



**Finance, Revenue and Bonding Committee
February 23, 2008
American Cancer Society Testimony**

SB 930 –An Act Concerning the Cigarette Tax, The Tobacco Products Tax and the Alcoholic Beverages Tax

Good morning Senator, Daily, Representative Staples and members of the Committee, my name is Sarah Shafir and I am the State Vice President for Health Initiatives for the American Cancer Society New England Division. I am here today on behalf of the Society in strong support of **SB 930 –An Act Concerning the Cigarette Tax, The Tobacco Products Tax and the Alcoholic Beverages Tax.**

Connecticut's current \$2.00 cigarette tax ties for 6th place on the list of state excise tax rates. New York currently ranks 1st at \$2.75, Massachusetts ranks 3rd at \$2.51 and Rhode Island ranks 4th at \$2.46. Within the last month, however, the Rhode Island legislature has deliberated a proposal by the Governor to increase their cigarette tax by \$1.00 to \$3.46 and it is expected to pass. Currently, 22 other states are looking at cigarette tax increases as a means of bringing in much needed revenue and addressing tobacco related health care issues.

Connecticut faces very real and very serious budget deficits. This fiscal emergency will need to be addressed through painful and necessary solutions and all options need to be on the table. As we continue to feel the impact of this economic downturn, it is important that we look for creative ways to increase revenue that will allow us to protect access to the full range of health care, including tobacco prevention and cessation services.

The American Cancer Society supports SB 930 because increasing tobacco taxes will reduce smoking rates which will save lives and produce long-term savings in the hundreds of millions of dollars as well as bring in much needed additional revenue to the state at a time when we desperately need it. We respectfully ask the committee to amend the bill to increase the cigarette tax by \$1.00 with a dedication of a portion of that revenue towards funding Medicaid coverage of smoking cessation services and the state quitline.

We are not out to punish people because they smoke; on the contrary, we are out to help them by providing for a proven means for them to quit.

Providing tobacco users with access to both medication and cessation counseling increases quit rates by 40%.

People covered under Medicaid are the hardest hit because the program does not provide adequate smoking prevention and cessation services to help prevent or minimize tobacco-related disease. According to the National Conference on State Legislatures, Connecticut is one of only 7 states and the only state in the Northeast, including all of New England, that does not provide Medicaid coverage for at least one of the three primary smoking cessation services—nicotine replacement therapies, counseling or prescription drugs.

The need is critical. 30% of Connecticut Medicaid beneficiaries smoke, almost a 50% higher rate than the population as a whole. Tobacco use costs Medicaid over \$30 billion annually in direct health care costs, including \$400 million in Connecticut per year, almost 9% of the total state Medicaid expenditures. Tobacco cessation services, including nicotine replacement treatment, counseling and prescription drugs, ranked amongst the top two preventative health services in a systematic assessment of 30 services. For as little as \$200 per smoker over their lifetime, Medicaid beneficiaries could have access to proven cessation services that will help them quit successfully.

If that number seems like a lot, let me put it into perspective: this year, the burden from smoking related expenditures in Connecticut, regardless of whether you smoke or not—is \$682 per household. Nationally, costs from smoking are 325 times greater than state expenditures for tobacco control programs.

According to the Campaign for Tobacco Free Kids, smoking costs the state of Connecticut \$1.63 billion dollars a year in health care costs. A \$1.00 increase in the cigarette tax would result in an additional ongoing annual revenue stream of approximately \$51 million for Connecticut. 5-year health savings of \$7.1 million dollars would result through a reduction in smoking affected pregnancies and births as well as fewer smoking related heart attacks and strokes. Long-term health savings resulting from a decline in smoking rates total an additional \$546.3 million dollars.

Coverage of smoking cessation services would also allow for an increase in Federal reimbursements.

We ask for your support of SB 930 and ask that you help smokers further by supporting a \$1.00 increase and a partial dedication of this revenue for Medicaid coverage of smoking cessation services.

Thank you.

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