



IMMORALITY AND INACCURACY OF THE DEATH BENEFIT ARGUMENT

Flawed Death Benefit Argument: *The federal and state governments should not invest in new efforts to reduce smoking and other tobacco use because it is cheaper to let people die from smoking and other tobacco use than to pay the new costs caused by more people living longer because they quit using tobacco or never start.*

Besides being factually inaccurate, this kind of ghoulish cost-benefit analysis is immoral, mean-spirited, and unjustifiable. The death benefit argument acknowledges and relies on two important facts: that tobacco use kills and that tobacco prevention efforts save lives. But it embraces the many unnecessary, premature deaths from tobacco use, and fails to give any value to the lives that new investments in tobacco prevention would save or the suffering it would reduce.

Applying Death Benefit Analysis To Other Public Policy Choices Reveals Its Absurdity

Death savings are almost never used in evaluating the cost-effectiveness of any policy proposals other than those designed to reduce tobacco use. When deciding whether to put a stoplight at an elementary school crossing, for example, no one argues against doing so because it might reduce the number of kids killed by traffic accidents, thereby increasing the state's future health care and educational costs. And when deciding whether to invest in breast cancer research, no one argues against it because the research might increase government social security or health care costs by extending some women's lives.

If death benefit arguments were actually applied to other issue areas, they would justify such things as euthanasia for those who are severely retarded, mentally ill, or physically handicapped; forced abortions for pregnant women who are poor; and the abandonment of our elderly – as well as an end to all medical research directed at preventing or finding treatments for illnesses or diseases that strike people at the end of their productive years.

The Death Benefit Argument Presumes That Tobacco Victims Deserve To Die Early

Faced with the folly of applying the death benefit analysis to other issues, proponents say that smokers are different because they have chosen to smoke and risk the consequences. Put more bluntly, they are saying that smokers deserve to die early and that society should not save smokers from their own decisions. But do all smokers actually deserve to die early? Does that include those who became addicted when only 12 or 13 years old, when they were too naive or ignorant to know any better? Does that include all of your friends, neighbors, and relatives who smoke? Does that include smokers who want to stop but cannot get the help they need to quit?

Putting aside the question of whether all smokers deserve to die early, the death benefit argument also condemns an enormous number of completely innocent victims of tobacco use. For example, smoking causes thousands of spontaneous abortions each year, and thousands of babies currently die from birth complications and sudden infant death syndrome caused by their mothers smoking during pregnancy or exposure to secondhand smoke. Do these babies really deserve to die – just to save money? Do the hundreds of thousands of other children born to smokers who survive infancy deserve to suffer from secondhand smoke and possibly die early? The death benefit argument answers yes.

New Efforts To Prevent And Reduce Tobacco Use Would Reduce Many Horrible Costs (Which Death Benefit Proponents Want To Keep)

Over 480,000 people die from tobacco use each year, and millions of others suffer from tobacco-caused illness and infirmity. Treating these tobacco-caused health problems costs our society approximately \$170 billion per year, with almost half paid by taxpayer-financed government programs. Reducing tobacco use will directly reduce the need for such costly forms of health care as chemotherapy and

radiation treatments, surgery to remove cancerous body parts, oxygen tanks, and emergency post-natal intensive care. It will also reduce the number of cigarette-caused fires, which kill many people each year, burn thousands of others, and cause annual property losses totaling hundreds of millions of dollars. In other words, new tobacco prevention efforts will reduce tobacco-caused health costs by reducing the amount of death, suffering, illness, and destruction caused by smoking and other forms of tobacco use.

The death benefit argument is blind to these reductions in misery, pain, damage, and death. It looks only at the dollars saved and (wrongly) argues that they do not offset the new expenditures made necessary by extending current smokers' lives by getting them to quit and by preventing kids from becoming addicted to tobacco and prematurely dying from it. The fact that the longer lives caused by new tobacco prevention efforts would also be more healthy, productive, and pain-free lives also means nothing to the death benefit argument.

The Future "Costs" That Would Arise From Reducing Tobacco Use Would Further Enhance Life And Prevent Harm

The new "costs" that the death benefit proponents most vigorously oppose are those government expenditures that would become necessary if people lived longer and healthier lives because they quit using tobacco or never started. These expenditures consist primarily of increased social security payments and pension benefits to retirees, which are designed to make people's last years more comfortable and enjoyable. Similarly, the new expenditures on health care made necessary by people living longer (covered primarily by the federal Medicare program and private insurance) would primarily go to prescription drugs, health care maintenance, and nursing home care – rather than to the kind of painful and invasive medical procedures necessary to treat dying smokers. Which types of payments should our society prefer to make: payments to treat unnecessary illness and suffering, or payments to help people to live more vigorously or comfortably in their twilight years?

The Death Benefit Calculus Has Failed to Keep Up With Research Advances In Understanding the Full Extent of Tobacco-Caused Healthcare Costs

Many death benefit proponents try to claim that because of their typically shorter life spans smokers' lifetime healthcare costs are, on average, lower than non-smokers lifetime health care costs (and that reduced social security and other old-age pension and other cost savings from smokers' earlier deaths simply increase this health care death benefit). But a careful analysis published in the *Milbank Quarterly* economic journal in 1992 shows that, on average, a smoker's lifetime health costs are at least \$21,000 higher than nonsmoker's healthcare costs (adjusted for inflation), despite the fact that smokers tend to die sooner.

Supporting this finding, research studies published recently in the *Tobacco Control* journal and elsewhere have established that many prior estimates of smoking-caused health care costs (which many death benefit calculations rely on) have been too low because they did not reflect the fact that smoking makes diseases and health problems not caused by smoking more severe and more costly to treat.

In addition, an August 2000 study in the *Journal of Epidemiology and Community Health* established that smokers, on average, experience more years of disability and illness than nonsmokers, despite living shorter lives, and that eliminating smoking would not only increase life spans but also increase the average period of disability-free life – thereby delaying and reducing overall healthcare costs.

These findings not only destroy the argument that smokers' healthcare costs are lower than nonsmokers but also show that prior estimates of smoking-caused healthcare costs are inaccurately low, which means that the reduced costs from reducing smoking are larger than previously thought. Accordingly, death benefit proponents must fall back to arguing that smokers' earlier deaths still provide an economic death benefit by reducing various non-healthcare costs (e.g., Social Security and public housing) by amounts large enough to overwhelm the substantial healthcare savings. But even this calculus ultimately fails.¹

¹ While the basic death benefit argument and this opposing analysis focus on overall public and private tobacco-caused costs and savings, it is important to note that the reductions in non-healthcare public costs from smokers dying earlier are disproportionately accrued by the federal government, which pays for Social Security benefits. From a purely state government perspective, the death benefits argument is irrelevant because the states' gross savings from smokers' earlier deaths are relatively minor, if not trivial, compared to their enormous smoking-caused costs.

The Death Benefit Calculus Places No Economic Value On Life

The death benefit calculations that show a net “savings” from failing to invest in tobacco control never give any economic value to the extra years of life people will enjoy because new tobacco control efforts helped them to quit using tobacco or prevented them from ever starting – or to the lives of babies who die from spontaneous abortions or sudden infant death syndrome caused by smoking. In sharp contrast, insurance companies, accountants, economists, judges, juries, and others frequently try to allocate an economic or dollar value to years of life that are gained, lost or diminished. Less technically, any reasonable person believes that a year of life is certainly worth something, even for retired or elderly persons (except, perhaps, in the most extreme situations). But the death benefits proponents say no – because giving a year of life any economic value at all would make it impossible to show any monetary benefit from simply letting smokers die – rather than investing in new tobacco prevention efforts – no matter how hard they twist the formulas.

Death Benefit Calculations Ignore Certain Non-Health Government Tobacco Costs

A study published in *Preventive Medicine* calculated that each year more than 40,000 kids lose one or more parents to smoking-caused deaths, and that at any given time about 300,000 kids in the United States are living without one or both parents because of smoking deaths. The cost of providing many of these children with Social Security Survivors Insurance payments comes to several billion dollars per year; but these costs do not appear in the calculations made by death benefit proponents. Other non-healthcare tobacco-caused costs that death benefit proponents tend to overlook include property losses from smoking-caused fires, and the range of public and private costs incurred because of the learning, developmental, and behavioral problems of kids and adults caused or exacerbated by mothers smoking during pregnancy or from early exposure to secondhand smoke. Other tobacco-caused healthcare costs are also often overlooked, including those from secondhand smoke, spit tobacco use, or from smoking-caused health problems experienced by underage smokers while they are still kids.

Death Benefit Calculations Fail To Account For Tobacco-Caused Productivity Losses

Besides ignoring the value of life itself, the death penalty calculus typically fails even to include the dollar costs associated with the workplace productivity losses caused by tobacco use – which consist primarily of the productive work hours businesses and society lose because people miss work, are less productive on the job, or leave the workforce before retirement age because of illness or death from tobacco use. The 2014 Surgeon General’s report estimated that lost productivity due to premature death costs the U.S. more than \$150 billion per year. If that amount (or any amount close to it) were included in the death benefit calculations, there is no way that letting people die prematurely from tobacco use can be shown to produce any net dollar savings when compared with new investments in preventing and reducing tobacco use.

Conclusion

Failing to invest in tobacco control dooms millions of Americans to suffer and die from tobacco-caused health problems (including many who never use tobacco), and incurs billions of dollars in related costs. But investing in tobacco control reduces that death and suffering, reduces the associated costs, produces net savings, and allows our society to enjoy the many benefits associated with more people living longer, healthier, and more productive lives.

Campaign for Tobacco-Free Kids, December 23, 2014

For more information on tobacco’s toll in the U.S., see
http://www.tobaccofreekids.org/facts_issues/fact_sheets/toll/us_federal/.

For more information on the effectiveness of tobacco prevention programs, see
http://www.tobaccofreekids.org/facts_issues/fact_sheets/policies/prevention_us_state/save_lives_money/

Examples of Pro-Death Benefit Calculations

Arthur D. Little International, Inc., Report to Philip Morris, *Public Finance Balance of Smoking in the Czech Republic*, Nov. 28, 2000, http://www.tobaccofreekids.org/content/what_we_do/industry_watch/philip_morris_czech/pmczechstudy.pdf.

Gravelle, JG & Zimmerman, D, Congressional Research Service, *Cigarette Taxes to Fund Health Care Reform: An Economic Analysis*, 94214E, March 8, 1994. See, also, Gravelle, JG, Congressional Research Service, *The Proposed Tobacco Settlement: Who Pays for the Health Costs of Smoking?*, 97-1053E, April 30, 1998.

Viscusi, WK, *Cigarette Taxation and the Social Consequences of Smoking*, National Bureau of Economic Research Working Paper No. 4891, October 1994.

Viscusi, WK, *Smoke-Filled Rooms: A Postmortem on the Tobacco Deal*, 2002. [For a critical review, see Lindblom, EN, "Book Reviews: Smoke-Filled Rooms," *New England Journal of Medicine* 347(14):1122, October 3, 2002].

Anti-Death Benefit Examples

Harris, JE, Testimony at Public Hearings on the Financing Provisions of the Administrations Health Security Act, Committee on Ways and Means, U.S. House of Representatives, November 18, 1993, <http://web.mit.edu/jeffrey/harris/testimony.html> [re "Warm Economics Versus Cold Economics"].

Hodgson, TA, "Cigarette Smoking and Lifetime Medical Expenditures," *Milbank Quarterly* 70(1): 81-115, 1992.

Office of Smoking and Health, *Comments on "CRS Report for Congress: Cigarette Taxes to Fund Health Care Reform: An Economic Analysis"*, May 6, 1994.

Other Studies Relating to Tobacco-Caused Costs and the Death Benefit Calculus

Leistikow, BN, et al., "Estimates of Smoking-Attributable Deaths at Ages 15-54, Motherless or Fatherless Youths, and Resulting Social Security Costs in the United States in 1994," *Preventive Medicine* 30(5):353-60, May 2000.

Leistikow, BN, et al., "Fire Injuries, Disasters, and Costs from Cigarettes and Cigarette Lights: A Global Overview," *Preventive Medicine* 31(2 Pt 1):91-99, August 2000.

Miller, L, et al., "State Estimates of Total Medical Expenditures Attributable to Cigarette Smoking, 1993," *Public Health Reports* 113:447-58, September/October 1998.

Nusselder, WJ, et al., "Smoking and the Compression of Morbidity," *Journal of Epidemiology and Community Health* 54(8):566-74, August 2000.

U.S. Centers for Disease Control & Prevention (CDC), "Annual Smoking-Attributable Mortality, Years of Potential Life Lost, and Economic Costs—United States, 1995-1999," *Morbidity and Mortality Weekly Report (MMWR)*, April 11, 2002, www.cdc.gov/mmwr/preview/mmwrhtml/mm5114a2.htm.

U.S. Department of Health and Human Services (HHS), *The Health Consequences of Smoking – 50 Years of Progress A Report of the Surgeon General*, 2014, <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/full-report.pdf>.

U.S. Treasury Department of the Treasury, *The Economic Costs of Smoking in the U.S. and the Benefits of Comprehensive Tobacco Legislation*, March 1998, www.treas.gov/press/releases/docs/tobacco.pdf.

Warner, KE, "The Economics of Tobacco: Myths and Realities," *Tobacco Control* 9(1):78-89, March 2000, <http://tc.bmjournals.com/cgi/reprint/9/1/78.pdf>.

Warner, KE, et al., "Medical Costs of Smoking in the United States: Estimates, Their Validity, and Their Implications," *Tobacco Control* 8(3):290-300, Autumn 1999, <http://tc.bmjournals.com/cgi/reprint/8/3/290.pdf>.

Warner KE, et al., "Employment implications of declining tobacco product sales for the regional economies of the United States," *JAMA* 275(16):1241-6, April 24, 1996.

Warner KE & Fulton, GA, "The economic implications of tobacco product sales in a nontobacco state," *JAMA* 271(10):771-6, March 9, 1994.

Warner, KE, "Implications of a nicotine-free society," *Journal of Substance Abuse* 1(3):359-68, 1989.

Warner, KE, "Health and economic implications of a tobacco-free society," *JAMA* 258(15):2080-6, October 16, 1987.

Xu, X et al., "Annual Healthcare Spending Attributable to Cigarette Smoking: An Update," *Am J Prev Med*, 2014.

Zhang, X, et al., "Cost of Smoking to the Medicare Program, 1993," *Health Care Financing Review* 20(4):1-19, Summer 1999.