

Tobacco Cessation Coverage: Federal Health Reform Guidance for Employers

The federal Patient Protection and Affordable Care Act (PPACA) included tobacco coverage provisions that will ultimately affect all employers in Ohio. This document addresses coverage requirements for employers who offer either insured or self-insured health benefits to their employees.

What is a grandfathered employer?

Employers that do not make material changes to the health benefits offered to their employees are not required to comply with this aspect of PPACA. The following changes are considered material and will result in a loss of grandfather status:

- Elimination of benefits to diagnose or treat a particular condition
- Increase in coinsurance
- Increase in deductible or out-of-pocket maximum by more than medical inflation plus 15 percent
- Increase in copayment by more than \$5 or medical inflation plus 15 percent
- Decrease in employer contribution by more than 5 percent of the rate on 3/23/10
- Changes in annual limits (subject to several clarifiers)

There are multiple transition options for benefit plan years starting on or after September 23, 2010.

Employer Scenario	Options for Coverage
Employer is not grandfathered.	Tobacco coverage must be offered.
Employer does not currently offer tobacco cessation but would like to offer it - as long as it does not result in a loss of grandfathered status.	Offer tobacco coverage with no cost-sharing. This enhancement will not result in a loss of grandfather status.
Employer does not currently offer tobacco cessation and does not want to offer cessation until absolutely required.	Follow requirements for grandfathered plans.

For plan years beginning on or after September 23, 2010, employers must offer their employees tobacco cessation benefits with no cost sharing requirements. This applies to both insured and self-insured employers; only grandfathered employers are exempt.

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Why Grandfathered and Non-Grandfathered Employers Should Cover Tobacco Cessation

Tobacco cessation coverage is the single most cost-effective health benefit an employer can provide to its employees. The return on investment to employers is positive in the first year due to productivity gains and provides positive medical cost savings in the second year. Smoking and smoking-related illnesses cost employers \$2,312 per smoking employee in lost productivity and \$2,132 per employee in excess medical expensesⁱ.

What to Coverⁱⁱ

If cessation benefits are structured well, an employer should generate a positive return on investment early in the second year of providing the benefit. As such, if an employer is paying for coverage due to the reform requirements or has decided to for strategic reasons, it makes sense to structure the benefit to maximize the economic return. The minimum baseline benefit description below reflects coverage that is in compliance with PPACA and is likely to maximize the odds of a successful quit attempt and a fast return on investment for the employer.

Baseline Benefit

- At least two smoking cessation attempts per employee per year.
- Access to all FDA-approved tobacco cessation drugs (Bupropion SR, Varenicline, various forms of nicotine replacement therapy).
- Multiple counseling sessions per quit attempt, offered but participation not required (individual, group, telephonic).

Three Options for Coverage and How to Assess Effectiveness

1. If you work with a health plan or an Administrative Services Only (ASO) partner, determine if it has a plan-sponsored tobacco benefit or rider. As you evaluate this coverage, consider:

- Level of coverage – Does it provide the baseline benefits described above?
- Price – Does the price provide good value to the employer in terms of utilization and cost?
 - Consider use-based pricing which incents the vendor to actively promote the benefit and minimizes the employer's risk to just those who attempt to quit.
 - If it is priced on a per member per month (pmpm) basis how does the plan promote the benefit and what kind of utilization has been historically achieved? If not actively promoted and tracked, the outlay can be very high relative to the number of people who use the benefit.

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- Outcomes – Can the plan report the percentage of eligible employees that are participating in the cessation program and an externally validated 6-month or 1-year quit rate? If not, how can the employer ensure value for the money expended?

2. Consider Ohio's public-private Tobacco Collaborative as part of your benefit.

Ohio has a unique public-private partnership (the *Tobacco Collaborative*) that leverages the buying power of employers, health plans, the Ohio Quit Line and the Ohio Department of Health. Through it, purchasers, health plans and other entities can access nicotine replacement therapy (NRT) at cost and greatly discounted telephonic counseling services.

- NRT: \$36 for 2-week or \$57 for 4-week supply, mailed to the individual's homeⁱⁱⁱ
- Counseling: \$138 for up to five proactive telephonic coaching sessions (English and Spanish)

The Ohio Tobacco Quit Line, run by National Jewish Health, reports six-month quit rates of 40 percent for Ohio participants. Although priced on a per use basis, the rates negotiated translate to approximately .20 pmpm. Because it provides access to the nationally recognized 1-800-Quit-Now phone number, it is easy for both employees and providers to use, with minimal implementation required.

3. Consider an independent contractual relationship with a cessation vendor.

There are other cessation vendors that take a variety of different approaches to cessation services for private health plans, employers and other state quit lines. Any vendor analysis should include the three factors identified above:

- Level of coverage
- Price
- Validated outcomes data

Next Steps

Contact your benefits or insurance professional for more information regarding the approach that will work best for you and your employees. For additional information on the *Tobacco Collaborative* contact Cindy Haugland at National Jewish Health at 303-728-6506 or (hauglandc@njc.org). For general information regarding the Ohio Cessation Benefits Team, contact Mari-jean Siehl at 614-644-1113 or mari-jean.siehl@odh.ohio.gov.

ⁱ Centers for Disease Control, figures adjusted to 2008 dollars.

ⁱⁱ Based on the USPSTF recommendation and Public Health Service guideline.

ⁱⁱⁱ The Tobacco Collaborative does not include Bupropion or Varenicline

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