



## **Rationale for a New England Sugar-Sweetened Beverage Tax Campaign**

Community Catalyst, working through its New England Alliance for Children's Health (NEACH) project, is interested in pursuing a regional sugar-sweetened beverage (SSB) tax campaign in New England to generate revenue for health care programs and reduce the consumption of SSBs, which contribute to childhood obesity. This campaign could serve as a model for other regional campaigns and/or a national campaign.

### **Why is the Time Right?**

A regional SSB tax would address three current children's health care priorities: (1) raising revenue for states to ensure that public health insurance programs remain strong and intact, (2) combating the childhood obesity epidemic and (3) establishing a new funding source for the Children's Health Insurance Program (CHIP), which is set to expire in 2015. These three priorities must be addressed now in order to ensure that our children have a healthy future.

### **Raising State Revenues**

The severe economic downturn has led to huge declines in state and local revenues,<sup>1</sup> prompting states to reduce spending on programs and services, including vital health services for children and families. At the same time, the recession has resulted in millions of people losing their jobs and health insurance, increasing the need for public programs like Medicaid and CHIP. An SSB tax would provide states with much needed revenue to help them protect their public insurance programs from damaging cuts and restrictions. Maintaining affordable, accessible, and robust public insurance programs is especially important in the context of the Affordable Care Act (ACA), which is largely built upon the expansion and development of existing health care programs. By 2019, 32 million more Americans are expected to enroll in health insurance programs, with about half of these individuals entering state Medicaid programs.

The New England states have worked incredibly hard to cover children at some of the highest rates in the country and establish an environment that promotes access to high quality care. Yet even the New England states have made cuts, or are considering cuts, to children's health programs. For example, Massachusetts recently cut almost \$2 million from children's mental health services and Maine will likely reconsider instituting Medicaid provider reimbursement rate cuts. The Yale University Rudd Center for Food Policy and Obesity estimates that New England could raise about \$718 million if each state implemented a one cent per ounce SSB tax in 2011 and this revenue could be used to maintain their high-quality health care programs and preserve their status as national leaders in children's coverage.<sup>2</sup>

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<sup>1</sup> According the Center on Budget and Policy Priorities, states' cumulative 2011 budget shortfall is anticipated to reach \$140 billion, while the New England states' budget shortfall is expected to reach \$10 billion.

<sup>2</sup> Rudd Center for Food Policy and Obesity: Revenue Calculator for Soft Drinks. Available at: <http://www.yaleruddcenter.org/sodatax.aspx>

## Combating Childhood Obesity

The percentage of overweight children in the United States is growing at an alarming rate, with one out of three children now considered overweight or obese. Childhood obesity is linked to a number of debilitating and expensive diseases, including cardiovascular disease, diabetes, hypertension, several kinds of cancer, and other chronic conditions.<sup>3</sup>

Just as childhood overweight and obesity are on the rise, so too is the consumption of sugar-sweetened beverages. Per capita intake of calories from sugar-sweetened beverages—which tend to be calorie-dense, nutrient-poor, and inexpensive—has increased by nearly 30% in the past decade, with such drinks now accounting for 10% to 15% of the total calories consumed by children and adolescents.<sup>4</sup> A substantial body of research has shown that SSB consumption leads to higher body fat, higher weight, and bigger waist size in youth. In fact, the authors of a recent *New England Journal of Medicine* article stated, “sugar-sweetened beverages . . . may be the single largest driver of the obesity epidemic.”<sup>5</sup>

It is important to note, however, that obesity is caused by a variety of factors and preventing obesity requires a multi-faceted approach. An SSB tax is one of a number of viable policy options that can help change behavior and promote healthier living. While there is not a large body of research on the effectiveness of SSB taxes at reducing consumption, recent data suggest that a one cent per ounce excise tax on sugary drinks (about a 10% price increase on a twelve-ounce can) would cut consumption by about 8% percent.<sup>6</sup> Additionally, a July 2010 U.S. Department of Agriculture study found that a 20% increase in the price of SSBs could result in a child consuming 43 calories fewer calories per day, which translates into an average yearly weight loss of 4.5 pounds.<sup>7</sup>

## Funding CHIP

CHIP currently provides high quality health insurance to more than seven million lower-income children. The CHIP program was reauthorized for five years in 2009 and then extended an additional two years, to 2015, under the ACA. The 2009 legislation that reauthorized the CHIP program was paid for primarily by a \$0.62 increase in the federal tobacco tax.

In 2015, a new source of federal funding must be found in order to preserve this highly successful children’s health program. A national SSB tax, modeled after the SSB taxes we hope to implement across the New England states, is an ideal replacement for the tobacco tax as a CHIP funding source. Like a tobacco tax, an SSB tax would raise a sizable amount of money (the Congressional

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<sup>3</sup> The Robert Wood Johnson Foundation. (2009, November). The Negative Impact of Sugar-Sweetened Beverages on Children’s Health. Available at: <http://www.rwjf.org/files/research/20091203herssb.pdf>, pp. 1-3.

<sup>4</sup> Brownell, Kelly D. and Thomas R. Frieden. Ounces of Prevention—The Public Policy Case for Taxes on Sugared Beverages. *The New England Journal of Medicine*. Volume 360: 1805-1808. Number 18. Available at: <http://content.nejm.org/cgi/content/full/360/18/1805>.

<sup>5</sup> Ibid.

<sup>6</sup> Andreyeva T, Long MW, Brownell KD. The Impact of Food Prices on Consumption: A Systematic Review of Research on Price Elasticity of Demand for Food. *Am J Pub Health* (2010);100(2):216-222.

<sup>7</sup> T. Smith, B. Lin, and J. Lee, “Taxing Caloric Sweetened Beverages: Potential Effects on Beverage Consumption, Calorie Intake and Obesity,” United States Department of Agriculture Economic Research Service, *Economic Research Report No. (ERR-100)*, July 2010.

Budget Office estimates that a three-cent tax on a 12-ounce drink—much less than the one cent per ounce tax we recommend—would raise \$51.6 billion over a decade), and the money would be coming directly from an effort to promote healthier living.<sup>8</sup> Additionally, both SSBs and tobacco have negative and significant long-term health effects, are heavily marketed towards children, and are backed by powerful industries that often deny the negative health claims made about their products.

The New England states led the way in increasing tobacco taxes over the past decade,<sup>9</sup> setting the stage for the federal tobacco tax increase that paid for 2009's CHIP reauthorization. New England can once again serve as a national leader by implementing state-level SSB taxes that lay the foundation for a new national tax to fund CHIP.

### **Why is Community Catalyst Right to Lead this Effort?**

Community Catalyst is a national consumer health advocacy organization with a proven track record of managing successful regional and national campaigns. In the early 2000s, Community Catalyst helped build a broad-based coalition of state health advocates, medical societies, American Cancer Society chapters and providers to advocate for tobacco tax increases in the six New England States. Under Community Catalyst's leadership, *The Alliance for a Healthy New England* used a steering committee structure to develop common objectives and strategies across states, facilitate joint planning and execution, and provide technical assistance to state-level groups. The campaign succeeded in generating new tobacco tax revenues for Medicaid and the other health care programs in five of the six New England states over a two-year period.

The New England Alliance for Children's Health (NEACH), established as a Community Catalyst project in September 2006, builds on the success of *The Alliance for a Healthy New England's* regional model, bringing together a wide range of stakeholders from across New England to promote access to high-quality, affordable health care for all children. NEACH is a politically savvy, well-organized, and issue-focused coalition and has been praised by many national organizations for our highly strategic and effective advocacy campaigns. We have been particularly successful at organizing our partners around concrete federal policy issues like CHIP reauthorization. In our issue campaign work, we utilize an advocacy model that involves regularly communicating with our partners to share information and better understand their needs, providing partners with technical assistance and policy support, and helping them develop strong working relationships with policymakers and other state and national organizations.

A regional SSB tax campaign would be another opportunity to engage our well-coordinated and highly experienced state partners on a specific children's health care issue. When we broached this idea with a core group of partners at one of our regional convenings in March 2010, they responded with a great deal of interest and enthusiasm. We have also recently developed new systems of inter-state learning—including a monthly children's health newsletter and more inclusive conference calls—that would greatly support this type of regional campaign work.

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<sup>8</sup> Congressional Budget Office (2008, December). *Budget options, volume 1: Health care*. Retrieved from <http://www.cbo.gov/doc.cfm?index=9925>.

<sup>9</sup> The average state excise tax on a pack of cigarettes in New England is now \$2.50, compared with \$1.45 for all U.S. states.

For the reasons stated above, Community Catalyst is the right organization to lead a New England-wide SSB tax campaign and now is the right time to begin this important work.