

Reducing the Burden of Smoking on Employee Health and Productivity



This issue brief summarizes information presented during the fifth in a series of Business Consultations sponsored by the Centers for Disease Control and Prevention (CDC). The National Business Group on Health and the CDC convened Reducing the Burden of Smoking on Employee Health and Productivity, a consultation with business and health leaders, on May 28, 2003, in Washington, DC. Statistics and figures that are not annotated with a source were presented by the speakers.

Why Employers Promote Tobacco Use Cessation

The human and financial costs associated with tobacco use are enormous. In addition to the incalculable physical and emotional distress brought on by tobacco related diseases and deaths, tobacco use exacts a high price from employers via greater costs for health care and life insurance, increased absenteeism and lower rates of presenteeism and productivity.

Calculating the Cost of Smoking

To calculate the cost of smoking for an individual company, consider the following:

- The overall prevalence of tobacco use is about 25% of the total population, which can be generalized to any workplace population.
- The CDC estimates that companies spend \$3,856 per smoker per year in direct medical costs and lost productivity.

(Number of employees) × (0.25) × (\$3,856 per year) = Estimated cost per year in excess medical expenditures and lost productivity

Example:

- $(10,000 \text{ employees}) \times (0.25) = 2,500$ employees who use tobacco
- $(2,500) \times (\$3,856) = \$9,640,000$ per year in business borne costs associated with smoking

Employers can combat the negative health and economic effects of tobacco use by integrating tobacco cessation treatment into their mix of employee benefits. In fact, paying for an employee's tobacco cessation treatment provides more return on investment than any other adult treatment or prevention benefit.

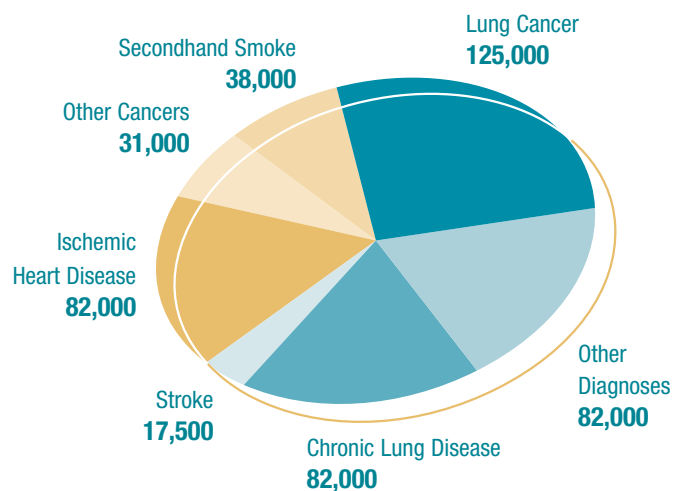
The National Business Group on Health is committed to providing employers with practical information about the advantages of covering tobacco cessation benefits. This issue brief is one such resource. Here you will find information on the prevalence and health impact of smoking, proof of the economic cost of

tobacco related illnesses, guidelines for designing and implementing the most effective tobacco cessation benefits, and examples from several large employers who have benefited from offering coverage for tobacco use treatment.

Smoking costs lives, time and money

- Smoking claims more than 440,000 lives each year, making it the leading preventable cause of death in the United States (see chart below). In fact, smoking kills more people each year than AIDS, drugs and alcohol, homicide, suicide and motor vehicle accidents *combined*.
- Since the 1960s, research has linked more than 50 painful and costly diseases and conditions to smoking, and it is estimated that 10 percent of smokers, or approximately 8.6 million people, are currently living with one or more of these smoking-related illnesses.
- A significant amount of time is lost from business due to smoking breaks and the illnesses and fatalities that are caused by smoking, as smokers are more likely to suffer a disability, are more likely to miss work and are less productive than nonsmokers.
- Female smokers incur \$17,500 more in lifetime medical expenses and miss an average of two more days of work than nonsmoking women.
- Male smokers incur \$15,800 more in lifetime medical expenses and miss an average of four more days of work than nonsmoking men.
- On average, direct medical expenses and lost productivity resulting from premature death for people with smoking-related diseases cost a staggering \$157 billion each year or \$3,856 per smoker per year.

**Annual U.S. Deaths
Attributable to Cigarette Smoking**



From CDC. (2002). Annual smoking-attributable mortality, years of potential life lost, and economic costs—United States, 1995–1999. *MMWR*, 51(14), 300–303.

- Additional costs to the economy include those related to permanent or temporary disability, absenteeism, or decreased productivity among living employees who smoke. Other business-related costs of smoking include workers compensation claims and occupational health awards, indoor air pollution, accidents, fires, and cleaning and maintenance.

Employer Strategies For Promoting Tobacco Use Cessation

Smoking is an addiction that often requires repeated attempts and professional intervention to overcome. Because the most successful interventions require medical attention, it is necessary for most employees to have these services covered as part of their health benefit. For businesses, making an investment in tobacco cessation benefits not only improves employee health but also reduces the significant direct and indirect costs associated with tobacco use. In fact, paying for tobacco use treatment is regarded as the single most cost-effective health insurance benefit for adults and it is also considered the benefit with the most positive impact on health.

- Request or select health plans that cover effective treatment of smoking (see “Evaluating Your Health Plan’s Coverage” on p.4).
- Ensure that health care providers (those in on-site medical clinics and those with larger health care plans) adhere to Health Employer Data Information Set (HEDIS®) requirements. HEDIS® measures whether providers screen all patients for smoking, counsel smokers to quit and recommend FDA approved medications.
- Design benefits to cover a variety of treatments (i.e., counseling and prescription as well as over the counter medications) and allow individuals to choose their preferred approach.
- Consider the delivery of telephone counseling, as it is one of the most successful and cost-effective forms of cessation counseling (see “Evaluating Telephone Counseling Programs” on p.5).
- Ensure that smoking cessation counseling emphasizes problem-solving and social support to enhance the likelihood of abstinence.
- Remove fees, co-pays, and other restrictions intended to limit use of benefits. Programs that offer counseling and medications free of charge are more effective than those that require cost sharing.

- Communicate to employees the types of cessation benefits that are covered under their health plans.
- Take a long-term approach to smoking cessation and structure benefits to support multiple quit attempts.
- Offer smoking cessation treatment to employees' spouses and dependents.
- Promote a healthy workplace that discourages smoking and values the well being of all employees. Institute workplace bans on smoking to reduce tobacco use and protect nonsmokers from secondhand smoke.
- Offer incentives to achieve and maintain healthy lifestyles (see "Incentives Add Up for Bank One Employees" on p.6).
- In states that offer telephone counseling "quitlines" or "helplines," consider contracting with the state to provide this service to your employees (many states lack sufficient funding to cover smokers who have insurance). If the state does not have such a service, consider contracting directly with a quitline vendor to provide services to employees.

Evaluating Your Health Plan's Coverage

Performance data is an invaluable tool to help identify high quality health care. Most managed care plans have data on HEDIS[®] measures and will provide the data on request. This information is collected through the Consumer Assessments of Health Plans Survey (CAHPS), which added questions to its 2003 survey to determine whether providers recommended medications to help patients quit smoking and/or offered assistance in quitting beyond advice. The results will be published in 2004, but health plans can access the data before it is publicly reported.

The National Business Coalition on Health's eValue8 initiative also assesses health care plans on their efforts to promote smoking cessation. In addition to consulting these resources, purchasers should ask prospective health care plans whether their providers actively try to identify smokers, what smoking initiatives are in place, and what support is provided to former smokers to prevent relapse.

Evaluating Telephone Counseling Programs

The effectiveness of tobacco cessation counseling services increases as the number and length of sessions increases. Telephone counseling services vary in the number of contacts they provide, the duration of the calls, the type of information they offer and the training required of counselors. When evaluating these services, the following criteria should be considered:

- **Is the counseling consistent with the strategies described in the Public Health Service's *Treating Tobacco Use and Dependence—Clinical Practice Guideline*?** Visit www.surgeongeneral.gov/tobacco/ for a copy of the Public Health Service's report outlining best practices for the treatment of tobacco dependence or reference the Quitline Resource Guide, which will be available in 2004 at www.cdc.gov/tobacco.
- **Does the service allow more than one contact?** Multiple contacts are generally more effective than a single contact, but there are no data to suggest an optimal number of contacts.
- **How long has the service been in business?** A long history in business does not necessarily equate to quality service. However, you can learn a great deal about a company by examining its track record, including quit rates.
- **How are data collected, evaluated, and provided to the purchaser?** Reference the Quitline Resource Guide at www.cdc.gov/tobacco for criteria.
- **What is the service's 6-month quit rate? 12-month quit rate?** How is the quit rate calculated? Is everyone who has agreed to counseling included?
- **Does the service offer an option to link counseling with medications?** Research has shown that when counseling is paired with medications, smokers experience substantially greater cessation success rates. Consider contracting with a service that has experience integrating counseling with one or more medications.
- **Can the service provide references?** As you would with a new employee or vendor, always insist on references and invest the time in several quality telephone calls to check the service's cessation record and customer service. Make sure to ask about the service's record with call hang ups and any issues related to the service's hours of operation.
- **How are telephone counselors trained and evaluated?** Reference the Quitline Resource Guide at www.cdc.gov/tobacco for criteria.
- **How does the service evaluate its own success?** While there is no system of accreditation for counselors, there are quality assurance measures that the service should be tracking, including call monitoring, quit rates, and numbers of calls managed per hour.
- **Do the counselors seem knowledgeable and helpful?** Make an unannounced call to the service to test your impression of the counselor's expertise and the utility of the service.
- **Do counselors offer clients a "tool kit" to help them abstain from tobacco use?** Smokers can benefit from educational materials including fact sheets and quit tips that complement medications and counseling.
- **How can the company help to promote its services?** Find out if the service can help you to engage employees to use the service via advertising or other forms of promotion. Ongoing promotion is key to program success.

Cost benefits of tobacco use cessation programs

The minor cost of covering tobacco cessation benefits seems insignificant when compared to the major financial burden that tobacco use places on businesses. As health care costs due to tobacco related illnesses increase, they erode employer profits, which in turn creates a cycle of diminished health care coverage, salaries and other benefits for employees.

- Tobacco cessation benefits are more cost-effective than more commonly covered disease prevention interventions, such as treatment for hypertension and high cholesterol.
- Cost analyses prove that tobacco cessation benefits are either cost-saving or cost-neutral.
- Comprehensive tobacco cessation benefits cost between \$1.20 and \$4.80 per employee per year. In contrast, the annual cost of tobacco use is about \$3,400 per smoker.
- Overall, cost/expenditure to employers equalizes at three years and benefits begin to exceed costs by five years.
- Because smoking cessation efforts are relatively inexpensive and yield a large, long-term benefit, they help to stem the rising cost of health care. Measures that keep health care costs in check are valuable because it is estimated that a one percent reduction in health care costs could increase retained profits by five percent.

Incentives Add Up for Bank One Employees

Through its 2002 health risk assessments, Bank One estimated that 11% of its employees are smokers and that the company lost more than \$24 million annually to smoking. To address this issue, Bank One offers a variety of health plans, each with different benefits related to tobacco cessation. Smokers now pay \$14 more per pay period than nonsmokers do for both health and life insurance (\$336 more per year). The additional fees paid by smokers fund wellness programs and offset higher health care costs.

In addition, the company implemented a smoking cessation program that consists of four class sessions. Anyone who completes the program (regardless of whether they quit smoking) is eligible for the nonsmokers' discount. In 2002, Bank One found that about 23% of those who took part in the program said they quit smoking for at least a year.

Pitney Bowes Meets Federal Health Targets

Pitney Bowes addresses health promotion and tobacco cessation on multiple fronts, including programs offering:

- **incentives** (cash incentives for wellness program participation and discounted life insurance premiums for nonsmokers),
- **discouragement** (no smoking inside the workplace since 1991 at any U.S. worksite), and
- **access** (on-site medical clinics and prescription drug coverage that includes nicotine replacement therapy and bupropion).

The company's more focused efforts have also yielded highly beneficial results:

- The on-site medical clinic in the Connecticut office created a successful smoking cessation program that offers nicotine replacement therapy and bupropion (free of cost through the clinic) as well as referrals for counseling as needed. The program also provides

American Lung Association materials for education and measures lung capacity using a CO monitor to help individuals mark their progress. Although the results have not been studied scientifically, the program reports a 50% quit rate after one year.

- Pitney Bowes contracted with Group Health of Puget Sound to offer smoking cessation to all of its U.S. employees at no cost. The result was "Free and Clear," a one year intervention that combines telephone counseling and educational materials. This program was also highly successful:
 - From 1999 to 2000, nearly 400 individuals participated.
 - Approximately 21% of participants quit for one year and 36% reduced their consumption.
 - Through the Free and Clear program, the company estimated a return on investment of 2.6:1.

Resources on Tobacco Use, Smoking Cessation, and Smoking-Related Diseases

*Making Your Workplace Smokefree:
A Decisionmaker's Guide*
[www.cdc.gov/tobacco/research_data/
environmental/etsguide.htm](http://www.cdc.gov/tobacco/research_data/environmental/etsguide.htm).

Quitline Resource Guide (in press)
Will be available in 2004 at
www.cdc.gov/tobacco

Coverage for Tobacco Use Cessation Treatments
[http://www.cdc.gov/tobacco/educational_
materials/cessation/index.html](http://www.cdc.gov/tobacco/educational_materials/cessation/index.html)

*Health Insurance Benefits for
Treatment of Tobacco Dependence*
[www.paccenter.org/public/reports_
folder/insurance_flier_web.pdf](http://www.paccenter.org/public/reports_folder/insurance_flier_web.pdf)

*Linking a Network: Integrate Quitlines
with Health Care Systems*
www.paccenter.org

American Cancer Society
www.cancer.org

American Lung Association
www.lungusa.org

National Cancer Institute
www.nci.nih.gov

National Center for Health Statistics
www.cdc.gov/nchs

Center for
Prevention
and Health
Services

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About the Center for Prevention and Health Services (CPHS)

The Center houses the Business Group's projects and resources that relate to the delivery of preventive and other health services through employer-sponsored health plans and worksite programs. Through the Center, employers can find practical toolkits to address preventive health and health promotion issues at the worksite. Employers will find current information and recommendations from federal agencies and professional associations, model programs from other employers, and the latest clinical and health services research results. In addition, the Center provides opportunities for employer participation in teleconferences and in-person solutions workshops. Currently, the Center has initiatives in racial and ethnic disparities in health and health care, terrorism and public health emergency preparedness, maternal and child health, preventive services, health services research and quality, health and work performance, benefit design and wellness programs.

For more information, visit www.wbgh.org/programs/cphs/ or contact Ron Finch, Ed.D., Director, at finch@wbgh.org.

About the National Business Group on Health

The National Business Group on Health, formerly the Washington Business Group on Health, is the national voice of large employers dedicated to finding innovative and forward-thinking solutions to the nation's most important health care issues. The Business Group represents its 185 members, primarily Fortune 500 companies and large public sector employers, who provide health coverage for more than 40 million U.S. workers, retirees and their families. The Business Group fosters the development of a quality health care delivery system and treatments based on scientific evidence of effectiveness. The Business Group works with other organizations to promote patient safety and expand the use of technology assessment to ensure access to superior new technology and the elimination of ineffective technology.

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