

# Employer ROI: Calculating the Return on Investment for Tobacco Cessation

With the rapid increase in the cost of health insurance, employers want to see for themselves the economic consequences of a decision to cover tobacco cessation.

This site (<http://www.businesscaseroi.org/roi/default.aspx>) presents the business case for smoking cessation. It requires inputting the information identified in the table below. If you and your insurance professional do not have all the information, the model will default to industry averages for your geographic area.

*Paying for tobacco cessation is the single most cost-effective health insurance benefit for adults that can be provided to employees.<sup>1</sup>*

| Data Elements for ROI Calculator                    |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Population Covered by Health Plan Type:             | % HMO:            | % PPO:            | % Indemnity:      |
| State of Residence:                                 |                   |                   |                   |
| Male/Female Age Distribution:                       | 18-34:            | 35-64:            | 65+:              |
| Male/Female % of Smokers by Age:                    | 18-34:            | 35-64:            | 65+:              |
| Employee Turnover by Age:                           | 18-34:            | 35-64:            | 65+:              |
| Employer cost or benefit allowance per participant: | Medication:<br>\$ | Counseling:<br>\$ | Rx & Phone:<br>\$ |

The model then provides you with the economic impact of the following tobacco interventions:

| Tobacco Interventions                   |   |
|---|---|
| Usual Care (2A's)                       | No specific intervention – in less than 3 minutes, a doctor's office might <b>Ask</b> about tobacco use and <b>Advise</b> a person to quit smoking.   |
| 5 A's                                   | Doctor is paid to <b>Ask, Advise, Assess, Assist, and Arrange</b> for tobacco cessation – these services are often not paid for by health plans and doctors are often uncomfortable providing them. |
| 5 A's + Using Tobacco Cessation Drug(s) | Coverage for FDA-approved tobacco cessation drugs is included – this increases the odds of success dramatically.  |
| 5 A's + Enrolling in Quitline           | Access to telephone counseling and support is provided.   |
| 5 A's + Rx + Quitline                   | Considered the most effective approach to tobacco cessation.  |

## Ohio Cessation Benefits Team



The business impacts of these interventions are shown on the ROI calculator in terms of their impact on health insurance plans and employers:

- Future health care expenditures
- Productivity
- Positive return on investment (ROI)

This ROI Calculator represents the industry standard. Researchers at the Kaiser Permanent Northwest Center for Health Research collaborated with America’s Health Insurance Plans (AHIP) to develop the model. The information is designed primarily for use by health insurance plans. However, employers, purchasers, and health benefits managers can also gain valuable insight into the economic advantages of a range of smoking cessation programs by using this Calculator.

### Sample Data Output: ROI Calculator Results for Employers\*

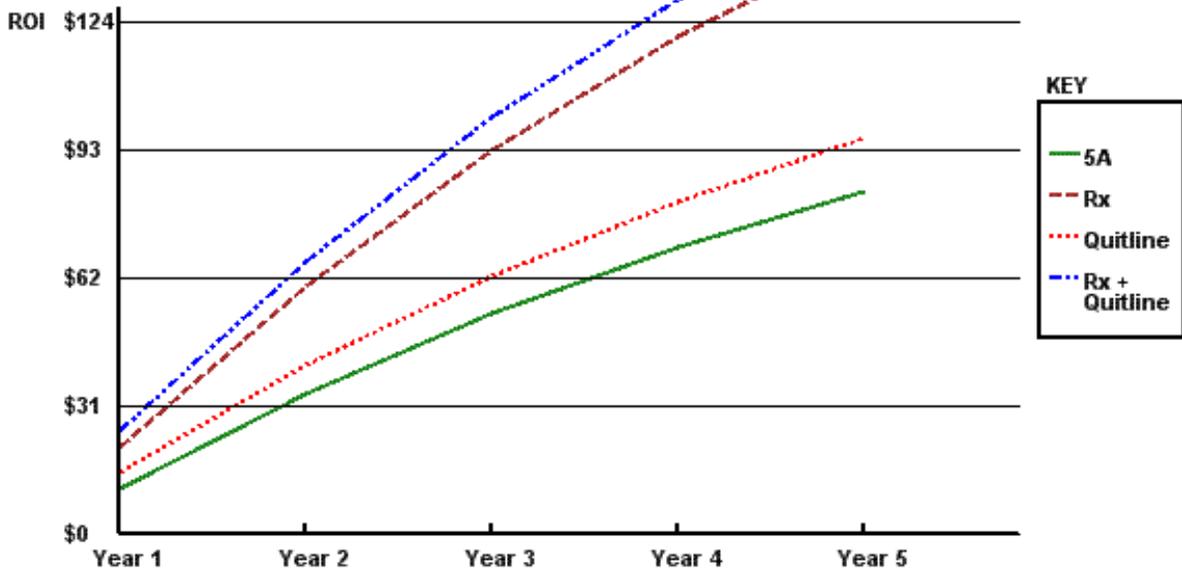
#### Intervention use, cost, and return on investment for Company X at Year 1

|                                      | Usual Care 2A's | 5A's     | 5A's+Rx  | 5A's+Quitline | 5A's+Rx+ Quitline |
|--------------------------------------|-----------------|----------|----------|---------------|-------------------|
| <b>Total Population</b>              | 521             | 521      | 521      | 521           | 521               |
| <b>Total Participants</b>            | 26              | 33       | 33       | 33            | 33                |
| Full Regimen Participants            | -               | 8        | 8        | 6             | 6                 |
| Brief Advice Participants            | 26              | 26       | 26       | 27            | 27                |
| <b>Quitters</b>                      | 3               | 3        | 4        | 3             | 4                 |
| <b>Employer Productivity Savings</b> | -               | \$116.36 | \$198.96 | \$130.29      | \$209.91          |
| <b>Employer ROI per Participant</b>  | -               | \$10.77  | \$20.71  | \$15.02       | \$24.71           |

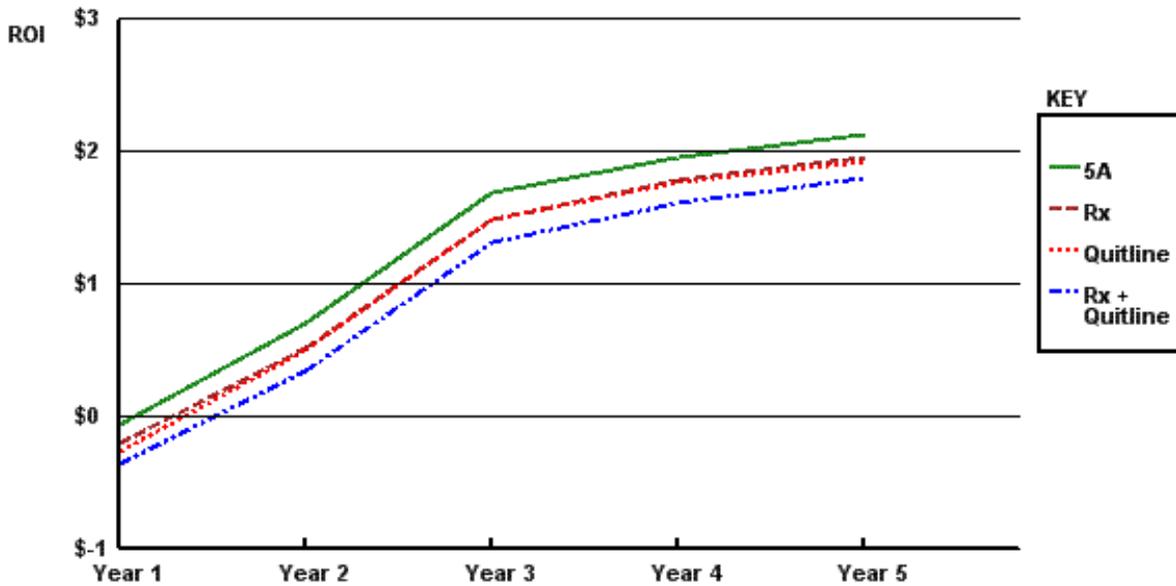
\*Assumes 100% of Health Plan participants are covered by employer-sponsored plan.

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### Sample Data Output for Health Insurance Plans



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