



MEMORANDUM

Date: March 9, 2015

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH Huckelberry", is written over the printed name and title.

Re: **March 10, 2015 Agenda Item 11 – Request for Reconsideration, Nicotine/Tobacco-free Health Workforce Initiative and Medical Insurance for Fiscal Year 2015/16 Vote Clarification**

Board of Supervisors Chair Bronson placed this item on the March 10, 2015 agenda for reconsideration. Ms. Bronson also requested additional information regarding this subject. The information requested, along with the responses, appears below.

1. The annual, 5 year and 10 year costs incurred by the County's self-insurance program for smokers.

Since the County has only been self-insured since July 1, 2014, we do not have the historical information. However, Aetna has estimated the difference in cost between tobacco users and non-tobacco users is \$30.26 per member per month. There are approximately 11,671 members; therefore, the annual cost is estimated to be at least approximately \$4 million. We know the medical demand increases for smokers more rapidly than for our nonsmoking employees. Our present short-term increase is approximately six percent for both smokers and nonsmokers.

Based on the assumption that smokers have a probable nine-percent increase as compared to three to four percent for nonsmokers, in five years, today's \$4 million annual cost becomes \$6.15 million annually, with a cumulative total of over \$30 million. In 10 years, the annual cost would be approximately \$9.5 million, with a 10-year cumulative total of \$70.2 million.

2. If the County implemented a surcharge to smokers, could the savings realized by the County be directed to pavement preservation?

Yes. Up to an additional \$4 million and potentially up to \$9 million of General Funds could be used each year for pavement repair and maintenance. These savings would be realized as smokers choose to become nonsmokers motivated by a combination of discounts for nonsmokers and surcharges for smokers, creating the financial incentive to quit smoking.

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The surcharge amount is \$1.2 million assuming no tobacco users complete the tobacco cessation program. The County portion of premiums will be reduced by that same amount. However, it is anticipated at least half of the tobacco users will complete a cessation program; therefore, the aggregate surcharge is expected to be about half of the \$1.2 million, or \$600,000.

3. The aggregate and individual subsidy nonsmoking County employees incur because the smoking surcharge was not adopted.

The estimated number of tobacco users covered by the County's medical plan is 1,654. Based on insurance estimates, these smokers account for at least \$4 million in increased claim costs. This is approximately \$2,400 per smoker per year. If this additional claims cost is shared by all 5,186 insured employees, including the 3,532 nonsmokers, then the nonsmokers are each paying a \$771.31 annual subsidy for smokers.

4. A list of our region's major employers who have implemented surcharges for smokers and the amount of those surcharges.

The following are monthly surcharges imposed by some of our region's major employers:

- Maricopa County: \$20
- Mohave County: \$10
- The University of Arizona: varies \$6 to \$182
- University Medical Center varies \$21.67 to \$82.33
- Southwest Gas: \$43.33
- Tucson Medical Center: \$40
- Humana: \$50
- Scottsdale Healthcare: \$100
- Summit Healthcare: 10 percent surcharge

5. A list of the tobacco cessation programs that will be available to employees who smoke through June 30, 2015 and for FY 2015-16.

The following are tobacco cessation programs available at no cost to employees:

1. Healthy Lifestyle Coaching (HLC) Tobacco Free Program – Aetna
2. Arizona Smokers Helpline (ASHLine)
3. CVS MinuteClinic – Start to Stop®
4. Primary Care Physician (PCP)
5. Nicotine Anonymous

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6. The efforts SEIU has or will implement to encourage employees who smoke to enroll in a tobacco cessation program.

Currently, SEIU has not implemented any process to encourage their members who smoke to enroll in cessation programs. SEIU would be open to further discussion regarding cessation programs being offered and how these programs would be utilized by employees. SEIU has stated they would support programs that improve their members' overall wellness and will continue to discuss information presented through the Health Insurance Benefits and Wellness Advisory Committee regarding the programs before they can move forward with their support of the cessation programs being offered. Hence, no efforts have been extended by SEIU at this time to help their members quit smoking.

7. The cost to taxpayers if employees participated in smoking cessation programs on County time.

Please see the table below.

Cost of Paid Time Off for Smoking Cessation Programs (Aetna).

Program Type (One-year Period)	Hours Per Year	Countywide Average Hourly Rate	Individual Cost Per Year	Total Cost* for Estimated 1,654 Smokers⁺
20-minute Weekly Telephonic Coaching Up to One Year	17.3	\$23.00	\$ 398.66	\$660,000
20-minute In-person counseling, with 20 minutes estimated for travel each way (total of 60 minutes)	52.0	\$23.00	\$1,196.00	\$1,978,000

*Does not include overtime or taxes.

⁺32 percent of the 5,186 employees currently enrolled in the County's health insurance program.

CHH/mjk

c: Allyn Bulzomi, Director, Human Resources