



Tobacco Surcharges: Updated Policy Statement

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One study found that risky health behaviors, including smoking, were not changed by ACA insurance coverage expansion during the first few years.⁴ However, this study found statistically significant improvements in smoking and excessive drinking in 2017 and 2018.⁴ It is not understood whether these improvements were due to more states taking up the Medicaid expansion (25 in January 2014 to 32 at the end of 2018)⁴, increased awareness of the smoking cessation benefit, or some other factors.

PurposeTo conduct a review of the latest evidence base to determine if there was a need to update the American Heart Association's previous position statement. There were two primary questions to be answered in this review:

- 1) What is the impact of health insurance plans with tobacco use surcharges on the rate of cessation in current tobacco users compared to health insurance plans without tobacco use surcharges?
- 2) What is the impact health insurance plans with tobacco use surcharges on the disparity of access and affordability of health insurance for current tobacco users compared to health insurance plans without tobacco use surcharges?

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coverage for smokers compared to non-smokers.¹⁸ Similarly, within-smoker analysis of 2014-2019 data found as much as 10.6 percent reduction in insurance enrollment for every 10 percent increase in surcharge.²⁴ In a survey, about 25 percent of current smokers reported paying for surcharges or paying higher premiums as a major reason for not enrolling in health insurance.¹⁸

The affordability of health insurance has been problematic for smokers since the inception of the ACA marketplace. Importantly, in every state that allows tobacco surcharges there are plans offered with lower surcharges than the state limit, 41 percent of these states offer at least one plan with no surcharge (though most of these have higher premiums than the lowest priced plans that include a surcharge), and almost all of the plans within each state have surcharges below the state limit.²³ In the small-group market there has been a steady decline in the use of tobacco surcharges since 2016.¹⁶ However, studies have found that tobacco users have been progressively paying more for plan premiums than non-users.^{6, 18} Specifically, in states that allow tobacco surcharge, the state-wide averages ranged from 0.0-29.6 percent in 2015, which increased to 7.0-32.3 percent in 2019.¹⁸ Every year, in order to purchase either a benchmark plan or the lowest cost plan, tobacco users required a higher median income compared to non-tobacco users.⁶ As tobacco users tend to have lower income and lower rates of employment, this trend places an even greater financial burden on smokers, even after subsidization.¹⁹ This is potentially further exacerbated in states that have not taken up Medicaid expansion, where 37 percent of those who would qualify for Medicaid under expansion rules report current smoking.²¹ Affordable health insurance, as defined by the ACA, should cost no more than 8 percent of the household income, but because of higher premiums and surcharges almost 29 percent of adult smokers would spend more than 10 percent of their family income for Marketplace plans (in states without Medicaid expansion) versus about 9 percent with Medicaid expansion.²¹ However, in the small group marketplace, 19 percent of higher-paying employers used tobacco surcharges compared to just over 7 percent of lower-paying employers.²⁰

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One study provided some insight on the impact of tobacco surcharges across urban and rural areas.²⁴ In the analysis, people living in rural counties made up 14 percent of the total health insurance enrollment and 23 percent of tobacco users enrolling for health insurance. Tobacco surcharges had negative impacts on health insurance enrollment of tobacco users living in urban and rural areas. In urban areas, for every 10 percent increase in surcharge there was a 2.8 percent decrease in enrollment for tobacco users (compared to non-users). In rural areas for every 10 percentage-point increase in surcharge there was a 7.8 percent decrease in enrollment for tobacco users, which was a significantly higher rate than in urban areas.

As already mentioned, in the small-group marketplace, if a tobacco surcharge is implemented, consumer

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