The Business Case for Reducing Firearm Injuries

The health case for reducing firearm injuries is clear—more than 45,000 US deaths1 and likely twice as many nonfatal firearm injuries occurred in 2020, the tip of an iceberg of physical and mental anguish. The moral case for reducing firearm injuries is clear—more children and adolescents in the US now die from firearm injuries than from any other cause, an injustice to innocent lives.2 The legal case for reducing firearm injuries is contentious, although familiar to many—an ongoing tension between a spectrum of opinions related to the Second Amendment.

But the business case for reducing firearm injuries has remained largely neglected. This is especially true for US companies whose revenues, together with their workers’ wages, pay for the health care of employees and dependents who sustain firearm injuries.

The total economic toll of firearm injuries in the US is estimated to be $557 billion annually or 2.6% of gross domestic product, 88% of which is attributed to quality-of-life losses among those injured by firearms and among families.3 Even though this staggering macro-level figure is moving from a societal view, it can be difficult for individual employers to discern how much of this cost they bear and whether mitigating firearm injuries is actionable given their opportunity costs. About 21% of patients who present with nonfatal firearm injuries have private insurance, another 28% have Medicare or Medicaid, and the remainder are mostly uninsured.4

Recent Evidence for Employers

Among US workers and retirees with employer-sponsored health insurance, each nonfatal firearm injury leads to an estimated $30,000 in direct health care spending per survivor in the first year alone.5 This represents a 4-fold increase in health care spending from baseline, relative to workers of nearly identical age, sex, clinical factors, insurance characteristics, and areas of residence who did not sustain firearm injuries.

This additional spending on medical care is merely the preamble of employer costs. It does not include revenue losses, productivity losses, spending on employee assistance, spending on disability, or health care spending beyond the first year. For example, losses in revenue and productivity are estimated to cost employers $535 million per year nationwide.6 Despite that, the direct first-year medical spending on a firearm injury likely already exceeds the average first-year spending on other common conditions that employers have long tried to prevent, such as nonfatal myocardial infarction and heart failure.

Aside from added spending, employers face the physical and mental sequela of firearm injuries among their workforce. On average, workers who survive firearm injuries experience a 40% increase in pain, a 51% increase in psychiatric disorders, and an 85% increase in substance use disorders.7 Moreover, because employers generally insure workers and their family members, companies are similarly affected by a 25% increase in health care spending among family members during the month after an employee’s firearm injury and a 12% increase in psychiatric disorders among family members during the first year.8 All of this does not include any spending on prescription drugs—notably medications to treat pain and psychiatric conditions, for which utilization increased by 30% and 9%, respectively, among firearm-injury survivors in the first year.9

Such evidence suggests that employers and their health insurers sustain a potentially substantial financial burden from firearm injuries and have a financial incentive to prevent them. To date, however, US businesses have by and large not engaged publicly on the subject of firearms despite spending large sums on other efforts to promote employee health.

US Employers and Health Care

Over the last 2 decades, the share of US workers with employer-sponsored coverage whose employers are self-insured (rather than a third-party insurer bearing the risk of workers needing health care) increased from about 40% to roughly 60%. Moreover, about 80% of workers in large companies with 1000 or more employees are now in self-insured plans.6 For these self-insured workers, health care spending comes out of their employers’ margins, and is ultimately reflected in wages foregone. For other workers, mostly those in smaller businesses insured by private insurers, their health care spending, while partly borne by the insurer, is also eventually passed on to employers and employees, including through higher premiums and lower wages.

Furthermore, after a worker experiences a firearm injury, US employers and their insurers pay prices of medical care that are, on average, nearly twice the level of Medicare prices for a hospital stay, 2.6 times what Medicare pays for hospital outpatient services (eg, procedures, imaging, and emergency and outpatient visits),
and 1.4 times what Medicare pays for physician services.\(^7\) This is largely because employers and private insurers negotiate prices with hospitals and physicians, enabling the latter to exercise their market power, whereas Medicare, Medicaid, and other public payers (eg, the Veterans Health Administration) generally set their prices through regulation.

The lack of business engagement regarding firearms is striking in the face of billions of dollars spent on promoting employee health and wellness. Notably, half of small businesses and more than 80% of employers with 200 or more workers have invested in workplace wellness programs, spending an estimated $8 billion to $27 billion per year and about $200 to $300 per worker.\(^8\)\(^9\) The massive and expanding industry centered on improving employee cardiovascular health, mental health, and health behaviors suggests that these are indeed priorities for employers. However, large financial returns from such wellness programs have been called into question by recent randomized trials.\(^8\)\(^9\)\(^10\) Moreover, one firm’s investment in chronic disease prevention or health behaviors today may be realized by a different firm or Medicare years later. With this uncertain payoff, a potentially more concrete, immediate return from averting a firearm injury may have increased appeal.

Emerging Interest and Obstacles

Perhaps in this spirit, more than 550 CEOs and executives recently signed a letter to US Senators urging meaningful action to reduce gun violence. In this letter, these business leaders highlighted both the health and economic realities, emphasizing that “the gun violence epidemic represents a public health crisis that continues to devastate communities—especially Black and Brown communities” and that “On top of the human toll is a profound economic impact.”\(^10\)

The business case for reducing firearm injuries may ultimately rest not on their conspicuous costs to employers, but rather on a deeper societal alignment between companies and their consumers. Similar to recent efforts by many companies to reduce their carbon footprint (which investors on Wall Street have rewarded), efforts to curb firearm injuries may also appeal to a growing share of consumers as the number of people affected by gun violence accumulates. Younger consumers in particular are increasingly spending money at businesses whose values or ethos they share a personal connection with.

Although this business case may resonate with some employers, it may not with others. The prevalence of firearm injuries among workers remains far lower than the prevalence of common workplace injuries such as musculoskeletal pain. Nevertheless, firearm injuries among workers are increasing. In the population younger than 65 years of age, the rate of total firearm injuries among employees and dependents of US companies increased more than 4-fold from 2007 to 2020—from 2.6 to 11.7 per 100 000 enrollees (eFigure in the Supplement). For a large, self-insured employer with 100 000 workers, 12 firearm injuries that collectively cost $360 000 in direct medical spending during the first year (not including indirect costs) may not be significant enough to change corporate strategy. However, for businesses that encounter higher or growing rates of firearm injuries in their workforce, the economic rationale for reducing firearm injuries in their workers may be more difficult to ignore.

Practically, employers and insurers face a trade-off: with competing demands and opportunity costs, what would yield greater returns in health and productivity—investing the next dollar on preventing firearm injuries or on another objective? Even within the health domain, it can be challenging for executives and human resource professionals to determine whether the opioid epidemic, mental health, or other social determinants should receive the dollar on the margin. Research could illuminate this decision. Future work could also help firms understand how to invest toward reducing firearm injuries (eg, firearm safety training or policy advocacy).

Achieving public health goals often requires public and private sector collaboration. After years of deadlock, federal lawmakers made a sizeable investment toward mitigating firearm injuries by passing the Bipartisan Safer Communities Act. Signed into law by President Biden in June 2022, this law provides more than $1 billion to schools to improve school safety, mental health, and the learning environment, $750 million to states for crisis intervention programs, and hundreds of millions of dollars more for community mental health services. Now, it could be the private sector’s turn to take the next step toward protecting lives and livelihoods from firearm injuries.

ARTICLE INFORMATION

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REFERENCES