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 non-pregnant 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.[1]
  - 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.[2]
- 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.[3] 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.[4]
  - According to one study, for every $1 spent on cessation treatments, Florida employers could save $1.90 to $5.75.[5]
  - 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.[6]

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 cessations interventions for pregnant women that cost less than $35 could lead to associated cost savings of $881 per person.[7]
  - 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.[8]
- Cessation treatment can lower health care costs within 18 months. People who continue not to smoke after that can have 10% lower health care costs within three years.[9]
- Private insurance pays for almost half of smoking-related healthcare costs for people aged 19-64.[4] 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.[10] It can have a return of $2-3 for every dollar spent.[11]
- Insurance coverage for smoking cessation treatment that is comprehensive, barrier-free, and widely promoted increases the use of these treatment services, leads to higher rates of successful quitting, and is cost-effective.[12]

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.[13]
- During 2010-2014, approximately 11.7% of U.S. annual healthcare spending (more than $225 billion) was attributable to cigarette smoking. More than 50% of that amount was funded by Medicare or Medicaid.[14]
- Medicaid spends approximately $68.3 billion.
- Reducing the absolute smoking prevalence by 1% in each state was associated with substantial Medicaid savings the following year, totaling $2.6 billion (in 2017 dollars). Each state saved a median of $25 million.[15]

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