



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

WRITTEN COMMENTS ONLY

SENATE COMMITTEE ON WAYS AND MEANS

**SCR0154SD1, REQUESTING THE AUDITOR TO ASSESS THE SOCIAL AND
FINANCIAL EFFECTS OF REQUIRING HEALTH INSURANCE COVERAGE
FOR TOBACCO USE CESSATION TREATMENTS**

**Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health**

**April 4, 2013
9:50AM, Room 211**

1 **Department's Position:** The Department of Health (DOH) supports the intent of SCR0154SD1 to
2 request the auditor to determine the social and fiscal impact of requiring health insurance coverage for
3 tobacco use cessation treatments.

4 **Fiscal Implications:** No appropriations requested.

5 **Purpose and Justification:** This measure addresses the statutory requirement for an impact assessment
6 of the social and fiscal implications of mandated health insurance coverage, in this instance, for tobacco
7 use cessation.

8 The U.S. Public Health Services Clinical Practice Guideline on Treating Tobacco Use and
9 Dependence recommends that evidence-based tobacco use cessation treatment be covered by every
10 insurance provider and in every plan, including those grandfathered in under the Patient Protection and
11 Affordable Care Act (ACA).

12 Under the 2010 ACA, state health insurance exchanges must offer plans that meet Essential
13 Health Benefit (EHB) requirements. One of the 10 categories within the EHB is tobacco cessation.

Promoting Lifelong Health & Wellness

1 However, there is no specific requirement for state insurance plans to provide a comprehensive tobacco
2 cessation benefit as a standard of coverage. Therefore, benefits could vary by insurance plan.

3 Tobacco use is the leading cause of preventable death and disease in Hawaii, claiming 1,100
4 lives each year and creating \$336 million in annual health care costs directly attributable to smoking.
5 Despite the fact that Hawaii has made significant gains in tobacco prevention and control, an estimated
6 176,000 adults in the state report being current smokers, and some populations are particularly at risk.

7 Nicotine addiction is treatable, and data show that most smokers want to quit (54% of Hawaii
8 smokers) and that covering treatment improves the chances that a person will quit smoking.
9 According to the U.S. Public Health Services Clinical Practice Guideline on Treating Tobacco Use and
10 Dependence (the gold standard for cessation services): 1) Tobacco cessation treatments help people quit
11 smoking; 2) Participation rates for treatment programs are higher when there is no cost-sharing;
12 3) Combining counseling with tobacco cessation medications is more effective than using one type of
13 treatment alone; and 4) Quit rates are higher when health insurance covers tobacco cessation treatments.

14 The requested audit could be the vehicle to determine the extent of coverage Hawaii's insurance
15 plans will provide based on any gaps in coverage and payment, and the financial cost to the state.

16 Thank you for the opportunity to testify.



To: The Honorable David Ige, Chair, Committee on Ways and Means
The Honorable Michelle Kidani, Vice Chair, Committee on Ways and Means
Members, Senate Committee on Ways and Means
From: Annie Hollis, Policy & Advocacy Director
Date: April 2, 2013
Hrg: Senate Committee on Ways and Means, Thurs April 4, 9:50 AM, Room 211
Re: **Support for SCR 154, SD 1, Requesting the Auditor to Assess the Social and Financial Effects of Requiring Health Insurance Coverage for Tobacco Use Cessation Treatments**

The Coalition for a Tobacco-Free Hawaii (Coalition) supports SCR 154, SD 1, requesting the Auditor to assess the social and financial effects of requiring health insurance coverage for tobacco use cessation treatments.

The Coalition for a Tobacco Free Hawaii (Coalition) is an independent organization in Hawaii who works to reduce tobacco use through education, policy and advocacy. Our organization is a nonprofit organization with over 100 member organizations and 2,000 advocates that work to create a healthy Hawaii through comprehensive tobacco prevention and control efforts.

Cigarette smoking is the single leading cause of preventable disease and preventable death in the United States, leading to more than 400,000 deaths annually. In Hawaii, there are still more than 178,000 adult smokers in the state, and according to a 2006 Department of Health survey, 87.3% planned to quit. It is imperative that we remove as many barriers as possible so those who are addicted can quit efficiently and effectively. Counseling and pharmacotherapy increase the chance of quitting compared to unassisted attempts.¹ Within one year of an attempt to stop smoking, about 95 percent of people who try to stop without pharmacological aid continue to smoke or relapse.² Tobacco users who want to quit should have the help they need to quit as recommended by the U.S. Preventive Services Task Force, including counseling and pharmacotherapy. Providing insurance coverage for cessation services and informing policy holders about the coverage will save money. An actuarial study conducted by Milliman, Inc. found that employees who quit smoking reduce annual medical and life insurance costs by at least \$210 immediately. After two years of providing FDA-approved pharmacotherapies and counseling to

¹See Fiore MC, Bailey WC, Cohen SJ, Dorfman SF, Goldstein MG, Gritz ER, et al. Treating Tobacco Use and Dependence: 2008 Update – Clinical Practice Guidelines. Rockville (MD): U.S. Department of Health and Human Services, Public Health Agency for Healthcare Research and Quality, 2008.

² Cohen S, Lichtenstein E, Prochaska JO, Rossi JS, Gritz ER, Carr CR, Orleans CT, Schoenbach VJ, Biener L, Abrams D, et al. Debunking myths about self-quitting: evidence from 10 prospective studies of persons who attempt to quit smoking by themselves, *American Psychologist* 1989;44(11):1355-65.



Medicaid beneficiaries, Massachusetts saw 33,000 less smokers and a reduction in the number of hospitalizations for heart attack, emergency room visits for asthma, and claims for maternal birth complications.

While some may see the costs associated with mandated cessation, they pale in comparison to the costs attributed to treating the various illnesses caused by smoking. A study completed by Penn State University in 2010 estimated that in Hawaii the annual direct costs to the economy attributable to smoking were in excess of \$1.1 billion, including workplace productivity losses of \$215 million, premature death losses of \$449 million, and direct medical expenditures of \$444 million.

The Affordable Care Act (ACA) specifies that employer-sponsored insurance must cover tobacco cessation services, but does not define which medications or counseling are included in the requirement.³ The Coalition supports the amendment offered by Kaiser Permanente, requesting the Auditor to research whether the state is fiscally responsible under section 1311(d)(3) of the federal Patient Protection and Affordable Care Act for a mandate enacted after December 31, 2011.⁴ It is important for the State to undertake this study in order to determine the most cost-effective means of delivering affordable and comprehensive tobacco use cessation services to all residents, while ensuring the State's fiscal responsibilities in providing this care are clear.

This resolution is a strong step in solidifying in statute the intent of the State to make sure all residents have access to healthcare. The Coalition supports SCR 154. Thank you for the opportunity to testify.

A handwritten signature in black ink, reading "Annie Hollis", enclosed within a thin black rectangular border.

Annie Hollis
Policy & Advocacy Director

³ American Lung Association, Tobacco-Related Provisions of the Affordable Care Act. Accessed from <http://www.lung.org/stop-smoking/tobacco-control-advocacy/reports-resources/2012/factsheet-tobacco-related-provisions-of-the-aca.pdf>.

⁴ Kaiser Permanente. Testimony on SCR 154 before the Senate Committees on Health and Commerce and Consumer Protection, March 25, 2013. Accessed from http://www.capitol.hawaii.gov/session2013/Testimony/SCR154_TESTIMONY_HTH-CPN_03-25-13.pdf.