



## Helping People Quit Smoking Saves Money



In 2018, smoking cost the U.S. over \$600 billion in healthcare costs and productivity loss.<sup>1,2,3</sup> Quitting smoking **reduces peoples' risk** of death and a number of chronic diseases. It increases work productivity and decreases healthcare spending.<sup>4,5</sup>

Evidence-based quit smoking treatments are effective at helping quit for good.<sup>6</sup> The U.S. Surgeon General found that comprehensive coverage of quit smoking treatments, including all seven FDA-approved medications and all three forms of counseling proven to help people quit, increases the rate of quitting and is cost-effective.<sup>7</sup> Quitting can cut healthcare costs by 70%.<sup>8</sup>

Most healthcare plans are **required to cover** some or all quit smoking treatments.\* The return on investment for healthcare plans covering these treatments is substantial.<sup>9</sup> State governments, taxpayers, employers and health insurers can all save money by covering quit smoking treatments and helping people quit for good. Read below to learn more:

### State Governments and Taxpayers Save Money by Covering Quit Smoking Treatments:

- Over 78 million individuals in the United States are enrolled in Medicaid.<sup>10</sup>
- The Medicaid program spends \$40 billion a year in smoking-related healthcare costs.<sup>11</sup>
- State governments can reduce spending by helping their Medicaid enrollees quit. Even a one percent reduction in smoking rates can help states save big.
  - The Vermont Tobacco Control Program and Department of Vermont Health Access collaborated to make quit smoking benefits more comprehensive and provide a financial incentive to quit. As a result, one percent of people with Medicaid coverage quit. This saved the state \$2.3 million in Medicaid spending for 2022.<sup>12</sup>
  - This could significantly decrease Medicaid spending in other states as well. A one percent drop in smoking rates would result in median state savings of \$26 million per year.<sup>13</sup>
- State employee health plans can see cost savings as well.
  - A Kansas study found that increasing quit tobacco benefits, including for state employee health plans, would generate \$225 million in economic benefit for the state.<sup>14</sup>
- State Quitlines and tobacco control programs can also see a return on investment.
  - A study found that every \$1 spent on the Kentucky Quitline resulted in \$4 in cost savings.<sup>15</sup>
  - The Alabama Quitline would save \$7 for every \$1 spent to help people quit tobacco.<sup>16</sup>
  - One study found that for every \$1 the Bureau of Tobacco Free Florida spent on tobacco control, smoking-related healthcare costs decreased by \$11, and the economic cost of smoking-related deaths decreased by \$113.<sup>17</sup>
  - The California Tobacco Control Program saw \$231 saved in healthcare costs for every \$1 they spent.<sup>18</sup>

\* To see what Medicaid and State Employee Health Plans cover in your state, please visit our [State Data](#) page.

- Cost savings and productivity gains would extend to the average household.
  - Quitting smoking can save the average person \$2,700 – \$5,140 per year in cigarette costs.<sup>19</sup>
  - Minnesota saved \$2.7 billion in healthcare costs and saw \$2.4 billion in productivity gains over 20 years by decreasing smoking rates.<sup>20,21</sup>
    - This saved the average household \$273 a year through medical cost savings and productivity gains for the state.
    - By 2037, the state expects over \$10 billion to be saved in healthcare costs.

### **Employers Save Money by Covering Quit Smoking Treatments:**

- Over 150 million people in the U.S. have employer-sponsored insurance. This means employers help pay for healthcare for nearly half of the country.<sup>22</sup>
- Absenteeism due to smoking costs employers \$3.6 billion a year.<sup>23</sup>
- Quit smoking coverage and financial incentives for employees can pay off.
  - Employers save between \$150 – \$540 a year for every person who quits smoking, due to decreased healthcare costs, lost earnings and absenteeism.<sup>24</sup>
  - Offering employees financial incentives to quit smoking can also result in employers' cost savings.<sup>25</sup>
- Employers can support the state Quitline and save on costs.
  - A Kentucky study found that employers could save \$6 for every \$1 spent on funding the state Quitline.<sup>26</sup>

### **Insurers Save Money by Covering Quit Smoking Treatments:**

- Private health insurance provides healthcare coverage for the majority of individuals in the United States and spending totals nearly \$34 billion on smoking-related healthcare costs a year.<sup>27,28</sup>
- Helping people quit is a good long-term investment.
  - Commercial insurers save money in the long term by covering quit smoking treatments, with an average of \$1.18 saved for every \$1.00 spent.<sup>29</sup>
  - A Kansas study found that insurers' long-term investments in helping people quit pays off. The economic benefit for investing in a single person amounts to \$612, and nearly doubles to \$1,200 when considering indirect economic effects.<sup>30</sup>

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<sup>1</sup> Shrestha SS, Ghimire R, Wang X, Trivers KF, Homa DM, Armour BS. Cost of Cigarette Smoking-Attributable Productivity Losses, U.S., 2018. *Am J Prev Med.* 2022 Oct;63(4):478-485. doi: 10.1016/j.amepre.2022.04.032. Epub 2022 Jul 28. PMID: 35909028; PMCID: PMC10108669.

<sup>2</sup> Xu X, Shrestha SS, Trivers KF, Neff L, Armour BS, King BA. U.S. healthcare spending attributable to cigarette smoking in 2014. *Prev Med.* 2021 Sep;150:106529. doi: 10.1016/j.jpmed.2021.106529. Epub 2021 Mar 23. PMID: 33771566.

<sup>3</sup> Centers for Disease Control and Prevention. Smoking and Tobacco Use. Economic Trends in Tobacco: [Economic Cost Estimates Associated With Cigarette Smoking](#). July 26, 2022.

<sup>4</sup> Baker CL, Flores NM, Zou KH, Bruno M, Harrison VJ. Benefits of quitting smoking on work productivity and activity impairment in the United States, the European Union and China. *Int J Clin Pract.* 2017 Jan;71(1):e12900. doi: 10.1111/ijcp.12900. PMID: 28097760; PMCID: PMC5299499.

<sup>5</sup> Baker CL, Bruno M, Emir B, Li VW, Goren A. Smoking Cessation Is Associated With Lower Indirect Costs. *J Occup Environ Med.* 2018 Jun;60(6):490-495. doi: 10.1097/JOM.0000000000001302. PMID: 29465514; PMCID: PMC5991186.

<sup>6</sup> Treating Tobacco Use and Dependence: 2008 Update. Content last reviewed February 2020. Agency for Healthcare Research and Quality, Rockville, MD. <https://www.ahrq.gov/prevention/guidelines/tobacco/index.html>

<sup>7</sup> U.S. Department of Health and Human Services. Smoking Cessation. A Report of the Surgeon General. Atlanta, GA: U.S. 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, 2020.

<sup>8</sup> Maciosek MV, Xu X, Butani AL, Pechacek TF. Smoking-attributable medical expenditures by age, sex, and smoking status estimated using a relative risk approach. *Prev Med.* 2015 Aug;77:162-7. doi: 10.1016/j.jpmed.2015.05.019. Epub 2015 Jun 4. PMID: 26051203; PMCID: PMC4597893.

- <sup>9</sup> "Return on Investment for Tobacco Cessation." Clearway Minnesota, 6 Apr. 2016, <https://www.lung.org/getmedia/433c9409-a1bf-4eac-8865-34ff346a9332/Tobacco-Cessation-ROI-Factsheet-2016.pdf>. Accessed 12 Mar. 2024.
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