

Tobacco-Free Premium Discount FAQ's

General Questions

When do the Tobacco-Free Premium Discount rates go into effect?

July 1, 2012

To whom do the premium discounts apply?

All employees and their dependent(s) covered by a University healthcare plan that certify they are tobacco-free or whom have successfully completed an approved tobacco cessation program.

How much is the premium discount?

\$600 for Plan Year 2012.

How will the premium discount be administered?

The premium discount for you and your covered dependent(s) will be divided by your number of scheduled pays; an equal discount will be applied to your insurance premium throughout the Plan Year.

How did the University arrive at the premium discount amount?

Studies show that a tobacco user's annual medical costs are on average \$1,700 higher than the costs of a non-tobacco user. The premium discount is an attempt to reward employees who are making good health choices, while also creating a financial incentive for others to do the same.

How does the University define a "tobacco user"?

A tobacco user is a person who has used tobacco in the past 6 months. Tobacco includes cigars, cigarettes, chewing tobacco, pipe tobacco, electronic cigarettes or any other tobacco product.



I use the nicotine patch; does that count as tobacco use?

No. Nicotine replacement therapy, such as the nicotine patch or nicotine gum, does not count as tobacco use.

Are electronic cigarettes recognized as nicotine replacement therapy?

No. According to the U.S. Food and Drug Administration (FDA), "e-Cigarettes may contain ingredients that are known to be toxic to humans." One of the chemicals detected in the FDA's analysis was Diethylene glycol, which is an ingredient used in antifreeze. A number of FDA-approved smoking cessation aids are available for tobacco users, depending on their dependence on nicotine. These include nicotine gum, nicotine trans-dermal patches, nicotine lozenges, nicotine inhalation products, nicotine nasal sprays, and several prescription medications.

Why charge tobacco users higher premiums?

According to the U.S. Centers for Disease Control and Prevention, men and women who smoke have more lifetime medical expenses and are absent from work more days each year than those who do not smoke. In addition, smoking increases costly complications of pregnancy, such as pre-term delivery and low birth-weight infants. The state has identified the following statistics about what tobacco costs Indiana each year:

- For every pack of cigarettes sold in Indiana, Hoosiers spend \$7.57 in health care costs related to smoking.
- Indiana residents' state and federal tax burden from smoking-caused expenditures is \$566 per household.
- Annual smoking-related economic costs (including smoking-attributable medical expenditures and smoking-attributable neonatal medical expenditures) total \$3,391 per smoker.

Why is the premium discount only for tobacco use?

According to the National Institute on Drug Abuse:

- Smoking harms nearly every organ in the body. It's been linked to cataracts and pneumonia, and it accounts for about one-third of all cancer deaths. The overall rates of death from cancer are twice as high among smokers as among nonsmokers.
- Smoking has been linked to about 90 percent of all cases of lung cancer and is associated with many other cancers and lung diseases. It's also been well documented that smoking substantially increases the risk of heart disease, including stroke, heart attack, vascular disease and aneurysms.



All tobacco, including smokeless tobacco, contains nicotine, which is addictive. The amount of
nicotine absorbed from smokeless tobacco is 3-4 times greater than that delivered by a
cigarette, and while nicotine is absorbed more slowly from smokeless tobacco, more nicotine
per dose is absorbed and stays in the bloodstream longer.

How can the University charge me more for being a tobacco user?

The wellness program exemption from HIPAA's nondiscrimination rules allows employers to offer health plan-related financial incentives to discourage tobacco use as long as the total reward is limited, promotes good health or prevents disease, and is available to all similarly situated individuals.

Is this kind of premium discount (charging tobacco-users more) illegal?

No, many employers have enacted similar policies and they have survived numerous legal challenges. In fact, charging tobacco users higher rates is actually required by state law in Texas for employees covered by the state's health plan.

Isn't this really just another way to shift costs to employees?

No, this is a benefit changed designed to coax employees into getting healthier by offering financial incentives. However, it could be argued that those who are making healthy choices should not have to pay as much in premiums as those who are not making healthy choices and who have a higher claim experience. Higher claim costs drive premiums up for all of us because we are self-insured.

Will other health-related premium discounts be considered in the future for things like obesity, alcohol use and so forth?

Substantial research links tobacco use to increased medical costs. The University will continue to evaluate medical research regarding other health factors as we develop plan design recommendations for Plan Year 2013 and beyond. Our ultimate goal is to build a culture of health and wellness in which employees choose to become healthier.

The affidavit we sign mentions that we "may be subject to testing for nicotine." How will the University determine who gets tested and when?

The University does not have plans to randomly test employees for nicotine. Testing would only be required if there were reasonable suspicion (not merely rumors or gossip) that an employee who had



attested to being tobacco-free was actually using tobacco and falsely obtaining the tobacco-free premium discount.

Questions about qualifying for the Tobacco-Free Premium Discount

How can I qualify for the Tobacco-Free Premium Discount?

To qualify for the premium discount, you and your covered dependent(s) must certify during the 2012 Health Care Open Enrollment that you have not used tobacco since on or before January, 1, 2012, or that you are a tobacco user who has successfully completed an approved tobacco cessation program. Either way, you must attest that you and your covered dependent(s) will not use tobacco during the 2012-2013 Plan Year.

What if I don't certify my tobacco user status during Open Enrollment?

You and your covered dependent(s) will be considered tobacco users and will not receive the Tobacco-Free Premium Discount if you are covered by a University healthcare plan.

What if employees certify that they are not tobacco users when, in fact, they are?

When you certify your tobacco-user status, you attest that you are telling the truth. If it is later discovered that you made a false statement, you will be subject to disciplinary action, up to and including discharge, retroactive collection of premium discounts provided, and cancellation of your healthcare coverage.

If I complete 6 months as a non-tobacco user during the 2012 Plan Year, can I receive the Tobacco-Free Premium Discount at that time?

Yes. When you have been a non-tobacco user for at least 6 months, contact Payroll & Employee Benefits (PEB) to certify your non-tobacco user status. If you and/or your enrolled dependent(s) complete 6 months as a non-tobacco user by one of the dates below, your tobacco-free premium discount will be applied on or after the listed discount date:

- Certify tobacco-free status for 6 months by **September 1, 2012**, and qualify for the premium discount beginning October 1, 2012.
- Certify tobacco-free status for 6 months by **December 1, 2012**, and qualify for the premium discount beginning January 1, 2013.

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• Certify tobacco-free status for 6 months by **March 1, 2013**, and qualify for the premium discount beginning April 1, 2013.

How do I complete an approved tobacco cessation program?

Visit <u>www.bsu.edu/workingwell</u> or call the Working Well office at 765-285-9355 to get information on how to sign up for an approved tobacco cessation program.

What if I cannot complete an approved tobacco cessation program by July 1, 2012?

If you and/or your enrolled dependent(s) complete an approved tobacco cessation program by one of the dates below, your tobacco-free premium discount will be applied on or after the listed discount date:

- Successfully complete approved cessation program by **September 1, 2012**, and qualify for the premium discount beginning October 1, 2012.
- Successfully complete cessation program by **December 1, 2012**, and qualify for the premium discount beginning January 1, 2013.
- Successfully complete cessation program by **March 1, 2013**, and qualify for the premium discount beginning April 1, 2013.

The above schedule also applies to employees who simply fail to return their completed and signed affidavits before the original June 22, 2012, deadline, and/or employees who certify that they and/or their enrolled dependent(s) have been tobacco-free for six months as of the stated date (those who ceased using tobacco products on their own for a six month period in lieu of completing an approved cessation program).

If I complete an approved tobacco cessation program during Plan Year 2012, will the University refund the tobacco-user additional premium that's already been taken from my pay?

No. Some of your future additional premium will be waived, but you will not receive a refund of any amount you have already been deducted.

How much will I pay to participate in an approved tobacco cessation program?

The tobacco cession programs offered through the University are provided at no charge to you and/or your covered dependent(s). The University provides these approved programs as a benefit to you. This benefit also includes Nicotine Replacement Therapy (nicotine patches, gum, and prescription medications).