

Saving Money

The Massachusetts Tobacco Cessation Medicaid Benefit

Policy Brief

Background

The tobacco use landscape in this country has changed in recent years -- people with lower income and education levels have a much higher probability of smoking. For instance, the smoking rate for those with a college degree is under 10%, but for those insured by Medicaid it is over 35%. Unfortunately, Medicaid coverage for tobacco cessation treatment depends on the state in which you live. While federal health reform guarantees nationwide coverage for pregnant women, it does not for all other Medicaid beneficiaries. Some states have made this a public health priority, but others have not.

In July 2006, the state of Massachusetts initiated a comprehensive smoking cessation policy under its Medicaid program (called MassHealth). Based on prior research about effective smoking cessation interventions, the state passed legislation requiring a program that included both tobacco cessation medications, including all treatments that are approved by the Food and Drug Administration, as well as counseling services.

After broad publicity and outreach for the cessation program, the program achieved a high utilization rate, reaching about 37 percent of Medicaid smokers. The rate of smoking among Medicaid beneficiaries fell from about 38 percent to about 28 percent in two and a half years, a statistically significant reduction. Researchers also found that admissions for heart attacks (acute myocardial infarction) fell by 46 percent and admissions for coronary heart disease fell by 49 percent for those who used the cessation benefit.

Return on Investment Study

A new research study from the George Washington University demonstrates that including a comprehensive smoking cessation benefit as part of insurance coverage under Medicaid can:

1. Help people stop smoking,
2. Lower the risk of heart-related illnesses that lead to hospitalization, and
3. Save money by reducing the number of costly hospitalizations.

The George Washington University research report concluded that every \$1 invested in the Massachusetts Medicaid Tobacco Cessation Program led to average savings of \$3.12 in cardiovascular-related hospitalization expenditures. Thus, a net return on investment of \$2.12 was realized for every dollar invested. On average, these savings were recouped within slightly more than a year after the benefits were used.

The Massachusetts studies do not reveal how many of the low-income smokers who quit remained tobacco-free or for how long. It is likely that many of those who quit, conceivably even most, eventually begin smoking again. Nonetheless, the annual medical savings attributable to even a brief reduction in smoking (\$571 per program participant) outweighed the costs of the prevention program (\$183 per participant) and yielded these savings rapidly.

The cost-benefit study provides conservative short-term estimates of the savings to the Medicaid program. They do not include other potential savings, such as the reduced cost of purchasing cigarettes (typically more than \$5 per pack), health improvements in other family members due to reduced second-hand smoke, or improved work productivity or quality of life.

Policy Implications

Most states offer some tobacco cessation services, although sometimes the benefits varied across Medicaid managed care plans or for different populations (e.g., pregnant women). While all states could gain by providing comprehensive tobacco cessation coverage and reducing the level of smoking, the greatest gains can be realized in states with the highest smoking prevalence rates. It is particularly noteworthy that some of the states with the highest rates of smoking have less coverage; these include Georgia, Kentucky, Tennessee and West Virginia.

The budgetary significance of the findings from the Massachusetts studies is that comprehensive tobacco cessation programs can begin to recoup savings rapidly due to a quick fall in hospitalization rates. The study indicates that most of the estimated savings may be recovered within a little more than a year. When budgets are tight, policy officials care most about policies that will save money in the following year or two. The Massachusetts results meet that test. Creating comprehensive tobacco cessation coverage policies in Medicaid can both improve public health and lower medical costs.

Because the prevalence of smoking is so high among the low-income Medicaid population, state officials should take steps to make comprehensive smoking cessation benefits available. This should include the full array of Food and Drug Administration approved medications and the counseling therapies recommended by the U.S. Public Health Service. The findings from the studies suggest that greater use of smoking cessation benefits leads to larger reductions in smoking rates, which in turn leads to lower rates of heart disease and to greater medical savings.

Call to Action

This policy report, based on a study by George Washington University, demonstrates that implementation of a comprehensive tobacco cessation program can save lives and money. At a time when state and federal budgets are stretched to the breaking point, this report identifies a proven cost saving strategy for policymakers.

Advocates in many states are working to increase Medicaid tobacco treatment coverage and these new resources will be excellent new tools to strengthen their efforts. It is imperative that states redouble their efforts to establish comprehensive coverage for tobacco treatment for all people insured by Medicaid. Tobacco control advocacy organizations should fully support this initiative and include it in their 2012 action plans. Giving all Americans barrier-free access to cessation services will help millions of smokers quit, saving human life and financial expenditure.