

## WHY IS IMPORTANT TO ESTIMATE THE ECONOMIC COST OF SMOKING?

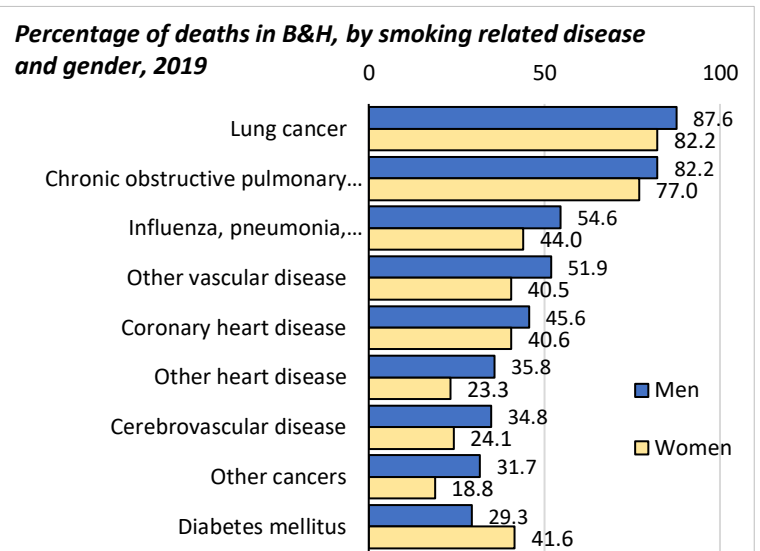
The University of Banja Luka’s study <sup>1</sup> provides the first comprehensive estimation of the economic costs of smoking in B&H to establish an evidence base for a better informed tobacco tax policy. The estimation of the economic costs of tobacco use provides information about the direct costs of smoking (hospitalizations, drugs, treatments) as well as the indirect morbidity (sick leave from work) and mortality costs (lost productivity from premature deaths) of smoking in 2019.

## STUDY METHODOLOGY

The methodology used in this study is adopted from the World Health Organization’s.<sup>2</sup> Data on smoking prevalence (including current and former smokers) by gender and age group are taken from a survey conducted in BiH in 2019.<sup>3</sup> Data on health care expenditures were obtained from the Health Insurance Fund of Republic Srpska (RS), Ministry of Health of Federation of B&H (FB&H), and the Government of Brcko District. Data on wages, employment, and size of population are obtained from official websites of the Institute of Statistics of RS, the Institute of Statistics of FB&H, the Agency of Statistics B&H.<sup>4</sup>

**Smoking prevalence in B&H.** B&H ranks 11th in the world in terms of smoking prevalence.<sup>5</sup> In 2019, 41% of all adults were smokers, 60% of daily smokers started smoking daily between ages 18 and 24, and 43% of current daily smokers smoke more than 20 cigarettes per day.<sup>6</sup>

**Health consequences.** Tobacco use is deadly. Smoking kills 14.000 people in the world every day (WHO). Of all people who died in B&H in 2019, about 64% were caused by smoking-related diseases (24.654), among which 20% are smoking-related deaths (5.058), where men carry 65%, and women 35% of total smoking-related deaths. Around one-third (for men) and one-fifth (for women) of all sick leave taken in 2019 was smoking-related.<sup>7</sup>

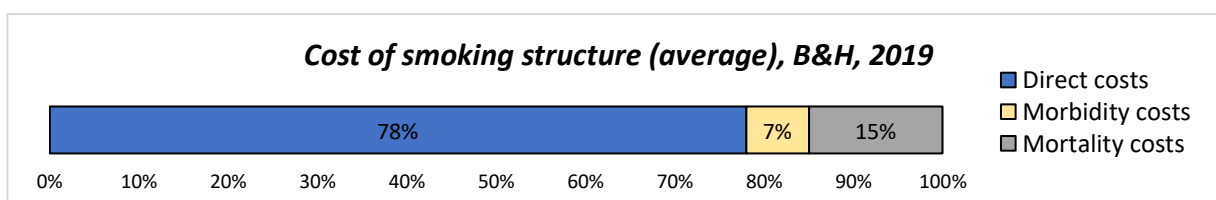


## ECONOMIC COSTS ESTIMATE

**Tobacco exacts a high economic on society.**

The estimated total economic burden of tobacco consumption in B&H in 2019 is between **719 – 974 million BAM (around 2.36% of GDP)**. The major components of total costs of smoking are:

- Direct costs of smoking are the value of goods and services consumed by smokers as part of health care treatment of a smoking-related disease. Direct costs are estimated between **557 – 766 million BAM**.
- Indirect morbidity costs are the value of lost productivity by persons who are sick or disabled for work due to smoking-related diseases. These costs are estimated between **51 – 67 million BAM**.
- Indirect mortality costs of smoking are the value of lives lost due to premature death caused by smoking. These costs are estimated between **111 – 141 million BAM**.



## Costs of smoking in B&H by entites, gender, and cost component, 2019

COST OF SMOKING IN 2019	Republic of Srpska			Federation of B&H and Brčko District			Bosnia and Herzegovina		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Direct costs	140.70	82.71	223.41	196.62	137.27	333.89	337.32	219.98	557.30
Indirect morbidity costs	13.82	6.32	20.14	20.04	10.41	30.45	33.86	16.73	50.59
Indirect mortality costs	40.30	7.30	47.60	49.88	13.37	63.25	90.18	20.67	110.85
<b>TOTAL</b>	<b>194.82</b>	<b>96.33</b>	<b>291.15</b>	<b>266.54</b>	<b>161.05</b>	<b>427.59</b>	<b>461.36</b>	<b>257.38</b>	<b>718.74</b>

Source: Gligorić, D., Preradović Kulovac, D., & Mičić, Lj. (2022). The economic burden of smoking in Bosnia and Herzegovina, 2019. Banja Luka: University of Banja Luka

## POLICY RECOMMENDATIONS

Based on the findings of this research, the following recommendations are offered:

- **The government should reintroduce the regular annual increase of the tobacco excise tax** — which was abandoned in 2019 — to decrease consumption of tobacco and exposure to secondhand smoke, encourage smoking cessation, and discourage smoking initiation.
- The government should stop considering tobacco excise as a revenue instrument, but instead use it as **a tool to decrease tobacco use and allocate the revenues toward public health, including tobacco control.**
- The government should **improve the implementation of other tobacco control measures**, such as enforcing smoke-free areas in public spaces, utilizing the influence of mass media and social platforms, and expanding the use of visual health warnings.
- Health Insurance Funds should provide **increased resources for comprehensive cessation programs.**
- The government should **mandate recording of smoking status in the health file of every patient**, so costs of tobacco can be tracked better.

### Acknowledgments

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<sup>1</sup> Gligorić, D., Preradović Kulovac, D., & Mičić, Lj. (2022). The economic burden of smoking in Bosnia and Herzegovina, 2019. Banja Luka: University of Banja Luka.

<sup>2</sup> World Health Organization (2011). Assessment of the Economic Costs of Smoking. Economics of Tobacco Toolkit

<sup>3</sup> Deep Dive, (2019) Survey on Tobacco Consumption in Southeastern European countries (STC-SEE) data for 2019.

<sup>4</sup> Republic of Srpska Institute of Statistics (2020). Wages, Employment and Unemployment 2020. Institute for Statistics of FBiH (2020). Employment, Unemployment and Wage, 2019. Agency of statistics Bosnia and Herzegovina. (2020). Demography and Social Statistic, Republic of Srpska Institute of Statistics (2020). Average salaries by month. Agency of statistics Bosnia and Herzegovina, Estimation of population, 2019

<sup>5</sup> Hannah Ritchie and Max Roser (2013) - "Smoking". Published online at OurWorldInData.org. Retrieved from: '<https://ourworldindata.org/smoking>' [Online Resource]

<sup>6</sup> Mičić, Lj., Vukojević, B., Pepić, A., Preradović, D., & Gligorić, D. (2020). Tobacco consumption in Bosnia and Herzegovina, 2019. Banja Luka: University of Banja Luka

<sup>7</sup> Gligorić, D., Preradović Kulovac, D., & Mičić, Lj. (2022). The economic burden of smoking in Bosnia and Herzegovina, 2019. Banja Luka: University of Banja Luka.