

WINNABLE BATTLES:

**POLICY SOLUTIONS TO SAVE LIVES AND MONEY
BY DECREASING TOBACCO USE**



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EVIDENCE-BASED POLICY STRATEGIES TO REDUCE TOBACCO USE

1. Medicaid coverage of tobacco cessation
2. Regularly and significantly increase tobacco taxes
3. Fund evidence-based tobacco prevention and cessation programs as recommended by the Centers for Disease Control and Prevention (CDC)
4. Comprehensive smoke-free laws

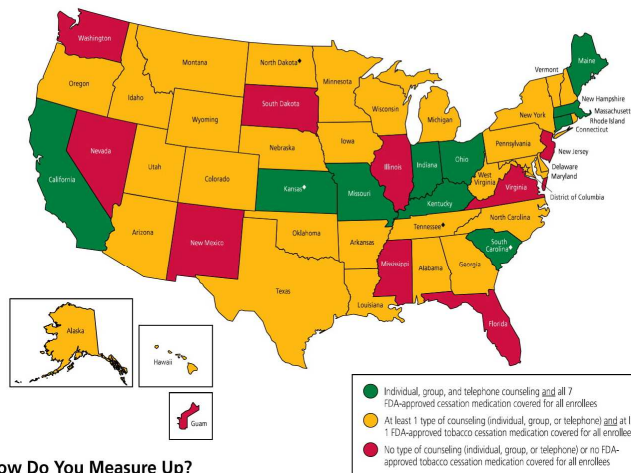
WHERE DOES NEW MEXICO STAND ON THE MOST EFFECTIVE STRATEGIES TO REDUCE TOBACCO USE?

●	1. Medicaid Coverage of Tobacco Cessation → All FDA-approved medications and three forms of counseling should be covered for all enrollees	NM falls short
●	2. Increase Tobacco Taxes → Regular, large increases in tobacco taxes are needed	NM needs improvement
●	3. Fund Evidence-Based Tobacco Prevention and Cessation Programs at the CDC-recommended level → CDC recommends \$22.8 million for New Mexico	NM falls short
	4. Comprehensive Smoke-free Laws → Statewide law should include e-cigarettes & not include exemptions	NM needs improvement

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MEDICAID COVERAGE FOR CESSATION TREATMENT—

Some NM enrollees have no cessation coverage



Source: unless otherwise noted: Singleton, J, Lump, Z, DiGiulio A, et al. State Medicaid Coverage for Tobacco Cessation Treatments and Barriers to Coverage—United States, 2014–2015. MMWR 2015; 64(2): 119–6. updates provided through correspondence with the American Lung Association. *Coverage in only some plans or only for pregnant women does not count as coverage for all enrollees. †Legislative or regulatory changes made in 2018.

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT—
Comprehensive Benefit Needed for all Enrollees

Comprehensive Cessation Benefits
Should Include Coverage for:



- Individual counseling
- Group counseling
- Phone counseling (including State Quitline)
- NRT Gum
- NRT Patch
- NRT Lozenge
- NRT Inhaler
- NRT Nasal Spray
- Bupropion
- Varenicline

Three Types of
Cessation Counseling

Seven FDA-Approved
Cessation Medications

NRT = Nicotine Replacement Therapy

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT—
High Desire to Quit among People who Smoke

In New Mexico:

- More than **eight in ten** adult smokers report that they are seriously considering quitting tobacco use within the next six months
- About **two-thirds** made a quit attempt in the past year

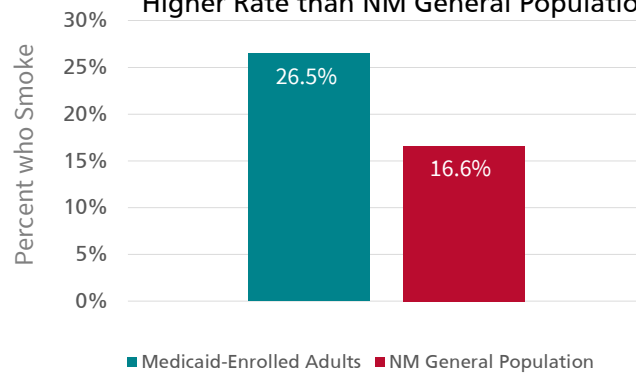
Source: The State of Health in New Mexico
New Mexico Department of Health, 2018

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT— *Cessation Benefit is Urgently Needed*

NM Adults Enrolled in Medicaid Smoke at Higher Rate than NM General Population



Source: 2016 NM Behavioral Risk Factor Survey

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT— *Tobacco Use is Costly*

Tobacco use by Medicaid enrollees results in tobacco-related disease making up **15% of total Medicaid expenditures**



Not included in this total:

- ✗ Spending due to secondhand smoke (e.g., cardiovascular disease, asthma, ear infections)
- ✗ Maternal and child healthcare expenditures related to tobacco use
- ✗ Smoking-attributable dental expenditures

Source: Xu X, Bishop EE, Kennedy SM, Simpson SA, Pechacek TF. Annual healthcare spending attributable to cigarette smoking: an update. Am J Prev Med. 2015;48(3):326-333.

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT

Large Medicaid Cost Savings—Massachusetts Example

- Study period of 2 years
- MA Medicaid covered pharmacotherapy, counseling and outreach
- Spent about \$183 per participant, and saved an estimated \$571 per participant in annual hospital costs.
- For every \$1 spent, it received \$3.12 in medical savings for cardiovascular conditions alone.

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT

Maximizing the Federal Match

Two ways to maximize federal match:

1. Medicaid (HSD) can reimburse the state Quitline (DOH) for services provided to Medicaid enrollees
 - Allocating Medicaid dollars to reimburse the state Quitline means federal match on Quitline services—so more funding for this vital service.
 - Ensuring that Medicaid covers phone counseling provided by the Quitline increases the capacity of a state's Quitline and provides an added layer of sustainability, insulating it from state budget cuts.
2. Gain a 1% increase in the match by ensuring that traditional Medicaid covers all the recommended services for all enrollees (not just pregnant women).
 - States are incentivized to cover the comprehensive benefit for all enrollees through a one percent increase in their federal matching rate, if the state covers all services rated A or B by the United States Preventive Services Task Force (USPSTF), meaning services recommended for coverage with a high certainty of net benefit.

Medicaid Coverage for Cessation: NM falls short

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MEDICAID COVERAGE FOR CESSATION TREATMENT

Action Needed

Comprehensive Benefit for all Medicaid Enrollees:

- ✓ Three Types of Cessation Counseling, including Quitline
- ✓ Seven FDA-Approved Cessation Medications

Medicaid Coverage for Cessation: NM falls short

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BENEFITS OF INCREASING THE CIGARETTE TAX WITH AN EQUIVALENT TAX ON ALL OTHER TOBACCO PRODUCTS



1. Save Lives
2. Save Money
3. New Recurring Revenue

Tobacco Taxes: NM needs improvement

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NEW MEXICO TOBACCO TAXES:

Lower than national average

Lower than most states in region

New Mexico Specifics	Cigarette Excise Tax NMSA 1978, § 7-12	Tobacco Products Excise Tax NMSA 1978, § 7-12A
Tax Rate:	\$1.66 per pack of 20	25% of product value (roughly = wholesale value)
Last Increase:	2010	1986
Compared to Nation:	Lower than the national average of \$1.75 per pack ²	Lower than the national average of 46.7% of wholesale value
Compared to Region:	Lower than Arizona, Nevada, Oklahoma and Utah	Lower than Arizona, Colorado, Nevada, Oklahoma, Texas and Utah
Compared to Region:	Higher than Colorado and Texas	Higher than none in region

Tobacco Taxes: NM needs improvement

Sources: Campaign for Tobacco Free Kids. 2018. <https://www.tobaccofreekids.org/assets/factsheets/0169.pdf> and <https://www.tobaccofreekids.org/assets/factsheets/0097.pdf>

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BENEFITS OF INCREASING THE CIGARETTE TAX WITH AN EQUIVALENT TAX ON ALL OTHER TOBACCO PRODUCTS

\$1.50 INCREASE WILL SAVE LIVES

Projected Public Health Benefits for New Mexico from a \$1.50 Cigarette Tax Increase¹

16.3%	Percent decrease in youth (under age 18) smoking
11,200	Youth under age 18 kept from becoming adult smokers
2,200	Reduction in young adult (18-24 years old) smokers
13,500	Current adult smokers who would quit
6,900	Premature smoking-caused deaths prevented
1,400	5-Year reduction in the number of smoking-affected pregnancies and births

Tobacco Taxes: NM needs improvement

1. *New Revenues, Public Health Benefits & Cost Savings from a \$1.50 Cigarette Tax Increase in New Mexico, 2017.* Ann Boonn, Campaign for Tobacco-Free Kids; Frank J. Chaloupka, Tobacconomics; Melissa Maltin-Shepard, American Cancer Society Cancer Action Network; <http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf> or www.acscan.org/tobaccotaxexplanations.

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**BENEFITS OF INCREASING THE CIGARETTE TAX
WITH AN EQUIVALENT TAX ON ALL OTHER TOBACCO PRODUCTS**

\$1.50 INCREASE WILL SAVE MONEY

Projected Cost Savings for New Mexico from a \$1.50 Cigarette Tax Increase	
\$2.53 million	Fewer smoking-caused lung cancer cases
\$3.71 million	Fewer smoking-affected pregnancies and births
\$5.14 million	Fewer smoking-caused heart attacks & strokes
\$6.63 million	Medicaid program savings for the state
\$518.13 million	Long-term health care cost savings from adult & youth smoking declines

Tobacco Taxes: NM needs improvement

1. *New Revenues, Public Health Benefits & Cost Savings from a \$1.50 Cigarette Tax Increase in New Mexico, 2017*. Ann Boonn, Campaign for Tobacco-Free Kids; Frank J. Chaloupka, Tobacconomics; Melissa Maitin-Shepard, American Cancer Society Cancer Action Network; <http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf> or www.acscan.org/tobaccotaxexplanations.

**BENEFITS OF INCREASING THE CIGARETTE TAX
WITH AN EQUIVALENT TAX ON ALL OTHER TOBACCO PRODUCTS**

\$1.50 INCREASE WILL GENERATE NEW REVENUE

**New Recurring Revenue \$1.50 per pack increase
with equivalent tax on all other tobacco products**

\$86.9 million	Estimate from LFC ¹
\$42.4 million	Estimate from Campaign for Tobacco Free Kids, ACS CAN and Tobacconomics ²



Tobacco Taxes: NM needs improvement

1. Legislative Finance Committee Fiscal Impact Reports accessed on 8.1.17 for 2017 Senate Bill 231 and 2017 House Bill 282
2. *New Revenues, Public Health Benefits & Cost Savings from a \$1.50 Cigarette Tax Increase in New Mexico, 2017*. Ann Boonn, Campaign for Tobacco-Free Kids; Frank J. Chaloupka, Tobacconomics; Melissa Maitin-Shepard, American Cancer Society Cancer Action Network; <http://www.tobaccofreekids.org/research/factsheets/pdf/0281.pdf> or www.acscan.org/tobaccotaxexplanations.

**BENEFITS OF INCREASING THE CIGARETTE TAX
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\$1.50 INCREASE WILL GENERATE NEW REVENUE

LFC Estimated New Recurring Revenue (in thousands)
\$1.50 per pack increase with equivalent tax on all other tobacco products

New Recurring Revenue (thousands)	
Fiscal Year	SB 25 Fiscal Impact Report (1.26.18)
FY18	0
FY19	\$86,949.0
FY20	\$86,279.0
FY21	\$85,941.0
FY22	\$85,862.0

Tobacco Taxes: NM needs improvement

Source Legislative Finance Committee Fiscal Impact Reports accessed on 8.3.18 for 2018 Senate Bill 25

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**NEW MEXICO FUNDING FOR TOBACCO USE
PREVENTION & CESSATION PROGRAMS**

NM FALLS SHORT

- When adequately funded, comprehensive tobacco prevention programs:
 - ✓ quickly and substantially reduce tobacco use
 - ✓ save lives
 - ✓ cut smoking-caused costs

NM funding to reduce tobacco use is less than 25% of the CDC-recommended level	
\$22.8 million	CDC Recommendation for NM
\$5.68 million	FY18 Appropriation to DOH & IAD
\$35.7 million	FY18 MSA payment to NM

Funding for Tobacco Use Prevention and Cessation: NM falls short

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FUNDING TOBACCO USE PREVENTION PROGRAMS EFFECTIVELY REDUCES TOBACCO USE

PROGRAMS MUST BE WELL-FUNDED AND SUSTAINED OVER TIME

States with sustained, well-funded prevention programs have reduced youth smoking by 50 to 89 percent.¹

- Success hinges on **investment level**^{1,2,3}
 - the more states spend on tobacco control programs, the greater the impact.
- Success hinges on **sustained investment**^{1,2}
 - When program funding is cut, smoking rates stop declining (California, Indiana) or actually rise (e.g., Florida, Ohio, Massachusetts).



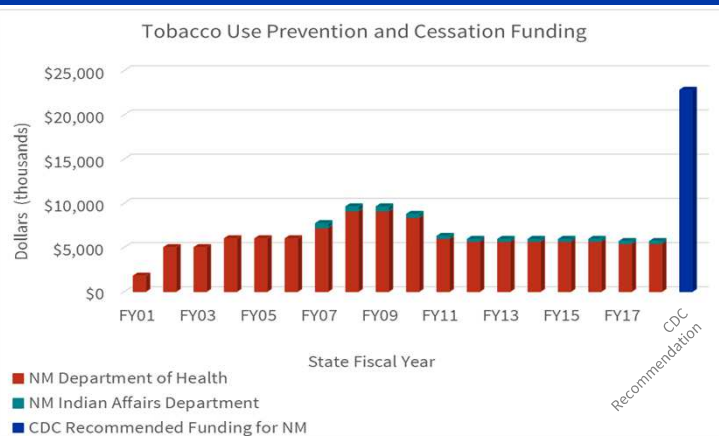
1. Sources: <http://www.tobaccofreekids.org/research/factsheets/pdf/0045.pdf>;
2. Farrelly, MC, et al., "The Impact of Tobacco Control Programs on Adult Smoking," *American Journal of Public Health* 98:304-309, February 2008;
3. Tauras, JA, et al., "State Tobacco Control Spending and Youth Smoking," *American Journal of Public Health* 95:338-344, February 2005.

Funding for Tobacco Use Prevention and Cessation: NM falls short.

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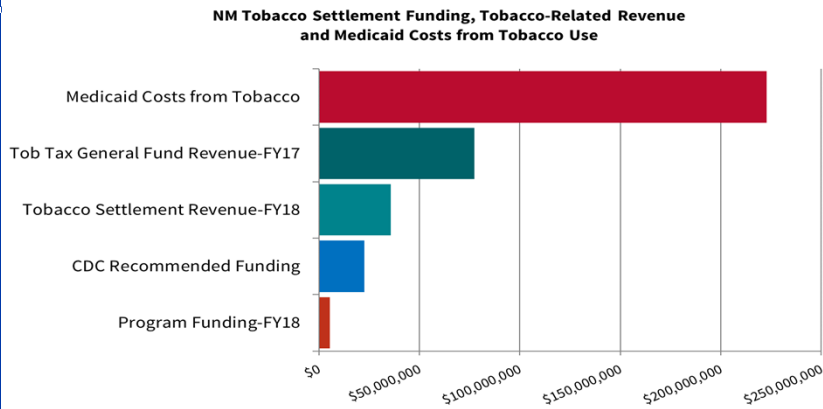


Sources: Legislative Council Service for years FY01-FY13 (<http://www.nmlegis.gov/lcs/handouts/TSROC%2006112013%20Item%204%20Tobacco%20Settlement%20Fund%20Appropriations%20FY99-FY13%20Powerpoint.pdf>); HB2 for FY14-17; Centers for Disease Control and Prevention *Best Practices for Comprehensive Tobacco Control Programs—2014*

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WHERE DOES NEW MEXICO STAND WITH TOBACCO USE PREVENTION PROGRAM FUNDING?

COMPARED TO TOBACCO-RELATED REVENUE & COSTS



Sources: Campaign for Tobacco Free Kids The Toll of Tobacco in New Mexico, July 2017; LFC Report to TSROC May 29, 2018. Ruby Ann Esquivel (<https://nmlegis.gov/handouts/TSROC%20052918%20Item%202%20TSROC%20Tobacco%20Appropriations%202018.pdf>); Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs—2014; HB2 (2018)

Funding for Tobacco Use Prevention and Cessation: NM falls short

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SMOKE-FREE POLICIES REDUCE SMOKING

DEE JOHNSON CLEAN INDOOR AIR ACT

Smoke-free laws like the Dee Johnson Clean Indoor Air Act:



- Reduce Smoking
- Protect People from Secondhand Exposure

Comprehensive Smoke-free Laws: NM needs improvement

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SMOKE-FREE POLICIES REDUCE SMOKING

SMOKE-FREE NEW MEXICO—11 YEARS

Dee Johnson Clean Indoor Air Act—2007

- NM was 17th state in 2007
- As a state law, it doesn't cover people living & working on tribal land
- Numerous outdated exemptions expose workers to secondhand smoke, including retail tobacco stores; ballrooms in hotels; limousines under private hire; workplaces with fewer than two employees, etc.
- Does not include e-cigarettes
 - SB 318 (McSorley) passed in 2017 with strong bipartisan support
 - Pocket veto



Comprehensive Smoke-free Laws: NM needs improvement

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→ Statewide law should include e-cigarettes & not include exemptions

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QUESTIONS?



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