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Coffee, Cocktails and Commentary

Smokers and health insurance: good and bad news

July 29, 2015 By [Jacob Grier](#) [Leave a Comment](#)

Looking through my web stats the other day, I noticed that some of the common searches bringing readers to my site relate to smoking and health insurance. Cigar smokers in particular seem to be interested in this. And for good reason: The Affordable Care Act generally requires health insurers to treat applicants equally, but it makes an exception for smokers. Premiums for smokers are allowed to rise up to 50% higher than for comparable non-smokers.

I haven't written about this topic [since early 2013](#), but a [recent post at the Cato Institute blog](#) caught my attention. Aaron Yelowitz gathered data on premiums across states and concludes that much of the additional cost charged to smokers does not reflect actual risk, and that the additional premiums paid by smokers vary widely from state to state. In states with a large surcharge for smokers, such as Wyoming, this represents a substantial hidden tax on smoking:

Let's consider a 27-year-old who doesn't receive subsidies but is mandated to purchase health insurance. If a non-smoker lived in Cheyenne, WY, he or she could purchase Blue Cross Blue Shield of Wyoming – BlueSelect Silver ValueTwo Plus Dental plan for \$334 per month. This plan has a \$3,000 deductible and an out-of-pocket maximum of \$6,600. If the 27-year-old smoked, the same plan would be \$417 per month, or 24.9% higher. For a pack-a-day smoker, this represents a \$2.72 per-pack increase in expenditure due to Obamacare.

For cigarette smokers, who tend to have lower incomes, that's enough to threaten the affordability of health insurance. Interestingly, tobacco companies and many anti-smoking groups [joined in opposing this aspect of the law](#) for that reason.

That hidden tax is the bad news for cigarette smokers. But what about cigar smokers, or anyone who smokes only on occasion? When I wrote about this in early 2013, Health and Human Services [had not yet settled upon a definition](#) for who counts as a smoker for health insurance purposes. Most of the proposals for defining this status, including those from anti-smoking groups, asked only when a person last used tobacco. One proposal asked only "Have you used tobacco in the last twelve months?" and "Are you currently using tobacco products?" As I noted at the time, this ignored frequency of use and was potentially very problematic:

A casual cigar smoker would have to answer yes to both questions posed by America's Health Insurance Plans. Twelve months is a long time! Should someone who enjoys an occasional cigar have to pay 50% (or more) higher on their insurance premiums, the same penalty faced by pack-a-day smokers?

A sensible definition would address not only recency of tobacco use, but also frequency within that time period (and possibly the form of tobacco used).

Using the Wyoming example above, under this definition the annual hidden tax on a resident who smoked just one cigar per year would be nearly \$1,000! Such an enormous penalty would clearly exceed any plausible estimate of risk.

Now for the good news. The final definition of who counts as a smoker (for plans that qualify under ACA) does take frequency of smoking into account. [From the Federal Register](#):

In this final rule, we establish a definition of "tobacco use" that is based on the National Health Interview Survey, while setting forth the meaning of "some days" to ensure clarity for issuers and consumers. Specifically, for purposes of this final rule, we define "tobacco use" as use of tobacco on average of four or more times per week within no longer than the past six months

That's great news for people who enjoy only an occasional cigar, who won't have to face exorbitant penalties for low-risk behavior.

(This rule was published more than two years ago, by the way. I just now followed up on it, which says a lot about my commitment to blogging as a medium these days. But given that people find my site searching for this topic, it seemed worthy of a belated update.)

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Jacob Grier is a freelance writer, bartender, cocktail consultant, and magician in Portland, Oregon. He writes, eats, and drinks a lot. His articles have appeared in the print or online editions of *The Washington Post*, *The Atlantic*, *The Daily Beast*, *The Los Angeles Times*, *Reason*, *The Oregonian*, and other publications. His book on beer cocktails, *Cocktails on Tap*, is forthcoming from Stewart, Tabori, and Chang in 2015. [Photo by David L. Reamer.]

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