

# Costs and Benefits of Smoking Restrictions in the Workplace

An interview with  
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**Q:** Is it possible to save money by restricting smoking in the workplace?

**A:** Yes, but obtaining data on cost savings associated with workplace smoking control restrictions is difficult. Most economic studies examine the excess costs borne by companies as a result of having smokers on their payrolls. Estimates of the excess annual cost per smoking employee vary by an order of magnitude, but even conservative estimates are substantial: \$1,000 per smoker per year.

**Q:** Are employers motivated primarily by costs in implementing policies?

**A:** No. Employer surveys show that most workplace policies are implemented largely for reasons unrelated to cost: to protect the health of employees and ensure a safe working environment; as a reaction to nonsmoking employees' demands for a smoke-free working environment; or fear of possible legal liability for illnesses caused by exposure to environmental tobacco smoke in the workplace. Workplace smoking restrictions are an emerging trend of the 1980's, and are becoming more widespread because of the knowledge that the health of nonsmokers is endangered by the smoke of others. Because restrictions are a relatively new phenomenon, they have not been fully evaluated.

**Q:** Are health care costs a factor in this trend toward smoke-free workplaces?

**A:** Definitely. The Surgeon General has identified active smoking as the Nation's single most important preventable cause of disease and preventable death. About \$16 billion is spent each year on smoking-related medical costs—and businesses pay about 80 percent of all health insurance premiums. Many employers are convinced that smoke-free workplaces provide extra incentives for employees to stop smoking altogether, and that having more and more nonsmokers in their work force eventually will translate into reduced health care costs for the company.

Recognizing that employees of smoke-free companies overall may be healthier year-round, many insurers are inclined to give those companies a break on premiums. Some fire and casualty companies, for example, will cut their premiums by 50 percent. New York Life reduces its annual premiums on commercial disability policies by \$150 per nonsmoking employee. And Blue Cross-Blue Shield of Minnesota gives a 22 percent discount on premiums for insured-nonsmokers.

**Q:** What are other economic motivations for employers to implement workplace smoking policies?

**A:** Smoking policies of past decades focused on preventing fires or explosions around flammable materials, and protecting machinery and products rather than protecting employee health. Similarly, employers with office smoking policies today realize cost savings because computer equipment, furniture, carpets, and other furnishings last longer in a smoke-free environment with less maintenance.

**Q:** Obviously, the rewards of implementing a policy can be great—but at what cost to the employer?

**A:** Implementation costs depend on the characteristics of the company. Variables include the size and layout of the physical plant, the number of employees, and the type of policy desired. Support for employee cessation programs, hiring a policy consultant, and public relations and education costs are all real expenses to management. However, cost savings to employers from reduced ventilation system energy demands and other factors may counterbalance these expenses.



Smoking  
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Answers

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