

## Helping Smokers Quit Saves Money

The Affordable Care Act requires most health insurance plans to cover all preventive services given an 'A' or 'B' rating by the U.S. Preventive Services Task Force (USPSTF). The USPSTF, an independent, volunteer panel of experts in prevention and evidence-based medicine, has given tobacco cessation interventions (counseling and medications) for adults an 'A' grade, the highest possible.

Covering cessation treatments is not only required by law, but will also result in substantial short-term and long-term savings through decreased healthcare costs and increased worker productivity. Employers, health insurers and state governments can all save money by providing or covering tobacco cessation treatments.

### Employers Save Money by Helping Smokers Quit

- Helping employees quit smoking can reduce employers' costs – sometimes immediately.
  - One investigation concluded that employers pay an excess cost of \$5,816 for each employee who smokes, taking into account missed days of work, smoking breaks, healthcare costs and pension benefits.<sup>1</sup>
  - Another 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>2</sup>
- Productivity losses due to premature death from smoking are over \$150 billion annually. Productivity losses due to premature death from exposure to secondhand smoke are roughly \$5.6 billion per year.<sup>3</sup> Investing in tobacco cessation programs can decrease these losses.
- Investing in helping employees quit smoking can have a large return-on-investment:
  - Including tobacco cessation treatments in health plans costs employers between 10 and 40 cents per member per month and results in savings greater than the costs in three to five years.<sup>4</sup>
  - According to one study, for every \$1 spent on cessation treatments, Florida employers could save \$1.90 to \$5.75.<sup>5</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>6</sup>

### Insurers Save Money by Helping Smokers Quit

- Insurance plans will see a healthy return on their investment if they help members of their plans quit:
  - One study found that smoking cessation interventions for pregnant women that cost less than \$35 could lead to associated cost savings of \$881 per person.<sup>7</sup>
  - An analysis found that insurers that spent \$35-\$410 per person on a one year smoking cessation program had a positive return on investment within 3 years.<sup>8</sup>
- Cessation treatment can lower health care costs within 18 months. People who continue not to smoke after that can have 10 percent lower health care costs within three years.<sup>9</sup>
- Private insurance pays for almost half of smoking-related healthcare costs for people aged 19-64.<sup>4</sup> Investing in tobacco cessation programs could reduce these costs.

- The National Commission on Prevention Priorities found tobacco screening and brief intervention to be one of the top three most cost-effective preventive services.<sup>10</sup> It can have a return of \$2-3 for every dollar spent.<sup>11</sup>

### State Governments and Taxpayers Save Money by Helping 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.
- Smokers on Medicaid are more likely to quit when their plan covers a tobacco cessation program (including pharmacotherapy and counseling). This saves states money since smokers have higher medical costs.<sup>12</sup>
- As of 2010, 8.7 percent of healthcare spending (up to \$170 billion) was attributable to cigarette smoking. Of that amount, 60 percent of the spending was by public programs, such as Medicare or Medicaid.<sup>13</sup>
- Medicaid spends approximately \$40 billion, more than 15 percent of its total spending, on smoking related medical costs.<sup>3</sup>
- Every dollar spent in the Massachusetts Medicaid Tobacco Cessation Program resulted in an average savings of \$3.12 in healthcare expenditures and a \$2.12 return on investment that was realized an average of 1.3 years after receiving cessation treatment.<sup>14</sup> The smoking rate among adult Medicaid recipients dropped from 38% to 28%.<sup>11</sup>
- California's tobacco control program saved \$134 billion in personal health care expenditures from its start in 1989 to 2008. This represents a return on investment of \$55 saved for every \$1 spent.<sup>15</sup>
- Washington state's tobacco prevention program has helped lead to a 25% reduction in adult smokers and an associated savings of \$2.6 billion in future healthcare costs.<sup>4</sup> It saved over \$5 in costs for every dollar spent.<sup>16</sup>

<sup>1</sup> Berman M, et al. "Estimating the cost of a smoking employee." *Tob Control* 2014; 23:428-433. doi:10.1136/tobaccocontrol-2012-050888

<sup>2</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>3</sup> Centers for Disease Control and Prevention. "2014 Surgeon General's Report: The Health Consequences of Smoking—50 Years of Progress." 2014. Available at: [http://www.cdc.gov/tobacco/data\\_statistics/sgr/50th-anniversary/index.htm](http://www.cdc.gov/tobacco/data_statistics/sgr/50th-anniversary/index.htm)

<sup>4</sup> Campaign for Tobacco Free Kids and Partnership for Prevention. "Investing in a Tobacco Free Future." Available at: <http://www.prevent.org/Publications-and-Resources.aspx>

<sup>5</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>6</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>7</sup> Ayadi, M. Femi et al. "Costs of a Smoking Cessation Counseling Intervention for Pregnant Women: Comparison of Three Settings." *Public Health Reports* 121.2 (2006): 120-126.

<sup>8</sup> America's Health Insurance Plans. "Making the Business Case for Smoking Cessation Programs." Available at: <http://www.businesscaseroi.org/roi/apps/execsum.aspx>

---

<sup>9</sup> Clear Way Minnesota. "Return on Investment for Tobacco Cessation." 2012. Available at:

<http://mn.gov/health-reform/images/WG-PPH-2012-08-28-Return%20on%20Investment%20Fact%20Sheet%20-%20ClearWay.pdf>

<sup>10</sup> Maciosek MV, Coffield AB, Edwards NM, Flottesmesch TJ, Goodman MJ, Solberg LI. "Priorities Among Effective Clinical Preventive Services." *Am J Prev Med*. 2006 Jul;31(1):52-61.

<sup>11</sup> Medicaid. "Tobacco Cessation." Available at: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Tobacco.html>

<sup>12</sup> Greene et al. "The Impact of Tobacco Dependence Treatment Coverage and Copayments in Medicaid." *Am J Prev Med*. 2014 Apr;46(4):331-6. doi: 10.1016/j.amepre.2013.11.019.

<sup>13</sup> Xu, Xin et al. "Annual Healthcare Spending Attributable to Cigarette Smoking." *Am J Prev Med* 2014. doi: <http://dx.doi.org/10.1016/j.amepre.2014.10.012>

<sup>14</sup> : Richard P, West K, Ku L (2012) "The Return on Investment of a Medicaid Tobacco Cessation Program in Massachusetts." *PLoS ONE* 7(1): e29665. doi:10.1371/journal.pone.0029665

<sup>15</sup> Lightwood J, Glantz SA (2013) The Effect of the California Tobacco Control Program on Smoking Prevalence, Cigarette Consumption, and Healthcare Costs: 1989–2008. *PLoS ONE* 8(2): e47145

<sup>16</sup> Julia A. Dilley, Jeffrey R. Harris, Michael J. Boysun, and Terry R. Reid. Program, Policy, and Price Interventions for Tobacco Control: Quantifying the Return on Investment of a State Tobacco Control Program. *American Journal of Public Health*: February 2012, Vol. 102, No. 2, pp. e22-e28. doi: 10.2105/AJPH.2011.300506