



O'Neal Steel Health Plan 2023 Tobacco-Free Family Premium Reduction FAQ's

GENERAL QUESTIONS

When does the annual Tobacco-Free premium reduction rates go into effect?

January 1, 2023 for employees.

Beginning January 1, 2023, employees and covered dependents are required to have been tobacco-free for 12 months, January through December 2022, or since the date of employment with O'Neal, if newly employed in 2022.

To whom do the premium reductions apply?

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

How much is the premium reduction?

The premium reduction is 12.5% of your monthly premium for the calendar year of 2023.

How will the premium reduction be administered?

The premium reduction for you and your covered dependent(s) will be divided by your number of scheduled paydays; an equal reduction will be applied to your insurance premium throughout the calendar year.

How did O'Neal arrive at the premium reduction amount?

Studies show that a tobacco user's annual medical costs are significantly higher than the costs of a non-tobacco user. The premium reduction 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 O'Neal define a "tobacco user"?

A tobacco user is a person who has used tobacco in the past 12 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 and use tobacco 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.

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 O'Neal 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 reduction (charging tobacco-users more) illegal?

No, many employers have enacted similar policies and they have survived numerous legal challenges.

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

No, this is a benefit change designed to encourage employees into getting healthier by offering financial incentives.

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

Participation in the LIVE**SMART** Health and Wellness program is also encouraged. Employees and spouses who are covered under an O'Neal health plan and who also participate in the LIVE**SMART** program are eligible for an additional 12.5% reduction. Our ultimate goal is to build a culture of health and wellness in which employees and family members choose to become healthier.

How can I qualify for the Tobacco-Free Family Premium Reduction?

To qualify for the premium reduction, you and your covered dependent(s) must certify during the 2023 Open Enrollment period that you have not used tobacco since on or before January 1, 2022, 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 2023 calendar 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 Family premium reduction if you are covered by an O'Neal health care 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 retroactive collection of premium reductions, and disciplinary action up to and including termination of employment.

If I (and my family) complete 12 months as a non-tobacco user during the 2023 plan year, can I receive the Tobacco-Free Family Premium Reduction at that time?

No. You or your covered dependent(s) are only eligible to certify for your non-tobacco user status during annual open enrollment. If you are a new employee, you must be a non-tobacco user from the date of employment in 2022 to be eligible for the premium reduction in 2023.

If you and/or your enrolled dependent(s) complete 12 months as a non-tobacco user by the date below, your tobacco-free premium reduction will be applied on or after the listed reduction date: Certify tobacco-free family status for 12 months by **December 31, 2023**, and qualify for the premium reduction beginning January 1, 2024.

How do I complete an approved tobacco cessation program?

Visit www.livesmartoni.com or call the LIVESMART program at (888) 501-1252 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 December 1, 2022?

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

- Successfully complete a four-month cessation program by June 30, 2023, and qualify for the premium reduction beginning July 1, 2023.
- Successfully complete a four-month cessation program by September 30, 2023 to qualify for the premium reduction beginning January 1, 2024.

If I complete an approved tobacco cessation program during calendar year 2023, will O'Neal refund the tobacco-user additional premium that's already been taken from my pay?

No. 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 cessation programs offered through O'Neal are provided at no charge to you and/or your covered dependent(s). O'Neal provides these approved programs as a benefit to you. This benefit also includes Nicotine Replacement Therapy (nicotine patches, gum, and prescription medications).