

*Testimony: SB 316, Tobacco Cessation Expansion*  
*Senate Health & Public Welfare Committee*  
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Chairwoman Schmidt and members of the Committee:

My testimony is based on my experience as an expert in health economics and my views don't necessarily reflect the views of my employer the University of Kansas Medical Center

In addition to the health benefits to smokers and their families, covering smoking cessation services in Medicaid makes economic sense for Kansas<sup>1</sup>. To get a reasonable idea of the size of the economic impact, we used Kansas-specific data to estimate the effects of covering cessation services for the estimated 16 thousand adult Medicaid beneficiaries with severe mental illness or substance use disorder. Conservatively, we estimate that covering multiple rounds of treatment would add \$29 million in economic activity to the Kansas economy.

Importantly, we find that each round of smoking cessation treatment has a positive economic impact and our \$29 million estimate is based on the assumption that every person will take-up treatment and repeat as necessary until they successfully quit. In reality, only a small portion of more motivated individuals will take-up the treatment and the per person economic impact will likely be higher<sup>2</sup>. Our model predicts that the economic benefit of cessation services in Medicaid is even greater than for other populations because smokers in Medicaid have higher expected healthcare costs.

The estimated economic gains are driven by lower probabilities of premature death, decreased healthcare costs between current and former smokers, and greater work productivity for those in the labor force. These economic gains more than outweigh reductions in cigarette retail sales and tobacco tax revenue associated with smoking cessation.

The expected economic impact is positive and large even though we opted to build the model using conservative assumptions. For example, we assume no additional federal matching dollars flow into Kansas Medicaid because of expanded coverage. Allowing for new dollars from federal matching at 54.75% more than doubles the estimated economic impact. Additionally, the estimates are based on the lower expected quit rates from treatment with one medication instead of more effective combination treatments<sup>3</sup>.

Perhaps most importantly, we do not include the effects of cessation on the personal well being of the smokers and their families or the broader social impacts. It seems likely that the benefits from smoking cessation would generate spillover effects by reducing the probability that a child takes up smoking or making it more likely that a friend or family member will also succeed in quitting.

**Summary:** We estimate that the provision of smoking cessation services in Medicaid yields large economic benefits even under conservative assumptions. Importantly, the estimated state economic benefits are positive for the first round of treatment and each additional round of treatment.

## References

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2. Ku L, Bruen BK, Steinmetz E, Byshe T. Medicaid Tobacco Cessation: Big Gaps Remain In Efforts To Get Smokers To Quit. *Health affairs (Project Hope)*. 2016;35(1):62-70.
3. US Department of Health and Human Services. *2014 Surgeon General's Report: The Health Consequences of Smoking—50 Years of Progress*. Atlanta, GA: US Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health;2014.