

# Employer-Based Smoking Cessation Programs: **2014 Strategy Guide**



healthy employees



quitting for good



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## Employer-Based Smoking Cessation Programs: 2014 Strategy Guide

- why smoking cessation programs are critical
- the latest advances to help employees quit smoking
- integrating incentives with benefit plans

### Introduction

One of the best ways you can help your employees to improve their health and reduce healthcare costs is to help them **quit smoking**. Employer-based smoking programs have been around for several decades and have proven their effectiveness<sup>1,2,3</sup>, and tremendous progress has been made in web-based programming, coaching, and NRT solutions.

#### Legal Update

More recently, the government is pushing hard to create incentives for employees to quit. Allowable premium differentials for smokers, currently at 20%, are increasing to **50%** in 2014.<sup>4</sup>

What are the new legal options and what really works? This paper reviews current best practices, emerging incentive trends and programming techniques, and the elements of a well-designed program.

### Current Tobacco Use

Let's start with a little background on the "state of the union." We're happy to report that the country has definitely made progress in the area of tobacco cessation in the past six years. According to a November, 2012 report<sup>5</sup> from the CDC:

- Among daily smokers, the percentage of those who smoked 30 or more cigarettes per day dropped from 13% to 9%.
- Smoking dropped markedly among 18–24 year olds, from 24% to 19%.
- During the previous year, 52% had made a quit attempt for more than one day.

The amount of heavy tobacco use is on the decline, and that's good progress. Certainly we'd rather see people smoking less, even if they



**“Quitting smoking is the most important step smokers can take to improve their overall health and reduce their risk of disease.”**

**– Dr. Julie Gerberding, Fmr. Director, Centers for Disease Control and Prevention**

haven’t quit. Another promising development is that younger adults are now smoking less than a few years ago.

That’s the good news. Unfortunately, about 19 percent of the population still uses tobacco products. And among daily smokers, those who smoked 1-9 cigarettes per day increased significantly, from 16% to 22%.

So employers still have plenty of room for making strides in this area of employee health. The CDC has stated that tobacco use is the single most preventable cause of death and disease, and for every person who dies, *20 more have at least one serious tobacco-related illness*.<sup>6,7</sup> Tobacco use accounts for high healthcare claims, lost productivity, increased disability, and greater worker’s compensation claims. As employers look to control health costs and encourage employees to get healthier, a big part of the equation is quitting tobacco.

## Employers with Quit-Smoking Programs

When looking at what employers are doing right now to meet the challenge, there is (again) good news and bad news. A Kaiser/HRET Survey of employer-sponsored health benefits for 2012 looked at the percentage of companies offering wellness programs.<sup>8</sup> In employers with 200 or more workers, about 70 percent are offering smoking cessation programs. That’s the **second highest wellness offering**, just behind web-based resources for healthy living.

Unfortunately, looking at smaller firms, only about 28 percent are offering a smoking cessation program. If you’re a smaller employer, or a benefits consultant working with one, that’s a big opportunity. It’s also an opportunity if you’re a larger employer who hasn’t put a program in place yet, or you’re looking to beef up what you have.

In beBetter’s internal surveys, we see that about 9% of employers are planning to implement a new program this year to address smoking. The interest is definitely there. So let’s look at the most important components of an effective smoking cessation program.

## Tobacco-Free Policies

Smoke-free **indoor policies**, which became widely adopted years ago, were designed primarily to protect nonsmokers from secondhand smoke and to reduce the tremendous health costs associated with exposing an entire workforce to smoke.<sup>9</sup> These have been implemented as law in most states<sup>10</sup> and have broad public support.<sup>11</sup> More recently, companies have been moving to tobacco-free **campus policies**, whose primary goal

### Key Components of a Solid Smoking Cessation Program

- Smoke-free worksite policy (indoor restriction at minimum)
- Benefits plan tied to smoking status and program participation
- Smoking status affidavit
- Strong, ongoing employee communications with the right tone (start one year before implementing an insurance differential)
- Telephonic coaching
- Provide nicotine patches or gum (ideally, also cover prescription meds)
- Tailored, web-based program



is to encourage smokers to reduce consumption or quit altogether. In a campus policy, smoking is off-limits on any of the organization's property, including all facilities, parking lots, and grounds within the perimeter of all locations.

When campus policies are combined with benefit design changes that reward non-smoking, they can serve as a powerful incentive to change behavior. The policies highlight and underscore the employer's position on the importance of healthy employees, and the employee's responsibility to take healthcare costs seriously.

Campus policies and benefit changes should always be communicated in the context of a wellness program that helps employees to quit tobacco, so they feel supported with the new changes. Policy changes should be announced far in advance – i.e., at least 6 months out.

Some companies, especially hospitals and healthcare systems, are beginning to adopt tobacco-free **hiring policies**. This is a more progressive policy at this point, and it won't be covered here, but it's one which certainly requires thorough legal counsel.

State laws vary around smokers' rights. In general, these laws are designed to give smokers the right to smoke outside of the workplace, without any punishment from their employer, especially around the conditions for employment. How these laws relate to benefit design is a gray area, although federal law clearly allows for premium differentials<sup>12</sup>, and there is longstanding federal regulatory support of them.<sup>13</sup> If your organization has employees in multiple locations, you'll need to understand the laws in each state before implementing specific tobacco-related programs or policies.

## Types of Programs

When employers first began offering tobacco cessation years ago, it was most often in the form of an onsite class or **face-to-face counseling**. Face-to-face programs can be effective under the right circumstances, but worksite settings aren't a particularly good one. Employees often don't feel comfortable going to a class where they must sit beside people they know and expose their tobacco habits, especially if they do not typically smoke in front of coworkers. Or they may not want smoking coworkers to know they want to quit. Therefore, attendance with onsite programs can be a challenge.<sup>14</sup>

As a result, by the mid-90s **telephonic coaching** became the industry standard with the benefit that employees can be reached confidentially





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at their convenience, after work hours if desired. Remote workers can be easily served as well. Telephonic coaching is convenient, effective, private, and personalized.

In the past five years, not surprisingly, web-based programs have taken off. These can provide highly customized programming, extensive information and tools, tips on how to create a successful quit plan, and access to nicotine replacement products and other medications. They are a low cost, easy way to support employees and are particularly effective when combined with incentive plans, benefit designs, worksite policies, NRT, and health coaching.

In the next five to ten years, we will see the rise of texting and mobile app support, including real-time coaching via text message. We expect this will open new doors to helping employees quit, especially for the younger generation of tobacco users. Surveys show that most employees currently do not want text messages from their employer (or any related program) and would consider such texts intrusive. However, this will almost certainly change as mobile adoption continues to explode and employees realize that they can easily opt in or out of wellness-related communications.

## Nicotine Replacement Therapy

Nicotine replacement therapy (NRT) greatly increases the chances of a successful quit attempt.<sup>15</sup> NRT options include patches, gum and lozenges. Most of the products used in wellness programs are available over the counter, with gum being most common, although there are some prescription medications that employees can seek on their own, like Zyban or Chantix.

The cost of the medication depends on the length of the supply you are going to provide, generally two, four, or eight weeks. We recommend you sponsor at least a two to four-week dose. beBetter gets NRT at wholesale rates; contact us for discount pricing.

## Success Rates

Regardless of the channel, the two key success metrics are **participation rate** and **quit rate**. Tobacco cessation programs are one of the easier wellness programs to measure. Either you smoke or you don't. You're in the quit process, or you're not.

As with most wellness programs, participation is the first step – you need sufficient participation to drive a significant quit rate. To estimate how many smokers you have in your organization, use the national average, 19 percent. Typically, manufacturing and other blue collar companies are somewhat higher<sup>16</sup>, while white collar and healthcare



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are a little lower. With a typical program, you should expect about 10 percent of the eligible smokers to participate. This can be boosted to 20% with a strong benefits incentive and good communications. According to the latest CDC data, 69% of current smokers want to quit completely<sup>17</sup>, and 52% of smokers made a quit attempt in the past year<sup>5</sup>. So you can expect significant participation with the right program.

Of those who participate, expect a 30-50% quit rate 6 months after enrollment. When selecting a vendor, find out how they calculate their quit rates, because there's no standard in the industry for how to come up with that number. If you hear companies talking about an 80 to 90 percent quit rate, they're likely basing that on the people who have **completed the program**. That's not an adequate measure. An accurate quit rate includes those who have **enrolled in the program**, not just those who completed it.

To get the participation and quit rates you need, the two key areas to get right are incentive design and employee communications, which we'll look at next.

## Health Insurance Incentives

As with other types of wellness programs, there is sound evidence that tobacco users are motivated by finances. For example, during the 2009 Federal Tobacco Tax increase, beBetter saw a dramatic increase in call volume to the state QuitLines we service.

In the past few years, a new type of financial incentive has seen tremendous adoption. It involves charging a higher health insurance premium to employees who use tobacco, or providing a discount to those employees who do not. The cost differences are usually in the premium amounts, but may also be in copay amounts or HSA/FSA contributions. A **premium surcharge or discount** makes the biggest impact on employees, drawing attention to the fact that just one behavior change directly impacts their paycheck. It gives employees the freedom to make their own decision, but with a valuable incentive to choose the healthy option.

In beBetter's survey of over 200 employers, we've seen that 43% are considering, or already use, a premium differential for tobacco use. This is consistent with other industry surveys. The strategy has taken off tremendously over the past few years, especially with the increased differentials that came with healthcare reform. According to Towers Watson, "companies with the most effective health and productivity programs are more likely than others to offer outcomes-based incentives and link pay to performance."<sup>18</sup>

Beyond actual tobacco status, it's also important to reward a smoker



just for participating in a program. This encourages them to try. Remember, it takes most smokers several attempts before they're able to quit for good, so reward them for trying again.

In the November 26, 2012 *Federal Register*, an example is given of a reasonable benefits incentive program based on smoking status:

In conjunction with an annual open enrollment period, a group health plan provides a premium differential based on tobacco use. Any smoker can avoid the surcharge by participating in a company-provided smoking cessation program, regardless of whether the participant stops smoking. Participation time and place are not unreasonably burdensome, and the employer pays the cost of the program.<sup>4</sup>

While you are not legally required to allow the participant to earn the incentive year round, it's best if you can accommodate this. Employees do not want to wait a full year before they have the opportunity again to benefit from quitting. Perhaps they weren't ready at open enrollment, or will have a better chance of success over the summer.

## Identifying Smokers

If you are going to implement premium differentials, you need to identify your tobacco users. The simplest way is to ask their tobacco use in a health risk assessment. But if health insurance costs are on the line, employees are less likely to be honest with this option. A stronger and more reliable way to get a self-reported identification is through an **affidavit**. This is the most common approach.

An affidavit contains strong language stating that the employee could be subject to nicotine testing and, if found to be lying, could lose their employment. The affidavit is often completed as an online form with a date-time stamp, and possibly the IP address of the computer. Some wellness vendors add it to the end of the risk assessment. (Contact beBetter for an example affidavit.)

The third approach is **cotinine testing**, which identifies nicotine in the body. Cotinine can be included in a blood test as part of a companywide biometric health screening or, more typically, a random saliva test. The threat of being tested is often enough to encourage employees to be more honest on their affidavit.

Consult with your legal counsel if you're considering cotinine testing, because state laws vary with regard to smokers' rights. Regardless of the legal issues, it doesn't necessarily mean that it's the best thing for you to do. Would tobacco testing hurt the trust your employees feel for the organization? Or weaken morale?



In addition, keep in mind factors that can complicate the test results. If a nonsmoker lives with a heavy smoker, it's possible that they could test positive for nicotine through second-hand smoke. If you are going to test employees for cotinine, the incentive needs to specify *tobacco use*, not just smoking, because smokeless delivery methods such as chew, dip, snus and e-cigarettes will all cause a positive test.

## Insurance Incentives: The Five Legal Criteria

If you are going to implement a premium differential around smoking status (or any other health benchmark, like cholesterol or blood pressure), we have clear guidance from the federal government on what you can and can't do. <sup>4,12,13</sup>

**First**, the difference in the total annual cost of employee-only coverage between two similarly situated employees can't be greater than 30% for non-tobacco status, and 50% for tobacco status. (The "total annual cost" includes *both employer and employee contributions*.)

**Second**, you need to provide a bona fide smoking cessation program to help employees quit, one which is designed and capable of producing behavior change. And you can't charge the employees for any component that is mandatory to get the incentive.

**Third**, the program must give eligible employees the opportunity to qualify for the reward at least once per year. As we've already noted, a better practice is to allow employees to quit and get the benefit more than once a year.

**Fourth**, you must provide an alternative way for someone to achieve the insurance benefit if they have a medical condition that makes it difficult for them to meet the standard requirement. In the case of smoking, it's rare for an employee to claim that they have a medical reason not to quit. But smoking is highly addictive and usually takes multiple quit attempts, so smokers must have the opportunity to achieve the incentive just for completing the smoking cessation program.

**Fifth**, your benefits and communications materials must disclose the availability of alternative ways to get the benefit, if the materials go into the specific terms of the program.

As you already know, legal matters are complex and you should not take this paper as either legal guidance or advice. Please consult with your organization's own attorneys and benefits advisors before making policy decisions or making new plan designs.

For a much more detailed look at how to implement a program tied to benefits costs, ask for bebetter's white paper:

*Rules for Wellness  
Program Incentives  
Tied to Group Health  
Plan Coverage*





## Communicating an Insurance Incentive

You'll need a clear communication strategy. Be clear and concise. The message to the employees needs to explain exactly what needs to be done in order for them to earn the non-tobacco user rate.

Everybody's heard of the carrot versus stick approach, and some would say that no matter how you phrase it – premium discount for non-tobacco use or tobacco use surcharge – they're both a stick approach. However, the tone and substance of your message is extremely important. Explain that costs inevitably go up every year and that costs are directly impacted by employee health. Your organization's employees must solve the problem together, and every employee makes a difference. Explain that monthly medical insurance premiums will be lower for employees who make an effort to improve their health status.

Even if you don't include spouses in the incentive itself, strongly consider offering the tobacco cessation program to them. If a tobacco user who is trying to quit goes home and their spouse is still smoking, it's going to make it really hard for them to be successful. Provide support to the whole household; it's going to help your employees.

Notify the employees about the premium differential as much in advance as possible. We recommend six months to one year before they have to certify their smoking use. This gives smokers plenty of time to quit, rather than just throwing the surcharge at them on short notice.

New Years is a great time to implement a smoking cessation program, when everyone is thinking about resolutions. As you roll out the program, explain that in a year tobacco users are going to pay higher premiums, or non-tobacco users are going to earn a discount. Encourage them to jump on the opportunity and try to quit now. The annual Great American Smoke-Out in November is a great time to remind employees that the premium discount is near.

If you're using telephonic health coaching, the vendor's coaches should communicate exactly what participants need to do to earn the lower rate. The coaches should also make proactive, outbound calls to tobacco users to see if they're ready to enroll. As part of your affidavit, you can include the following question: "Would you like help quitting tobacco from a free employer-sponsored tobacco cessation program?"

Your vendor will provide you with a report that tells you who has completed the program so they can earn the incentive. Don't rely on the employee to bring you some type of certificate of completion. Vendor reporting keeps everything streamlined and clean.





Finally, a letter to employees from your executive management team can make a big impact on your employee's choice to try to quit tobacco. It really delivers a clear message from the top that your company is serious about the health of your employees.

## Return on Investment

There's both direct and indirect costs related to tobacco use. Smokers have substantially increased health insurance claims, disability costs, and worker's compensation payments.<sup>3</sup> Indirectly, smoking breaks add up over time and weaken productivity. The American Productivity Audit, a national survey of over 29,000 workers, and other research have shown that tobacco use is consistently one of the top causes of worker lost production time.<sup>19, 20</sup>

Solid research supports a positive ROI in the short and long term<sup>1,2,3</sup>, but ROI depends on many factors and varies considerably. For a custom estimate specific to your organization, the following tool was developed by America's Health Insurance Plans:

[www.businesscaseroi.org/roi/apps/calculator/calcentry.aspx](http://www.businesscaseroi.org/roi/apps/calculator/calcentry.aspx)

The tool, developed with a grant by the CDC, is highly configurable for your employee population. You can manipulate a number of cost-related factors and receive a sound estimation of your potential ROI.

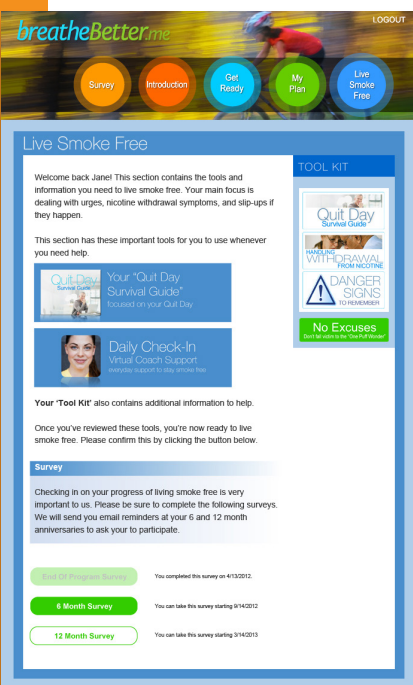
## breatheBetter™

The new **breatheBetter™ smoking cessation program** represents the latest thinking in tobacco cessation. The foundation is a highly personalized web-based program, with optional telephonic coaching and NRT components. Even if the employer does not elect to pay for NRT, we can provide a link to our NRT store with discounted, wholesale prices. The program is tailored to each individual's own tobacco use and history, their previous quit attempts, and the barriers that have blocked their success in quitting tobacco. breatheBetter™ is available as a standalone solution or integrated in beBetter's full wellness solution.

breatheBetter™ is based on over 2 million user experiences with our original stop-smoking program, SmokeStoppers®, and more than 12 years of tobacco QuitLine coaching experience. breatheBetter™ combines our deep experience with the most up-to-date web technology and user application interfaces to help people quit smoking.

Contact beBetter to learn more.

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## About beBetter Health, Inc.

beBetter is a corporate wellness company focused on making it easy for employers and their benefits consultants to deploy and manage effective wellness solutions. The beBetter® System supports the entire spectrum of incentive and benefits designs. We connect built-in programs, content, applications and reporting in an integrated, flexible, customizable solution at a fantastic price. And at every step of the way, you'll get exceptional attention from an experienced wellness account manager. beBetter is built for clients of all sizes, from 50 to over 10,000 employees. Learn more about beBetter and our 25+ years of experience in population health management at [www.bebetter.com](http://www.bebetter.com).

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