

# Costs of Tobacco

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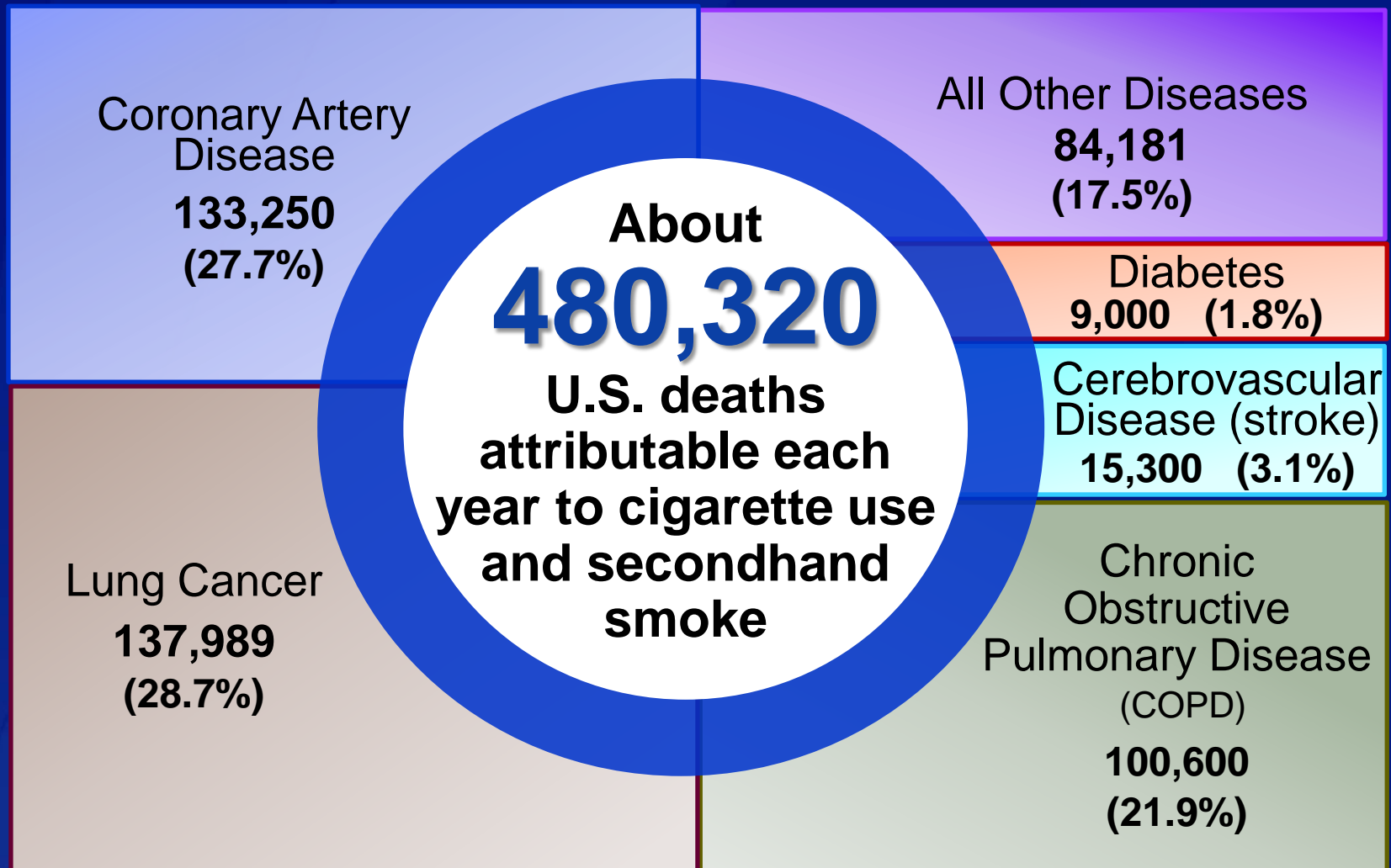
# Costs of Tobacco:

- ❑ Smoking Attributable Morbidity, Mortality and Economic Costs (SAMMEC)
  - *What it is*
  - *Results*
  - *What it doesn't include*
  
- ❑ *Tobacco industry*

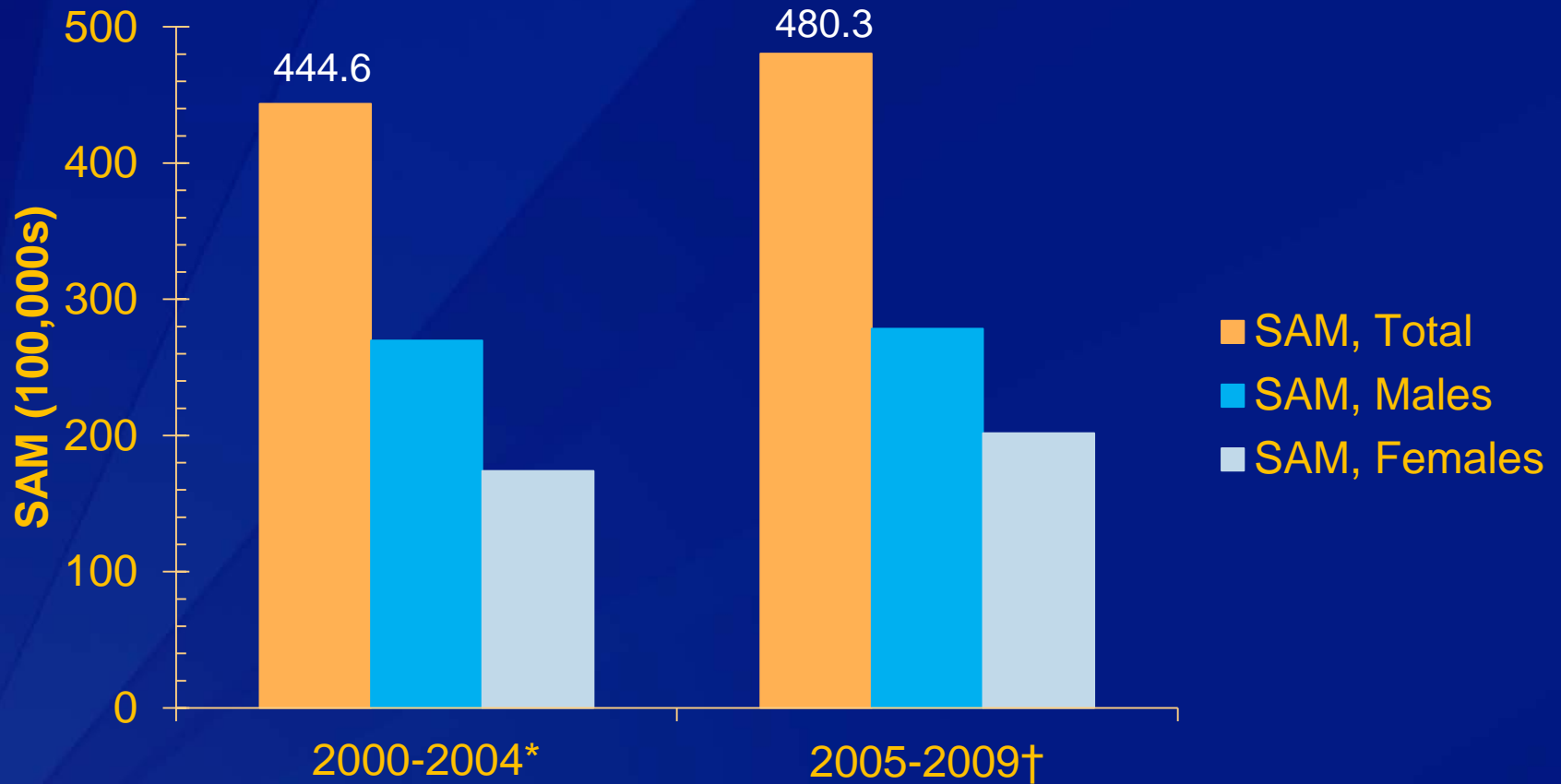
# Adult SAMMEC

- ❑ 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

# Smoking Attributable Mortality



## Smoking Attributable Mortality (SAM) in US: 2000-2004 vs. 2005-2009



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**



## **Costs of Smoking: 2000-2004 vs. 2009-2012**

- ❑ **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

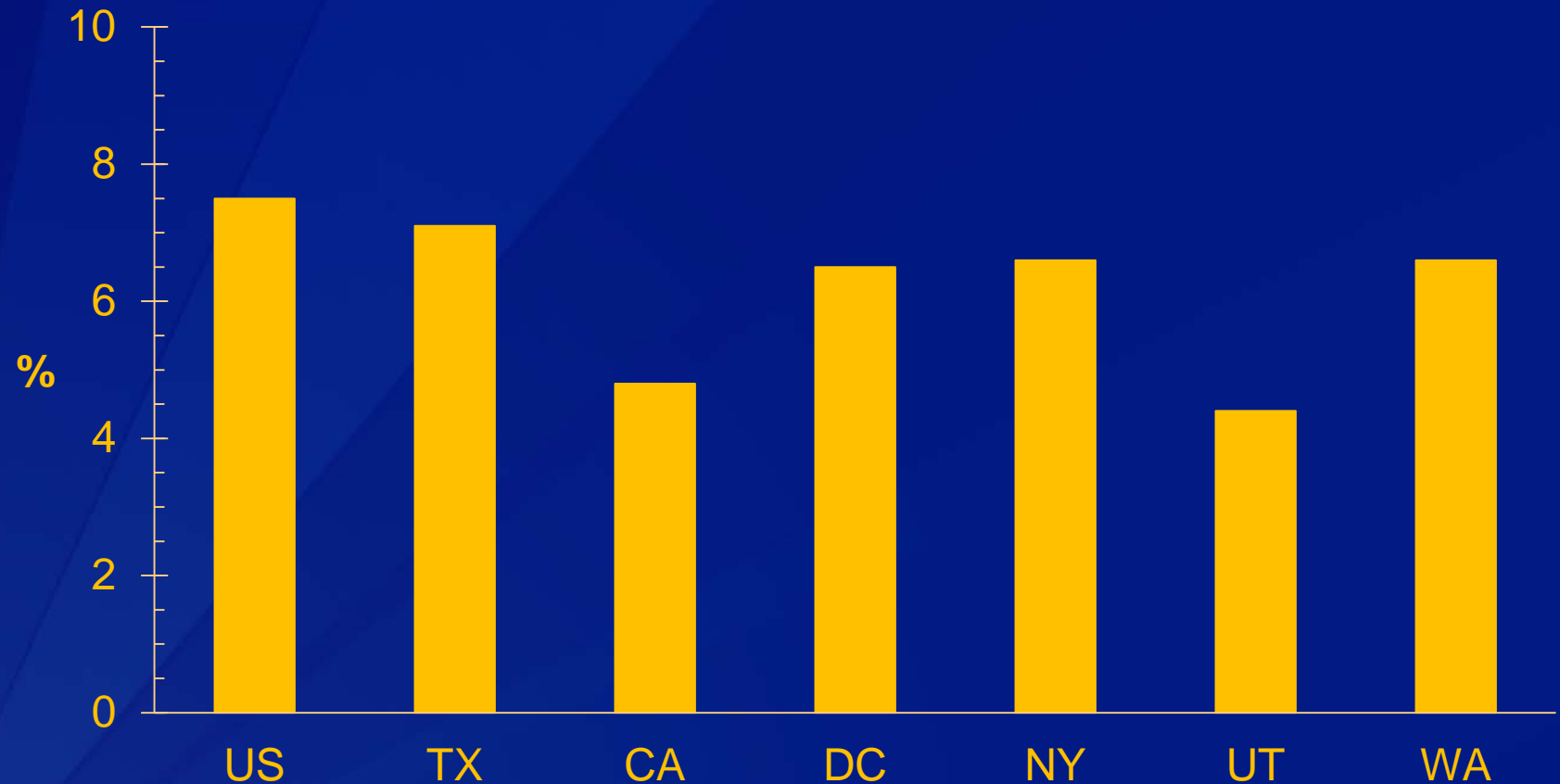


# Costs of Smoking: Texas



- ❑ **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

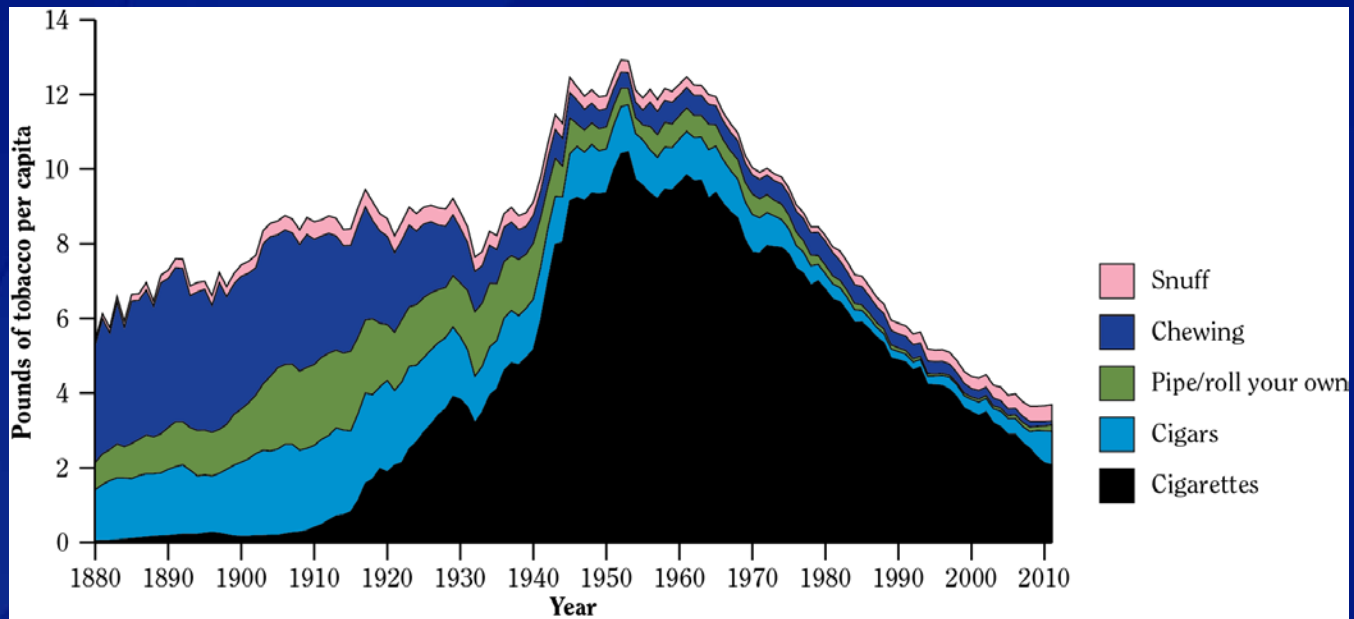
- ❑ Costs associated with other combustible and emerging tobacco products



# 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

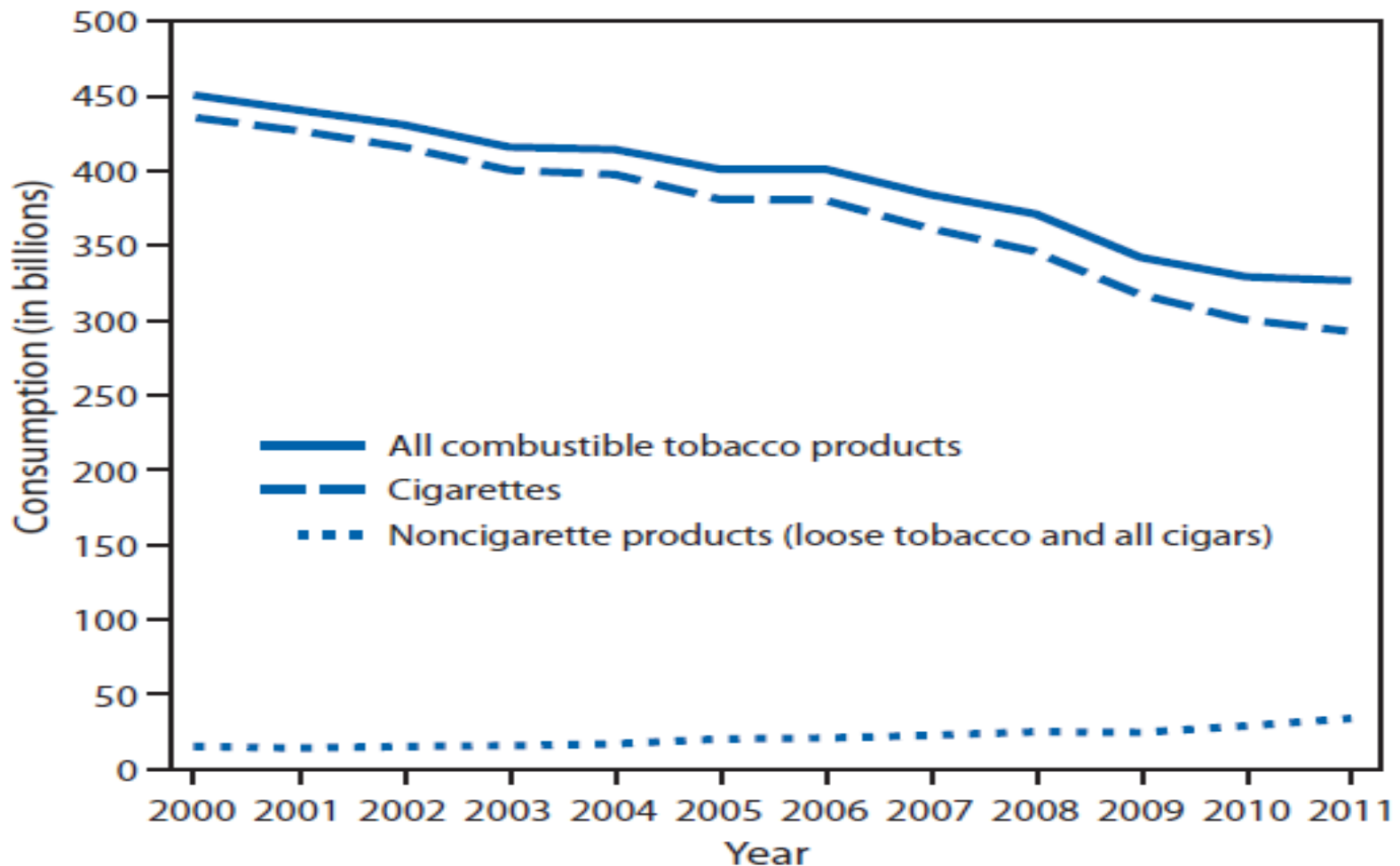


Source: U.S. Department of Treasury 2012.

# Other Tobacco Products

## □ The use of other tobacco products: 2000-2011

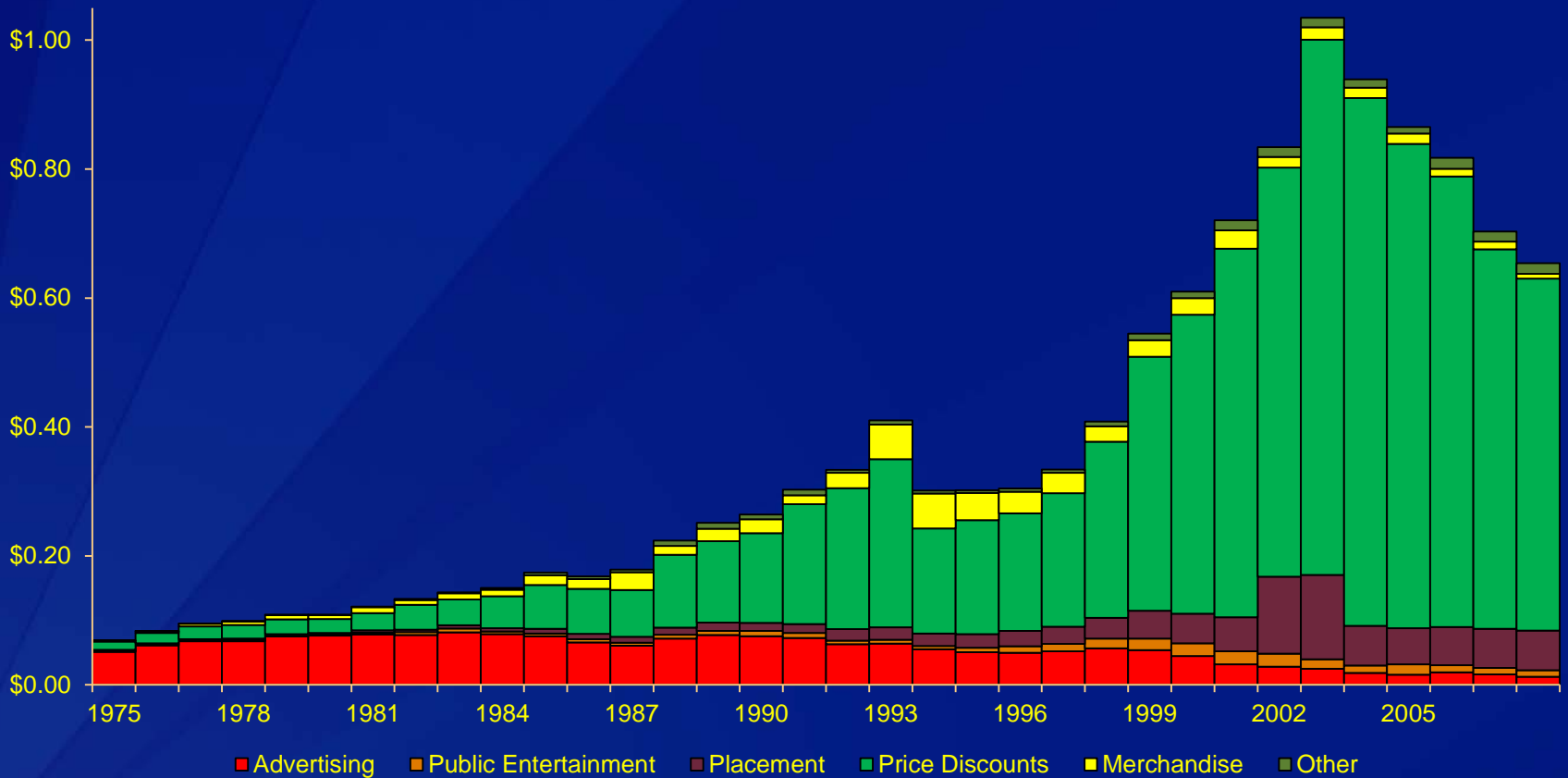
FIGURE 2. Consumption of cigarettes and other combustible tobacco products — United States, 2001–2011





# Tobacco Industry: Price-related Efforts

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



# Broaden Consumer Base



**SLIM. CHARGED.  
READY TO GO.**

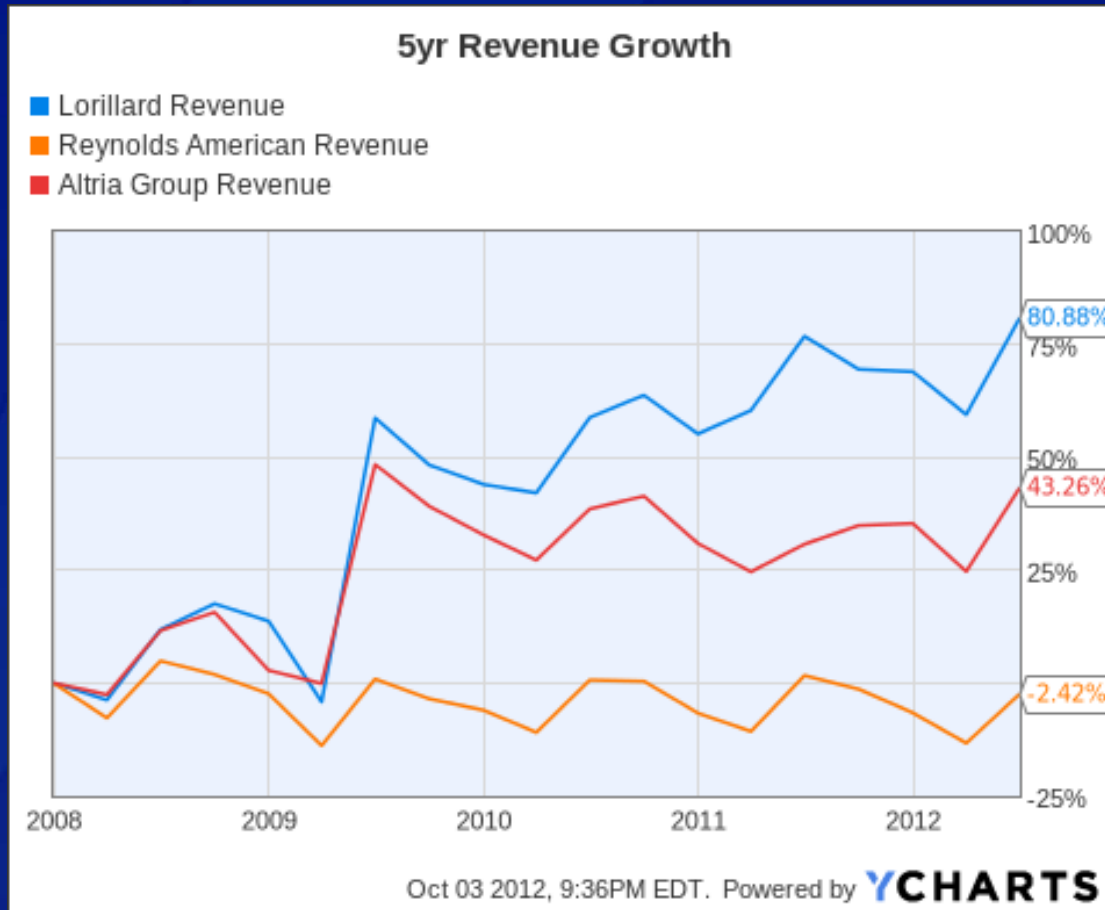
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# Revenue Continues to Increase



## **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

