



**Partnership For Coverage
Public Hearing on Health Access
Nov. 2, 2007
New York City**

The Logical Link—Tobacco Taxes & Access

Thank you. I am Peter Slocum representing the American Cancer Society, and am very pleased to be speaking today as part of the panel with the American Heart Association and the United Way of New York City. We are all devoted to the proposition that access to high quality health care needs to be a high priority of our state and nation. That's why we three are developing this new partnership around access to health services here in New York City.

The American Cancer Society (ACS) is engaged in a national effort along with our involvement at the state level, to build public support for health access. Our national chief executive officer has said that the death toll from lack of access will eventually exceed that of tobacco-related mortality—a truly frightening thought for those of us who have struggled so long against the tobacco demon.

I want to focus today on that link—tobacco and health access—and propose that you adopt a policy of significantly increasing the tobacco tax (to at least \$3.00 statewide) to help pay for increased access.

The logical link is not complex. Nor is it speculative.

1. **Fewer smokers.** Increasing tobacco taxes is the surest way to cut adult smoking rates and reduce the number of teens who get hooked on the habit.
2. **Lower health care costs.** Cutting smoking means lower health care costs and everyone knows that we have got to get a handle on costs if we expect to be able to extend quality access to everyone.

1. A Tobacco Tax is Key to the State's Goal of Prevention

An increase in the tobacco tax will result in fewer people smoking, and hence will serve to prevent thousands of New Yorkers from developing chronic diseases such as asthma, lung cancer, heart disease and stroke.

In 2002, New York State and New York City raised their combined cigarette excise taxes by \$1.81, a 150 percent increase. (The state's tax is currently \$1.50 and the city levies an added \$1.50 in the five boroughs.) As a result of that increase, adult smoking prevalence in New York City fell 10 percent. In 2002 more than one million New Yorkers were smoking, and 9,000

were dying every year of tobacco-caused disease. The 10% reduction in the smoking rate had a huge public health impact.

There are still 2.9 million smokers in New York State. Every year nearly 200,000 teens become regular smokers. Inflation has reduced by 20 percent the impact of the most recent tax increases. Boosting the tax by \$1.50 statewide would encourage 75,000 adults to quit and prevent 30,000 to 40,000 kids from starting.

New York's state cigarette tax ranks 14th highest among states. Since New York State last raised its tax, 42 other states have raised theirs, many more than once. The time has come to raise the tax again. We continue to support New York City's request to raise its local tax.

2. A Tobacco Tax is Key to Lowering Health Care Costs

According to the Centers for Disease Control & Prevention, the cost of treating smoking-related illness in New York is \$8.17 billion a year. State and local governments spend nearly \$3 billion every *year* through Medicaid to treat smoking-caused disease.

Of course we cannot pretend to eliminate all those costs. But New York is not in a position to turn up its nose at proven cost-cutting strategies. And this one happens also to be very popular with the public at large.

Reduced morbidity and health care cost savings quickly follow reductions in the smoking rate. For example, the incidence of lung cancer in California fell by 14 percent in the ten years after that state raised its cigarette tax and funded a comprehensive smoking prevention program. Between 1990 and 1998, California cut \$3 billion in projected smoking-caused healthcare expenditures. As reductions in the incidence of chronic disease begin to take effect, these savings will multiply.

In the short run the state will save millions in health care costs. In the long run, it will save billions.

In conclusion, we urge you to see a tobacco tax as key to the goal of universal health care coverage.

- Tobacco taxes are historically linked to health care access in New York. A tax hike helped pay for Child Health Plus expansion during the 1990s.
- A tobacco tax would give the Governor and the Legislature the option of expanding subsidized coverage, quickly making health care more affordable for more working families. We recommend expanding Family Health Plus adult eligibility to 250% of the federal poverty level. This would particularly help in the communities that the American Cancer Society, the American Heart Association and the United Way of New York City are working in.

Thank you for your time and attention.