

South Carolina's Proposed Cigarette Tax Should Be Increased and Dedicated to a Healthcare Trust Fund.

December 2009



Cigarette Smoking in South Carolina: [Source: Tobacco Free Kids]

* Annual healthcare costs directly caused by smoking	\$ 1.09 billion
* Portion paid by SC Medicaid	\$ 393 million
* Packs of cigarettes bought/smoked by kids each year	10.5 million

- Approximately 5,500 children become new smokers each year in South Carolina. Ninety (90%) percent of smokers in the U.S. begin smoking at or before age 18.
- Numerous studies have shown that children are sensitive to the price of cigarettes, and that for every 10% increase in price, the number of children smoking reduces 6-7%.
- South Carolina's proposed cigarette tax increase would raise the tax per pack of cigarettes to \$.57 – far below the average state tax of \$ 1.34 per pack. Increasing the proposed tax to \$1.00 per pack would generate an estimated \$216 million in revenues per year.
- Healthcare programs such as Medicaid and SCHIP receive federal matching funds at a ratio of 2.33:1 and 4:1, respectively. Dedicating the cigarette tax funds to healthcare ensures that South Carolina can maximize the federal matching dollars available for both programs.
- Structuring the cigarette tax proceeds into a healthcare trust fund provides South Carolina with a stable and flexible source of funding for Medicaid, SCHIP, future mandates arising from federal healthcare reform, and other healthcare programs.



The *South Carolina Children's Hospital Collaborative* is a non-profit association of the four children's hospitals in South Carolina. The Collaborative works closely with the *South Carolina Chapter of the American Academy of Pediatrics* on children's health issues. Our member hospitals include:

- Greenville Hospital System Children's Hospital – Greenville
- Palmetto Health Children's Hospital – Columbia
- MUSC Children's Hospital – Charleston
- McLeod Children's Hospital – Florence

For more information, please contact



Ms. Maggie Michael
Executive Director
310 Broad Street, Suite 10
Charleston SC 29401

Tel: (843) 534-0033
Cell: (843) 270-0533
Email: michaelm@musc.edu

www.scchildrenshospitals.org