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Roundtable Discussion on Financing Comprehensive Health Care Reform
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Health Care Reform: *Prevention* is Essential

Executive Summary

To promote health and reduce health-care costs, health-reform legislation should include strong, specific prevention measures. This testimony focuses on employing five long-neglected, high-leverage, diet-related means of preventing chronic diseases; treating serious diseases in a more economical, yet still effective, manner; and levying taxes that would both promote health and generate revenues that could help fund expanded health-care coverage.

1. Raise Taxes on Alcoholic Beverages

Because alcoholic beverages are a major cause of illness, addiction, death, injury, and psychosocial problems, Congress should raise alcohol excise taxes, tax all products equally on the basis of their alcohol content, and index tax rates for inflation. Boosting the tax on distilled spirits by 50 percent and equalizing the beer and wine rates would generate \$12 billion in new revenues annually. Simply adjusting tax rates for the inflation that has eroded revenues since the last increase (in 1991) would raise \$5 billion in new revenues per year. Higher taxes and prices would dampen alcohol consumption and lead to additional health-care and other cost savings to the federal government and to the economy generally.

Federal revenues generated - \$5 billion to \$12 billion/year

2. Tax Soft Drinks

Because soft drinks have been a major contributor to obesity in recent decades, and because obesity is a major cause of diabetes, hypertension, strokes, heart attacks, and cancer, Congress should impose a new excise tax on non-diet soft drinks, including both carbonated and non-carbonated beverages. A tax of one cent per 12-ounce can would raise about \$1.5 billion per year; a tax of one cent per ounce would raise about \$16 billion per year. The higher rates would reduce consumption and help slow the obesity epidemic. Each penny tax per can would lower soft drink consumption by about 1 percent.

Federal revenues generated - \$1.5 billion to \$16 billion/year

3. Get Artificial Trans Fat out of Foods

Because artificial trans fat (from partially hydrogenated oil) is a potent cause of heart disease, Congress should pass legislation to eliminate artificial trans fat from our food supply, thereby saving lives and health-care dollars. While much trans fat has already been eliminated, removing the remaining roughly one-third would save about 15,000 to 25,000 lives and \$2 billion in direct medical costs annually.

Cost savings to the federal government - \$2 billion/year

4. Reduce Sodium Levels in Packaged and Restaurant Foods

Because it raises blood pressure and increases the risk of hypertension, strokes, heart attacks, and kidney disease, salt is arguably the most harmful ingredient in our food supply. Gradually reducing sodium levels in packaged and restaurant foods by half would ultimately save an estimated 150,000 lives and billions of dollars annually. Congress should pass legislation to require the Secretary of Health and Human Services to develop and implement a plan for a 50 percent reduction in the sodium content of the food supply over no more than 10 years.

Cost savings to the federal government – \$9 billion/year in direct medical costs (for about an average 25% reduction in sodium levels over 10 years)

5. Reduce Medical Costs through Lifestyle Treatment of Heart Disease

The medical and surgical treatment of chronic diseases is a major cause of high health-care costs. In some cases, though, equally or better patient outcomes result from relatively inexpensive modification of lifestyle, particularly diet, exercise, and smoking, which could save several tens of billions of dollars annually. Studies have demonstrated that intensive lifestyle counseling of patients with heart disease can often substitute for costly angioplasties and coronary artery bypass procedures.

Cost savings to the federal government - \$21 billion/year in direct medical costs

The proposed measures would generate total savings or income to the federal government of \$38 billion to \$61 billion per year.