another fifty years to fully eliminate tobacco use from our society?”