

Business Costs in Smoke-Filled Environments

The U.S. Surgeon General has concluded that adopting smokefree workplace policies is a wise business decision. The results of all credible peer-reviewed studies show that smokefree policies and regulations do not have a negative impact on business revenues. Establishing smokefree workplaces is the simplest and most cost effective way to improve worker and business health.¹

PROFITABILITY

- The Society of Actuaries has determined that secondhand smoke costs the U.S. economy roughly \$10 billion a year: \$5 billion in estimated medical costs associated with secondhand smoke exposure, and another \$4.6 billion in lost wages. This estimate does not include youth exposure to secondhand smoke.²
- If all workplaces were to implement 100% smokefree policies, the reduction in heart attack rates due to exposure to secondhand smoke would save the United States \$49 million in direct medical savings within the first year alone. Savings would increase over time.³
- Smokefree laws add value to establishments. Restaurants in smokefree cities have a higher market value at resale (an average of 16% higher) than comparable restaurants located in smoke-filled cities.⁴

ABSENTEEISM AND LOST PRODUCTIVITY

- The U.S. Surgeon General has concluded that smokefree workplace policies lead to less smoking among workers and the elimination of secondhand smoke exposure, thus creating a healthier workforce.
- Cigarette smoking and secondhand smoke cost \$92 billion in productivity losses annually, according to the U.S. Centers of Disease Control and Prevention.⁵
- Smokers, on average, miss 6.16 days of work per year due to sickness (including smoking related acute and chronic conditions), compared to nonsmokers, who miss 3.86 days of work per year.⁶
- In a study of health care utilization in 20,831 employees of a single, large employer, employees who smoked had more hospital admissions per 1,000 (124 vs. 76), had a longer average length of stay (6.47 vs. 5.03 days), and made six more visits to health care facilities per year than nonsmoking employees.⁷
- A national study based on American Productivity Audit data of the U.S. workforce found that tobacco use was one of the greatest variables observed when determining worker lost production time (LPT)-greater than alcohol consumption, family emergencies, age, or

education. The study reported that LPT increased in relation to the amount smoked; LPT estimates for workers who reported smoking one pack of cigarettes per day or more was 75% higher than that observed for nonsmoking and ex-smoking workers. In addition, employees who smoked had approximately two times more lost production time per week than workers who never smoked, a cost equivalent of roughly \$27 billion in productivity losses for employers.⁸

- The U.S. Office of Technology Assessment estimated that in 1990 lost economic productivity from disability and premature mortality caused by smoking was \$47 billion.⁹
- The U.S. Centers for Disease Control and Prevention (CDC) puts a \$3,391 price tag on each employee who smokes: \$1,760 in lost productivity and \$1,623 in excess medical expenditures.¹⁰ In addition, estimated costs associated with secondhand smoke's effects on nonsmokers can add up to \$490 per smoker per year.^{11,12}
- Smokefree air will save Scotland £4.2 billion (\$7.9 billion) a year, according to a study conducted by Aberdeen University, assessing the costs and savings involved in the Scottish Executive's proposed bill that would make most enclosed public places in the country 100% smokefree. The report estimates that £1.9 billion (\$3.9 billion) of the savings would be in productivity gains, reduced sickness absences, savings on National Health Service treatment and reduced cleaning and decorating costs.¹³

MAINTENANCE

- The U.S. Environmental Protection Agency (EPA) estimates that smokefree restaurants can expect to save about \$190 per 1,000 square feet each year in lower cleaning and maintenance costs.¹⁴ The EPA also estimates a savings of \$4 billion to \$8 billion per year in building operations and maintenance costs if comprehensive smokefree indoor air policies are adopted nationwide.¹⁵
- The Organization for Economic Cooperation and Development estimates that construction and maintenance costs are seven percent higher in buildings that allow smoking than in buildings that are smokefree.¹⁶
- A 1993 survey of businesses conducted by the Building Owners and Management Association (BOMA) International found that the elimination of smoking from a building reduced cleaning expenses by an average of 10%. Smoking was also cited as the number one cause of fires on a BOMA fire safety survey.¹⁷
- The National Fire Protection Association found that in 1998 smoking materials caused 8,700 fires in non-residential structures resulting in a direct property damage of \$60.5 million.¹⁸

- In a survey of cleaning and maintenance costs among 2,000 companies that adopted smokefree policies, 60 percent reported reduced expenditures.¹⁹
- After Unigard Insurance, near Seattle, Washington, went smokefree, its maintenance contractor voluntarily reduced its fee by \$500 per month because the cleaning staff no longer had to dump and clean ashtrays, dust desks, or clean carpets as frequently.²⁰
- Using U.S. Bureau of Economic Analysis data, it was determined that employees who smoke cost businesses in Marion County, Indiana, \$260.1 million in increased health insurance premiums, lost productivity, and absenteeism, as well as additional recruitment and training costs resulting from premature retirement and deaths due to smoking.²¹
- At the Dollar Inn in Albuquerque, New Mexico, maintenance costs are 50 percent lower in nonsmoking rooms.²²
- Merle Norman Cosmetics Company in Los Angeles voluntarily went smokefree and saved \$13,500 the first year in reduced housekeeping costs.²³

INSURANCE RATES

- The total property and contract loss due to fires caused by smoking materials was more than \$10.6 million in 1996. The National Fire Protection Association reports \$391 million in direct property damage for smoking related fires from 1993 to 1996. Landlords and restaurants with smokefree premises have negotiated lower fire and property insurance premiums.²⁴ Fire insurance is commonly reduced 25-30% in smokefree businesses.²⁵
- The American Cancer Society reports that employees who smoke have an average insured payment for health care of \$1,145, while nonsmoking employees average \$762.²⁶

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