

The Cost Burden of Tobacco

All Arizonans Pay the Price!

or

The Dollars and “Sense” of Tobacco Control!

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Bureau of Tobacco and Chronic Disease**



Health and Wellness for all Arizonans

\$\$\$ Cost of Smoking in Arizona \$\$\$

Health Burden

- Over 7,000 tobacco-attributed deaths per year
- Over 115,000 youth aged 0-17 projected to die from tobacco use
- Life expectancy is reduced 10 – 30 years

Cost Burden

- \$5 Billion per year in healthcare and job productivity
- \$6,000 per employee/year (healthcare, absenteeism, presenteeism)
- Pack-a-day smoker spends \$2,400 per year for cigarettes
- True cost of a pack of cigarettes is \$40.00

True Cost of a Pack of Cigarettes

Average (OTC) cost of a pack of cigarettes	\$6.38
<u>True Cost to Arizonans</u>	
Premature mortality/disability	\$30.00
Lost earnings/cost to employer	\$ 7.63
Medical care	\$.92
SHS costs	\$ 7.16
Net loss to federal/state revenues	\$.33
True cost of a pack of cigarettes	\$46.04*

* Based on *The Price of Smoking* (Sloan, Ostermann, Picone - 2004), adjusted for CPI at 1.25

The Big Picture in Arizona*

Annual Consumption

- 800,000 Arizonans buy over 190 million packs of cigarettes
- 50,000 visitors/tourists buy over 10 million packs of cigarettes
- Annual Sales: \$1.3 Billion

True Cost of Tobacco = \$5.0 Billion per year

- Workplace productivity \$1.3 Billion (current and former smokers)
- Premature death \$1.9 Billion
- Direct Medical Expenses \$1.8 Billion

* *Potential Costs & Benefits of Smoking Cessation in Arizona* (Penn State, 2010)

The Cost Burden for the Arizona Smoker*

The “average” smoker.....

- Buys..... 223 packs per year (12 cigarettes per day)
- Pays..... \$6.38 per pack
- Spends..... \$1,500.00 per year

20 year-old who smokes a pack-per-day, will spend:

- \$2,400.00 per year
- \$24,000 by his /her 30th birthday
- \$108,000 by age 65

* *Potential Costs & Benefits of Smoking Cessation in Arizona* (Penn State, 2010)

Additional Cost Burdens for the Arizona Smoker

Consequences beyond the purchase of cigarettes

- Higher rates of health, life, and homeowners insurance
- Lower resale of cars and homes
- More spending on dry cleaning and teeth cleaning
- Less money to spend, save, and invest
- Others.....?

The Cost Burden to Employers*

<u>Cost Factor</u>	<u>Estimated cost per year/employee</u>
Excess absenteeism	\$ 517
Presenteeism	\$ 462
Smoking breaks	\$3,077
Excess healthcare costs	\$2,056
Pension benefit	<u>-\$ 296</u>
Total additional costs/year	\$5,816

* *Estimating the Cost of a Smoking Employee* (Ohio State University – 2013)

The Cost Burden to Owners and Residents of Rental Properties

Snapshot of Financial Advantages of Smoke-Free Multi-Housing

- Fill vacancies quicker (longer wait lists)
- More satisfied residents
- Healthier residents....moving more quickly to independence (i.e. public, subsidized housing)
- Lower cleaning costs (Up to \$15,000, or ten times greater with smokers)
- Lower insurance costs
- Higher rent (when applicable)

U.S. Subsidized Housing (over 7 million residents)

Eliminating smoking would save \$521M per year*

- \$341M in healthcare costs related to SHS
- \$108M renovation expenses
- \$72M in smoking-related fire losses

*Centers for Disease Control & Prevention (2013)

Smoking Related Fires in Residential Buildings*

- Over 7,600 smoking-related fires in residential buildings each year
- 93% of smoking-related fires are nonconfined (spread beyond chair, sofa, etc.)
- Leading cause of civilian fire deaths (350 per year)
- Smoking-related fire dollar loss: \$300M
- Known areas of origin:
 - Bedroom 23.7%
 - Exterior (balcony, porch, courtyard, etc) 26.1%
 - Common room (living room, dining room, etc.) 10.7%
- Smoking Sources:
 - Cigarettes 86.3%
 - Undetermined 12.0%
 - Pipe or cigar 1.7%

* FEMA Report (2012)

Investing in the Future

Annual cost avoided in Arizona per smoker: **\$7297.04***

- Healthcare costs \$2478.46
- Workplace productivity \$1124.72
- Premature death \$2463.65
- Direct cost of smoking \$1500.00

* Centers for Disease Control & Prevention (2015)

What if.....

We continue to lower the tobacco use by one point each year?

To reduce tobacco use from 16% to 15% requires an estimated net loss of 40,000 tobacco users.

If 800,000 smokers pose a cost burden of \$5 Billion, then 40,000 new non-smokers could reduce the burden by

\$250,000,000!

Thank you!

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