

Costs of On-the-Job Tobacco Use

Costs to Employers

Smokers cost more than nonsmokers. The costs of employee tobacco use and secondhand smoke to the employer are significant. Direct costs to the employer include health care costs associated with tobacco use. Indirect costs include lost productivity, absenteeism, and recruitment and retaining costs resulting from death and disability related to smoking. Following is a list of some of the factors that contribute to smokers costing employers more than nonsmokers.

- Absenteeism
- Lost productivity
- Health insurance and life insurance costs and claims
- Worker's compensation payments and occupational health awards
- Accidents and fires (plus related insurance costs)
- Property damage (plus related insurance costs)
- Smoke pollution (increased cleaning and maintenance costs)
- Illness and discomfort among nonsmokers exposed to passive smoke

The cost to employers of employees who use tobacco is not a simple number; many factors and variables need to be considered. However, the most frequently cited estimate for the excess cost is approximately **\$1,400 per year per smoking employee** for increased medical costs. When lost productivity is factored in, such as due to increased absenteeism, the excess cost to employers increases to approximately **\$3,400 per year per smoking employee.** ⁱ

Economic Effects of Smoking and Secondhand Smoke in North Carolina

Eliminating tobacco use in all NC workplaces will not only eliminate exposure to a known health hazard, but will also help those who want to quit.

- Total health care costs in North Carolina directly caused by smoking are estimated at \$2.46 billion.
- Total losses in productivity in North Carolina caused by smoking are estimated at \$3.50 billion ⁱⁱ

Secondhand smoke is associated with increased rates of cancer, heart and lung disease, and increased rates of fetal and infant death. Total annual costs for conditions with well-documented increases in morbidity, excluding economic losses related to pregnancy and the newborn, are estimated at over **\$5 billion in direct medical costs** and over **\$5 billion in indirect costs nationwide.** ⁱⁱⁱ

In addition, health care costs for secondhand smoke are estimated to be **in excess of \$293.3 million per year** in North Carolina ^{iv}

- \$76 million due to Low Birth Weight babies
- \$27 million due to asthma (age birth to 17)
- \$32 million due to lung cancer
- \$132 million due to MI and other heart diseases

Other non-health costs from tobacco use include residential and commercial property losses from smoking-caused fires (more than \$500 million per year nationwide); extra cleaning and maintenance costs made necessary by tobacco smoke and litter (about \$4+ billion nationwide for commercial establishments alone); and additional productivity losses from smoking-caused work absences, smoking breaks, and on-the-job performance declines and early termination of employment caused by smoking-caused disability or illness.

Costs to Individuals and Society

The cost savings associated with a heart attack that is prevented, or with the delayed onset of cancer, are often difficult to calculate. Yet, reducing the prevalence of smoking behavior and secondhand smoke exposure in a worksite can save money, not only for the employer but also for individuals, and society as a whole. Individual costs in time, health, and money arise because smokers tend to:

- Have more hospital admissions
- Take longer to recover from illness and injury
- Have higher outpatient health care costs, and
- Have lower birth weight babies

ⁱ Centers for Disease Control and Prevention, Smoking-Attributable Mortality, Morbidity, and Economic Costs (SAMMEC), accessed August 7, 2007 at: <http://apps.nccd.cdc.gov/sammec/>

ⁱⁱ Campaign for Tobacco-Free Kids “The Toll of Tobacco in North Carolina” Fact Sheet, accessed July 7, 2010 at: <http://www.tobaccofreekids.org/reports/settlements/toll.php?StateID=NC>

ⁱⁱⁱ Behan, DF, Eriksen, MP, and Lin Y. Economic Effects of Environmental Tobacco Smoke. Society of Actuaries. 2005.

^{iv} Plescia, M.; Wansink, D., Waters, H.R., and Herndon, S. P. *Medical Costs of Second Hand Smoke Exposure in North Carolina*. North Carolina Medical Journal. In Press.

Updated December 2010