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| Invest in Hoosier Health by Increasing the Cigarette TaxJanuary 2019 |

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# An Unhealthy Story

* Indiana ranks 44th among states, down 3 places from

Alabama

41

42

Alaska

43

Ohio

44

Indiana

45

Mississippi

46

Arkansas

47

Tennessee

48

Louisiana

49

Kentucky

50

West Virginia

The Bottom 10

41st in 2017, in the percentage of people who smoke

* In the past two years, smoking in Indiana rose 6% while decreasing in many other states
* 22% of Hoosiers smoke (national average is 17%)
* This group generates $7.6B in health care costs – costs that we ALL pay

# Indiana Business vs. Health Rankings

#

1

COST OF DOING BUSINESS

CNBC, America’s Top States for Business

BUSINESS

#

1

STATE INFRASTRUCTURE

CNBC, State of State Infrastructure Ranking

#

1

STATE REGULATORY ENVIRONMENT

Pacific Research Institute

#

5

PROPERTY TAX INDEX

The Tax Foundation

#

8

STATE TAX CLIMATE

Tax Foundation 2017 State Business Tax Climate Index

#

48

PUBLIC HEALTH FUNDING

HEALTH

#

44

PERCENTAGE OF SMOKERS

#

43

INFANT MORTALITY

#

42

CANCER DEATHS

#

41

OVERALL HEALTH

All ratings from

America’s Health Rankings 2018 Report

Smoking is a primary factor

for the low ranking.

# The Cost to Employers

* An employee who smokes costs their employer $6,000 more per year\* than an employee who has never smoked
* Tobacco users spend 175% more per person in inpatient, outpatient, and pharmacy costs and have 66% more medical/Rx claims
* Tobacco users spend 149% more per person in emergency room visits and are

320% more likely to have an emergency room visit

\*2018 Ohio State University Study, Tobacco Control

# Indiana’s Cigarette Tax

* Ranks 38th among states and is lower than all surrounding states (KY, IL, OH, MI)
* Has not increased in 12 years
* Helps fund the Healthy Indiana Plan (HIP)
* Additional funding would make HIP more secure for the future as federal funding is declining

#  A Partnership that Works

* Plan covers health care services for 250,000 low-income Hoosiers ages 19 to 64 who would have no other option for coverage
* Rewards Hoosiers for taking better care of their health through innovative design with a focus on wellness and personal responsibility
* Hospitals support HIP by paying the state a provider fee, the Hospital Assessment Fee (HAF)
* HAF is used by the state to leverage the federal matching dollars and funds a portion of the state’s Medicaid budget
* Hospitals are the only provider group paying fees to support HIP

# Hospital Assessment Fee (HAF)

* Hospitals will pay over $1,000,000,000 in fees in State Fiscal Year (SFY) 2019. The fastest growing portion, $200M, supports HIP\*

$1B

FEES PAID BY

INDIANA HOSPITALS

* Hospitals’ share is increasing at an unsustainable rate - 55% in the last two years (323% increase for the HIP portion)
* Many rural hospitals saw an increase of as much as 40-50% from SFY 2018 to 2019

\*$800M is used to make low hospital reimbursement rates sustainable

|  |
| --- |
| Indiana Hospitals |

# How HAF Supports HIP

$

HOSPITAL

ASSESSMENT

FEE

State

Budget

$

$

$

Federal Government

90-100

%

FEDERAL

MATCH

Federal match is declining

# A Healthy Investment

* Invest in the health of Hoosiers
* Stabilize HIP 2.0, a national model program

* Reduce burden on hospitals as the sole funders of HIP
* Make Indiana’s economy more productive
* Enhance Indiana’s standing as a state that works
* Healthier people = a healthier, more competitive Indiana