State of Washington
Decision Package

FINAL

Agency: **303 Department of Health**
Decision Package Code/Title: **TQ Tobacco Cessation Services**
Budget Period: **2014 Supplemental**
Budget Level: **PL-Performance Level**

Recommendation Summary Text:

The Department of Health requests General Fund-State to provide tobacco cessation services to approximately 2,900 people who will remain underinsured and uninsured during and after the initial wave of Medicaid and Health Benefits Exchange enrollment. This public health investment recognizes that various financial hardship factors will prevent some of the state's currently 740,000 uninsured adults from securing insurance coverage under provisions of the Affordable Care Act.

Fiscal Detail

Operating Expenditures		FY 2014	FY 2015	Total
001-1	General Fund -Basic Account State		663,000	663,000
Total Cost			**663,000**	**663,000**

Package Description:

State funding for the Quitline ended at the close of fiscal year (FY) 2013. According to the Centers for Disease Control and Prevention (CDC), Washington State is the only state without a state supported Quitline. This funding request will make Quitline services available to people who remain underinsured and uninsured during and after the initial wave of Medicaid and Health Benefits Exchange enrollment starting in October 2014. Demand for Quitline services remains high among the uninsured, underinsured and insured – this trend is expected to continue.

Quitlines have been researched and proven to be effective, at least doubling the chance of a person successfully quitting. CDC's Best Practices Guide research indicates a 38 percent success rate for Quitline callers after six months. Washington's Quitline has reported similar success with seven month follow up calls to Quitline users showing that 29 percent had not used tobacco in the past seven days. People who quit without help have about a 7 percent chance of being successful according to research published by Shu-Hong Zhu (PHD) in the American Journal of Preventive Medicine. http://www.sciencedirect.com/science/article/pii/S0749379700001240

With Affordable Care Act (ACA) enrollment starting in October 2013, the Department of Health (DOH) anticipates that many callers will be covered through Medicaid expansion or through the Health Benefits Exchange. However, state and national studies suggest that it will take time and effort through statewide outreach and enrollment campaigns before the estimated 740,000 uninsured adults in Washington are enrolled on a health plan. Furthermore, state and national studies suggest that there will still be people who are unable to purchase insurance due to financial hardship. Insurance gap impacts will also be realized by people who have grandfathered coverage under existing insurance plans that are not required to provide cessation services, as well as people moving between insurance coverage. DOH also expects instances where people with Medicaid will become ineligible as their incomes increase. Others will have gaps between open enrollment periods.

State Quitline – Present and Future
In FY 2013 there were 4,137 people without insurance or Medicaid coverage that accessed the tobacco Quitline. DOH anticipates about 70 percent of those people will remain underinsured and uninsured during and after the initial wave of Medicaid and Health Benefits Exchange enrollment starting in October 2014. This estimate is

based on data from the *Congressional Budget Office's May 2013 Estimate of the Effects of the Affordable Care Act on Health Insurance Coverage*. The remaining 2,896 callers would not have access to cessation services – and would continue to drive up the cost of healthcare for all Washingtonians. The estimated FY 2015 volume of 2,896 (unique callers) represents 70 percent of the total state funded calls in FY 2013. Call volume, frequency and request for nicotine replacement therapy (NRT) are the primary cost drivers. In FY 2013 just over 71 percent of Quitline callers made multiple calls – and requested NRT 89 percent of the time.

When Quitline funding was suspended in FY 2012, the Quitline experienced a wait list of 7,000 callers. So to stretch limited federal resources and operate without GF-State funding in FY 2014, Quitline service for the uninsured is limited to a single call (use) for up to 4,000 unique callers. To provide access to as many unique callers as possible, DOH has instructed the contractor to limit access to one single call (use) per unique caller without the benefit of evidence based practices such as access to multiple calls, and offering gum or patches to help them quit. These limiting factors may reduce Washington's Quitline success rate – and the associated benefits to public health outcomes and cost avoidance. In FY 2013, the Quitline received 25,201 calls of which 4,137 were from uninsured callers that were covered by the state funded Quitline contract. The remaining 21,064 calls were covered by Medicaid; private health insurance; contracts through employers, etc. The demand for Quitline services remains high. Reports from the National Association of Quitlines indicate that Washington State continues to have heavy use of our Quitline because so many people are accessing it through insurance plans, employer contracts with the Quitline, and the Medicaid fee-for-service benefit.

The requested funding will support Quitline services delivered through the contractor who also serves the state's Medicaid population as well as many private insurance plans. The level of service and intensity provided depends on the type of coverage carried by each caller, assuming the caller has coverage. Callers with health insurance plans that contract with the existing Quitline vendor, including Medicaid fee-for-service, or employer-purchased coverage of the Quitline are triaged at intake and not charged against the state Quitline contract. Callers with health plan benefits that do not pay for services from the Quitline vendor are transferred to their health plan provider. This funding request only targets uninsured callers, and can be aligned with prospective policy alternatives such as requiring health plans under the Exchange to cover cessation services for insured and uninsured tobacco users.

Quitline services are available to any adult in Washington State if they lack insurance coverage for tobacco cessation for the following reasons:

- No health insurance
- Medicare lacking any insurance benefit for cessation
- Indian Health Service
- Pregnant women
- Insured, but lack benefits that cover tobacco cessation services

There are two levels of benefits for people using Quitline services under the current vendor contract:

1. Single Call Benefit: 29 percent of the Quitline callers only request a single call. The single call benefit includes:
   - The initial call
   - Four weeks of nicotine replacement therapy when appropriate, this includes either the gum or patches
   - The quit kit containing self-help materials

2. Comprehensive Multiple Call Benefit: 71 percent of Quitline callers utilize up to five calls, and may request a four week supply of nicotine therapy gum or patches. The comprehensive benefit includes:
   - The initial intake call
   - Up to four proactive follow-up counseling calls

- Four weeks of nicotine replacement therapy when appropriate; this includes either gum or patches
- The quit kit containing self-help materials

Prior to the elimination of General Fund-State support for the Quitline, funding for the Cessation Coordinator position was split between General Fund-State and the CDC. Access to CDC grant funding beyond FY 2014 is unknown, so full General Fund-State support is being requested for FY 2015. This funding request includes existing staff capacity equivalent to 1.0 FTE for the coordination of Quitline activities with other cessation intervention efforts in the state. In FY 2015, the existing Cessation Coordinator will continue to educate healthcare providers on how to screen and refer patients to cessation services; and continue to collaborate and assist in Health Benefits Exchange efforts to ensure that health plan coverage of tobacco cessation services is adequate. As a subject matter expert, the Cessation Coordinator has successfully worked with the Health Care Authority to ensure existing Medicaid recipients receive Quitline coverage. Future efforts will be aimed at working with managed care plans and other health plans offered through the Health Benefits Exchange.

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Narrative Justification and Impact Statement:

What specific performance outcomes does the agency expect?

Access to Quitline services has reduced usage of tobacco products in Washington State based on CDC best practices analysis. Quitlines are effective in the delivery of cessation services. All states have state supported Quitlines that continue to experience high call volumes and high success rates. National/State statics indicate that Quitline success rates are much higher than for people trying to quit without Quitline services. Washington's Quitline research shows seven month abstinence rates of 29 percent. CDC's Tobacco Best Practice Guide indicates that other states such as Colorado exceed Washington's abstinence rate – data indicates Colorado has a 6 month abstinence rate of 38 percent. Both of these studies reviewed programs using the multiple call method that also included NRT upon request. Research done on single call programs show abstinence rates of about 15 percent compared to control rates of 7 percent (Zhu 2000). The goal of preventive activities such as the Quitline is to reduce disease and death related to tobacco use, which is the leading cause of chronic diseases such as cancer, heart disease and stroke. These key factors drive the need for the preventive Quitline services:

- State funded Quitline services provide support for tobacco cessation to people without insurance and help reduce smoking prevalence among low income and low-educated adults. Quitline services provided by private and Medicaid insurance do the same for people with adequate coverage, particularly when insurance plans provide cessation services that people are aware of services such as the statewide Quitline.

- A national advertising campaign was aired by the CDC in spring of 2013 encouraged people to call their local Quitlines and this campaign is still generating unique calls. CDC has indicated its intention to do cessation campaigns every year, including 2014, so DOH expects call volumes that exceed available CDC grant funding.

- Health care providers are more likely to counsel their patients to quit using tobacco if there is a resource like the Quitline to support patient referrals.

- No-smoking policies are some of the most effective interventions to reduce smoking rates. DOH's most effective tool to reduce smoking rates at this time is to encourage adoption of no-smoking policies. This includes policies by businesses and housing providers. Businesses and apartment owners are more

likely to create no-smoking policies when they know that people affected by those policies can get help quitting tobacco.

The department expects that 2,896 people without insurance benefits for tobacco cessation will have access to Quitline services, increasing their chance of successfully quitting tobacco use. This supports the current Results Washington goal to reduce smoking prevalence among adults and youth.

Performance Measure Detail

Activity: A002 Chronic Disease Prevention

Is this DP essential to implement a strategy identified in the agency's strategic plan?

This decision package supports to the following performance measure in the 2012-16 Department of Health Strategic Plan as a significant community based prevention program with high efficacy:

Goal 3: Everyone in Washington has improved access to safe, quality, and affordable health care.
Objective 2: Public health and prevention practices are incorporated into the healthcare delivery system.
Strategy 1: Integrate high impact quality clinical preventive services into the health care delivery system.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. This decision package supports Results Washington Goal 4 -- Healthy and Safe Communities:

Measure 1.2.Y-c: Decrease percentage of 10th graders who report smoking cigarettes in past 30 days from 10% in 2012 to 9% by 2017.
Measure 1.2.A-b: Decrease percentage of adults who smoke cigarettes from 17% in 2011 to 15% by 2017.
Measure 1.2A.b.1: Decrease percentage of persons who smoke cigarettes among those with low education (high school or less) from 26% in 2011 to 23% by 2016, and pregnant women from 9% to 8% by 2016.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes. Tobacco usage is the leading cause of chronic disease in Washington State. This request contributes to the health of Washingtonians, which rates high in terms of statewide priorities. People who quit smoking have immediate health benefits. People who use Quitlines more than double their chances of quitting, (Zhu 2000) resulting in better health outcomes and healthcare savings for the state.

Currently the state pays more than $650 million per year in smoking related healthcare costs. It is estimated that a savings of $12,730 or more is achieved for every person who quits smoking. This savings results in a combined lifetime savings of $10,693,200 – when we apply Washington's quit rate experience of 29 percent to the 2,896 people without insurance benefits for tobacco cessation quit smoking. This scenario represents a lifetime return on investment of $16 saved for every $1 spent. This is an example of how preventative activities, such as the Quitline, leverage public resources by yielding high returns on investment and creating opportunities for cost avoidance.

Expenditure data is based on research reported by the Campaign for Tobacco Free Kids – the savings amount has been updated to reflect 2012 dollars. Source:
http://www.tobaccofreekids.org/research/factsheets/pdf/0327.pdf

What are the other important connections or impacts related to this proposal?

Access to Quitline and cessation services is a priority for several health and chronic disease prevention related stakeholders. Those stakeholders include the American Lung Association, American Heart Association, American Cancer Society, Campaign for Tobacco Free Kids and the Centers for Disease Control and Prevention Office on Smoking and Health. This stakeholder list also includes federal agencies that provide grant funding for preventive efforts – and in turn expect the state to leverage federal resources with state dollars and programs.

Everyone in Washington State pays for smoking-related illnesses. Total annual costs from a 2007 study conducted by the Center for Health Research, Kaiser Permanente Northwest:

- $1.9 Billion for total personal healthcare
- $1.8 Billion in productivity losses
- $651 Million is spent every year for public-funded healthcare to treat tobacco-related illnesses.
- Every Washington household pays an estimated $628 per year for smoking-related healthcare – even if nobody in that household smokes. This keeps healthcare costs high – and impacts affordability (premiums, deductibles and co-pays) and access.

What alternatives were explored by the agency and why was this alternative chosen?

General Fund-State support for a state Quitline is being requested because dedicated funding for smoking cessation is not currently available. Dedicated funding has been eliminated over the past several years. There may be better ways to fund and deliver Quitline services through health care reform, but practical alternatives will take time to develop and require consultation with stakeholders. It is possible that a system could be arranged to have hospitals and insurance plans provide pooled coverage for Quitline services for people who carry their coverage (insured) and people who are uninsured. No such model is currently in existence based on DOH's August 2013 consultation with the CDC Office of Smoking and Health and the North American Quitline Consortium. Consultations have also been held with Oregon's Quitline administrators to determine potential options for covering those costs.

Another alternative includes using a portion of the $14.8 million due to the state as a result of the recent 2013 Master Settlement Agreement (MSA) arbitration decision impacting funds in the MSA Disputed Payment Account related to calendar year 2003.

Implementing an alternative funding method will require working with the Office of the Insurance Commissioner, the Health Care Authority and the Health Benefits Exchange. This will require DOH leadership as well as a willingness from hospitals, insurance plans or other potential funders to engage in consultation. Some form of a comprehensive alternative aimed at securing dedicated funding, or required health plan /hospital pooled funding for cessation services may require rule-making or legislation.

What are the consequences of not funding this package?

- Not funding the Quitline and cessation services will result in fewer people quitting tobacco usage, higher healthcare costs for the state, and increased non-smoker exposure to second-hand smoke.

- Meeting the Results Washington objectives of reducing the number of adult smokers will be difficult within segments of the population that are financially unable to enroll in healthcare coverage.

- Chronic disease caused by tobacco usage has a significant impact on public and private healthcare expenditures. Tobacco related healthcare costs include hospitalizations and long term care. Paying for these costs diverts tax dollars from other essential functions of state and local government.

- Limited access to cessation service may also reduce the number of private apartment owners and businesses that establish smoke-free policies that are relied upon to effectively implement those policies.

What is the relationship, if any, to the state capital budget?

N/A

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Prospective alternatives aimed at securing state dedicated funding, or requiring health plans/hospital participation in a funding pool for cessation services will likely require rule-making, legislation and stakeholder work.

Expenditure and revenue calculations and assumptions

Revenue:

N/A

Expenditures:

In FY 2013, the state funding provided Quitline services to 4,137 people who did not have private insurance or Medicaid. With the expansion of Medicaid and implementation of the healthcare exchange, DOH anticipates a 30 percent reduction in the number of uninsured people accessing Quitline services. This estimate is based on data from the *Congressional Budget Office's May 2013 Estimate of the Effects of the Affordable Care Act on Health Insurance Coverage*. This leaves 2,896 uninsured people accessing the Quitline in FY 2015 – this estimate does not account for additional demand built up over the course of FY 2014. Based on FY 2013 usage data, 29 percent of the uninsured callers only called once – and 71 percent of the callers requested multiple calls. A single call to the Quitline costs $71 per person, whereas the multiple call program costs $151 per person for up to 5 calls. In FY 2013, about 89 percent of people using the Quitline requested nicotine replacement therapy (NRT) in the form of gum or patches. Gum costs $70 for a 4 week supply – and patches costs $59 for a four week supply. The Quitline is expected to receive 1,500 calls from people with insurance that does not use the state's Quitline vendor. The state's Quitline vendor will collect rudimentary demographic information on these callers then transfer them to cessation services covered by their health plan. Each transfer will be charged to the state at the rate of $20 per transfer. In the future, a more appropriate cost allocation model will be developed to relieve the state from the burden of paying for warm transfers to health plans. Warm transfers currently alleviate the barrier to access that would otherwise reduce the number of people who successfully quit. The Quitline vendor is required to record and report Quitline usage data. Estimated cost for Quitline service during FY 2015 is $545,000.

Based on prior experience managing the Quitline program, DOH needs to maintain its existing Cessation Coordinator (Health Services Consultant 3) to coordinate the implementation of healthcare reform and access to cessation services. Prior to the eliminate of General Fund-State Quitline support, funding for the Cessation Coordinator position was split between General Fund-State and CDC grant funding. Access to CDC grant funding beyond FY 2014 is unknown, so full General Fund-State support is being requested to maintain the position.

Total Costs for FY 2015 are $663,000.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

DOH anticipates gradual reductions in need for state funded Quitline services as more people are enrolled in coverage through the health benefits exchange and expanded Medicaid. Assuming General Fund-State funding is provided in FY 2015, access to state supported Quitline services will enable DOH to collect call data to estimate funding needs for 2015-17, as the initial wave of ACA related enrollment occurs.

For federal grants: Does this request require maintenance of effort or state match?

N/A

For all other funding: Does this request fulfill a federal grant's maintenance of effort or match requirement?

None.

Object Detail			**FY 2014**	**FY 2015**	**Total**
	A	Salaries and Wages		77,000	77,000
	B	Employee Benefits		24,000	24,000
	C	Personal Service Contracts		545,000	545,000
	E	Goods and Services		15,000	15,000
	G	Travel		0	0
	J	Capital Outlays		0	0
	T	Intra-Agency Reimbursements		2,000	2,000
	Total Objects			**663,000**	**663,000**