



Costs Associated With Secondhand Smoke

Millions of Americans are exposed to secondhand smoke, at home or at work, potentially resulting in severe health conditions. In June 2006, the surgeon general confirmed the adverse health consequences of secondhand smoke in *The Health Consequences of Involuntary Exposure to Tobacco Smoke*. In particular, secondhand smoke causes lung cancer, heart disease, and other health conditions in nonsmokers. Moreover, an estimated 50,000 Americans die each year due to illnesses caused by exposure to secondhand smoke.

When making decisions regarding whether to restrict smoking in public, policymakers consider the impact of secondhand smoke on nonsmokers. It is important to understand not just the numbers of Americans adversely affected by secondhand smoke, but also the economic costs involved. This factsheet highlights findings from a study released by the Society of Actuaries that provides insights into the costs among nonsmokers exposed to secondhand smoke.¹

Secondhand Smoke Increases the Number of Americans with Lung Cancer and Heart Disease

In 2004, an estimated 2,500 new cases of lung cancer were caused by secondhand smoke. Lung cancer is an especially deadly form of cancer, with low survival rates. Exposure to secondhand smoke also increases the number of Americans with coronary heart disease. Nearly half a million Americans in 2004 were estimated to suffer from coronary heart disease caused by secondhand smoke, including cases newly diagnosed in 2004, as well as those diagnosed earlier.

Medical Costs Due To Exposure to Secondhand Smoke

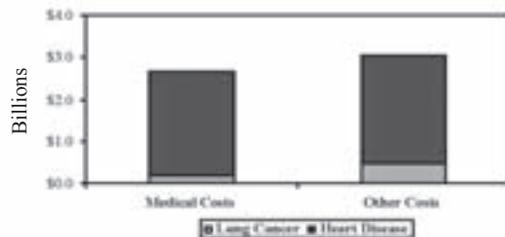
In 2004, an estimated \$2.6 billion was spent on the medical care of nonsmokers suffering from lung cancer or heart disease caused by exposure to secondhand smoke. This reflects the costs over and above those that would be expected to occur without any exposure to secondhand smoke.

Other Economic Costs Due to Disability and Premature Deaths

Increased medical costs are not the only costs associated with diseases caused by exposure to secondhand smoke. It is also important to consider the economic value of each year lost due to

disability or premature death. In 2004, economic losses due to lost wages and fringe benefits, as well as the value of lost household services, were estimated to total \$3.2 billion for disability and premature deaths due to lung cancer and heart disease caused by exposure to secondhand smoke.

Costs Associated with Lung Cancer and Heart Disease Due to Secondhand Smoke, 2004



Costs Could Be Even Higher

The medical costs and economic losses to nonsmokers suffering from lung cancer or heart disease due to secondhand smoke are estimated to total nearly \$6 billion a year. Costs are likely even higher, however, because this figure does not include the costs associated with diseases and conditions among infants and children identified by the surgeon general as being caused by secondhand smoke, such as ear and respiratory problems, low birth weight, and sudden infant death syndrome (SIDS). In addition, the surgeon general finds evidence to suggest secondhand smoke also causes asthma, breast cancer, and an increased risk for chronic pulmonary disease in adults. But because there is not enough evidence to prove that secondhand smoke causes these conditions, the associated costs are not included here.

Note that the costs included here do not reflect the social or economic costs to society as a whole. For instance, the cost figures do not include any costs or cost savings to the government through social insurance programs.

For further information on the costs associated with secondhand smoke and more detail on the estimates provided here, see "The Economic Effects of Environmental Tobacco Smoke," published by the Society of Actuaries, available at <http://www.soa.org/ccm/content/areas-of-practice/life-insurance/research/economic-effects-of-environmental-tobacco-smoke-SOA/>.

1. Donald F. Behan, Michael P. Eriksen, and Yijia Lin. 2005. "Economic Effects of Environmental Tobacco Smoke." Schaumburg, IL: Society of Actuaries.

The American Academy of Actuaries is a national organization formed in 1965 to bring together, in a single entity, actuaries of all specializations within the United States. A major purpose of the Academy is to act as a public information organization for the profession. Academy committees, task forces and work groups regularly prepare testimony and provide information to Congress and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions and other forms of risk financing. The Academy establishes qualification standards for the actuarial profession in the United States and supports two independent boards. The Actuarial Standards Board promulgates standards of practice for the profession, and the Actuarial Board for Counseling and Discipline helps to ensure high standards of professional conduct are met. The Academy also supports the Joint Committee for the Code of Professional Conduct, which develops standards of conduct for the U.S. actuarial profession.