

BUSINESS CASE STUDY

AMERIGAS PROPANE INC. CASE STUDY—SMOKING CESSATION

Situation Overview

AmeriGas is the nation's leading provider of propane gas, serving more than 1.3 million customers in nearly all 50 states. AmeriGas employs more than 5000 men and women in 650 retail locations across the country.¹ Increases in operating expenses due to rising world energy costs thrust AmeriGas into a search for cost containment. In 2004, health care was identified as a rising cost burden; it accounted for double-digit cost increases for each employee over several consecutive years. After further investigation, AmeriGas came to realize that smoking, in addition to the rise in diabetes and other chronic conditions, was partly to blame. In particular, a phenomenal 47% of AmeriGas employees either smoked or lived with a smoker.² Reducing the number of smokers employed at AmeriGas became paramount.

Smoking Cessation Benefits—Adapting to a Changing Environment

Preventive benefits, including those that include lifestyle modification services such as quitting smoking, can be incorporated into a health care benefits design. Across the nation, there is an increasing trend to promote smoking cessation and provide coverage to quit.^{2,3} To address its rising health care cost, AmeriGas implemented a smoking cessation benefit, in January 2005 that incorporated proven tactics to reach and affect employees. The program included the following²:

- **A letter outlining the smoking cessation benefit**
- **Waived copayments for prescription antismoking treatments**
- **A commercially available disease-management program for smokers with a chronic disease, such as hypertension, high cholesterol, or diabetes**
- **Employee reimbursement of up to \$200 to join a community smoking cessation program (offered during the first 3 years of the program through the medical vendor)**

Program Outcome

AmeriGas has become a trendsetter in the industry and in the national news spotlight for its efforts in smoking cessation management.² The company is leading the charge in devising a customized smoking cessation benefit tailored to the unique composition of their employee population. By understanding what will affect and motivate its employees, AmeriGas put itself "ahead of the curve" regarding the management of poor health-related lifestyle behaviors on the part of employees.

References

1. AmeriGas. Available at: <http://www.amerigas.com>. Accessed May 26, 2006.
2. Fuhrmans V. Case grows to cover quitting. *Wall Street Journal*. April 26, 2005. Available at: <http://online.wsj.com/article/SB111447246099016528.html>. Accessed June 13, 2006.
3. Armour S. Trend: You smoke? You're fired! Posted May 11, 2005. Available at: http://www.usatoday.com/money/companies/management/2005-05-11-smoke-usat_x.htm. Accessed May 31, 2006.