

Health Insurance Benefits for Treatment of Tobacco Dependence

Summary



Why do tobacco users need health insurance benefits to cover treatment of tobacco dependence?

Smoking often starts innocently.

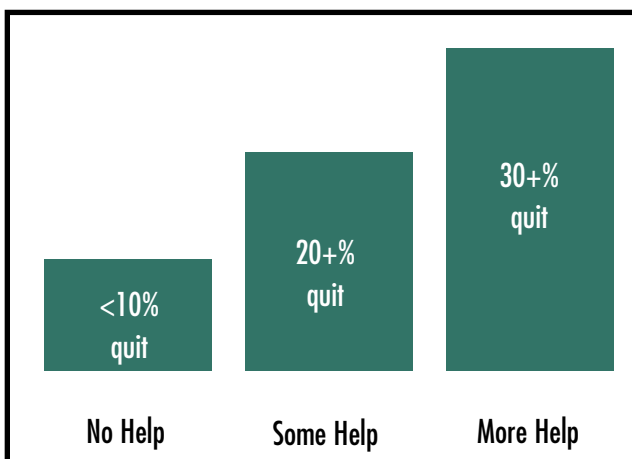
Most people start smoking when they are young teenagers and believe that smoking is only a short "phase" in their lives. But, many teens who try smoking become tobacco dependent adults.

The tobacco industry spends millions each day in advertising to persuade impressionable teenagers to start.

- 90% of adult smokers begin smoking by age 18.¹
- Of the teens who smoke daily but don't think they will be in five years, 75% still smoke.²
- Over 33% of all teens who ever try smoking become regular, daily smokers before they leave high school.³
- The tobacco industry spends \$22.5 million every day on advertising and promotion – much of it reaching teens. Over 70% of teens report seeing tobacco ads compared to only one-third of adults.⁴

One-third of all tobacco users alive now in this country will die prematurely because of their dependence on tobacco.⁵ More than 430,000 Americans—almost 1,200 daily—die each year as a result of tobacco use.⁶

Tobacco users need help to quit.



Tobacco users are 2-3 times more likely to quit when they can access effective services to help them.⁵

- Many Americans do not have access to effective treatment for tobacco dependence. An important reason why is lack of insurance coverage. Only 24% of employers provide any coverage for tobacco cessation treatment.⁷
- Health insurance coverage makes cessation services financially possible and serves as an important incentive to health care plans to deliver cessation services.⁸

Tobacco cessation benefits are good for employees and good for business.

In 1994, the Pacific Business Group on Health (PBGH) began covering only smoking cessation medications in their contracts with health plans. In 1999, PBGH looked at the enormous public health problem of tobacco use in California and the financial benefit to businesses to provide insurance benefits for tobacco cessation and decided on a more comprehensive benefit beginning in 2000.⁹

How does tobacco use increase business costs through productivity loss and increased medical expenses?

Cost to Employers in the U.S.

There is a heavy price tag for tobacco use resulting in costs of \$770 per adult resident, almost \$3,400 per tobacco user and over a \$157 billion total economic loss each year.^{10,11}

Per Tobacco User	Per Adult Resident	Total Costs in United States
\$3,400	\$770	>\$157 billion

Financial costs when employees smoke:¹²

- ✓ Greater absenteeism
- ✓ Greater amount of work time used on smoking rituals
- ✓ Greater health care costs
- ✓ Greater life insurance premium costs
- ✓ Greater risk of industrial accidents and occupational injuries
- ✓ Greater disability costs
- ✓ Greater number of disciplinary actions

Reduced Productivity

On average, male smokers miss 3.9 days and female smokers miss 2.1 more days of work a year than never smokers.¹³

The average smoking employee spends a total of 18 days a year on smoking breaks.¹⁴

Nationwide, total costs in lost productivity resulting from tobacco use is more than \$81.9 billion dollars per year.¹¹

Increased Medical Expenditures

Health care costs resulting from tobacco use during 1999 were estimated at more that \$75 billion.¹¹

Medical expenditures related to tobacco use are \$1,623 per tobacco user per year.¹¹

On average, tobacco users cost company drug plans twice as much as non-tobacco users.¹⁵

In the year 2000, 23.3% of American adults were smokers.¹⁶

If the rate of tobacco use among your employees is the same as the average rate, these are the costs:

Total employees	Total smokers(x 23%)	Total annual costs (x \$3,400)
100	23	\$78,200
200	46	\$156,400
500	115	\$391,000
1,000	230	\$782,000
5,000	1,150	\$3,910,000

How does treatment for tobacco dependence compare to other services usually provided by health plans?

Priorities among highly recommended preventive services¹⁷

Service	Cost effectiveness (1=low; 5=high)	Disease prevention (1=low; 5=high)	Total priority score
Services usually covered			
Childhood vaccination	5	5	10
Flu shots for age 65 and older	4	4	8
Pap smear for women	3	5	8
Screening for high blood pressure	3	5	8
Testing for high cholesterol	2	5	7
Services not usually covered			
Tobacco cessation counseling for adults	4	5	9
Vision screening for age 65 and older	5	4	9
Screening for colorectal cancer	3	5	8

What are the costs of a tobacco cessation benefit?

Per health plan member per month costs = 33¢¹⁸

Total employees	Total cost per month	Total cost per year
100	\$33	\$396
200	\$66	\$792
500	\$166	\$1,980
1,000	\$330	\$3,960
5,000	\$1,650	\$19,800

What can businesses do?

Employers have an important role in helping smokers quit; 64.1% of Americans receive their health coverage through their employer.¹⁰

- **Ask for HEDIS data (Health Plan Employer Data and Information Set) that reports rates of provider "advice to quit".**

Health care provider advice to quit is an important indicator of how well a health plan provides treatment for tobacco dependence. Between 1996 and 1998, average percent reporting advice to quit among organizations reporting HEDIS measures was 66%. The 90th percentile benchmark for is 74.3%.¹⁹

- **Find out what your current health plan provides.**

Ask about all benefits, riders, products, discounts, etc. that address tobacco use. Some health plans provide cessation services to all members as part of their value added program. These services are not negotiated as part of the benefits package.

- **Ask for coverage that provides you and your employees with effective services. Scientific evidence shows that a combination of medications and counseling is the most effective.**

- **Counseling**

- Based on scientific evidence.⁵
- Person-to-person, either individually, or by telephone, or in groups of 4-7 sessions. (Programs that are not personal have not been shown to be effective.)
- Covered if approved by the plan.
- Limited to no less than twice per year.
- Co-payment no greater than the standard co-payment. (Scientific evidence shows that when co-payments are waived, more people use these programs).²⁰

- **Medications**

- Nicotine replacement therapy (gum, patches, inhaler, nasal spray, lozenge) and bupropion (Zyban) are covered whether prescribed or over-the-counter.
- Access to medications is limited to no less than two courses of treatment per year.

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