

ACA's tobacco surcharges reduce smokers' insurance take-up, study finds

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A new study by researchers at the Yale School of Public Health reveals an unexpected consequence of the Affordable Care Act's (ACA) tobacco surcharges: High surcharges resulted in lower rates of insurance enrollment among smokers in the first year of the ACA's implementation, without increasing smoking cessation. These effects are at odds with the ACA's mission of universal coverage.

The ACA allowed insurance plans to levy a surcharge of up to 50% on tobacco users' premiums. To examine the impact of these [surcharges](#) on insurance coverage and smoking cessation, a team of researchers in Yale's Department of Health Policy and Management combined data from the Centers for Disease Control and Prevention's Behavioral Risk Factor Surveillance System with newly collected data on tobacco surcharges.

Their analysis revealed that increases in insurance coverage in 2014 were 12 percentage points lower among smokers facing the highest surcharges—between 30% and 50% of their unsubsidized premium—than smokers facing no surcharges. Those facing medium surcharges (10% to 30% of premium) showed a smaller 4 percentage-point reduction in coverage relative to the zero-surcharge group. Concurrently, the authors found no beneficial effects of the surcharge on smoking cessation: Smokers facing medium and high surcharges were no more likely to quit than those in the zero-surcharge group.

"Our findings suggest that high tobacco surcharges undermine attempts

to achieve universal coverage, a key goal of the Affordable Care Act," said Professor Abigail Friedman, the study's first author. "Moreover, they do not appear to increase smoking cessation, at least in the first year after the marketplaces' implementation."

The researchers found even more striking results among younger adults. In the under-40 age group, smokers facing the highest surcharges showed a 20 percentage point drop in their likelihood of having insurance coverage relative to those facing no surcharges.

"The larger effects among younger smokers are particularly concerning," noted Professor Susan Busch, the study's senior author. "This group has lower healthcare costs than older individuals, so their exclusion may reduce the marketplaces' long-run stability by limiting risk-pooling."

Smokers' enrollment is critical to achieving universal coverage, as their rates of insurance coverage are markedly lower than those of non-smokers. The study's results could inform how states regulate the size of tobacco-use surcharges: States may consider restricting or eliminating these surcharges in order to increase [insurance coverage](#) without reducing [smoking cessation](#), said the researchers.

This research is published in the July issue of the journal *Health Affairs*.

Provided by Yale University

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