



Minimum Floor Price Laws

An Emerging Strategy to Reduce Tobacco-Related Socioeconomic Inequities

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Our Mission

Create healthier communities for all through **equitable** laws and policies.

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**MINIMUM FLOOR PRICE POLICIES
AND THEIR POTENTIAL IN
CALIFORNIA TOBACCO CONTROL**



RAISING TOBACCO PRICES:

- ✓ Reduces the total amount of tobacco consumed
- ✓ Reduces prevalence of tobacco use
- ✓ Increases successful cessation
- ✓ Reduces initiation among youth
- ✓ May reduce socioeconomic disparities in smoking
- ✓ Reduces tobacco-related health problems and deaths
- ✓ Reduces healthcare costs and productivity losses

Community prevention services task force. (2012) Reducing tobacco use and secondhand smoke exposure: Interventions to increase the unit price for tobacco products. Available at: <https://www.thecommunityguide.org/sites/default/files/assets/Tobacco-Increasing-Unit-Price.pdf>

STATE TOBACCO EXCISE TAXES

- ❖ Widespread approach
- ❖ Generates revenue for state
- ❖ If revenue is used for tobacco control has added health benefits

But:

- ❖ Recent state tax a success, but tobacco industry may respond with discounts



Proposition 56, a \$2-per-pack boost to tobacco taxes, is approved by voters. Photo by Kevin Ma for Los Angeles Times. Los Angeles Times

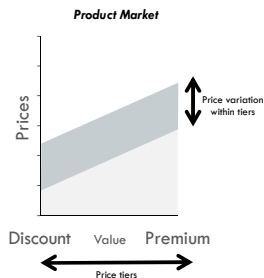
ANOTHER PRICING STRATEGY: MINIMUM FLOOR PRICE LAWS

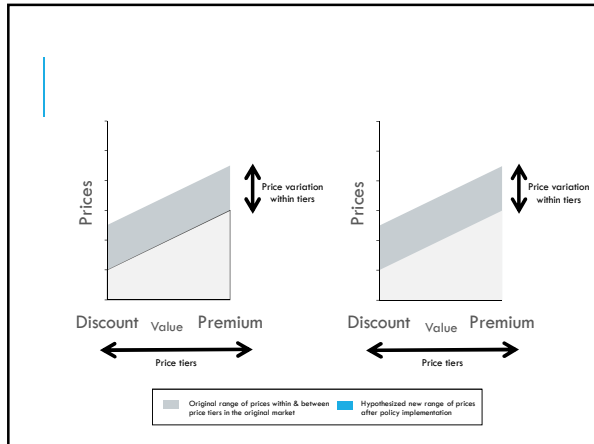
A *minimum floor price law* sets a price below which the product cannot be sold

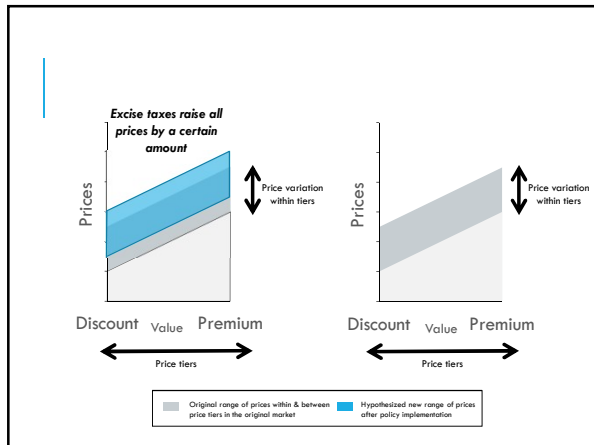
- ❖ Offset tobacco industry price manipulation
- ❖ Floor prices can be set for different tobacco products
- ❖ Can be paired with packaging requirements, discount bans
- ❖ May have pro-equity effects

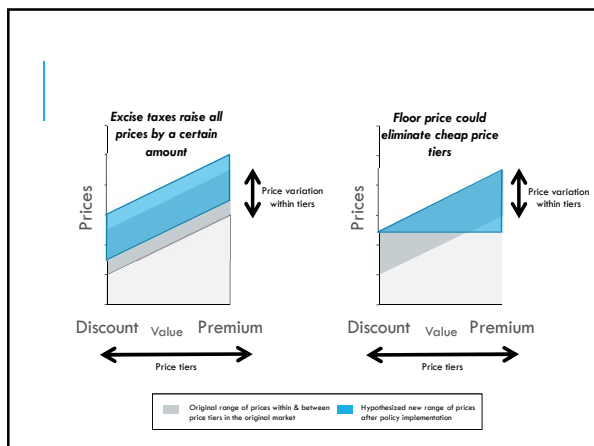


POLICIES MAY WORK DIFFERENTLY

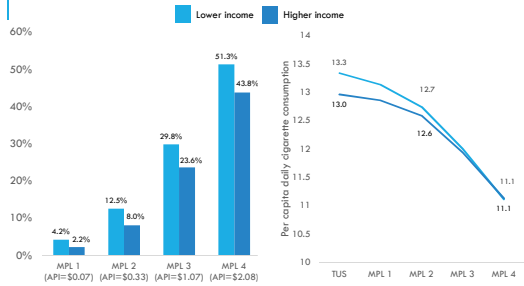








RESULTS OF OUR NATIONAL MFPL STUDY



MFPL levels correspond to 75%, 100%, 125% and 150% of state-specific mean self-reported prices. API = average price increase under each floor price. Projections assume 19% policy avoidance and price elasticity = -0.3
Golden et al. (2016) doi:10.1136/tobaccocontrol-2016-053230

PROJECT GOAL

Build a California-specific online tool that can:

- ❖ Identify **cigarette floor price options for local jurisdictions**
- ❖ Project the **likely impact** of each floor price option on **smoking prevalence and cigarette consumption**
- ❖ Provide insight about how MFPLs may influence **smoking disparities**

INSPIRATION

TCP About the Tool About Us Cigarette Taxes Smoke-Free Air Laws TC Expenditures Tobacco Use

Welcome to the Tobacco Control Policy tool

This website provides decision-makers and health professionals with estimates of the projected impact of four specific tobacco control policies on public health in the United States.

The estimates were derived from simulations of over **2,200 policy scenarios**, with **30 million people per scenario**, and calibrated for each state and Washington, DC. Read more [about the tool](#) or go directly to one of the policy pages below and explore the results.

Updates

3/24/2018: A detailed study protocol describing the methods behind the TCP tool is now freely available. Find out more at [BMJ Open](#).

12/18/2017: Smoke-free air law coverage in restaurants, bars, and workplaces have been updated to reflect recent data compiled by the CDC & NCI State Cancer Profiles and American Nonsmokers' Rights Foundation (as of October 2, 2017). The percent of the population in non-smoking work environments now reflects survey data from the 2014-2015 Tobacco Use Supplement to the Current Population Survey (TUS-CPS).

Cigarette Taxes

State Start year

Set the proposed increase in taxes per pack of cigarettes

Initial price

Proposed increase

What if we raise the cigarette tax by \$1.00?

Assuming the initial (current) price for a pack of cigarettes in **United States** is about **\$6.00** (tax incl.), estimate the impact of implementing an additional **\$1.00** tax effectively raising the price to **\$7.00** per pack at the beginning of **2017**.

Cigarette Taxes

State Start year

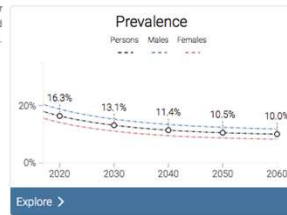
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OUR VISION



Minimum Floor Price Law

County/City

Year

OUR VISION

Minimum Floor Price Options for Alameda County

- Option 1: **\$7.00**
- Option 2: **\$7.50**
- Option 3: **\$8.00**
- Option 4: **\$8.50**
- Option 5: **\$9.00**
- Option 6: **\$9.50**

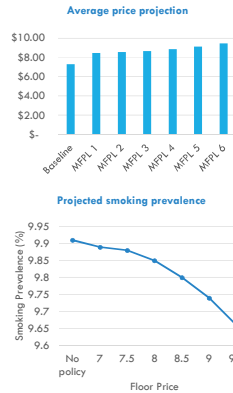


Figure assumes 15% policy avoidance and price elasticity of -0.4

STATEWIDE MODEL

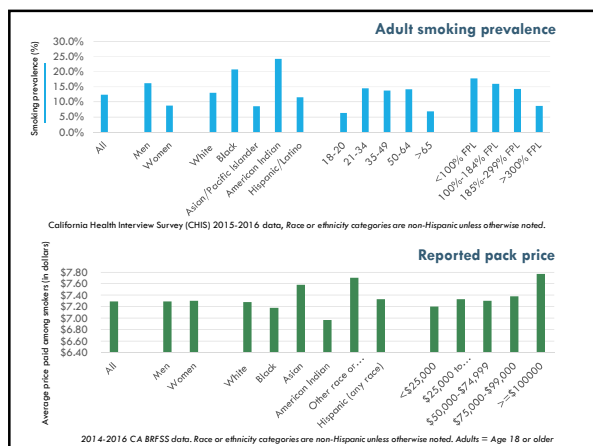


CREATE SIMULATED POPULATION



Match population demographics:

- 50.9% Women
- 37.0% Non-Hispanic (NH) White
- 5.1% NH Black
- 14.3% NH American Indian/Alaska Native/Other/Multi-race
- 13.3% NH Asian/Pacific Islander
- 30.3% Hispanic (all races)
- 84.3% 18-64 years old
- 14.6% below the federal poverty line



ASSIGN SMOKING AND PRICES

Assign initial smoking and prices:

- Based on demographic differences in the 2014-2016 CA BRFSS data

Adjust prices:

- Adjusted upward to account for new \$2 tax increase
- For location using CA Healthy Stores for a Healthy Community store audits



Price responsiveness:

10% price increase → 4% consumption reduction

Chaloupka & Warner (2001)

PROJECT OUTCOMES

Identify several MFPL options

- Just below to moderately above average prices

Identify likely changes in prices based on each MFPL

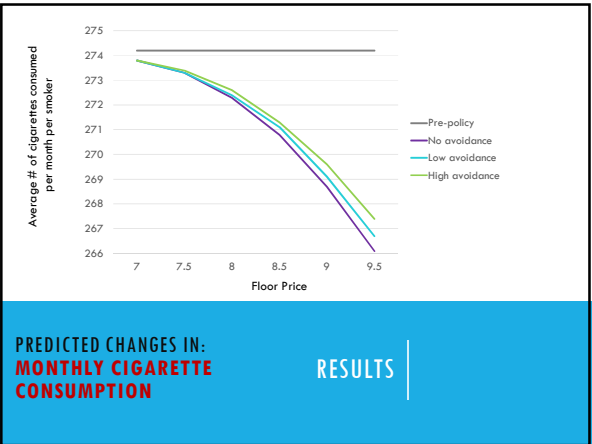
- Assume individuals previously paying below the floor price now pay the floor price
- Incorporate different levels of policy avoidance

Project how changes in prices will affect:

- Smoking prevalence
- Cigarette consumption for people who continue to smoke







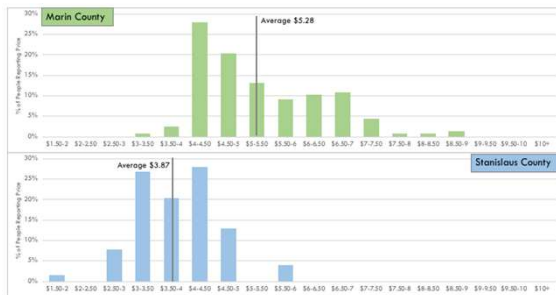
WHY LOCAL MODELS ARE IMPORTANT



Different demographics:

- 51.2% Women
- 32.3% Non-Hispanic White
- 10.4% NH Black
- 12.0% NH American Indian/Alaska Native/Other/Multi-race
- 27.1% NH Asian/Pacific Islander
- 18.2% Hispanic (all races)
- 85.0% 18-64 years old
- 15.0% below the federal poverty level

WHY LOCAL MODELS ARE IMPORTANT



NEXT STEPS

- ❖ Simulate for local areas
- ❖ Compare across demographic groups
- ❖ Provide support for California Tobacco Control Program as they build the online tool for local tobacco control practitioners

SPECIAL THANKS TO

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Kurt Ribisl



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Pratima Musburger



QUESTIONS OR FOLLOW-UP?

Contact: sgolden@email.unc.edu

MORE INFORMATION

Systematic review of literature about non-tax price policies:

- Literature includes more discussion of how to design policies than evaluations of them (includes studies that evaluate mark-up MPLs)
Golden et al. (2016) [doi:10.1136/tobaccocontrol-2015-052294](https://doi.org/10.1136/tobaccocontrol-2015-052294)

Study that projects impacts of different MPLs and taxes with similar effects on average prices:

- MPLs set at average price may raise prices by \$0.33 and reduce consumption by ~4%
- MPLs may have a stronger pro-equity effect
Golden et al. (2016) [doi:10.1136/tobaccocontrol-2016-053230](https://doi.org/10.1136/tobaccocontrol-2016-053230)

Study that projects impact of different federal MPL levels:

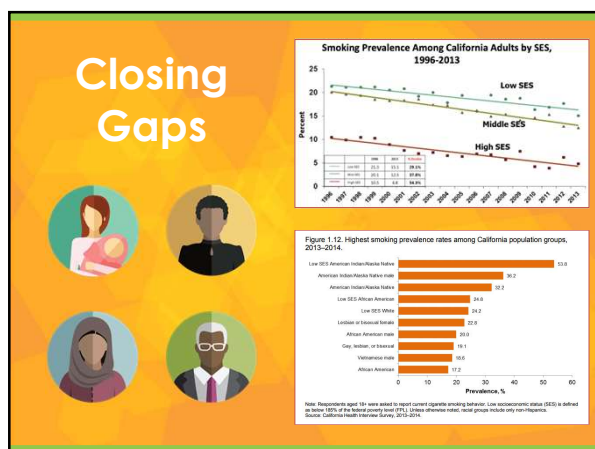
- \$4 -> minimal effect
- \$10 -> reduction of 5.7 billion packs & 10 million fewer smokers
Doogan et al. (2017) [doi:10.1136/tobaccocontrol-2016-053457](https://doi.org/10.1136/tobaccocontrol-2016-053457)

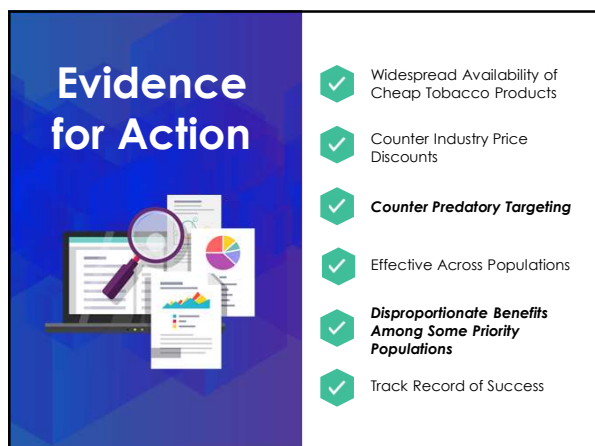














Federal & State Pricing Policies

Minimum Markup Laws

- Roughly ½ of states
- Questionable efficacy
- Difficult to enforce

Excise Taxes

- Gold standard
- Every state + D.C.
- Government funding
- California preempts local tobacco taxes

Local Policy Solutions

- Establish Minimum Floor Prices
- Prohibit the Redemption of Coupons, Discounts, and Promotions
- Establish Minimum Package Sizes

Minimum Floor Price



Establish Minimum Floor Prices

Cigarettes, Little Cigars, and Cigars

Example: Sonoma County

Redemption Prohibition



Prohibit the Redemption of Tobacco Product:

- Discounts,
- Coupons, and
- Promotions

Example: Oakland

Package Size



Establish Minimum Package Sizes

Cigars and Little Cigars

Example: West Hollywood



Policy Considerations



Equity Considerations


- Pricing Policies are Regressive
- Focus on Industry Targeting
- Equitable Enforcement



Legal and Policy Design Considerations

- Avoid the 1st Amendment
- Consider Enforcement
- Account for Inflation

Fitting the Puzzle Pieces Together




Each Pricing Strategy Complements the Others

Adopt All Three!



What About Other Tobacco Products and Electronic Smoking Devices?



NYC's Minimum Floor Price Law

- ✓ Minimum prices and a tax on tobacco products (including non-tobacco shisha)
- ✓ Covers: cigars (including cigarillos), little cigars, smokeless tobacco (including chewing, snuff and dissolvable products), loose tobacco (including pipe and roll-your-own), snus, and shisha (both tobacco and non)

Example Tobacco Product	Amount	Minimum Price (excl. tax)
Snus	0.32 ounces (minimum size)	\$8.00
	More than 0.32 ounces	\$8.00 + (\$2.00 x each additional 0.08 oz or any fraction thereof*)
Shisha (tobacco and non-)	3.5 ounces (minimum size)	\$17.00
	More than 3.5 ounces	\$17.00 + (\$3.40 x each additional 0.7 oz or any fraction thereof*)



Comprehensive TRL Model Ordinance

- ✓ Minimum Package Size*
- ✓ Minimum Floor Price*
- ✓ Prohibition on Redemption of Coupons, Discounts, and Promotions

* Cigarettes, Little Cigars, and Cigars Only

Guides, Playbooks, Fact Sheets, Infographics, and more!

<http://changelabsolutions.org/tobacco-control>

Blueprint for Changemakers

- ✓ Leverage the unique power and efficacy of local policy solutions
- ✓ Incorporate health in all policies, and
- ✓ Engage diverse community members in the policy process

Contact ChangeLab Solutions for:

- Technical Assistance
- Trainings & Webinars
- Model Policies
- Guides, Fact Sheets & Infographics

Thank You!

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