

# Return on Investment Citations

## State Return on Investment

### American Lung Association

#### State Cessation Coverage 2010 - Helping Smokers Quit

<http://www.lungusa.org/assets/documents/publications/smoking-cessation/helping-smokers-quit2010.pdf>

A Penn State University study showed that for every dollar a state spends on smoking cessation treatments, on average, it will get back \$1.26 (26 percent return on investment). The study compared the costs of providing cessation treatments to the benefits to society when tobacco users quit.

### Penn State

#### Potential Costs and Benefits of Smoking Cessation for Ohio – April 30, 2010

<http://www.lungusa.org/stop-smoking/tobacco-control-advocacy/reports-resources/cessation-economic-benefits/reports/OH.pdf>

Results suggest that in Ohio, the annual direct costs to the economy attributable to smoking were in excess of \$13.8 billion, including workplace productivity losses of \$2.9 billion, premature death losses of \$5.7 billion, and direct medical expenditures of \$5.2 billion. While the retail price of a pack of cigarettes in Ohio is on average \$5.22, the combined medical costs and productivity losses attributable to each pack of cigarettes sold are approximately \$20.88 per pack of cigarettes. The ratio of benefits to costs varies from \$0.95 to \$2.88 per dollar spent on smoking cessation programs, depending upon the type of intervention.

## Employer Return on Investment

### AHIP – Making the Business Case for Smoking Cessation Programs

<http://www.businesscaseroi.org/roi/default.aspx>

America's Health Insurance Plans (AHIP) developed a business case for smoking cessation by estimating the Return on Investment (ROI) of evidence-based cessation interventions. Extensive research culminated in the creation of a user-friendly, web-based ROI Calculator that estimates the impact of smoking cessation interventions for one to five years.

AHIP's research showed clinical interventions to reduce smoking provide a positive return on investment within two to three years for health plans and immediate savings for employers. Researchers found that health plans investing \$35-\$410 per participant in a one-year program generated a positive ROI within three years. For the test health plan population, ROI per cessation service recipient for the plan was \$750-\$1,120 after five years. For employers, ROI was positive in all years, and totaled \$100-\$200 after five years. The results indicate investments of \$.18-\$0.79 PMPM generate positive net ROI of over \$1.70-\$2.20 after five years.

# Ohio Cessation Benefits Team



**Jeffrey Fellows PhD, February 10, 2006**

### **Return on Investment to Smoking Cessation for Ohio Employers – Final Report**

In February 2006, the annual cost of the Ohio Tobacco Quit Line was \$4 million, or \$235 per Quit Line recipient (\$196 paid by the Ohio Tobacco Use Prevention and Control Foundation and \$39 paid by employers). After five years, quitting among Quit Line callers saved \$1.8 million in total medical care costs and \$5.2 - \$7.5 million in labor productivity.

The cumulative ROI after five years showed that employers saved \$453-\$674 per participant, or \$1,270-\$1,888 per quitter – 12-17 times more than their initial \$39 investment. Health plans saved \$180 per participant, over \$500 per quit. Overall, net savings were achieved in three years.

### **Milliman Consultants and Actuaries**

#### **Covering Smoking Cessation as a Health Benefit: A Case for Employers – December 2006**

[http://www.legacyforhealth.org/PDFPublications/Milliman\\_report\\_ALF - 3.15.07.pdf](http://www.legacyforhealth.org/PDFPublications/Milliman_report_ALF_-_3.15.07.pdf)

This report demonstrated that employers can realize reduced medical and life insurance costs when employees quit smoking even when the assessment is limited to direct short term health care savings. Smoking cessation programs work, and covering these programs costs employers little. Year one savings for each quitter in an employed population total about \$210.

### **National Jewish Quitline**

In a 2005-2006 study, National Jewish found the cost per quit for Ohio smokers, including marketing costs and eight weeks of nicotine replacement therapy (NRT) to be \$621. The CDC has found that, nationwide, smokers cost approximately \$3,383 per year in excess costs (\$1,623 in healthcare expenses and \$1,760 in lost productivity). Thus, the ROI for Ohio Quit Line services is 2.61.

## **Health Plan Return on Investment**

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# Ohio Cessation Benefits Team



## **Bloomberg Government**

### **Projected Business Impact of New Smoking Cessation Mandates: Part 2 – Private Health Insurers**

**November 2010**

<http://actiontoquit.org/uploads/documents/smoking%20cessation%20-%20part%202%20insurers-bloomberg%20news.pdf>

Insurers who pay for tobacco cessation treatment will save money after three years. In the first three years tobacco cessation benefit costs will surpass cost savings, but, by the fourth and fifth year, smoking related illness costs will begin to decrease as net savings increase. Currently, smokers incur an average of \$16,000 to \$17,000 more in lifetime medical expenses. The savings are due to the projected reductions in smoking-related illnesses, such as lower risk for stroke and the severity of such conditions. AHIP supports the requirements in the healthcare overhaul law due to the monumental cost savings. In light of these findings, insurance companies now have a financial interest to encourage smokers to use stop smoking treatments.

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## **Lief and Associates for the Colorado Clinical Guidelines Collaborative**

### **Report: the Business Case for Coverage of Tobacco Cessation**

<http://www.ctri.wisc.edu/Employers/Actuarial.Analysis.pdf>

Over a three year period, expenditures for smoking cessation programs in the range of \$100-\$300 per smoker attempting to quit should be fully offset by health care cost savings in a typical commercial insured population. Greater cost savings will occur within special populations such as pregnant women and persons with cardiac conditions. Greater cost savings will also likely occur for persons who remain in the health plan longer than the average of three years in the study. In summary, the research indicates that an investment in programs designed to reduce adult smoking will lead to improved health outcomes, resulting in lower health care costs and more affordable health insurance premiums.

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