



The Economic Costs of Smoking/the Benefits of Smoking Cessation

Cigarette smoking has a negative cost impact on productivity and medical expenses, increasing costs for employees, employers and taxpayers alike. Consider:

- Californians are currently paying more than \$8 billion annually in healthcare costs related to smoking.ⁱ Whether you smoke or not, that's more than \$700 a year for every family.
- Healthcare will account for 1 in 5 dollars spent in the United States by 2015.ⁱⁱ
- The U.S. Centers for Disease Control and Prevention estimates that the economic cost of smoking includes \$75.5 billion a year in direct healthcare expenses.ⁱⁱⁱ
- Smoking remains the number one cause of preventable death and disease: 42,000 Californians annually die of smoking-related diseases.^{iv}
- Indirect costs to the employee include higher health^v and life insurance^{vi} premiums and an increased number of co-pays that result from increased illness.
- Lost productivity indirectly costs the employer significant amounts in lost revenue. Smoking is considered a leading cause of worker lost production time, more than time lost due to alcohol abuse or family emergencies.^{vii}
- Up to 8% of a smoker's workday is dedicated to smoking-ritual activities.^{viii} Smokers also miss approximately 2 more days per year than nonsmokers, further affecting productivity. ^{ix}
- The average smoker costs the employer more than \$1700 in lost productivity and more than \$1600 in excess medical expenditures, translating to more than \$3400 per year per smoker.^x

Smoking Cessation Coverage is a Cost-Effective Benefit:

According to a 2006 analysis by The Partnership for Prevention:

- Smoking cessation is as cost-effective as childhood immunizations and daily aspirin use.
- Smoking cessation is more cost-effective than other frequently covered adult-disease-prevention interventions such as those for hypertension and high cholesterol.

According to the CDC, cost analyses show that smoking cessation benefits are either cost-saving or cost-neutral over a period of 3 to 5 years

Over Time, Smoking Cessation Benefits Generate Financial Returns for Employers in 4 Ways^{xi}:

- Reduced health care costs
- Reduced absenteeism
- Increased productivity
- Overall, the cost/expenditure to employers equalized at 3 years, with benefits exceeding costs at 5 years

-
- ⁱ "The Cost of Smoking in California," 1999, California Department of Health Services
- ⁱⁱ *Los Angeles Times*, February 22, 2006
- ⁱⁱⁱ *Los Angeles Times*, February 21, 2006
- ^{iv} U.S. Surgeon General and California Department of Health Services
- ^v *USA Today*. *Employers charging smokers extra for health insurance*. Posted February 16, 2006. Available at: http://www.usatoday.com/money/workplace/2006-02-16-smokers-cost-more_x.htm. Accessed February 27, 2007.
- ^{vi} *Ohio Department of Insurance*. *Life insurance guide: how to get the most out of your life insurance*. Available at: <http://www.ohioinsurance.gov/Consumserv/Ocs/CompleteGuides/CompleteLifeGuide.pdf>. Accessed February 27, 2007.
- ^{vii} *Centers for Disease Control and Prevention*. *Save Lives, Save Money: Make Your Business Smoke-Free*. Atlanta, Ga; US Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health; 2006.
- ^{viii} *Lesmes GR*. *Corporate healthcare costs and smoke-free environments*. *Am J Med*. 1992;93:48S-54S.
- ^{ix} *Bunn WB III, Stave GM, Downs KE, Alvir JM, Dirani R*. *Effect of smoking status on productivity loss*. *J Occup Environ Med*. 2006;48:1099-1108.
- ^x *Centers for Disease Control and Prevention*. *Coverage for tobacco use cessation treatments: why, what, and how*. Available at: http://www.cdc.gov/tobacco/educational_materials/cessation/ReimbursementBrochureFull.pdf. Accessed March 22, 2006.
- ^{xi} *Centers for Disease Control and Prevention*. *Coverage for tobacco use cessation treatments: why, what, and how*. Available at: http://www.cdc.gov/tobacco/educational_materials/cessation/ReimbursementBrochureFull.pdf. Accessed March 22, 2006.