Are you a smoker? If so, you could be paying much more when it comes to your health insurance coverage.

Depending on which state you live in, you could be paying up to 50 percent more for your health insurance premiums if you are purchasing health insurance on the individual marketplace exchanges.

When the Affordable Care Act (ACA) went into effect last year, new federal guidelines were established for health insurance plans sold in the individual marketplace. According to the ACA, insurers are now allowed to charge tobacco users up to 50 percent more for premiums compared to non-smokers. Each state can also establish more restrictive limits on health insurance for smokers, and insurers can set tobacco surcharges at any level up to those limits, as well as impose differential tobacco surcharges based on age.

Why is that? “This is because research shows that smokers tend to utilize healthcare services more than non-smokers, leading to increased healthcare costs,” says Martin B. Rosen, executive vice president of Health Advocate, Inc. “According to the Centers for Disease Control (CDC), smoking costs employers approximately $193 billion annually in direct medical costs and lost productivity, with studies estimating costs at $5,816 per smoker per year for employers — hence why many plans have imposed surcharges for smokers.”

For example, in 2014, if you were a smoker who lived in Nevada, New Hampshire, and Ohio, you paid insurance premium rates of more than 25 percent higher than those paid by non-smokers. In total, 15 states allow maximum surcharges of up to 50 percent.

However, if you lived in California, New Jersey, or New York, you weren’t affected by any surcharge; those states, including the District of Columbia, Massachusetts, Rhode Island, and Vermont, do not allow any tobacco use surcharges for insurance plans. Other states such as Colorado, Kentucky, and Arkansas limit the maximum allowable surcharge below 50 percent.

How are these higher premiums determined? “I can’t really speak as to how they calculate those,” says Jennifer Singletary, director of national health policy for the American Lung Association. “Smokers do have higher healthcare costs, especially in the long term, however.”

Rosen adds, “Many insurers consider the higher healthcare costs associated with smoking when adding a premium surcharge for tobacco users.” He notes, however, that the average surcharge on healthcare premiums for smokers is approximately 10 percent. “In order to help ensure smokers are able to afford healthcare insurance and stay covered, some insurers have kept the surcharges below the allowable maximum. This difference accounts for higher healthcare costs while helping to maintain coverage for everyone who needs it.”
Regardless of the varying health insurance premiums associated with tobacco use, both the short- and long-term health costs of smoking do indeed add up. “Especially for people purchasing individual insurance plans through the exchanges, premium costs tend to increase with age,” says Rosen. “Combined with the smoker surcharge, smokers will continue to pay more for their healthcare coverage as they get older, leading to exponentially higher costs over time. Further, depending on the type of coverage a smoker has and their health, they will likely pay more in out-of-pocket costs since smokers are more likely to be hospitalized and stay longer when admitted than non-smokers.”

“Smokers are likely to have more healthcare costs later on in life, and we know that,” Singlettery says. “There are costs for treating lung cancer and heat disease that come along with tobacco use, and someone — whether it’s Medicare, insurance, or the smokers themselves — will be paying those higher costs.”

“All healthcare costs increase as you get older, and health insurance plans know that. For smokers, the effect is magnified,” says Dr. Ray Casciari, a pulmonologist at St. Joseph’s Hospital in Orange, CA, and a fellow in the College of Chest Physicians. Casciari has been a pulmonologist for the past 37 years and formerly served as the head of the lung cancer program at St. Joseph’s. “Smokers have a higher incidence of heart disease and cancer. As you get older as a smoker, your risk goes up dramatically that you will have a more illness during the course of a year.”

The list of illnesses associated with smoking is long. “Smoking restricts your blood vessels, causing wrinkles, heart disease, and high blood pressure,” says Casciari. “It irritates your lungs and causes lungs to produce more mucous, infections, and damage to the lungs in the form of emphysema and bronchitis. We all get that as we age, but smokers get it faster and to a greater degree. Smoking also causes mutations in cells that lead to cancer. There’s no doubt that lung cancer is related to smoking, and we’ve known that since 1929.”

Singlettery also notes that the latest U.S. Surgeon General’s report on the health costs of smoking shows that blindness (macular degeneration), stroke, erectile dysfunction, and a host of other diseases can also be attributed to smoking. Rosen adds, “According to the CDC, smoking is a contributing factor in more than 480,000 deaths each year.”

In the short-term, too, the costs of smoking are clear. According to the American Cancer Society, each pack of cigarettes totals $35 in health-related costs per smoker. “With regards to workers’ compensation rates, smokers average $2,189 per year compared to $176 for non-smokers,” adds Rosen. “For individuals, in addition to paying higher health insurance premiums, smokers also pay higher costs for life and disability and have twice as many workplace accidents, according to the American Lung Association.”

What are your options? If you’re a smoker and shopping for a health insurance plan on the exchanges, it pays to look closely at your options by speaking to a local health insurance agent who knows the ins and outs of plans available in your state.

And if you’re looking to save on overall costs, you may want to consider quitting. Not only does quitting smoking have immediate health benefits, but it may also reduce your insurance premiums. “Additionally, as part of the ACA, all new health insurance plans are required to cover tobacco cessation treatments, helping people quit smoking and reduce their premiums,” adds Rosen.

“You have to decide whether or not you want to quit smoking,” says Dr. Casciari. “You have to be self-motivated to want to quit, and if you do want to do it, there are things that can help.”