

Dialogue4Health
Web Forum

Promoting Health & Cost Control in States:
Exploring the Health & Economic Impacts of
Tobacco Pricing Strategies

November 13, 2019

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>>LAURA BURR: Welcome to exploring the health and economic impacts of tobacco pricing strategies. My name is Laura Burr and I am running this Dialogue4Health web forum with my colleague Christina Lane. We thank our partners for today's event Trust for America's Health.

Now it is my great pleasure to introduce our moderator for today, Adam Lustig. Adam is the manager of promoting health and cost control in states known as the initiative. The initiative seeks to promote the adoption of implementation of evidence-based state policies that have been shown to improve health and control or reduce costs over time. Welcome back to Dialogue4Health Adam.

>> ADAM LUSTIG: Thank you so much Laura and thanks to everyone for attending today's webinar. I am very pleased to be moderating today's webinar on the topic of tobacco pricing strategies. We have a terrific lineup of speakers today that will provide insights on tobacco pricing strategies at the state and national level.

Now we will move on and I am going to give some very brief remarks before we get to our speakers which are all here to listen to. I will provide a very brief overview of the Trust for America's Health otherwise known as TFAH and the initiative that I have the pleasure to lead. The trust is a nonpartisan public health policy research and advocacy organization that envisions a nation which the health and well-being of every person and community is a national priority where prevention and health equity are foundational to policymaking at all levels of government. We are dedicated to promoting the health of all communities and working to make the prevention of illness and injury a national priority. We work on a wide range policy issues including but not limited to obesity, substance misuse, climate change, age from the public health systems and emergency preparedness.

Before I get details on the initiative that I lead here at the Trust for America's Health I want to highlight one thing that we have been hearing a lot of discussions about and this is a distinction between social need and social determinants. One area that is the focus of our work is the social determinants of health. This is a term we see used widely among public health and public healthcare stakeholders however is often the case that when talking about social determinants of health there is not a shared definition of what that actually constitutes. We have observed there is often confusion around addressing social needs as to the social determinants of health intervention. For example, when addressing homelessness the approach may involve allocating tax dollars to create or preserve

affordable housing units. While a social needs approach may involve eight hospital screen patients for housing access issues and connecting those individuals to local shelters. When we at the Trust for America's Health talk about the social determinants of health we referred to the underlying social and economic conditions of communities across the country that could be approved through policy level interventions. As seen here on the graphic on the left the work of the promoting health and cost control states initiative seeks to promote community level impacts. Let me tell you a little bit more about the promoting health and cost control states initiative. This initiative otherwise known as PHACCS focuses on state-level policies that have evidence to promote health and cost control growth. We specifically identify policies that are outside of the healthcare system or the clinical realm to further emphasize that health is truly more than healthcare.

In this initiative we recommend 13 evidence-based policy recommendations that key state-level decision-makers make may consider. We used four guiding criteria and identification of our 13 recommend policies. I won't go into too much detail here but I encourage all to visit our website to read our full report which includes the methodology behind our process.

On a high level our four criteria include a sufficient health and economic evidence supporting the policies; the policies can be considered a form of primary or secondary prevention; the policy has a clear state legislative role; and finally the policy addresses broad populations or communities rather than individual level interventions.

On this slide we show our 13 recommended policies which have been grouped under six overarching goals. Again I encourage you all to read the report that details the health and economic evidence supporting each policy, the legal landscape for each policy, and the key considerations for design and implementation of these policies. In addition the report includes a number of what we consider comparable mentoring policies which did not make our final list of 13 policies but are closely related to those that we do recommend.

For today's webinar we will focus on policy number 5. Tobacco pricing strategies. I will be very brief with my comments on tobacco pricing strategies since we have such a wonderful group of experts joining us to speak in more detail about them. Tobacco pricing strategies increase the price of tobacco products in order to deter youth from using tobacco products, promote quitting smoking and reduce tobacco use. The revenue raised by these policies and strategies should be used to fund other tobacco control interventions although from the speakers you will hear momentarily this is often not the case. There is a large body of evidence supporting both the health and economic impact of tobacco pricing strategies.

With that I am happy to introduce Corinne Graffunder the director of the office on smoking and health at the Centers for Disease Control and prevention. Dr. Graffunder is the director within the national centers for chronic disease and health prevention. She is responsible to provide broad leadership and direction for all issues related to tobacco control and prevention. Prior to her current position she served as the associate director for policy in the CDC office of the director working to strengthen collaboration between public health, healthcare and other sectors to advance CDC population health priorities. She has more than 30 years' experience with national, state and local prevention efforts and work with the US Surgeon General and the national prevention Council leading the development of the first ever national prevention strategy, America's plan for better health and wellness. Welcome Dr. Graffunder.

>> CORINNE GRAFFUNDER: Thanks I appreciate the introduction and I also appreciate inviting me to join you all today. And thanks to everyone who has been able to join us on this webinar. I want to share with everyone in case people are not familiar with the office on smoking and health we are the lead federal agency within Health and Human Services that addresses comprehensive tobacco prevention, control so our activities include surveillance, research, policy, communication and state/local/tribal and territorial program supports.

I want to start I know we are here to talk about price today and tobacco pricing but I really want to start on what we know about tobacco control, tobacco prevention and control. We have been remarkably successful over decades now to drive down the tobacco use rate and well be are very proud of that we know that there is still much work to be done. This slide represents what we call the tobacco control vaccine and as you can see what it really reflects is that there are four key strategies that work together to realize the outcomes and impacts that we are trying to achieve when it comes to tobacco use. Tobacco price increasing is definitely one of them but smoke-free policies are also critical to the success. Cessation access, and hard-hitting media campaigns. All complement what makes up this vaccine. The reason we use the vaccine is to really drive home the idea that the formula does matter. That these four things all do, in concert with one another, make a difference in their all-important and work together synergistically. In addition the dose is also important and so we will get into a little bit of that later when we talk specific taxes and pricing but when the dosing is insufficient then the result is not as powerful as you would like it to be.

I am going to jump into been about price and we do know as you can see from this slide and from the graph on this slide at this point in time we have decades of evidence and data that help show that as the price of cigarettes has increased there has been a commensurate reduction in the sales. And so that has led to back in the to thousands the surgeon general through the report concluded that a 10% increase in the price of cigarettes is associated with a 3-5% reduction in cigarette consumption and importantly that could be even greater among youth and other price-sensitive groups. So there is the IOM, the Surgeon General report and a variety of other well-known and established organizations that of concluded this but I wanted to also include on the slide the recent more recent much more recent copy of the cover of our most recent Surgeon General's report on an next cigarette use. The only Surgeon General's report on E cigarette use and it is specifically focused on youth and young adults and I include this here because I want to recognize that while we are talking about price today and well we know Price does have an impact on youth and young adults we also know that we are working in a very complex time when our understanding of and really the strategies that we are using and have used to address cigarette smoking are being both challenged and also we have a lot to learn still from how those strategies work when it comes to some of the alternative products that are currently out there and available in many cases being used very heavily by young people.

I do want to also add that while again we will focus on taxation today, there are other strategies to address price and I am sure some other speakers might also touch on some of these. We know that the primary strategies for excise taxes include state excise taxes and the local excise taxes when those are allowed and in fact there are other alternatives strategies which can be used includes things like fees, a variety of different fees. It includes minimum price laws including also point-of-sale interventions so that could be licensure and licensing fees as well as looking at and addressing discount and coupon primarily through looking at how those can be restricted or banned.

What is important to recognize is that we have made significant progress with excise taxes in the United States. The maps here show that in 2000 we had virtually no states that had significant taxation, excise taxes on cigarette products and cigarettes. However by 2019 as you can see there has been tremendous progress in the rates of excise taxation in states. However as you can see from the variation of the colors here there is also considerable variation among the states and what we know also and again I suspect we will hear this from some other speakers later, is that we know it is not sufficient to increase the excise tax and then have it just be maintained at that level. This is, the price needs to continue to increase as inflation and other things start to influence the price. Today the federal tax on cigarettes is \$1.01 per pound and the national excise tax is \$1.79 average per pack but it ranges significantly from \$4.35 in New York and Connecticut to only \$0.17 in Missouri so the variation is very significant. There are also localities that can implement excise taxes. For instance we know combined Cook County and the Illinois state excise taxes result in \$6.16 in taxes per pack and that is the highest in the United States. So again we can come back to this during the discussion but the important thing to note here is there has been progress made. There has been success. There have been successful efforts and yet at the same time there is a lot of inconsistency across the states.

I am turning now and want to acknowledge our colleagues at truth initiative and their fantastic work they have done with their tobacco nation report and as you can see on the slide this report examines the health and policy disparities in the United States particularly in those states that have the highest smoking rates. And what we know from this report and from our data are that in the tobacco nation states, adults smoke at higher rates than across the rest of the US so 21% compared to 15% and importantly we also note they smoke more so they smoke 27 packs of cigarettes on average per year more which means they are in fact consuming a lot more nicotine, a lot more cigarettes and experiencing more significant health impacts because of that.

We also know that and this is where we get to our topic for today that cigarettes are cheaper in the tobacco nation states. 19% cheaper on average and instead of the tobacco nation states are only at an average of \$1.07 whereas the rest of the United States has been at \$2.03 so there is a significant difference and we know that again while this difference is present in the prevalence and tobacco use rates are different in the tobacco nation states in part because of the price in taxes. We also know that these states tend to have less protection from secondhand smoke exposure and they also often have less resources for media and cessation services. So there is a lot of work to still be done to really address the gaps in these states.

I am having a little bit of a driving issue here. ---

I wanted to then turn just to again in the hopes of teeing up the upcoming speakers and then perhaps the discussion and questions I want to turn to what we continue to see as the challenges moving forward with taxation and tobacco taxation specifically. We know there are many many challenges that the industry consistently uses to make arguments against taxation. The good news I guess is that the industry often uses the same playbook over and over again and will use many of the same arguments and many of the same strategies. So one of the opportunities is to really learn from others that have done this work and stay on top of those strategies that are being used. That ranges from everything from putting small mom and pop stores out of business to make it challenging for people who are addicted to be able to continue to support their addiction. Those kinds of things. Discounts

and preemptions are the biggest use when it comes to tobacco policy around taxation. These are areas that are again very strategic aspects of what the industry does to undermine the policy work that we all tried to do at the state, local and national level. Again there is a lot of complexity with both of these. There are a lot of challenges with both of these but there are experts and there is help available so again we make it into some of that in the other speakers but discounts and preemption are definitely something to keep our eye on. Emerging tobacco products again we all know the landscape for tobacco products is changing significantly. It continues to change. We now have more approved products on the market that we have had in quite some time as well as all the products that remain unregulated and that includes the vast array of electronic cigarette products and other products. These do absolutely create complexity particularly when it comes to tobacco taxation policy because it is not well-established yet what a reasonable incentive versus disincentive strategy using pricing and taxation may need to look like to ensure again that you have reasonable product availability for people who are addicted but also are really controlling any new initiation and really keeping these products out of the hands of young people. And out of the hands of nonusers. We don't want people who are not currently using to start using. The other thing I put in there is tobacco in pop culture and while it is not as specifically related to taxation I felt it was important to acknowledge that there so much of this strategy that the industry has used historically and is continuing to use that they have access through social media and so many other channels, so many really insidious ways of using that same emphasis on really having the pop-culture support and reinforce tobacco use so again while pricing is a really important strategy comprehensive approach is one that we really support and really want to continue to advance.

I am going to wrap up now with just a couple of, points of encouragement I guess. One is I would encourage all of you if you are interested in working on these kinds of strategies to not go it alone. There are many experts out there and resources and information and people who can provide remarkable support, remarkable model policies. They can give you feedback so these are just some resources that we are aware of and some that we work with but there are likely many many others in your states and across the nation so we encourage you to take advantage of those.

In terms of my key takeaways I would just review with you the fact that as we know price is associated with both initiation and cessation. Is fundamentally core to helping create the context and support not starting in the first place and support those that are trying to quit to give them yet one more incentive. When the price goes up it gives them one more incentive to try to quit again and we know that 70% of people who use cigarettes want to quit at any point in time. We also know that the state tobacco taxes are unequal and despite efforts on many many states cases this is not easy work but we know that it is important because it does continue to support the outcomes that we are interested in and that we will continue to work to try to unify and have more uniform tax coverage. The landscape has diversified and this is an area that we're going to continue to need to understand and do research and really monitor the impact of the variety of policies including taxation policy on the diversified landscape. And finally as already said there is expertise and help available. So I absolutely would encourage you to access that. And with that I am going to close. This is information that you need to get to our website and resources. We have a wide array of resources across the entire copperheads of approach and so we absolutely encourage you to take advantage of those.

>> ADAM LUSTIG: Thank you so much that was a really terrific overview from a national perspective in terms of the impacts of tobacco pricing strategies and comprehensive tobacco control as a whole.

And with that I am happy to introduce our next speaker Lindsay Cloud. Lindsay is the policy surveillance program director at the Center for public health law or research at Temple University Beasley school of Law. Her work focuses on the intersection of law and public health. She oversees the creation of large-scale public health law research projects using legal epidemiology to scientifically analyze and track state, local and international policies across various public health law domains. In addition to managing the creation of the centers projects Lindsay trains government agencies, policymakers, researchers and other external organizations on the tools and transdisciplinary methods used in public health law research with an aim toward applying law as an intervention to influence better health, well-being and equity. Lindsay is currently a PhD candidate at Temple University health policy program seeking to advance her research and evaluation training in order to address health disparities to promote community health.

>> LINDSAY CLOUD: I am here to discuss the legal landscape of tobacco pricing strategies so with that let's get started.

Let's start with some background on the project by both discussing its context and then move onto the methods before we turn to the key findings. Even though the harms of tobacco use are now well-known tobacco use and exposure to secondhand smoke remain a leading cause of preventable death in the United States so this graph from the CDC is a snapshot of the percentage of adults in each state who were current smokers in 2017. Overall the total percentage of smokers is decreasing from 20.9% in 2005 to 14% in 2017. However we still have a ways to go since 14% of the US population in 2017 accounted for around 34.4 million individuals. Tobacco use also looks different depending on your age and your race, social economic status and where you live. Usage rates are higher in the Midwest and South cigarettes mostly smoking is more prevalent among minority populations and low income individuals. Usage also looks different among insured and uninsured groups. A few key percentages, 24.7% of individuals who were uninsured used tobacco. 24.5% of individuals who are insured via Medicaid used tobacco. You compare these two percentages with 10.5% of adults with private insurance used tobacco.

These rates are particularly concerning given the high cost of tobacco related health risks on our population.

Tobacco use and exposure to secondhand smoke have of course been linked to many adverse health outcomes including cancer, cardiac disease and respiratory illness. These risks are high for target women in neonatal health and also important to bring into the conversation smokeless tobacco which increases risks for certain types of cancer and gum disease and other oral health related issues. Important to this conversation is the unknown which is electronic nicotine delivery systems also known as E-cigs -- are leading to emerging health concerns across our country. It is said they contain less cancer chemicals than traditional smoking and were seen as an alternative but the majority of the research is out on that. There's a few takeaways the CDC is backing one is that E-cigarettes have potential benefit to adult smokers if used as a complete substitute for regular cigarettes. E-cigarettes are not safe for use for young adults, pregnant women or adults who do not currently use tobacco products. The media is properly sounding the alarm around these as 1.5 million more students use E-cigarettes in 2018 as compared to 2017 and the FDA is expected to ban all E-cigarettes flavor except for tobacco and menthol. This ban would also include mint and recent studies have shown that mint is one of the most popular flavors among middle and high school students.

So fighting back. We know the tobacco industry is large and mighty. And they have somehow survived past all of the hard science that links smoking to disease since the advisory committee report of the US Surgeon General in 1964. However public health has fought back hard. As we discussed in the previous presentation some successes have been attributed to campaigns that have raised public awareness changing social norms, when the real cost campaign which are the pictures you see on this screen launched in 2014 the goal was to educate at-risk teens. Over time it has become clear that the campaign science-based approaches could educate at risk youth about tobacco products using eye-catching imagery as you see. But another major contributor to the reduction in smoking has been strategic legal barriers that have been enacted in spite of lobbying efforts across the country. These laws include advertising bans, labeling requirements, raising the age limit to 21, location-based restrictions, clean indoor air laws and last but not least the topic of today, tobacco pricing strategies.

Implementing evidence-based policies that reduce smoking and tobacco consumption can decrease disease and mortality and one of the best evidence based policies that we have on the books is tobacco taxation. Especially in the form of excise tax which is levied based on quantity so a fixed amount per cigarette or weight of tobacco.

As also discussed studies have shown that at 10% per pack cost increase could result in a 4% reduction of use in high income communities and a 5% reduction in use in low income communities. In the United States tobacco is taxed at the federal, state and local level depending on preemption and while all states do impose their own cigarette taxes, there is wide variation on the rate at which those products are taxed.

Hopefully we have made the case that laws a powerful influence on health and not just in the area of smoking but also showcased through the other great public health achievements in the 20th century. Mandatory vaccines and seatbelt laws, healthy food regulations. So if law is such a powerful influence on health, what is the problem? Is one of the best natural experiment that we have but we are not taking advantage of that fact. In many cases we just don't know whether and how the law is working and what side effects are. This screen shows you the history of criminalizing drug use and what that has done to our prison population, homelessness, joblessness. Unlike pills which undergo years of testing before landing in your local pharmacy, laws affecting millions of people passed state-by-state are rarely evaluated after they go into effect let alone before they pass. So although law is not traditionally developed and evaluated strategically or systematically, it could be.

So enter the PHACCS initiative. We are thrilled to be a part of this collaborative effort with Trust for America's Health which is supported by the Robert Wood Johnson Foundation and as mentioned tobacco pricing strategies just the first of 13 discrete topics of law that we are capturing which matter to health. Our team of lawyers here at the center worked on creating a comprehensive database of state-level statutes and regulations that capture tobacco taxation and minimum pricing requirements across all 50 states and Washington DC. So our focus areas. The data captured 50 variables focusing on three different products. The first being cigarettes, the second being other traditional tobacco products. We have about 15 of these, many types of cigars, chew, snuff. And ENDS. It is worth noting here that ENDS is not technically considered tobacco products as they do not actually contain tobacco, only nicotine but we thought it was worth including them in this data set because the intersecting nature of the user pool and the popularity.

How did we do this? We did it through our methods and legal epidemiology is the method that we use the scientific study and deployment of law as a factor in the cause, distribution and prevention of disease and injury in a population. This concept is new to you the single most important take away for research purposes is simply that laws and legal practices can be studied in the same general manner and with the same general scientific methods as any other social phenomenon of importance to population health. So under the umbrella of legal epidemiology which has become the spokes model of the methods. A team of four lawyers followed this policy surveillance process to collect and code the relevant law. So here is a snapshot of the process itself which contains eight discrete but iterative steps with emphasis on quality control which pervades throughout the entire project period. The efficiencies of policy surveillance methods along with software tools that we used to collect and code and publish these data sets which our center supports and maintains creates reliable data that can be used for evaluation. It also tracks change over time to measure progress, diffusion of innovative policy ideas, and it builds workforce capacity.

What are our pulmonary findings? We are wrapping up these data sets as I speak and I would like to share some of these findings with you all. All states impose some form of cigarette excise tax. And as previously discussed there is a lot of variation in the actual amount. The lowest is \$0.17 in Missouri and the highest is Washington DC is at \$4.50 per pack followed by New York at \$4.35 per pack.

In the graphic on this screen gives you a total breakdown of the range so 15 states tax at less than one dollar. 16 states tax between one dollar and \$1.99. 20 states tax at over two dollars and no states currently tax over five dollars on their own again when you add local ordinances the tax can increase substantially.

Cigarette pricing strategies, the general model is that the selling party the wholesaler, distributor or retailer, pays the tax and there is a presumption that the cost will pass along to the consumer. But to what degree is this explicit? Some states make this passed through tax explicit onto the consumer. Other states do this via a use tax where consumers who purchase nontax cigarettes, for example cigarettes purchased or shipped out-of-state, and they are required to file a return for the value equivalents to with the excise tax would have been.

Our findings are that 28 states have either an explicit consumer taxing provision or a use tax. Another pricing strategy and these should be used at a minimum in combination with our minimum pricing laws originally intended to promote fair trade as now we recognize the ability to counteract tobacco manufacturing discounting by using these same laws.

Cigarette taxing revenue stream a revenue raised by tobacco can go towards addressing the problem of usage via providing funding sources or other policy solutions such as object educational campaigns or public health law programs that help manage the costs of tobacco related health problems. So these on the screen are listed in order of prevalence that you see in the state they are not mutually exclusive so a state could allocate X amount to one fund and Y amount to another fund. I will highlight the tobacco fund aims to curb tobacco use of course through tobacco education programs. 16 states do allocate towards their tobacco fund.

Some highlights through minimum pricing. 28 states set minimum pricing requirements for tobacco products which are rarely, if ever set out in the form of a specific number. It typically is some formula that you have to follow to actually get that cost. It is important to note that all that not all states have

set minimum pricing requirements for tobacco products actually prohibit sales below cost. This is a loophole and those states that do prohibit specifically do it for cigarettes and not typically for other tobacco products or ENDS. One last feature of the law that I know there is been a lot of talk around his preemption. In the US preemption is a legal doctrine that allows upper levels of government to restrict or even prevent a lower level of government from self-regulating. While it is most often thought of in the context of the federal government preemption of states it is increasingly being used as a tool by states to limit cities, counties and other lower-level municipalities from legislating. Across a broad array of issues and tobacco pricing is no exception to this. 28 states preempt cigarettes, preempt localities from passing local taxation of cigarettes. 27 states preempt tobacco products generally and 20 states are either silent or affirmatively do not preempt localities from passing taxation ordinances.

This data will be available on November 19 which is Tuesday and we really hope that you interact with the data. You may be interested so the graphic on the screen starting with the map you may be interested in the end cigarette regulation. You can come to the homepage, click on the question as to which states tax E cigarette fluid and remember ENDS taxes are either imposed on the liquid or the device or both so that question may be of interest to you. Note that this graphic was taken before we finished the data set so this is a preliminary finding but you can see when you ask that question five states light up and that they do tax E cigarettes fluid. So in contrast to cigarettes and other tobacco products, far fewer states are passing excise taxes on ENDS so this is probably a new feel of regulation that awaits us. We will probably see a lot of states passing laws regulating the taxation of ENDS the coming months. If you want to dive deeper or interested in a particular state you will quickly state on the map and you can see all of the questions that we asked with the responses. That is the pop-up box highlighting California on the screen. For each response there is an accompanying citation. These can be clicked so click on the citation to answer the question and will take you to the relevant text of the law. And of course if interested in the data all the data will be available in Excel. It is freely downloadable and accompanied with a codebook and protocol so we really hope that you will check this out along with the other data set that will be released which covers syringe services programs. Thank you so much and I hope to hear some of your questions.

>> ADAM LUSTIG: Thank you so much Lindsay. Now that we have already heard the overview of what is happening at the national level and the legal landscape we can now hear from the advocacy perspective.

I am pleased introduce our final presenter Claudia Rodas who was the southern region advocacy director at the Campaign for Tobacco Free kids. Claudia has been involved professionally in political and legislative matters for nearly 2 decades she currently holds the position of director southern region for the campaign for tobacco Free kids. Her work entails a focus on tobacco control policies in the southern part of the nation. She has lobbied in the Texas state legislature and advocated in several southern states to pass strong tobacco control laws. Claudia has worked in the nonprofit arena for 15 years including holding government affairs positions at the American Cancer Society Cancer action network and the American Heart Association. During her tenure at both ACS and AHA she held the position of co-campaign manager for smoke-free Texas. She also led efforts to pass strong local smoke-free ordinances in a number of cities including the cities of Houston, San Antonio and New Orleans. She has worked on tobacco campaigns, tobacco tax campaigns, funding program initiatives and most recent tobacco 21 campaigns in a number of southern states including Texas, Florida, Louisiana, and Arkansas. She worked with local advocates to pass the first T 21 policy in

Texas in the city of San Antonio. She has extensive experience in lobbying and working statewide and local political based campaigns. Welcome.

>> CLAUDIA RODAS: I want to thank everybody for this opportunity to present and come forward from an advocacy perspective and all the signs and data that does exist and how do we turn all that data and science into action. I will outline the principles that the state should strive to follow with increasing tobacco taxes and will identify areas where planning, candid discussions and appropriate consultation with national partner organizations should enhance your efforts to pass significant tobacco tax increases.

This is a little bit of a variation of a graphic that was shared earlier by Corinne but it has the same concept. She called it the tobacco control vaccine or in the advocacy community we call it the trifecta or the three-legged stool but it all has the same meaning. Smoke-free tax and program funding continue to be the three main issues that have significant public health impacts. As we focus today on taxation is important for us to consider and remember that we need to continue to look for opportunities to also work on smoke-free and program funding issues.

Here's a quote from the taking action to reduce tobacco use report in the National Academy of Sciences institute of medicine. This quote was published over 20 years ago and it still holds true today. It says that taxes are the single most direct and reliable method for reducing consumption and the level of initiation of tobacco use. The institute of medicine have concluded that raising the price of cigarettes not only leads to reduction in smoking particularly among the youth but it also provides a source of funding for state governments to invest in tobacco prevention and control programs and other public health programs and services.

As much as we know how tobacco taxes work and the impact it has from a public health perspective the tobacco industry knows it as well. Here is a quote from the tobacco industry from an executive at Philip Morris more than 30 years ago acknowledging the effect of smoking prevalence rate and the government budgets would benefit.

In 2009 the current federal tax rate was increased to \$1.01 but over one decade later it has not been increased so as talked about we need to continue to work on these issues so that we keep up with inflation and with the price increases, we need to focus on all levels of government so those opportunities that exist at the local and federal level we must also monitor those.

This is a map you can find on our campaign for tobacco free kids website listed below. Tobacco Free kids.org. Is updated at least once a year to showcase the most current tax rate and national average. You will note that some of the data that we have here does vary a little bit but that was presented from our previous presenters but a lot of that has to do with how they calculate or what states they include. So the lowest tax rate shows Missouri has the lowest tax rate in the nation at \$0.17. But when you include some of the surrounding areas, Puerto Rico actually has a tax rate of over five dollars so that is why noted a little bit of variation in terms of the data that was presented previously.

As noted in the action to reduce tobacco use report tobacco taxes are a stable source of revenue and have gradual smoking declines. They are predictable so federal and state governments can plan for reductions over the long term and they produce significant healthcare cost savings so any reductions in revenue is typically offset by savings in healthcare cost expenditures.

What are the components of a successful tobacco tax campaign? It brings about environmental and behavioral change? For one you need to make sure that you are up-to-date on all the most current science. There are many organizations that have well-documented signs and resources that can help you make your case. Number 2 a well-developed communication plan that includes traditional and online both earned and paid media is critical. Number 3 to be prepared to advocate and/or educate your supporters. We realize that are at times some advocacy or lobbying limitations but that does not exclude us from the opportunity to still be able to educate. The legislators, the media and the general public on this issue.

Number 4, need to be prepared to build a strong, cohesive and diverse coalition that has done planning, discussed strategies and communicates frequently.

Here are the fundamentals of tax campaigns that we have over viewed today. Campaign planning, be prepared have candid discussion among your partners about the increase amount. Do your homework. A strong understanding of your state law. Strong messaging. And bringing in national partner organizations that have worked to pass significant tobacco tax increases are all important to run strong tobacco tax campaigns.

Before you start it is important to build your coalition and create a strategy well before the legislative session. You want to ensure you have strong legislative champions that will stay firm and are able to work with leadership. It cannot express enough educate, educate, educate. You must build your base of support. And be prepared to have discussions on the amount and the increased revenue dedication with your coalition.

The effectiveness of tobacco tax increases is improved when combined with copperheads of tobacco control programs, tobacco cessation services and the anti- tobacco media campaigns. Tobacco tax increases can spur significant numbers people to try to quit and tobacco cessation services will be needed and to be available to help those tobacco users succeed. Lindsay mentioned previously that 16 states dedicate their tobacco control fund that was great news to hear because the ideal revenue dedication is for states to fund their tobacco control program at levels recommended by the CDC.

We encourage you to work with your state health department to ensure that funding requests can be justified by the department and spent in an effective manner by the program. Research clearly shows that states that invest significant resources over time in state tobacco control programs can significantly reduce tobacco use and save thousands of lives and billions of dollars in healthcare costs. Does this mean the campaign should not proceed if funds are not dedicated towards tobacco prevention and cessation programs? Not necessarily. There are successful programs that do not meet the recommended recommendations but programs have shown great strides. We highly recommend to have the discussion for some of that funding is dedicated towards tobacco prevention and cessation programs.

The 2007 IOM report made recommendations that states dedicate a portion of their tobacco excise tax revenues to fund tobacco control programs and urge states to fund the CDC recommended levels however based off last year's data the \$655 million that states budgeted last year equates to less than 20% of the \$3.3 billion that CDC recommends. Not a single state currently funds tobacco prevention programs at the recommended level by the CDC in only two states California and Alaska provide 70% of their recommended CDC funding. 28 states and DC are spending less than 20% of

what the CDC recommends. Although I mentioned earlier that although we don't have any states that fund at the high level there are still successful programs so for example Florida has one of the longest running programs and they have shown reductions in high school smoking rate to less than 4% in 2018. One of the lowest ever reported by any state. However as we know with E cigarette usage rate at higher rates that is threatening to reverse the trends not only in Florida but many states across the nation.

Coalitions will need to reach agreement regarding the types up tobacco products to be included in a tax increase. Is important to start a tobacco tax and tobacco control fund with the highest possible that will be taken seriously by state lawmakers. This lays out some factors to consider. Our organization recommends starting at over one dollar because industries can easily offset low tax rates with coupons and promotions that undermine the public health impact. Smaller tax increases could be more easily absorbed by the tobacco industry and they are offset by strategies to reduce the price of tobacco products using things like discounts, coupons, buy one get one free offers which generates price increases that will have less of an impact on consumption and the strategies are often implanted just before an increase.

What about your cigars, smokeless tobacco, your roll your own, pipes or E cigarettes? We tend to put them under the umbrella of other tobacco products. We recommend that they be equivalent to state tax on cigarettes to encourage smokers to quit. There are several reasons to consider these in your tobacco tax campaign. The public health impact of a tobacco tax increases lessons when smokers can use can use different types of tobacco products and pay a lower tax. Higher prices on all tobacco products also help users other than cigarettes quit. As the cigarettes higher price, the others will also prevent kids from becoming addicted and adding a minimum tax on each category will strengthen the tax by ensuring that low-priced products will be charged an adequate amount of tax to prevent downgrading by tobacco users to cheaper products. The preferred way to tax most of these stray percentage of price system that allows revenue to keep up with inflation and the tobacco industry price increases.

We hear a lot about most recently regarding the topic of E cigarette taxation so under that topic it should be considered in the context of increasing taxes on all tobacco products. Research is still pending on the most effective method to tax these so we highly recommend contacting national organizations like ours, the American Heart Association, American lung association, several others I can provide guidance. And lastly increase in taxes on other products are often successful when done in conjunction with a cigarette tax increase campaign.

You want to ensure that tobacco taxes are applied to all tobacco products evenly so you can contact our organization, or others that all can provide guidance on providing definitions that are consistent with your state code. Definitions and language are vitally important to make sure any loopholes are as narrow as possible.

What about ballot measures? Our groups recommend that public health advocates avoid ballot measures unless absolutely necessary. They are expensive and take a lot of time and resources. The industry does not have to spend any money to gather signatures and they have millions of dollars to pour into a campaign and can drown out supportive messages with paid media. We encourage advocates to undertake significant education efforts prior to going to the ballot. Tax ballot measures are only won when decision-makers, the public and media have been undertaken with large capacity

building effort among grassroots supporters. All of this takes significant time, effort and especially financial resources that should be identified well before it ballot measure campaign.

The theme for this type of legislative campaign is win, win, win so our strongest arguments are always based on the public health benefits this is the area we recognize as authorities in the discussion. We talk about positive healthcare cost savings and the impact the state budget and how the tax is a reliable predictable source of revenue and the -- if you're going to encounter opposition Artemis you need to be prepared to debug myths which are consistent from state to state so there are resources available to help respond encounter. Be prepared for industry push-back. Public health advocates which always pivot back to the health message whenever possible as we are expert in that field.

Our biggest lessons from policy campaigns is really knowing what your policymakers want. They want to know what is in fact a new and reliable source of revenue, so you get that data by requesting things like tax -- we want to know the voters support issuance can be shown via polling and how to talk about the issue so make sure you spend time educating and providing them data, science and talking points. I am going to quickly go through these next four additional slides but they all tell the same story. When they all have increases it reduce the number of packs sold and an increase in revenue was generated. This is the New York tax experience, the Minnesota tax experience, the Nevada tax and the Illinois tax experience.

This is the report published in 2010 and it is a good source to share on how tobacco taxes are a win in your state and those can be found online. I am going to quickly go through these additional slides and these are just examples of different types of campaign materials that have been used throughout the years on different tobacco tax campaigns.

I will end with increasing the price of tobacco products is one of the most powerful tools we have in our arsenal to prevent people from starting to use tobacco products and help current tobacco users to quit and to reduce death and disease tobacco use. They can be done strategically using guiding proven principles above will only increase the chances for success. That I will turn it over.

>> ADAM LUSTIG: Thank you Claudia thank you to our other presenters as well. I hope you all found these presentations as informative as I did and we anticipate holding future webinars on different topics as well and this is where we would like to engage you, the audience.

In addition to syringe access programs or services which as mentioned we will be publishing a legal data set along with the tobacco pricing strategies data set in the coming weeks.

Now we will be happy to move on to the question and answer portion of the webinar. Please continue to submit any questions that you may have.

The first question we received at I think this will be applicable to all of our wonderful presenters is related to partnering. The question is what are some ways in which, that public health advocates or maybe even if you would want to share perspective from your own organization can partner with other sectors to advocate for or push for higher tobacco prices? I think this would also be interesting to hear your insight as to not only what may be some partnering strategies but what may be some specific sectors that may be natural partners for you to reach out to?

>> CLAUDIA RODAS: I am happy to answer. From my perspective so yes it is very important to have a very diverse coalition as public as a public health community as I mentioned our strongest asset is when we talk about how important it is from a public health perspective but there is a lot of facets to this issue and the impact it has in other forms or other areas of the community. I would say think, there are some natural allies that form on their own depending on where the dedicated funding may be decided to go to so we want to push for some of it to go to tobacco control programs. However sometimes the governments may have needs for education or medical needs and so sometimes those are natural allies that come depending on where the legislature decides to dedicate their funding. But I have also seen campaigns where some very interesting allies come to the table depending on where the topic is so I can tell you for example from my friends who may be on from Louisiana remember the days of the Louisiana tax campaign that in 2015, the business community activated in a significant way and we had some interesting allies particularly because of the methodology the state was using to offset and balance a tax increase. Although we did not get the full dollar there but however we were pushing for it. Some interesting allies came out on their own just because of the discussion it was happening, the dedication in the methodology on the back end but I would say go to your faith-based community. Go towards some community-based organizations particularly populations that tend to be targeted by the tobacco industry so youth groups, like I mentioned faith-based and maybe other community-based organizations that know the impact of tobacco usage in their communities.

>> ADAM LUSTIG: Great, thank you so much. Lindsay – Corinne?

>> CORINNE GRAFFUNDER: I would add we work a lot with state governments and governmental entities and of course they are limited in what they are able to do from an advocacy perspective so certainly the opportunity of building those relationships not only for the tax excise tax initiative per se but just for the ongoing work is something that we have seen time and time again to be really important. I think exactly what was just said the more you can have strong voices whether they come from the business sector or the healthcare sector but leaders especially leaders in those sectors that can lend their voice to the case that is being made, the arguments and refute the arc method are going to come from the industry, I think that is one piece. The other end of that the other side of that coin is just having activating partners from like with whether the faith community or nongovernmental organizations or youth themselves often times throughout decades of tobacco control work have been very very powerful advocates for change and very powerful spokesperson. I think the Surgeon General has said to me on multiple times the current Surgeon General so he had been in Indiana which is not an easy place and they have made remarkable attempts to have their excise tax increases and I don't believe it has yet been successful but they have really continue to try to beat the drum and when the advocates together and not just advocates but the voices of leaders. But they also with the Surgeon General has said is there is just this sort of show up and be represented as well so getting them involved with enough groups that can really have people and individuals from the community that can show up and be represented and lent their voices is also something that seems to be powerful and at least is an attempt to try to refute or go against some of the cases that the industry will be making.

>> LINDSAY CLOUD: I definitely echo each sentiment. I think the one piece that I would add is just from our perspective getting the legal data in the hands of the changemakers so going to the stakeholders within a state and say smoking is costing X amount. If you increase that by Y amount as

you can see from these other states you will get here. So for us making those partnerships and bring the legal data to the table so it could be merged with the health outcome data as a part of the story. We work with a lot of different organizations across the country as well as state health departments.

>> ADAM LUSTIG: Great thank you so much. The next question that we have is related to health equity I think I can safely say that all of our organizations are dedicated to addressing health equity and closing health disparities. We sometimes hear that tobacco taxes are regressive in nature and may have a negative impact or disproportionate impact on low income individuals. What are some ways that states can implement tobacco taxes to address issues of equity or are there ways in which the funding streams that are created by these tobacco taxes can be dedicated to those that are most impacted by them?

>> CORINNE GRAFFUNDER: I can start again and see if others want to add. I think it is challenging and as you said the point made about regressive impact is one that we always want to be very conscious of but like I also said earlier today we know that 70% of current tobacco users current smokers want to quit and that cuts across all population groups and there is a lot of complexity even in quidding and it is hard everyone knows that but still our approach and again it is why we talk always about a comprehensive approach is that it is almost truly an ethical thing for us. You would not want to do something like increase the price of tobacco products without also make sure you have significant resources in place for cessation and helping people quit and getting them the information they need to be able to quit and the information they need to know where there are alternative nicotine delivery like the FDA approved alternative nicotine delivery. That can help them in their process of trying to quit. We heard a lot of this kind of concern raised when HUD went smoke-free and there was a lot of concern about people are going to be evicted and what I have and the people I have heard from and I've not seen data or studies yet but anecdotally the people I have talked to including multiple people at HUD have said they are not seeing a lot of people being thrown out of their homes and things like that and in fact there is a lot of sentiment for the significance of keeping the environment in the homes tobacco free and smoke free so I think it is again kind of tapping into the sentiment of the majority that is out there and that majority is going to still be within the minority community. And so for smoke-free for prices for all of these you want to make sure that we recognize that when we are successful making smoking less desirable we need to also make sure that people then have sufficient resources and support to help them quit.

>> ADAM LUSTIG: Great. Thank you. Anything to add to that?

>> CLAUDIA RODAS: I would not have much more to add except to just commented that on our website tobacco Free kids.org we do have a section dedicated towards this issue so there is a long list of data, talking points and so forth that for people who have these questions how do I talk about this, there are those resources available so if there's any additional question I just want everyone to know that if we don't get to your question our website has a lot of information about misconceptions whether from a health perspective. We have a lot of that data on our website.

>> LINDSAY CLOUD: I would add that the one piece I did not touch on that will be available within the data set are those revenue streams and each of the seven revenue streams that we captured are defined more thoroughly within our research protocol which explains how we coded these variables and defined certain variables and some of these revenue streams go specifically for

community improvement, public school systems, public agencies or service. Pre-k. That at least gets to equity a bit within the letter of the law.

>> ADAM LUSTIG: Thank you so much. As a reminder that the data set that Lindsay was referencing will be published on November 19 and so while it is not available today this was a preview of coming attractions. We do have a few questions related to vaping and EN DS products so I will try to wrap a few of these together in the hopes that we can address it. One thing I do want to recognize is that this is quite a new frontier for advocates and governments of all levels to address. So one question that we have is are there any suggestions for responses from the ENDS or vaping industry related to their pushback for not making excise taxes of these products. I want to recognize that many states and localities are currently exploring or testing these types of taxes are the types of control methods so I think we are all learning as we are moving forward.

>> CLAUDIA RODAS: I would reiterate what I touched on in my presentation when it comes to E Cig taxation. There is not one methodology. There is still a lot of data coming and so there is not one blanket response that I know I can give today except to say that there is such a variation of these products. There is such a variation of how state laws are written and their codes and how the definition can affect parts of the laws of my one recommendation is if this is something you want to work with or address please reach out to one of the national organizations or our organization that can provide some guidance on this issue. So I know a lot of people want the response and have to deal with it by recommendation would be reach out making sure that you are working with organizations that are familiar with or can provide the guidance on E cigarette taxation because a lot varies in terms of how your state law is written so there is just not one answer. What I would say is and I do tend to hear a lot from coalitions is wanting to deal with just adnexa were it taxation on its own and on its own it will not make any type of public health impact so we really highly recommend if you are going to deal with E cigarette taxation look at it from a comprehensive tobacco tax because people just want to go in on E secret taxation and even if there is a way to address it there was a loud discussion that has to happen when you want to tax E cigarettes. The one thing I can definitely tell you is that it is highly recommended that you look at this from a all tobacco tax approach not just in isolation.

>> CORINNE GRAFFUNDER: I can add to that. I think I share this exact same sentiment. The conversations that I hear more frequently are not that there should not be excise taxes. I mean these are products that are being sold in products having impact on communities and products that are in fact costing the public and cost to the public good if you want to think about it that way and so I think there probably are legal arguments and there is definitely that is already been said there is definitely complexity here and people can actually get assistance but more often I hear is not should they be taxed but rather what is the rational sort of taxation policy that makes sense. Part of it is what was just said how does it fit within a broader comprehensive approach? Part of it is also whether there needs to be differential taxation based on the products and perception of their harm and whether or not they are more or less harmful. That kind of thing. Again there is not sufficient resources and research at this point for this kind of work and so people are trying to learn as steps are being taken. But I do think is one of the speakers said earlier I think we will start to see that there are more steps taken certainly if not at the national level then at the state levels and perhaps in some cases at the local level again depending on how the laws are laid out in such that there will be more movement to tax these products it for no other reason again just to create a revenue stream and a revenue base to

then address hopefully in some ways address whether it is through provision of additional medical care or education or campaign, education etc. I completely concur that getting help is the number one thing that people want to do. There are people that are very expert and have laid out the pros and cons on a variety of different approaches.

>> LINDSAY CLOUD: I concur with all of that and I think I would add that although taxation is considered the gold standard, states and localities are looking at bans as well as tobacco retail licensing fees and increasing those so taking a comprehensive approach to creating barriers but having them based in evidence I think we are all echoing each other by saying that evidence based is still a bit slim so I think states are going to, state legislatures are going to be playing catch up in the next few years once we figure out how to tackle this.

>> ADAM LUSTIG: Great. Thank you all so much. And we are going to have one final question which I am going to merge two questions into one. A question related to if there's any type of template for an excise tax recognizing that there is rates and rules that are all over the board from each given state. And additionally the one thing I would like to tack on here, Lindsay you mentioned this information is going to be included in the data set and Claudia you mentioned to this as well related to the issue of preemption. We would love to hear any perspectives you may have in terms of some of the advocacy challenges and any of your experience related to addressing preemption as it specifically relates to tobacco pricing.

>> LINDSAY CLOUD: I can start with the excise taxes across the board and we created a protocol as a guide so we have a specific question that you will see on the site which gives you the excise tax and behind that could be formulas etc. which will be detailed in our research protocol which will be available for download on our site so you can see all of that for transparency. And then in terms of preemption I do think it is obviously an issue for localities but adding, coming at it with different types of laws along the same lines as apply just discussed. A lot of states are preempting cigarettes specifically so at least combating tobacco products more generally or getting in with EN DS at the state level and start regulating them before they are preempted. And then and acting other innovative legislation like increasing tobacco retail licensing or strength this strengthening minimum price laws which are not preempted. So coming it at a comprehensive approach and not just being okay I am done because we are preempted from taxation ordinances.

>> CORINNE GRAFFUNDER: Can I add one point on that because I think it just brought to my mind a fine point which is I think people really do need to be very careful in watching the industry and steps being taken to use other bills as a means for putting preemption into place so we have seen that happen with T 21 bills now and attempted in other cases and so I think just exactly the point that you want to have a comprehensive approach but also make sure that you are paying attention to the approach that is being taken by the industry because they are going to look for opportunities to put taxation and, preemption of taxation into place and so well-meaning legislators who are trying to move something forward in response to the E cigarette crisis for instance may end up doing more harm than good in terms of preemption if we are not careful and paying attention.

>> CLAUDIA RODAS: I know we are running out of time and I will just say exactly that for those preparing for the legislature I think not only on the pricing issue I think is going to run the gamut where the industry is going to use preemption and so they may want to see we are trying to address this issue and look at it but they are going to try to we anticipate or prepare that we will address these

issues with a law that will benefit them or a weak law and add preemption to that so definitely look on the on the watch for that. This is an opportunity we have from the tobacco control community to have the attention of legislators, we have the attention from leadership people wanting to address this issue in some way and it is upon us to use this opportunity to talk about these issues and not just pass a policy but the strongest policy that could make this impact. That is where the work is going to be done for the decision-makers to yes we will be with you and have your ear we have your attention now but let's pass something meaningful and make sure we are going to make the impact that we really want to make and not just address a very limited view which we are afraid may happen with the next set of legislative sessions upon us.

>> ADAM LUSTIG: Thank you all so much. And thank you to all the attendees for all of your wonderful questions. I am sorry that we could not get to all of them. But as I had said this webinar will be recorded and resources that were mentioned today whether that is the data sets that have been developed that are going to be published by Lindsay next week or the resources that both Claudia and Corinne mentioned there will be links to that as well.

>>LAURA BURR: Thank you so much Adam, and all presenters. And a big thanks to our partner Trust for America's Health for today's event.

[End of webinar]