

SPECIAL REPORT

TOBACCO TREATMENT COVERAGE

BY WISCONSIN HEALTH PLANS

2002 AND 2004

UW-CTRI

Center for Tobacco Research and Intervention
University of Wisconsin Medical School

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EXECUTIVE SUMMARY

Research has consistently shown that the use of medications, counseling, or both, increases the success rate of smokers wanting to quit. An important component of ensuring the availability of cessation medication and counseling is coverage of these benefits by health plans. With this in mind, the UW-Center for Tobacco Research and Intervention (UW-CTRI) surveyed Wisconsin health plans in 2002 and 2004 to assess the level and type of coverage of tobacco cessation treatments. The 2002 survey included 19 health plans. The 2004 survey includes 23 health plans (out of 26 contacted) that responded to the survey detailing the types of tobacco cessation treatments – medications, counseling, programs or classes – offered as covered benefits to their members. Results indicate an encouraging increase since 2002 in the number and variety of options available to Wisconsin residents trying to quit using tobacco. For example:

- Coverage of medications in Wisconsin has improved markedly since 2002. Of the more than three million lives covered in the 2004 survey, 74% are eligible for at least one medication versus 56% of the nearly 2 million lives covered in the 2002 survey.
- Bupropion (originally marketed as Zyban®) and the nicotine patch are the most frequently covered tobacco dependence medications followed by nicotine gum, nicotine inhaler, and nicotine spray.
- Some type of cessation counseling – from brief physician visits to ongoing phone, quitlines, or mail follow-up – is available to 70% of the 2004 surveyed population. However, some health plans considered the Wisconsin or Mayo tobacco quitlines as a covered benefit for their enrollees. When these free quitline services are excluded, 65% of insured Wisconsin residents have some form of counseling covered.
- Forty-six percent of the total covered lives in the 2004 survey have benefits covering more formal cessation classes or programs, including programs established within the health plan network or schedules of reimbursement for programs outside the network.

The survey shows that some research findings have yet to be consistently translated into insurance coverage benefits. These findings include information about:

- **The efficacy of combined medications to increase quit rates.** Only 10 health plans covered combination medications (i.e. bupropion and nicotine patch) for their non-Medicaid enrollees.
- **The chronic, relapsing nature of tobacco dependence.** Most successful quitters experience episodes of relapse before becoming lifelong non-tobacco users, yet four health plans cover medications on a once-per-lifetime basis and three health plans offer reimbursement for cessation programs on a once-per-lifetime basis.

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- **Emerging evidence about the “business case” for tobacco cessation benefits.** Lives as well as health care dollars are saved when tobacco users quit. New evidence shows that health plans, payors, and employers can expect a positive return on their investment in the short term (as little as two years).¹

The purpose of this paper is to present results from the 2002 and 2004 surveys; highlight changes from 2002 to 2004; and explore implications for future coverage for tobacco dependence treatment by health plans.

BACKGROUND

Tobacco dependence is a long-term, chronic disease that remains the single most preventable cause of poor health and early death in the United States² and Wisconsin. Since the first Surgeon General’s Report in 1964³ on the health consequences of smoking, the prevalence of smoking has declined in the U.S. from 41.9% in 1965 to 20.3% in September 2004⁴. Much of this decline is attributable to increased knowledge of the long-term consequences of tobacco use and the emergence of effective treatments for nicotine addiction. The publication in 2000 of the Public Health Service Clinical Practice Guideline, *Treating Tobacco Use and Dependence*⁵ provided an accessible compendium of the most effective strategies and treatments for tobacco dependence. However, the continuing decline of tobacco use depends, in good measure, on the translation of this evidence-based research into wide scale practice throughout the healthcare system, including health plan coverage of tobacco cessation treatments. Without such action, we are unlikely to reach the Healthy People 2010 goal of reducing the prevalence of smoking among adults to 12%⁶. This report describes the status of tobacco cessation treatments available to insured residents in Wisconsin as of May 2004.

TOBACCO USE IN WISCONSIN

Tobacco use in Wisconsin is similar to that of the U.S. population.

- Cigarette consumption by Wisconsin adults has declined from 24.7% of the population in 1990 to 22.1% in 2003⁷, similar to the decline for the total U.S. population of smokers.
- Tobacco-related mortality in Wisconsin accounted for more than 7,300 deaths in 2000. This was more than four times greater than deaths from motor vehicles, suicide, homicide, and HIV combined⁸.
- Wisconsin residents between the ages of 55 and 74 lost approximately 96,000 years of potential life due to tobacco-related illnesses⁹.
- In Wisconsin, smoking-related illnesses cost an estimated \$1.6 billion annually in direct health care costs and an additional \$1.4 billion in lost productivity⁹.

THE UW-CTRI HEALTH PLAN SURVEY

Because tobacco-related illnesses exact a heavy burden on Wisconsin smokers, one of UW-CTRI's goals has been to monitor the extent of insurance coverage for tobacco dependence treatments. Hopefully, dissemination of the results of this survey will help to inform insurers and the public and encourage state-of-the-art treatment coverage for Wisconsin smokers.

METHODS

A two-page questionnaire was developed for email distribution to health plans in Wisconsin to ascertain the status of tobacco cessation benefits and to document changes since the 2002 survey (see Appendix A). The first page of the instrument described the purpose and requested consent to share the results of the survey with selected audiences. The second page consisted of check-off or fill-in items covering current U.S. Food and Drug Administration (FDA)-approved medications and questions about cessation counseling, classes, or programs and any contingencies or incentives included in benefit packages. This survey was refined from the 2002 survey to include more evidence-based treatments that have become available for smoking cessation. All of the items selected for the survey were documented, effective strategies either taken from the Public Health Service Guidelines or from FDA-approved medication information. Insurers were asked to report on their most popular commercial products as well as the number of covered lives that were either state employees or Medicaid enrollees.

The 2004 survey differed from the 2002 survey in three ways:

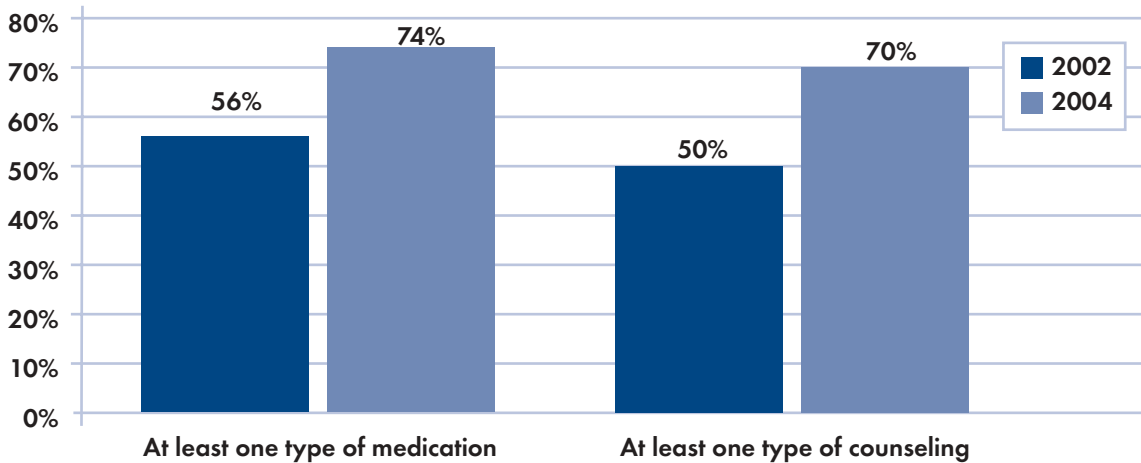
- a) Twenty-three health plans (out of 26 plans contacted) participated in the 2004 survey compared to 19 in 2002,
- b) The nicotine lozenge, recently approved by the FDA and approved for over-the-counter (OTC) sale, was included in the 2004 survey,
- c) 2004 respondents were asked to describe the type or format of the cessation counseling, classes, or programs covered as a benefit while the 2002 survey asked only if such services were offered.

UW-CTRI staff conducted the survey by email and phone follow-up from March through May of 2004. Twenty-three health plans, representing 66.4% of the Wisconsin market share¹⁰, completed an email survey. Phone follow-up was conducted to verify information and all respondents were sent a copy of the compiled data to verify prior to publication.

RESULTS

Of the more than three million insured Wisconsin residents covered by the health plans in the 2004 survey, 74% were eligible for full or partial coverage for at least one type of tobacco cessation medication. This compares with 56% of the nearly 2 million residents covered in the 2002 survey. Coverage of at least one type of cessation counseling also rose from 50% in 2002 to 70% in 2004 (Figure 1).

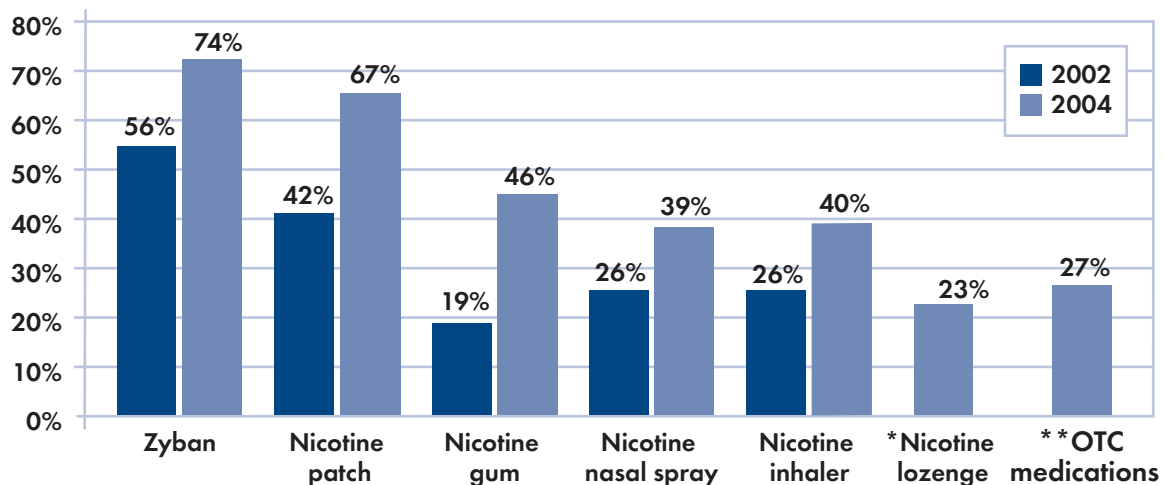
FIGURE 1. Percentage of insured Wisconsin residents eligible for at least one type of medication and at least one type of counseling, 2002 and 2004



MEDICATIONS

Of the six FDA-approved tobacco cessation medications available in 2004, bupropion was covered as a benefit for 74% of Wisconsin health plan enrollees. The next most frequently covered medications were nicotine patches (67%), prescription nicotine gum (46%), nicotine inhaler (40%), nicotine nasal spray (39%), and nicotine lozenge (23%). Changes in medication coverage between 2002 and 2004 are shown in Figure 2.

FIGURE 2. Percentage of insured Wisconsin residents eligible for cessation medications, 2002 and 2004



* Nicotine lozenge was not available in 2002
 ** OTC medications were not included in the 2002 survey

CESSATION COUNSELING, CLASSES, OR PROGRAMS

In 2004, 70% of insured Wisconsin residents had some form of cessation counseling as a covered benefit although the length and format of these varied widely. The 2004 survey questionnaire attempted to delineate between cessation counseling, which may include a single, brief encounter or a number of sessions with a counselor, and more formal programs or classes addressing cessation. The question was somewhat open-ended and many respondents provided a description of the type of counseling or classes/programs offered as a benefit to their enrollees. Figure 3 and 4 outline counseling and classes or programs within general categories derived from respondents' descriptions.

FIGURE 3. Percentage of insured Wisconsin residents eligible for cessation counseling, 2004

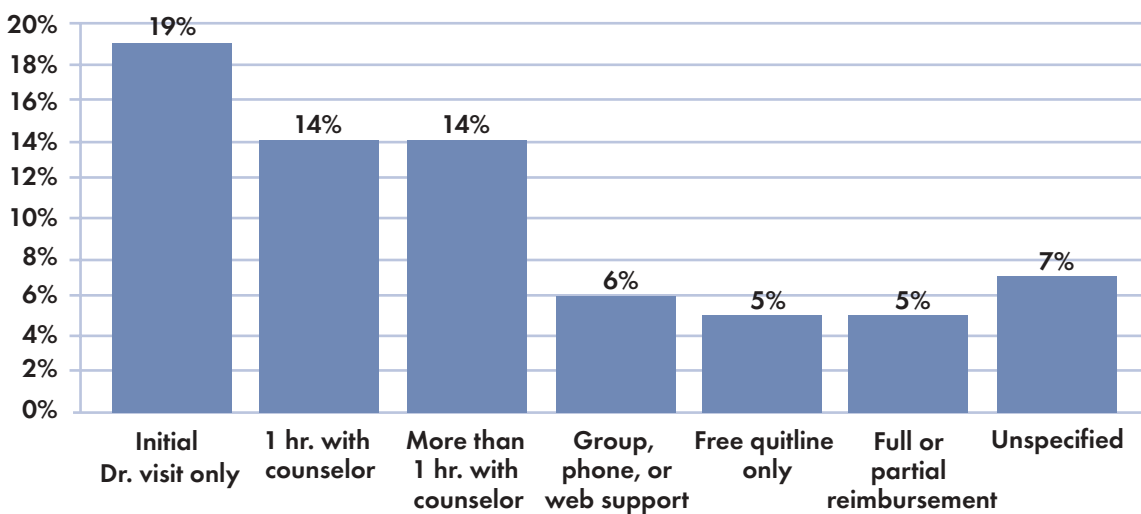
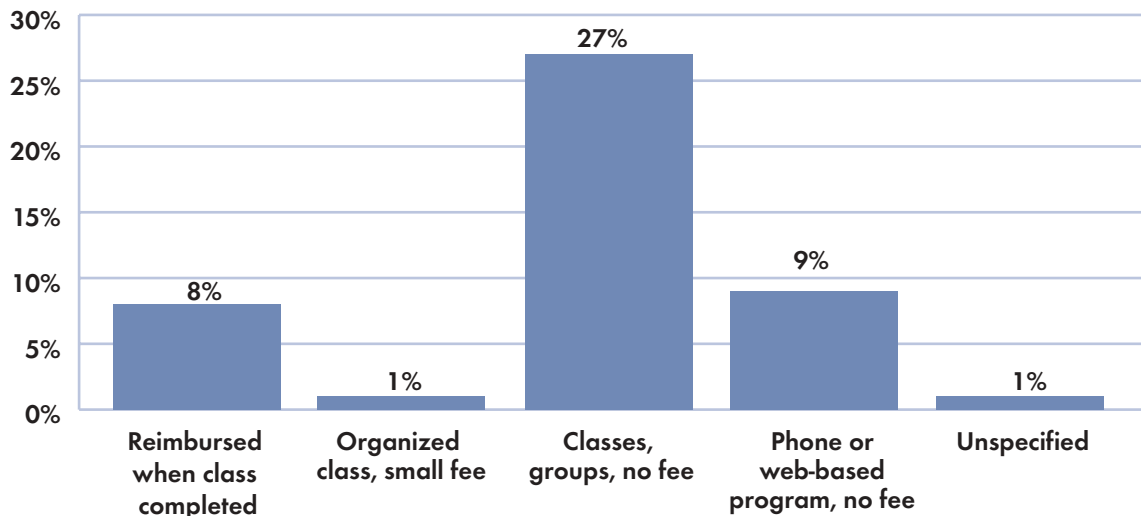


FIGURE 4. Percentage of insured Wisconsin residents eligible for cessation classes or programs, 2004



DISCUSSION

Although it is well known that tobacco use exacts a serious toll on healthcare costs, treatment for nicotine dependence is not uniformly extended to health plan subscribers¹¹. The results of this survey show a clear improvement in coverage for tobacco dependence treatments between 2002 and 2004 in Wisconsin.

Bupropion and the nicotine patch are widely covered. State of Wisconsin employees and Medicaid and Badgercare enrollees have mandated coverage for these treatments. However, despite evidence that combination therapy (i.e. bupropion and the nicotine patch) enhances success in quitting¹², only ten of the surveyed health plans cover this combination therapy as a benefit in their most popular commercial products. Combination therapy, when covered, is often constrained by type of contract or prerequisite authorizations.

Nicotine gum, inhaler, and spray, in that order, are the next most widely approved tobacco cessation medications. However, only four health plans offer all three (as part of their most popular commercial product) and five health plans offer one or two of these medications. State of Wisconsin employees and Medicaid and Badgercare enrollees have mandated coverage for nicotine spray and inhaler. The nicotine lozenge has been available over-the-counter since November 2003. For insured Wisconsin residents, the lozenge and other over-the-counter therapies are covered for 23% and 27% of residents, respectively.

Four health plans offer cessation medications on a once-per-lifetime basis. Abundant research documents the chronic nature of tobacco addiction and the high potential for episodes of relapse before successfully quitting¹³⁻¹⁶. Once-per-lifetime benefits are likely to foster low rates of quitting success and thus obscure the real value of cessation benefits for long-term health.

Of the Wisconsin residents represented in the 2004 survey, 70% have coverage for some type of counseling and 46% have coverage for a variety of programs or classes focused on tobacco cessation. However, the types of counseling and format of programs or classes vary widely. Thirty percent of enrollees have coverage for only one hour of counseling, either during an initial physician visit to obtain a prescription or by phone with a trained cessation counselor.

Only four health plans reported follow-up and ongoing support – important ingredients of successfully quitting tobacco use – as part of their cessation benefits. Three health plans offered a fixed reimbursement amount for cessation programs on a once-per-lifetime basis. Tobacco addiction, because of its chronic nature, is usually not able to be successfully addressed with a one-time intervention¹⁷⁻¹⁹.

The same 19 Wisconsin health plans that participated in the 2002 survey also participated in the 2004 survey. A comparison of these 19 health plans in both surveys showed increased coverage for three medications. Coverage for bupropion increased by 10%, nicotine patch by 19%, and nicotine gum by 15%. Coverage for at least one medication

increased from 56% to 66% within these 19 health plans alone. The data show a trend toward more universal coverage for tobacco dependence treatments in Wisconsin.

It is encouraging to note the increase in tobacco cessation treatment coverage offered by health plan providers in Wisconsin over just the past two years. It is also heartening to see current cessation research reflected in the focus and complexity of some of the counseling, classes, and programs offered to enrollees.

It is evident that some shortcomings exist – both in understanding the dynamics of tobacco cessation, nicotine withdrawal, and access and cost of treatments and in the measures to address these issues. For example, despite consistent research on the chronic nature of tobacco dependence and the prevalence of relapse^{5, 20, 21}, a small but significant percentage of insured residents (at least 7%) have only once-per-lifetime coverage of smoking cessation pharmacotherapies or counseling.

There is emerging research evidence that should influence future trends in cessation coverage:

- Recent research shows that combination therapy has the potential to improve quit rates for some persons^{12, 22, 23};
- A growing body of evidence indicates that reduced out-of-pocket cost is associated with greater use of tobacco cessation programs and services and may lead to increased rates of cessation²⁴⁻²⁷.

The reason most frequently cited by health plans for not covering tobacco cessation treatment is concern that employees may leave before a return on investment (ROI) is realized. However, such returns can be realized in as little as two years and can now be calculated online with an ROI interactive calculator established by America's Health Insurance Plans (AHIP)¹.

Results from this survey show that a number of barriers to utilization of cessation benefits exist. Many health plans require copays for services and some have additional restrictions such as limited reimbursement or reimbursement contingent on documented abstinence from tobacco use.

Although not addressed by this survey, other barriers to successful quitting include:

- Insurers who do not make their enrollees aware that their insurance will cover at least part of the cost of tobacco dependence treatment.
- A general lack of understanding of the efficacy of combining medications and counseling on the part of the general public, smokers, health providers, and insurers. Some health plan benefits include medications, but no counseling and some include counseling, but no medications.
- Lack of knowledge that tobacco dependence is a chronic addiction requiring ongoing support to achieve lasting abstinence.
- Lack of knowledge that health care costs as well as human costs are reduced when people quit using tobacco and that when people quit smoking everyone benefits.

Addressing these barriers and other shortcomings in cessation coverage will involve continued dissemination of evidence-based research not only on effective treatments but also on the cost-effectiveness of health plan coverage for these treatments. There is a clear business case to be made for coverage of tobacco dependence treatment. A summary of one such business case is included as Appendix B.

CONCLUSION AND RECOMMENDATIONS

Covered treatments for tobacco cessation have increased over the past two years, although Wisconsin still falls short of the national average for coverage of nicotine dependence treatment. Evidence-based medications, particularly Zyban, along with some type of cessation counseling, are the most widely available treatments. However, gaps between research on effective treatments and ensuing access to these treatments as a health plan benefit persist. In particular, the benefits of combined medications and the cost-effectiveness of smoking cessation programs need greater consideration.

The recommendations outlined in the PHS Clinical Practice Guideline, *Treating Tobacco Use and Dependence*⁵ have proved extremely useful in two very important ways: in stimulating changes in how tobacco dependence is treated and in enlisting essential support from healthcare systems for making coverage available and visible for a range of research-based cessation treatments. In the U.S. and in Wisconsin, there has been steady progress along both of these lines and the decreased prevalence of adult tobacco use continues to reflect this progress.

Improving coverage of tobacco cessation treatment involves a complex interplay of clinical considerations and economic concerns. Benefit decision-making policies vary from state-to-state and are influenced by various forces. One means of addressing this complexity is to ensure greater dissemination of research findings. While the clinical basis for treatment is better understood, the implications of these clinical aspects to business practices within the employer and insurance industry are not as well understood.

There is evidence of good progress at a basic level of providing some coverage for this medical condition. But given the gaps in understanding the nature of tobacco dependence and the economic value of coverage, progress toward substantially increasing quit attempts and successful quitting has been less than optimal. For these reasons, we make the following recommendations:

- **Expand tobacco cessation coverage to 100% of Wisconsin covered lives.** This step is essential if we are to achieve the Healthy People 2010 target of a reduction in U.S. adult prevalence of smoking to 12% in Wisconsin. This challenges health plans and employers in our state to join forces to agree that coverage for tobacco cessation will be a standard benefit.

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- **Promote cessation coverage to all tobacco users.** This will involve multiple levels including patient/physician clinical interactions and insurer and employer efforts to support treatment coverage.
 - **Expand efforts to document the business case for smoking cessation.** Guidelines such as the *Employers' Smoking Cessation Guide: Practical Approaches to a Costly Workplace Problem*²⁹ and *Coverage for Tobacco Use Cessation Treatments*³⁰, and *Making Your Workplace Smokefree: A Decision Maker's Guide*³¹ need wider circulation along with cost/benefit research.
 - **Continue to translate emerging research findings to inform benefit decision-making in Wisconsin.** As coverage decisions become more complex, healthcare purchasers are relying on reviews of new literature, physician consulting programs and cost versus benefit estimations³². Outreach efforts can facilitate this process. For example, a new resource designed by America's Health Insurance Plans (AHIP) is available online to estimate the incremental return on investment of evidence-based tobacco cessation interventions for health insurance plans, payors, and employers. This resource is available at www.businesscaseroi.org. This site validates that evidence-based programs can improve the health of tobacco users who quit and economically benefit health insurance plans and employers.

This survey offers an opportunity to evaluate the comprehensiveness of coverage for nicotine addiction and our success in disseminating new findings about treatment. Research confirms the cost-effectiveness of evidence-based treatment for this disease and we will continue to improve our research dissemination, particularly about cost-effectiveness. The growth of coverage in Wisconsin over the last two years is very encouraging. With continued effort, the goal of universal coverage for smoking cessation is achievable.

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TECHNICAL NOTES

The Wisconsin Insurance Survey was conducted in 2002 and 2004 and will be conducted every two years. As new treatments for tobacco dependence emerge, the survey is updated. The 2004 survey contained 16 items, each item allowing for check-off answers and comment if desired. The purpose of the survey is to monitor the status of insurance coverage for tobacco dependence treatments, especially as this status changes due to state and federal legislation and new FDA-approved medications.

The findings from this survey must be considered in light of several limitations. The health plans that responded in 2004 represent just over two-thirds of Wisconsin's insured population. The remaining third of the population may have tobacco cessation benefits to a greater or lesser degree than the population represented in this survey. A few of the responding health plans cover residents of surrounding states as well as Wisconsin residents. The survey failed to ask explicitly for the total number of covered lives *in Wisconsin* and, thus, some of the data may include nonresidents. This limitation will be addressed in future surveys. Likewise, the types of cessation counseling reported here were derived from respondents' descriptions and may overlap to some degree. Future questions about cessation counseling will be unambiguous.

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We acknowledge and appreciate the assistance of all the health plans that contributed to this report.

APPENDIX A

WISCONSIN HEALTH PLAN SURVEY OF TOBACCO CESSATION COVERAGE

University of Wisconsin Center for Tobacco Research and Intervention (CTRI)

INSURER:

CONTACT PERSON:

PHONE:

FAX:

EMAIL:

We at the UW-Center for Tobacco Research and Intervention are updating our annual survey of health plan coverage for tobacco cessation treatment in Wisconsin. Coverage for this health benefit has been evolving rapidly and we find this information invaluable in helping us monitor our progress as well as provide accurate information to other health plans, agencies and individuals. We hope to compile this information in a report to be shared with selected audiences. These audiences are limited to: The Wisconsin State Department of Health and Family Services, the Wisconsin Tobacco Quit Line, and other insurers, if they express interest. The report would be in the form of a Table of Benefits Offered and would be provided to you to check for accuracy before being completed. Any other reports would present information only in the aggregate.

Is this agreeable to _____? Yes ____ No ____

If no, all information will be reported anonymously

A one-page questionnaire is attached. Thank you so much for your help. I appreciate your taking the time to assist with this.

Sincerely,

Wendy Theobald
UW-CTRI

phone: 608-262-4149
fax: 608-265-3102
email: wt2@ctri.medicine.wisc.edu

Enrollment for _____

Total # of covered lives _____

of State employees _____ # of Medicaid/BadgerCare _____

of Employer/Individual _____ # of other _____

SMOKING CESSATION BENEFITS

(if you offer various options, please describe your most popular commercial product)

Medications/NRTs

Zyban/Wellbutrin Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

are clonidine/nortryptiline covered if needed as alternative to Zyban? Yes ___ No ___

Nicotine patch Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

Nicotine gum Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

Nasal spray Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

Nicotine inhaler Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

Nicotine lozenge Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

OTC products Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

Are enrollees able to use **two pharmacotherapies simultaneously** (i.e. Zyban and patch for 3mo. period)

within limits of their plan? Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

Tobacco treatment counseling, classes or programs

Counseling Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

other requirements/conditions _____

Classes Yes ___ No ___ pre-auth ___ co-pay ___ limits _____

or

programs other requirements/conditions _____

Is **initial physician visit** for prescriptions covered? Yes ___ No ___

Are **incentives** offered for cessation program activities? Yes ___ No ___ Type _____

APPENDIX B

THE BUSINESS CASE FOR INVESTING IN A SMOKE-FREE WORKPLACE IS CLEAR

If your business offers a smoke-free workplace and a smoking cessation program for employees, many of them will break free from their tobacco dependence. In return, your company will reap the following benefits over time:

- Lower prevalence of employee absence and turnover due to illness or death.
- More affordable health insurance premiums.
- Lower overhead.
- Improved pride in your workforce.

LOWER PREVALENCE OF EMPLOYEE ABSENCE AND TURNOVER

Make Your Workforce More Productive

Smokers, on average, miss six days of work per year due to sickness (including smoking-related acute and chronic conditions). Nonsmokers miss less than 4 days of work per year. Multiply the number of smokers on your workforce by two days of work, and you'll find that you're paying a lot for lost productivity. Surveys show smokers also take longer and more frequent work breaks.

The Centers for Disease Control (CDC) estimates Wisconsin businesses lose \$1.4 billion in worker productivity each year due to sickness and premature death caused by smoking. In addition, the average annual healthcare costs related to smoking in Wisconsin is \$1.5 billion. All told, smoking costs Wisconsin businesses almost \$3 billion a year.

Stop Turning Over Your Money

Smoking is the leading cause of preventable death each year in the United States, claiming more than 440,000 lives each year, including more than 7,000 in Wisconsin. That's more than the combined death rates for AIDS, drugs, alcohol, homicide, suicide and motor vehicle accidents, according to the CDC. Research shows the cost of employee turnover can be as high as \$10,000 - \$30,000 per employee.

SAVE ON HEALTH INSURANCE PREMIUMS

Many health insurers offer discounts for businesses that provide smoke-free environments and smoking cessation programs.

Here's why. Smokers tend to require more medical costs, see physicians more often and be admitted to hospitals for longer periods than nonsmokers. In a study of health care utilization in 20,000 employees, smokers had more hospital admissions per 1,000 (124 vs. 76), had a longer average length of stay (6.5 vs. 5 days) and made six more visits to health care facilities per year than nonsmoking employees.

Research shows that, while healthcare costs decline over time for former smokers, healthcare costs for continuing smokers can dramatically increase over time. If a health plan had no smokers, estimated savings would be approximately \$1.3 million per year per 10,000 smokers, according to a healthcare actuarial study. Smokers add approximately seven percent to the total cost of healthcare by using tobacco. Individual smokers average 30 percent higher healthcare costs than nonsmokers. Contact Chris Hollenback at UW-CTRI, (608) 262-3902 or ch3@ctri.medicine.wisc.edu for a copy of a full actuarial analysis.

BY THE NUMBERS

- 30% = higher percentage of healthcare expenses for a smoker vs. nonsmoker
- 74% = percentage of Wisconsin insurers covering some form of cessation medication
- \$490 = average extra annual medical expenses from regular exposure to secondhand smoke
- \$1,623 = average additional medical expenses per year for a smoker
- \$2.9 billion = combined healthcare expenses and lost productivity due to smoking in Wisconsin

Businesses pay an average of \$2,200 in workers' compensation costs for smokers compared with \$180 for nonsmokers.

SMOKE-FREE BUSINESSES HAVE LOWER OVERHEAD

Research shows employers who offer smoke-free environments and smoking cessation programs have lower overhead and cleaner work environments.

Construction and maintenance costs are approximately seven percent higher in buildings that allow smoking. Businesses offering smoke-free environments enjoy savings in cleaning and maintenance costs as high as 60 percent per year.

The U.S. Environmental Protection Agency (EPA) estimates that smoke-free restaurants can expect to save about \$190 per 1,000 square feet each year in lower cleaning and maintenance costs. The EPA also estimates a savings of \$4 billion to \$8 billion per year across the country in building operations and maintenance costs if comprehensive smoke-free indoor air policies were adopted nationwide.

BOOST EMPLOYEE MORALE

Offering a smoke-free environment and smoking cessation program shows your employees you care about their health and well-being. Nonsmoking employees will appreciate the healthier environment. Smokers who want to quit – and research shows that number to be as high as 70 percent – will appreciate the smoke-free environment, too, because it will assist them in their quit attempt.

Studies show that, in the long run, smokers who quit feel better physically, mentally and emotionally. Cleaner environments have also been shown to boost employee pride in their work environment and employer.

For more, visit www.ctri.wisc.edu.

Additional copies are available from:

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