

Why Smoking Costs Employers More Than They Realize

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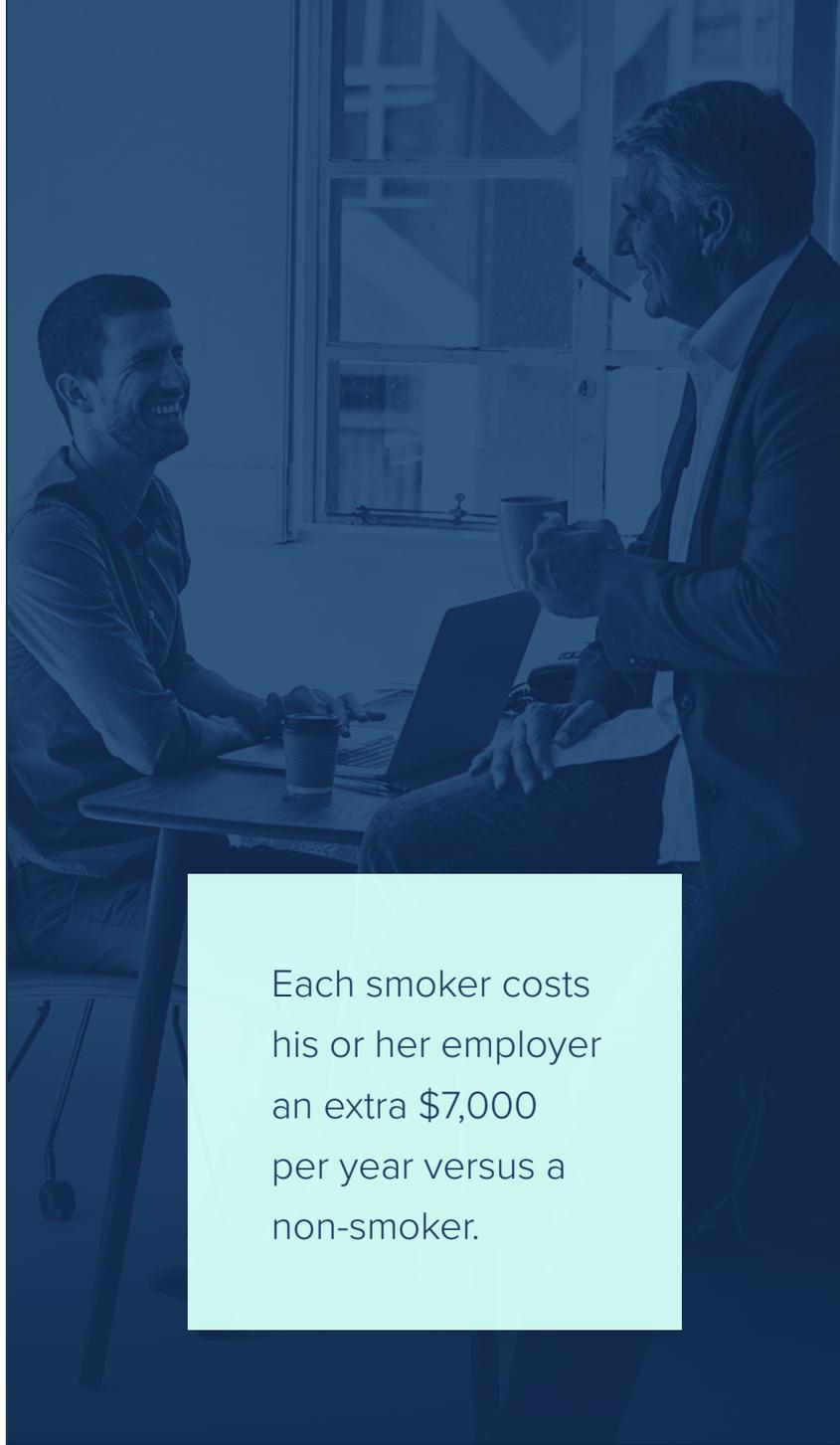


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Building-wide smoking bans have been rightly embraced; they have been shown to reduce respiratory illnesses in smokers and non-smokers alike. But the proliferation of smoke-free workplaces and 500-foot distance requirements has had an unintended and expensive consequence: It has helped mask the extent of the smoking epidemic and the continuing impact on employers.¹

The truth is that 15 percent of U.S. adults smoke. That's nearly 40 million active smokers—one out of every six American adults.² And **each smoker costs his or her employer an extra \$7,000 per year versus a non-smoker**, which adds up very quickly. Employ just 143 smokers, and you're looking at about a **\$1 million annual hit to your bottom line**.³

If you think this doesn't apply to your business, think again. As far back as the 1970s, studies began showing that smokers were underreporting their smoking because of the growing stigma.⁴ And as recently as 2018, a full two-thirds of the smokers who signed up for a free smoking cessation program at one large employer were not on that company's list of self-identified smokers.



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Even as employers increasingly turn to wellness programs to improve employee performance and lower healthcare costs,⁵ **few understand the hidden web of costs that comes from employee smoking**, and even fewer have deployed modern, effective programs to help team members quit smoking for good.

“We’ve done a disservice to the importance of quitting smoking by putting it in the wellness space and treating it like stress management or weight loss,” says Debi Heck, SVP of client success at Carrot Inc., (creator of Pivot) smoking cessation platform. “Smoking isn’t just a lifestyle issue; it’s also an addiction that holistically impacts an employee’s life and health. But it remains hidden behind healthcare expenditure line items like ‘cardiovascular disease,’ ‘diabetes,’ and ‘respiratory.’ **There’s no single line item that says ‘smoking,’ so employers miss out on a huge opportunity to reduce these costs.**”



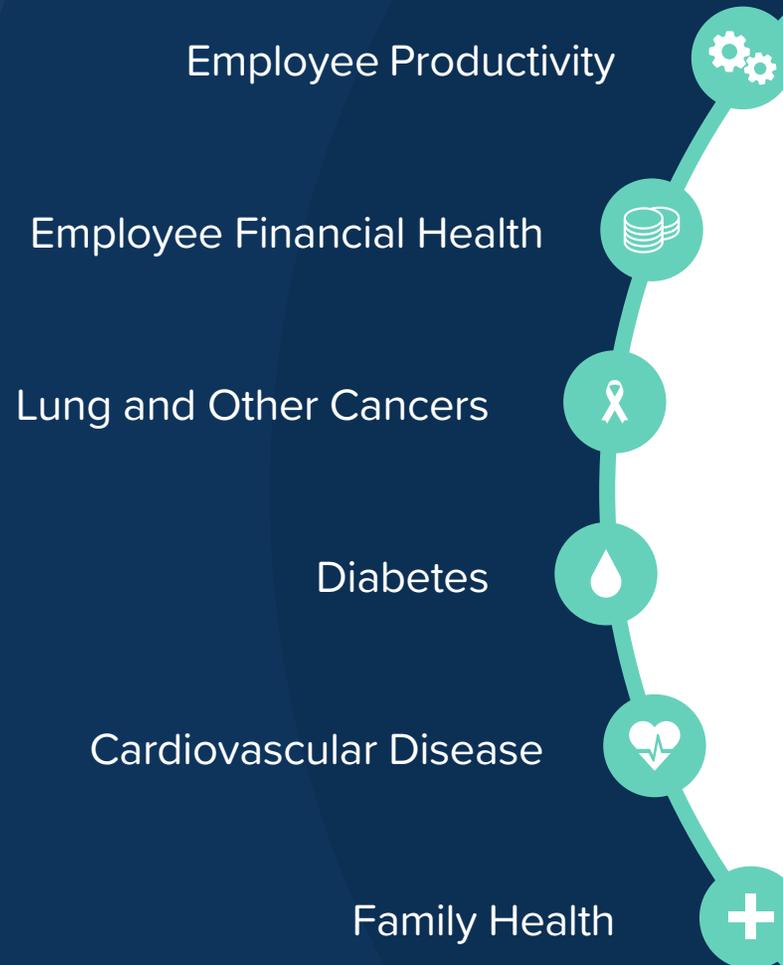
How Much Does the Smoking Ecosystem Cost Your Company?

The damage of employee smoking is not limited to the individual smoker. Smoking has a direct impact on everything from employee health to workplace productivity to family issues. (See: “The Hidden Web of Smoking Costs” on page five.) And the effects are cumulative: The longer people smoke, the more likely they are to suffer the consequences.⁶ That’s why **it’s so important for employers and human resource managers to effectively address employee smoking**: it’s one of the best ways to have a wide-reaching impact on employee health and productivity.

“Employers, specifically benefits leaders, are very busy, and it can be hard to focus on what initiatives will be the most important and impactful to the business,” says David S. Utley, M.D., CEO of Carrot Inc. “Without exception, helping employees quit smoking has the largest potential impact—across the board—compared to any other service. It improves productivity, lowers health care claims, reduces absenteeism, and improves family wellness and financial well-being.”

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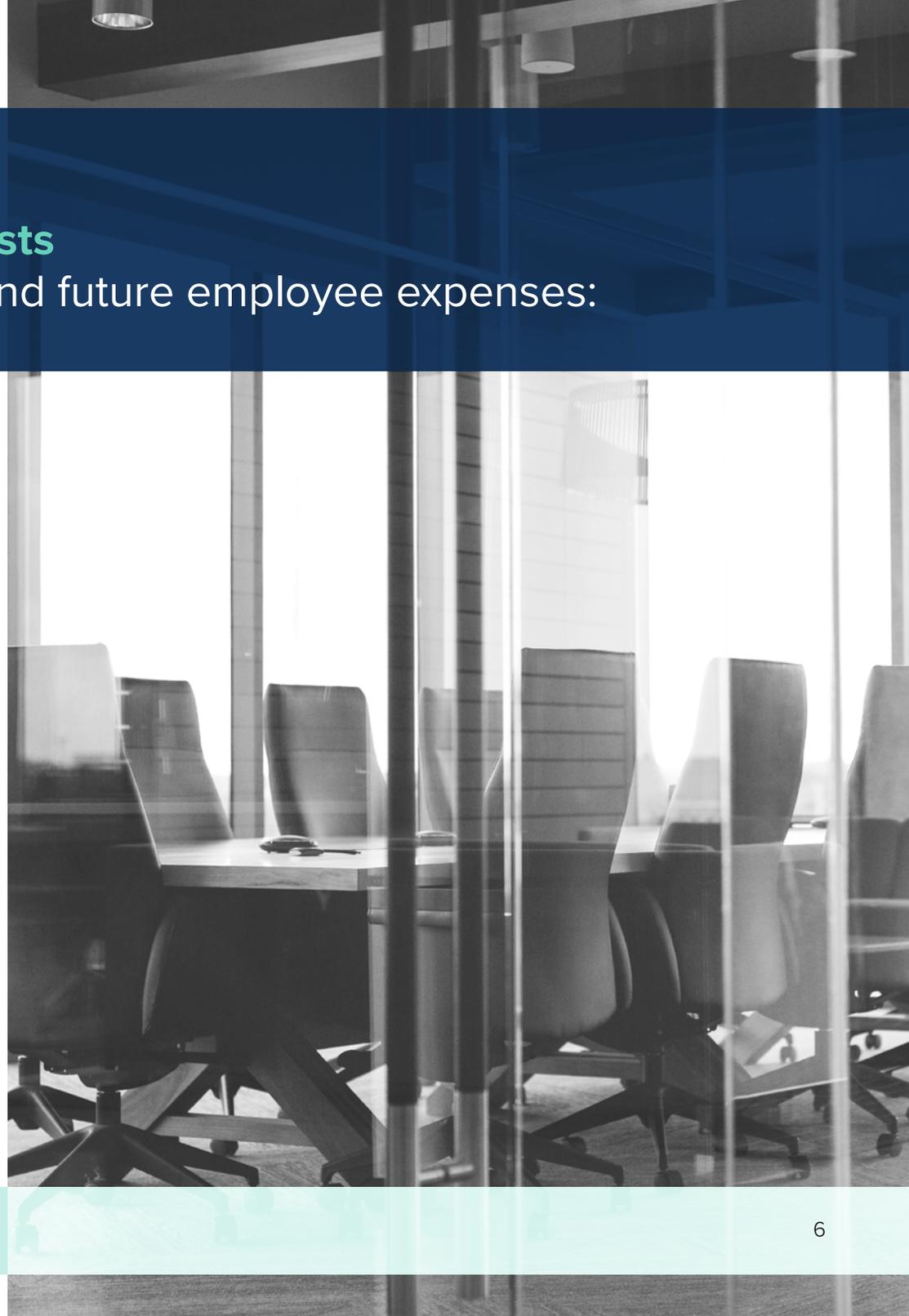
The Hidden Web of Smoking Costs



Consider how the following **hidden web of high employer costs** impacts your business's current and future employee expenses:

Employee Productivity

Employee smoking is directly and repeatedly linked to employee performance issues such as time lost to smoke breaks,⁷ lowered productivity,⁸ absenteeism,⁹ and presenteeism (showing up for work but not being mentally present). These attacks on employee performance have both short and long-term effects on a company's ability to get the highest return on investment from workforce costs: your employees are not performing to their potential on a daily basis, and **productivity costs are cumulative for employees who smoke** and stay with your company for the long-term.

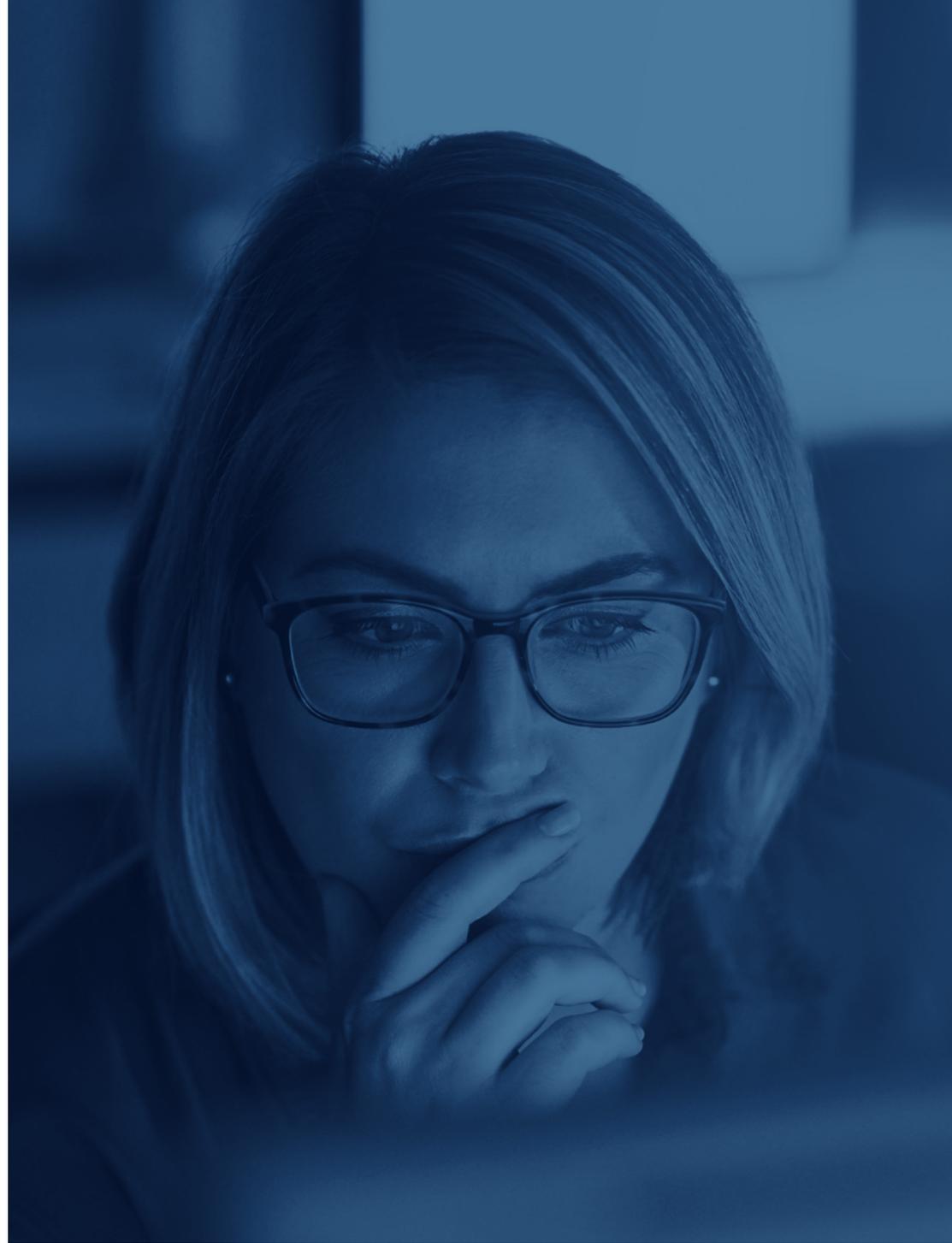




Employee Financial Health

Based on the average cost of a pack of cigarettes, a pack-a-day smoker can spend anywhere from \$1,869 to \$3,891 on cigarettes each year.¹⁰ Combined with the financial penalties smokers experience—including excess healthcare costs and lower wages—that adds up to a financial opportunity loss of as much as **\$1 million over a lifetime**, if that money were instead invested in retirement savings.¹¹

Of course, these are just direct employee expenditures. When you factor in the related stress—especially from major healthcare costs—it paints a picture of a progressively more financially unstable workforce that will bring that stress into the workplace.¹² Employee financial stress is increasingly linked to employer financial stress, with estimates that **employers could lose up to \$250 billion in lost wages from stressed-out employees.**¹³



Lung and Other Cancers

Ninety percent of the American population now believes smoking causes lung cancer, a connection first established in the 1940s but not widely understood until the late 20th century.¹⁴ But because smoking harms nearly every organ of the body,¹⁵ it's increasingly linked to other cancers, as well. In fact, 40% of cancers diagnosed in the U.S. may be linked to tobacco use, including cancers of the mouth, throat, voice box, stomach, liver, and colon.¹⁶

Not only does this health factor have tragic consequences for employees over the course of their careers—30% of cancer deaths are caused by smoking¹⁷—the ongoing costs of managing and treating these kinds of cancers also can cost employers significantly. In 2006, research found **the average annual employer cost for a working patient with cancer to be \$20,701**, and that the top 10% of claim costs were responsible for 60% of all healthcare spending in the health plan.¹⁸



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Diabetes

Smokers are more likely than nonsmokers to suffer from diabetes¹⁹ and serious diabetic complications,²⁰ and they're also more likely to get it earlier in life,²¹ driving up the life-long costs associated with this chronic illness. This can have a profound impact on employee quality of life and stress, as well as substantially increasing employer healthcare costs. In fact, research estimates **diabetes adds \$245.5 billion annually in healthcare utilization**, with \$20.4 billion more in higher absenteeism costs.²²





♥ Cardiovascular Disease

Cardiovascular disease (CVD), the umbrella term for all types of conditions that affect the heart or blood vessels, accounts for one in three deaths in the U.S. every year, or about 800,000 people.²³ While this is common knowledge among most American workers, what few employers and employees seem to understand is how closely smoking and CVD are linked. Smoking causes approximately one of every four deaths from CVD. **Even employees who smoke fewer than five cigarettes per day can show early signs of CVD²⁴**—and these are the very employees who opt not to self-report themselves as smokers, because they don't consider themselves “heavy users.”

With this in mind, **taking a proactive approach to helping employees quit smoking can save lives and reduce the high health-care costs** that come with treating long-term CVD.

“Even employees who smoke fewer than five cigarettes per day can show early signs of CVD.”

+ Family Health

When just one member of a family smokes, the spouse, children, and other relatives living in the home will be affected. About 43 million nonsmoking adults in the U.S. today are exposed to secondhand smoke, as well as 15 million children between the ages of three and 11.²⁵ Healthcare costs for these families are higher than for families of nonsmokers for many well-documented reasons.

In adults, secondhand smoke can lead to serious illnesses such as heart disease, stroke, and lung cancer. For infants and children, the effects are even more devastating. Women who smoke during pregnancy are more likely than other mothers to have premature and low-birth-weight babies, as well as infants with weak lungs and defects such as orofacial clefts, according to the Centers for Dis-

ease Control and Prevention. Children exposed to secondhand smoke often have more severe asthma, greater likelihood of bronchitis and pneumonia, and more frequent ear infections than other children.²⁶ Those children are also more likely than children in nonsmoking homes to be hospitalized because of their illnesses.

With their children getting sick more often, **parents who smoke or their spouses take more time off work than nonsmoking parents.** And the negative effects are long lasting; children exposed to secondhand smoke as children are more likely to take up the habit as teens or adults.²⁷ Studies also indicate that the modeling and reinforcement of parental smoking behavior leads to the higher-than-average incidence of smoking in offspring.



There's no doubt that the hidden web of employee smoking costs dramatically impacts a company's bottom line, and smoking cessation is the answer.

Tobacco smoking cessation is graded "A" by the United States Preventive Services Task Force (USPSTF),²⁸ which puts it into the highest graded preventative service category alongside colon and rectal cancer screening and breast cancer screening. It's also identified as a rare "dominant" intervention, which is cost-effectiveness terminology to say that smoking cessation actually returns money to the employer or health plan.²⁹



The Limits of Old-Fashioned Smoking Cessation Programs

More than 70 percent of smokers say they want to quit, and in any given year, about 50 percent of all smokers will make a quit attempt. But most try to quit on their own, which almost never works. Even among smokers with access to a free cessation program from their employer, only about 7 percent sign up.

Why the disconnect? Well, have you ever seen a smoking cessation program you'd be excited to join if you were a smoker? If you want to help the largest possible number of people see the highest possible success rates, you need to choose a program that bypasses outdated marketing and ineffective phone-only coaching methods in favor of modern, evidence-based cessation techniques that address a smoker's entire addiction ecosystem.

"Traditional smoking cessation programs are less effective because they only address one facet of the quitting process," says Dr. Judith Prochaska,

Associate Professor of Medicine at the Stanford Prevention Research Center. "It's hard for a simple app to address all of the factors that drive people to smoke. Many of the available programs also have low engagement. If people aren't using them, they simply won't be effective."

What do employees need to gain new motivation and overcome their habit? New programs that tap into resources they've never had before.

"Evidence-based cessation programs combine the pharmacological aspect of quitting with the counseling employees need to build up their motivation and coping strategies and make changes to their physical and social environments," says Dr. Prochaska. "They also look at how to engage employees to drive usage and engagement so that a higher percentage of smokers will be successful."

We may live in a culture that is more educated about smoking than ever before, but that doesn't mean we've successfully eradicated employee smoking.

Instead, this dangerous and costly habit merely has been driven underground to act as an invisible drain on your company's resources.

Consider how adopting a modern, holistic smoking cessation program can help your company recover millions of dollars each year while also helping employees become healthier, more productive and more financially secure.



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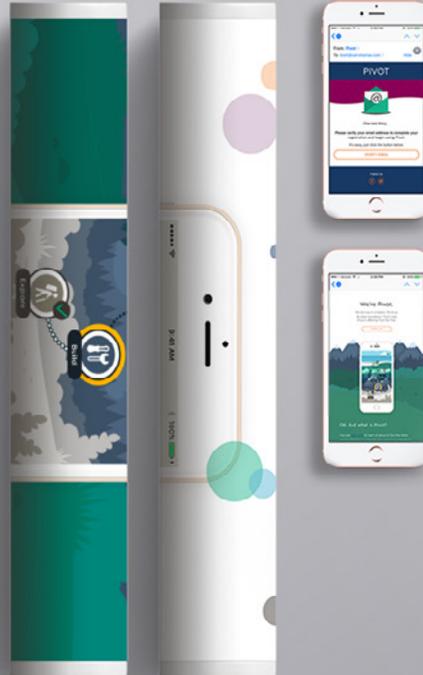


Give yourself a raise.

\$2,373. That's how much a pack-a-day smoker spends on cigarettes. A few minutes—that's all it takes to complete a day's activities in Pivot. If those few minutes per day lead to a quit, you could have a few thousand dollars extra per year—for the rest of your life.

How much could you save? Go to mypivot.co to find out.

PIVOT
We believe in smokers.



PIVOT

Pivot is a product of Carrot Inc., a digital health company based in Redwood City, California, and backed by Khosla Ventures, Johnson & Johnson Innovation—JJDC, Marc Benioff, New York Life, and R7 Partners. The company was founded by David S. Utley, M.D., a former Stanford head and neck surgeon and medical device entrepreneur, with the goal of using technology and behavioral science to help millions of people quit smoking.

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