MEMORANDUM

Date: December 15, 2014

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

From: C.H. Huckleberry
      County Administrator

Re: Agenda Item 8 on the December 16, 2014 Agenda Regarding Nicotine/Tobacco-Free Healthy Workforce Initiative

I request that this item be continued to the February 10, 2015 meeting, at which time I will provide information to the Board of Supervisors regarding the Self Insurance Trust Fund and medical insurance rates for Fiscal Year 2015/16.

As an alternative to adopting a policy that prohibits the hiring of smokers after July 1, 2015, the Board could adopt a policy whereby smokers would pay the full actuarial-related cost of their health insurance as compared to nonsmokers. Based on preliminary information, it appears new hires that smoke should pay a surcharge of $90 per month in order to pay their fair share of additional medical costs incurred as a result of choosing to smoke or use tobacco and/or nicotine products. This amount is based on a national standard by our insurance carrier regarding the additional insurance cost of smokers.

As I have indicated, Pima County has a significantly higher percentage of smokers than the national average – our 32 percent versus the national average of 18 percent. The values obtained as a national experience would be lower than those costs expected by Pima County.

During the period between now and the date I ask the Board to adopt self-insurance premiums for both the County and our employees, we will develop an actuarial analysis of the actual additional cost being incurred by the County in insuring smokers and/or those who use tobacco and nicotine products. This will allow the Board to consider, in addition to a policy prohibiting the hiring of smokers, a policy that requires smokers who are newly hired into Pima County service to pay the full additional cost of their expected actuarial-based medical services based on their smoking habits. This will minimize the concern I have regarding having taxpayers subsidize newly hired employees who smoke or use tobacco or nicotine products.

I have heard from a number of County employees who desire not to subsidize those employees who smoke. During the same period, I will ask for an actuarial review to
determine what premium surcharge should be applied to existing employees who smoke to ensure the vast majority of our employees do not subsidize smoking employees.

I continue to believe the County has a public health objective in adopting a policy that prohibits the hiring of smokers. We have led the nation in adopting and advancing obesity and diabetes-related programs. Our public health agency has a national reputation of advancing community and public health. It is fitting and proper that the County take a leadership role in reducing the personal, financial and emotional toll taken by tobacco use and smoking-related diseases.

Continuing this item will allow the development of another option for the Board, which would ensure newly-hired employees will not be subsidized by the taxpayers in their health insurance and will provide the Board an option to adopt a premium surcharge that ensures existing County employees who do not smoke do not subsidize those who do.

CHH/enc

c:  Jan Lesher, Deputy County Administrator for Medical and Health Services
    Alyn Bulzomi, Director, Human Resources
    Dr. Francisco Garcia, Director, Health Department
    Robin Brigode, Clerk of the Board