This policy brief describes the health and social costs of alcohol and tobacco use calculated using an internationally accepted research methodology.

This evidence influenced policy change in Sri Lanka including increased taxes for both alcohol and tobacco and banning of smokeless tobacco products.

Similar methods can be applied to obtain evidence for policy change where data and resources are scarce.

**What was the problem?**

Alcohol and tobacco cause a huge burden to individuals, families and society. Almost 6 million people die each year from diseases related to tobacco world-wide; in addition alcohol contributes to many diseases and injuries.

In Sri Lanka, 29% of adult males smoke tobacco, 26% consume smokeless tobacco and 35% of adult males consume alcohol.

The diseases caused by both tobacco and alcohol place a huge burden on the Sri Lankan health system. However, the actual total cost of alcohol and tobacco was not available for policy decisions due to a lack of clear evidence on the negative impact on health and socio economic development. There was also an increased demand in Sri Lanka from civil society for implementation of proven cost effective interventions to minimize the harm from these substances.
How was the analysis done?
A multidisciplinary team in Sri Lanka collaborated with a team from the Health Intervention and Technology Assessment Programme (HITAP), Thailand to calculate the health and social costs of tobacco and alcohol use in Sri Lanka based on the WHO methodology on Health Technology Assessment (HTA). The research team consisted of a mix of senior, experienced members and qualified, enthusiastic, young researchers with the aim of building long-term national capacity for cost appraisals in the health sector.

The World Health Organization Country Office for Sri Lanka coordinated this study in collaboration with the National Authority on Tobacco and Alcohol (NATA) and was supported by the Sri Lanka Medical Association (SLMA).

The sources for the analysis included epidemiological and economic data including the number of patients with various cancers and non-communicable diseases related to tobacco and alcohol; the costs of treatment for the 36 identified diseases and loss of income of patients and families due to illness and death. The data came from published studies and statistics of the Ministry of Health, the Department of Census, and the Central Bank of Sri Lanka. Specific information on related diseases such as treatment costs, duration of stay in hospitals, number of clinic visits was estimated through expert consultations with clinicians, paramedical staff and public health experts.

What was the data validation process?
This was an interactive process including scientific experts and policy makers. The methodology was agreed with a panel of experts which included statisticians, economists, clinical and public health experts. The extracted data was triangulated with expert’s opinion and unpublished data from research and surveys. The data collection tool was applied to calculate the costs incurred in 2014. The costs for year 2015 were calculated thereafter.

What did the results reveal?

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<thead>
<tr>
<th>Tobacco cost</th>
<th>Alcohol cost</th>
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<td>Rs. 89.37 billion</td>
<td>Rs. 119.66 Billion</td>
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<td>(US$ 662.0 million)</td>
<td>(US$ 886.37 million)</td>
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The direct and indirect costs of alcohol and tobacco in Sri Lanka were estimated to be Rs. 209.03 billion (US$ 1.55 billion) accounting for 1.95% of the GDP for 2015. The cost of alcohol was Rs. 119.66 Billion (US$ 886.37 million) while, the cost of tobacco was Rs. 89.37 billion (US$ 662.0 million).

Alcohol related injuries imposed the highest burden (Rs. 33,922.3 million/ US$ 251.3 million) to the economy among all disease conditions that were studied. Ischemic heart disease, oral cancer and lung cancer resulting from alcohol and tobacco use also caused a substantial burden to the country's economy.

**What was convincing about the results?**

- The final results were presented to the President of Sri Lanka and Minister of Health on World No Tobacco Day, 31 May 2016. The results clearly depicted that the economic burden of these substances largely outweigh the tax revenue generated by them and comparable with major development project such as construction of the Southern Expressway.

- The Minister of Health prepared a cabinet paper based on the evidence of HITA and immediate steps were then taken to increase the tobacco taxes. The subsequent tax increase was the largest increase during a single year. In addition, Value Added Tax (VAT) was applied to tobacco products.

- The results of the study were publicized in the media and used for advocacy by academia, civil society and policy makers for prevention of alcohol and tobacco in Sri Lanka.

- Study findings have also stimulated interest on taxation as a means of reducing consumption of alcohol and initial technical discussions in this regard has been initiated by NATA.

**What next?**

The costs of alcohol and tobacco can continue to be calculated periodically using the same model for better informed policies, planning and forecasting for health, social and fiscal interventions.

This approach was cost effective and did not demand complex data. This can be applied to determine reliable estimates of the costs of alcohol and tobacco use in data scarce and resource poor countries.

This research is a clear example on how multidisciplinary and multi-stakeholder involvement could lead to better informed policies, planning and financing in achieving the Sustainable Development Goals on health.

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References