

## Employers Save Money When Smokers Quit

- ➔ Employers that cover cessation treatments through their health insurance plan(s) can save money.
  - For every \$1 spent on cessation treatments, Florida employers could save \$1.90 to \$5.75, according to one investigation.<sup>i</sup>
  - Another study calculated the net savings to be \$542 per smoker who quits when they compared the costs of providing a cessation program (medications and counseling) to the savings gained from smokers quitting.<sup>ii</sup>
- ➔ Savings for employers can be immediate. One study found savings of at least \$210 in the first year for each employee or dependent who quits smoking from cuts in annual medical and life insurance costs.<sup>iii</sup>
- ➔ The National Commission on Prevention Priorities estimated that lifetime savings in tobacco-related health expenditures for every former smoker who does not relapse is \$22,434.<sup>iv</sup> Employers see some of these savings in reduced premiums.

## Smokers Save Money When They Quit

- ➔ Smokers can save between \$1,380 and \$2,540 annually (depending on where they live) by quitting a pack-a-day habit.<sup>v</sup> Heavier smokers can save even more by quitting.
- ➔ Smoking causes many kinds of health problems, which result in higher healthcare expenses for smokers.
- ➔ Some health insurance and life insurance plans give discounts for non-smokers. By quitting, a smoker may be able to save significantly on premiums.
- ➔ Minor expenses related to smoking can add up: cleaning and maintenance costs for houses and cars, more frequent dry cleaning and other personal expenses.

## State Governments Save Money When Smokers Quit

- ➔ State governments provide health insurance to thousands, if not millions, of people each year through Medicaid, the Children's Health Insurance Program (CHIP) and other programs, as well as through state employee health plans. Smokers and smokers' children insured by these plans can have a large impact on state budgets.
- ➔ In 2004, direct costs related to smoking in state Medicaid programs alone averaged \$607 million per state, or almost 11 percent of all Medicaid expenditures. The costs were much larger for more populous states – for instance, the total for New York in 2004 was \$5.4 billion.<sup>vi</sup> This is money states could spend elsewhere if smokers on Medicaid quit.
- ➔ A recent study conducted by Penn State University showed that, for every dollar a state spends on helping smokers quit, the average potential return on investment is \$1.26. That's a 26 percent return on investment – and some states could see an even bigger return.<sup>vii</sup>

## Taxpayers Save Money When Smokers Quit

- ➔ Taxpayers ultimately fund all public insurance programs (Medicaid, Medicare, CHIP, state employee health plans). Providing cessation treatments through these programs and helping smokers quit is a great way to reduce costs, saving taxpayer money.
- ➔ Taxpayers benefit from thriving businesses in their state and country. These businesses would reduce costs and increase productivity by helping employees quit smoking.

<sup>i</sup> Washington Economics Group, Inc. The Net Benefits and Economic Impacts of Investing in Employee-Smoking Cessation Programs in the Public and Private Sectors of Florida. March 6, 2008.

<sup>ii</sup> Solberg LI, Maciosek MV, Edwards NM. Tobacco Cessation Screening and Brief Counseling: Technical Report Prepared for the National Commission on Prevention Priorities, 2006. July 2006, 325(7356):128.

<sup>iii</sup> American Legacy Foundation and McMillan Consultants and Actuaries. Covering Smoking Cessation as a Health Benefit: A Case for Employers. December 2006. Available at: [http://www.americanlegacy.org/PDFPublications/Milliman\\_report\\_ALF\\_-\\_3.15.07.pdf](http://www.americanlegacy.org/PDFPublications/Milliman_report_ALF_-_3.15.07.pdf).

<sup>iv</sup> Solberg LI, *Ibid*.

<sup>v</sup> Campaign for Tobacco-Free Kids, Factsheet, "Immediate Smokers Savings from Quitting in Each State".

<sup>vi</sup> Centers for Disease Control and Prevention. Sustaining State Programs for Tobacco Control: Data Highlights 2006. 2006. Available at: [http://www.cdc.gov/tobacco/data\\_statistics/state\\_data/data\\_highlights/2006/00\\_pdfs/DataHighlights06rev.pdf](http://www.cdc.gov/tobacco/data_statistics/state_data/data_highlights/2006/00_pdfs/DataHighlights06rev.pdf)

<sup>vii</sup> American Lung Association, Penn State University. "Smoking Cessation: the Economic Benefits". September 15, 2010. Available at: [www.lungusa.org/cessationbenefits](http://www.lungusa.org/cessationbenefits)