

KEY POINTS FOR TODAY'S EMPLOYER

Understanding the Value of Smoking Cessation Benefits

Cigarette smoking is highly prevalent in the United States, and the adverse effects of cigarette smoking have a heavy impact on employers.¹ Employers assume the costs of health care, disability, and lost work time for employees who smoke.¹ Due to the cost-burden of smoking on employers, providing smoking cessation benefit coverage for employees can be extremely valuable.

This brochure provides employers with talking points for exploring smoking cessation benefit coverage and providing organizational justification for covering the benefit. Talking points are included for the various groups that should be addressed during the exploration and justification process, such as benefit advisors, health plans, prescription benefit managers (PBMs), and senior management. The brochure also includes a sample calculation for estimating the cost of smoking to your organization.

BENEFITS ADVISOR TALKING POINTS

TALKING POINTS FOR DESIGNING A SMOKING CESSATION PROGRAM

These points can be helpful for talking with your benefits advisor, such as employer benefit consultant (EBC) or benefits broker

Your benefits advisor can help you design a smoking cessation program that is comprehensive, including prescription plan benefit design and behavioral modification support. Discuss with your benefits advisor how to maximize the following tools available to you and the decision-makers in your organization¹:

PLAN DESIGN AND REIMBURSEMENT CONSIDERATIONS

- Prescription and over-the-counter medication coverage
- Behavioral counseling (telephone, face-to-face, Web, print)
- Health insurance risk rating
- Incentive programs for employees and physicians
- Flexible spending programs that would reimburse counseling or pharmacologic therapies (both prescription and over the counter)

WORKPLACE-BASED SMOKING CESSATION INITIATIVES

- On-site and/or community counseling
- Health risk appraisals
- Employee communications (eg, videos, newsletters, paycheck stuffers, posters, flyers)
- Special events, such as corporate participation in The Great American Smokeout

Your benefits advisor can help you make a case with senior management about the value of a smoking cessation benefit coverage (refer to the senior management page of this brochure). Also, refer to the health plan and PBM page of this brochure for specific questions to ask your benefits advisor about your organization's current smoking cessation coverage.

DISCUSSING SMOKING CESSATION BENEFITS WITH YOUR HEALTH PLAN AND/OR PBM

Questions regarding benefit coverage for smoking cessation

WHAT TO CONSIDER FOR SMOKING CESSATION BENEFITS

Before selecting or determining health plan benefit coverage for smoking cessation, employers should keep the following in mind:

- Benefits for proven tobacco cessation treatments have been shown to increase treatment use and the number of successful quitters²
- Organizations from both the public and private sectors, including the Centers for Disease Control and Prevention (CDC), the National Business Group on Health (NBGH), and Partnership for Prevention, have formal recommendations on smoking cessation benefits. They recommend that managed care organizations include tobacco cessation treatments (both counseling and pharmacotherapy) as covered services for all subscribers.²⁻⁴ Specifically, insurers should cover²:
 - Counseling and medication
 - At least 4 counseling sessions of ≥30 minutes each
 - Prescription and over-the-counter smoking cessation aids
 - At least 2 smoking cessation attempts per year
 - Eliminate or minimize co-pays or deductibles for counseling and medications
- The NBGH and the CDC recommend the following proven ways for employers to help employees prevent and reduce smoking³:
 - Establish smoke-free policies in the workplace
 - Work with employee health plans to ensure coverage for tobacco use cessation services, thereby reducing employee out-of-pocket costs on cessation treatments
 - Partner with or actively refer employees to tobacco quitlines (telephone counseling) to support their quit attempts

HOW DO I ADD SMOKING CESSATION BENEFITS?

- Employers can request and help develop smoking cessation benefit options in their 2008 request for proposal (RFP)
- In the meantime, a benefit rider can offer a bridge to ensure that coverage is available
 - Benefit riders cover benefits not included in the original policy, such as smoking cessation treatments

WHAT TO DISCUSS WITH MY HEALTH PLAN AND/OR PBM ABOUT SMOKING CESSATION BENEFITS

Answers to the following questions will help employers understand the types of smoking cessation benefits offered by health plans.

- What is our current coverage for smoking cessation treatment (pharmacotherapy and counseling)?
 - What prescription drugs are covered? If so, what is the co-pay?
 - Are over-the-counter products covered (for example, through a flexible spending account program)?
 - Are counseling sessions covered (phone or in-person)? If so, how many and what is the duration of each?
- How does our health plan identify and document smokers?
- Does our health plan offer a smoking cessation program? If so:
 - How does the health plan announce the program to employees?
 - How many quit attempts per year will be covered?
 - What are the program components (eg, counseling, prescription medications, over-the-counter medications, reminders, and personal support)?

- How is each component provided (eg, via telephone, mail, or Web)?
- How many counseling sessions are covered (eg, 4 sessions of 30 minutes every 90 days)?
- What prescription medications are covered?
- Are over-the-counter medications covered?
- What kinds of reminders and personal support are available?
- How do you monitor the success of the program?
- How do you ensure that participants remain motivated to stay smoke-free?
- What are the co-pay levels for smoking cessation products, and are they in line with those for other medications?
- What are the deductibles for smoking cessation products?
- Is unlimited use of smoking cessation prescriptions an option for treatment failures?
- Are there restrictions for receiving certain smoking cessation prescriptions?
- What would an example smoking cessation benefit rider include for our organization for:
 - A broad choice of prescription medications, including nicotine replacement therapies (NRTs) and non-nicotine medications
 - Over-the-counter NRTs
 - Employees only
 - Employees and dependents
- How much will the riders described above cost our organization (total annual cost and per member per year cost)?

SENIOR MANAGEMENT TALKING POINTS

DEMONSTRATING THE VALUE OF SMOKING CESSATION BENEFITS TO SENIOR MANAGEMENT

The business case for smoking cessation benefits

SMOKING COSTS EMPLOYERS LIVES, TIME, AND MONEY

- It is estimated that 45 million adults in the United States smoke cigarettes. Cigarette smoking is the leading preventable cause of death in the United States, resulting in approximately 440,000 deaths each year⁵
- Annual smoking-attributable productivity losses (1995 to 1999) were more than \$81 billion, and total annual economic losses were more than \$157 billion⁶
- On average, smokers spend up to 8% of a workday on smoking-related activities; this equals 4 weeks of lost work time over the course of a 50-week work year⁷
- Smokers are absent up to 73.5% more often than nonsmokers⁷
- Men who smoke incur \$15,800 (in 2002 dollars) more in lifetime medical expenses and women who smoke incur \$17,500 (in 2002 dollars) more in lifetime medical expenses than their nonsmoking counterparts²
- Smokers average 2 additional sick days per year compared with nonsmokers⁸
- In 1999, the average adult smoker cost employers \$1760 in lost productivity and \$1623 in excess medical expenditures for a total cost of approximately \$3400 per smoker.² In 2006, the average annual cost per smoker for lost productivity was reported to be \$4330⁸

TOBACCO CESSATION CAN CUT EMPLOYER COSTS²

- Reducing tobacco use can benefit employers financially. The immediate and sustainable benefits include:
 - Lower health care costs, including neonatal health care
 - Reduction in absenteeism
 - Increase in productivity
 - Reduced life insurance costs

SMOKING CESSATION BENEFITS ARE COST-EFFECTIVE

- According to a 2006 report by the Partnership for Prevention, tobacco cessation treatments are more cost-effective than other common and covered disease-prevention interventions, such as high blood pressure and high cholesterol treatment, and routine cancer screenings (ie, mammography, colonoscopy)⁴
- In a 2006 survey by Milliman Consultants and Actuaries, the per member per month (PMPM) cost for a comprehensive smoking cessation benefit (including pharmacotherapy and behavioral support) historically ranged from \$0.02 to \$0.45; estimated costs varied based upon level of coverage⁹
- In comparison, a 2005 analysis by Express Scripts showed the PMPM cost for pharmacotherapy alone for diabetes, hypertension, and depression ranged from \$3.41 to \$7.95 PMPM¹⁰
- Overall, benefits for smoking and tobacco cessation pay for themselves after 3 years and offer a positive return by 5 years²
- Literature has shown that smoking cessation benefits within a workplace can increase productivity, reduce health care costs, reduce absenteeism among former smokers, and lead to a potential health and workplace savings by year 5 of the smoking cessation program¹¹

CASE STUDIES SHOW EMPLOYER BENEFITS CAN BE REALIZED WITH SMOKING CESSATION

Businesses that have included a benefit for tobacco cessation report that this coverage has increased the number of smokers willing to undergo treatment and increased the percentage who successfully quit.²

- Union Pacific Railroad has experienced a decrease in smoking prevalence among its employees from 40% to 25% in the 7-year period that it has offered a cessation benefit as part of a comprehensive cessation program¹
- The Boeing Company offers a commercial smoking cessation program that includes behavior modification and clinical support. Ten percent of Boeing's 153,000 employees and covered beneficiaries are said to participate in the program; the quit rate is reportedly as high as 35%¹²
- In a smoking cessation program at the Group Health Cooperative in Seattle, employees who were offered full coverage for cessation treatments were 4 times as likely to try to quit and 4 times as likely to succeed²
- Pennsylvania-based AmeriGas Propane waives co-payments for prescription antismoking treatments and provides smokers with other incentives to quit¹³

CALCULATING THE COST OF SMOKING

COST BENEFITS OF SMOKING CESSATION

- Literature has demonstrated that smoking among employees can have a significant cost impact on employers with respect to lost productivity and increased health care costs²
 - The CDC estimates that the average smoker costs an employer \$3400 per year in smoking-attributed lost productivity and direct medical costs²
 - However, reports show that only 4% of employers provide a comprehensive program¹⁴
- A 2007 study by Halpern and colleagues analyzed the impact of smoking cessation benefits on workplace costs and employee quit rates¹¹
 - Results:
 - Smoking cessation benefit coverage yielded a greater number of successful quit attempts and a decreased rate of smoking-related diseases
 - Cost savings (reduced health care and workplace costs) over 4 years exceeded the cost of the smoking cessation benefit

HOW TO CALCULATE THE EMPLOYER COST OF SMOKING

According to the NBGH and the CDC, employers can calculate the cost of smoking to their organizations by considering the following:

- The prevalence of tobacco use in the United States is 20%.¹⁵ This can be assumed to be the case in any workplace population, though some employers may know the exact prevalence of smoking within their organization
- As mentioned above, the average smoker costs an employer \$3400 per year in smoking-attributed lost productivity and direct medical costs²

CALCULATION IN PRACTICE

$(\text{Number of employees}) \times (0.20^*) \times (\$3400 \text{ per year}) = \text{Estimated cost per year in excess medical expenditures and lost productivity}$

*Or actual prevalence, if known.

EXAMPLE CALCULATION

$(20,000 \text{ employees}) \times (0.20) = 4000 \text{ employees who smoke}$

$(4000) \times (\$3400) = \$13.6 \text{ MILLION PER YEAR in business costs as a result of employees who smoke}$

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