

2017 LOST PRODUCTIVITY HOW SMOKING COSTS BUSINESSES

\$3.19 billion in smoking-related health care expenditures is a staggering figure on its own. Yet it's only part of the story. The 2017 Health Care Costs and Smoking in Minnesota report also reveals significant costs related to lost productivity.

Each year, smoking costs Minnesota \$4.3 billion in lost productivity. Lost productivity costs include the loss of regular earnings and the "replacement value" for unpaid work typically performed within the home. This figure factors in the years of life lost due to premature death, and is based on the 6,306 smoking-attributable adult deaths recorded in 2014.

These 6,306 deaths represent people who are no longer able to work, earn money for their families, or contribute to their communities because of cigarette smoking. Tying a cost to these deaths shows the tangible economic impact of smoking in Minnesota.

THE FINANCIAL IMPACT ON EMPLOYERS

While premature deaths place an enormous burden on families and society, a 2012 study (not commissioned by Blue Cross) also demonstrated a significant financial impact on employers. The study estimated that on average, businesses spend an additional **\$5,816 annually per employee who smokes**. These costs included excess absenteeism, lower productivity related to nicotine addiction, excess health care costs and lost productivity due to smoking breaks.¹

\$4.3 billion COULD ALSO PAY FOR:



The **ANNUAL UTILITY BILL** for **282,152 MEDIUM BUSINESSES** (\$1,270/MONTH OR \$15,240/YEAR FOR A MEDIUM-SIZED BUSINESS)²



OFFICE SUPPLIES for **4.3 MILLION SMALL BUSINESSES** with five employees (\$200 PER EMPLOYEE PER YEAR)³



IT SPENDING for **434,343 EMPLOYEES** (\$9,900 AVERAGE IT SPENDING PER EMPLOYEE PER YEAR)⁴



PROFESSIONAL DEVELOPMENT for **5.28 MILLION EMPLOYEES** (\$814 PER EMPLOYEE PER YEAR)⁵

ADDING UP THE NUMBERS

In total, **nearly \$7.5 billion** in excess health care costs and lost productivity cost can be attributed to smoking on an annual basis. This is an alarming figure. It highlights the urgency of the efforts to continue driving down Minnesota's smoking rate. It also represents a call to action to employers, government agencies and all Minnesotans.

WHAT YOU CAN DO

- **Support policies that reduce commercial tobacco use.** Consider including policies such as keeping tobacco prices high or requesting more tobacco prevention funding in your state policy agenda.
- **Talk to people in your community.** Find out what your neighbors and fellow community members know about the burdens smoking puts on our state.
- **Encourage your employees who smoke to quit.** Smoking cessation is often covered as a preventive benefit in employer-sponsored health plans. This means it is available at no additional cost to your employees, other than the premium they are already paying.*#

* Under the Affordable Care Act, most plans must treat tobacco cessation as a preventive service. That does not include grandfathered health plans, such as certain plans that were in existence before March 2010 and have not made significant changes since. (American Lung Association website, lung.org/our-initiatives/tobacco/cessation-and-prevention/tobacco-cessation-treatment-what-is-covered.html)

Additionally, many Minnesota health plans, including Blue Cross and Blue Shield of Minnesota, offer telephonic tobacco-cessation coaching as a separate program outside of preventive health benefits. Those without health plan coverage can also get help quitting tobacco through QUITPLAN® Services (quitplan.com).



Together, we can make a difference in reducing the burden smoking puts on your bottom line and our state.

NOTES

1. Berman M., et al. "Estimating the Cost of a Smoking Employee," *Tobacco Control* 23 (2014), 428–433. <http://dx.doi.org/10.1136/tobaccocontrol-2012-050888>
2. Minnesota Department of Employment and Economic Development. "Typical Monthly Electric Bill for Medium Size Businesses, 2015." <https://mn.gov/deed/data/data-tools/compare-mn/energy/electric.jsp>
3. LAC Group. "Average Office Supply Costs per Employee." <https://lac-group.com/average-office-supply-costs-per-employee/>
4. McCarthy, Shawn P. "'Per Employee' IT Spending: Federal Government Is Nearly Four Times the Industry Average," IDC Community, 8/17/16 https://idc-community.com/government/smart_government/per_employee_it_spending_federal_government_is_nearly_four_times_the
5. *Training Magazine*. "2016 Training Industry Report." https://trainingmag.com/sites/default/files/images/Training_Industry_Report_2016.pdf



Tobacco in this document refers specifically to the use of manufactured, commercial tobacco products and not to the sacred, medicinal and traditional use of tobacco by American Indians and other groups.

Blue Cross® and Blue Shield® of Minnesota and Blue Plus® are nonprofit independent licensees of the Blue Cross and Blue Shield Association.