



Invest in Hoosier Health by Increasing the Cigarette Tax

January 2019

An Unhealthy Story

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

The Bottom 10

| | |
|-----------|----------------|
| 41 | Alabama |
| 42 | Alaska |
| 43 | Ohio |
| 44 | Indiana |
| 45 | Mississippi |
| 46 | Arkansas |
| 47 | Tennessee |
| 48 | Louisiana |
| 49 | Kentucky |
| 50 | West Virginia |

Indiana Business vs. Health Rankings

BUSINESS

#1 **COST OF DOING BUSINESS**

CNBC, America's Top States for 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

HEALTH

*All ratings from
America's Health Rankings 2018 Report*

#48 **PUBLIC HEALTH FUNDING**

#44 **PERCENTAGE OF SMOKERS**

#43 **INFANT MORTALITY**

#42 **CANCER DEATHS**

#41 **OVERALL HEALTH**

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

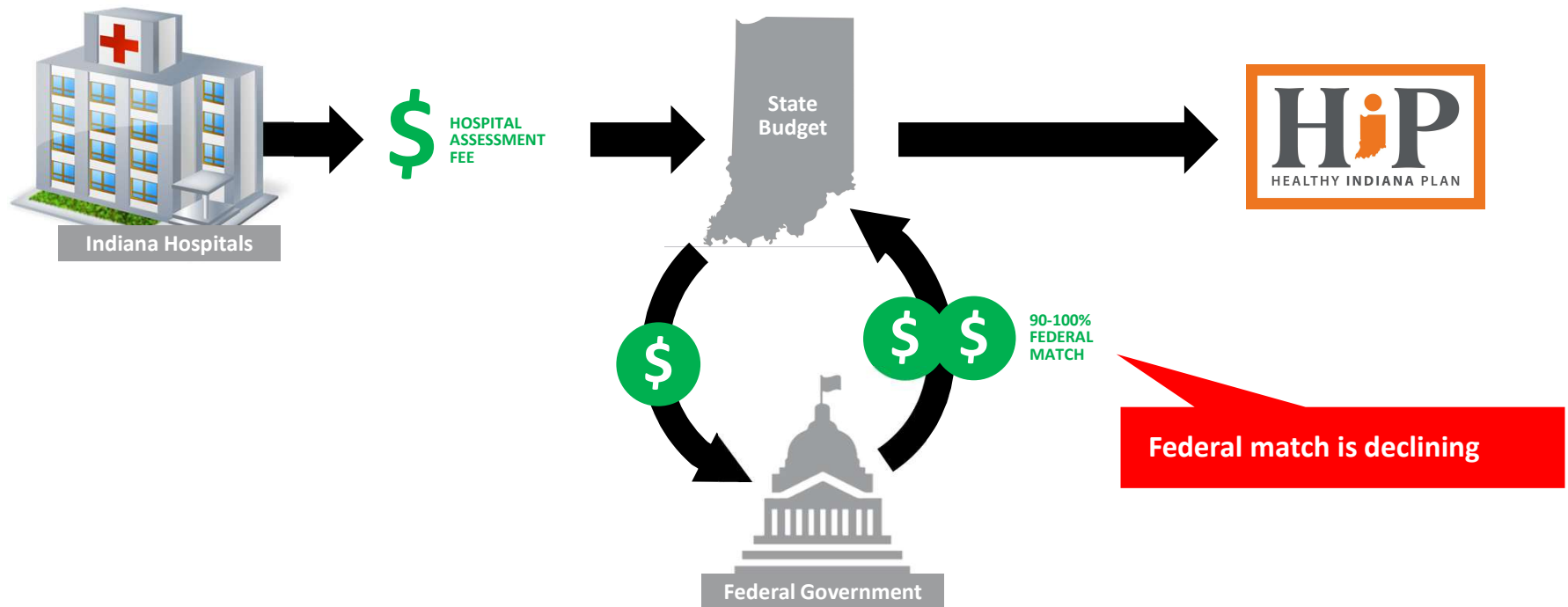
Hospital Assessment Fee (HAF)

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

How HAF Supports HIP



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

