

# Cost Analysis of Medicaid Reimbursement for Tobacco Dependence Treatment

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**Purpose:** The purpose of this policy research study was to analyze the cost of Medicaid reimbursement for tobacco dependence treatment in Kentucky. Medicaid recipients are disproportionately affected by tobacco use and tobacco-related disease and disability. One of the Healthy People 2010 objectives is to increase insurance coverage for evidence-based treatment of tobacco dependence by Medicaid programs in all 50 states. The total health care costs that are directly attributable to smoking are \$1.17 billion per year in Kentucky. Each year, Kentucky spends approximately \$380 million in smoking-related Medicaid costs alone. In 2004, Senate Bill 65 was introduced as an amendment to KRS 205.560b in an attempt to require the Cabinet for Health Services to pay for evidence-based tobacco dependence treatment including counseling and pharmacotherapy for individuals enrolled in Medicaid.

**Method:** The Professional Assisted Cessation Therapy (PACT) guideline for reimbursing smoking cessation therapy was used to analyze the costs associated with treating tobacco-related illness as well as providing tobacco dependence treatment to Medicaid recipients. This study was part of a policy analysis for Senate Bill 65 using Kingdon's Multiple Streams Framework. Elements of the cost analysis included estimated numbers of Medicaid recipients who smoked cigarettes; and estimated cost of smoking cessation classes, pharmacology, individual, group and telephone counseling, and physician incentives.

**Findings:** The estimated cost of reimbursing comprehensive cessation services for adult smokers enrolled in the Kentucky Medicaid program was \$1.5 million. In contrast, the estimated cost savings for the state was \$9.8 million per year if only 3% of those recipients quit. Over five years, Kentucky would save over \$49 million by requiring Medicaid to cover tobacco dependence treatment.

**Discussion:** Findings were used to raise awareness among the public and policymakers to advocate for enactment of SB 65. Although Kentucky ranks number one in adult smoking prevalence in the U.S., the state has not yet adopted legislation that mandates Medicaid coverage for evidence-based tobacco dependence treatment. Currently, 37 states have adopted legislation that mandates Medicaid reimbursement for some form of tobacco dependence treatment. States that exercise more stringent tobacco control policies have been shown to reduce tobacco-related health care costs, decrease the number of deaths associated with heart disease and lung cancer, as well as reduce the percentage of infants with low birth weight. Nurse researchers are instrumental in providing scientific evidence to policymakers for development of healthy public policy.