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Smoking Cessation and Medicaid Expenditures: A Cost-Benefit Analysis

EXECUTIVE SUMMARY

Tobacco use is a major cause of preventable illness and death. In Washington State, nearly one-third of low-income adults, many of whom receive state-funded medical care, are smokers. To assess the feasibility of offering smoking cessation services through state medical assistance programs, this report examines the potential costs and benefits of providing such services to adults enrolled in the state's Medicaid program.

The Washington State Institute for Public Policy (Institute) was directed by the Legislature "to research and evaluate strategies for constraining the growth in state health expenditures."¹ In consultation with legislative fiscal committee staff, a cost-benefit analysis of a possible Medicaid smoking cessation program was identified as a useful area of research.

Key Findings

Although smoking cessation programs reduce health care expenditures and increase the life span of successful quitters, they do not appear to save more money than they cost in the short-term state budget.

- ❑ Medicaid program costs for smoking cessation treatment occur immediately, but many of the benefits (in terms of reduced health care expenditures) occur in the future.
- ❑ The percentage of individuals receiving treatment who successfully quit and remain abstinent is very small. Therefore, health care costs are reduced for only a small fraction of persons receiving treatment.
- ❑ Due to changes in employment and family situations over time, individuals leave the Medicaid program. If individuals were to receive smoking cessation treatment and then leave Medicaid, the benefits associated with reduced health care costs would not accrue to the state Medicaid program.

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¹ ESSB 6153, Section 608(8), Chapter 7, Laws of 2001.