



DANONE SIMPSON
Insurance Services LLC

DEDICATION, SERVICE, INTEGRITY

Danone Simpson Insurance Services

Our commitment as your trusted insurance advisor is to assist you with your insurance needs including negotiations, implementation of plan designs, claims and risk management. We have partnered with several Human Resource Consultants, COBRA/Flex Third Party Administrators and other entities to provide personalized programs designed to fit your company's needs. By utilizing our buying power, we have had great success in creating service outsource options at reduced rates that are partially subsidized or cost free.

Our first and foremost goals are to service our clients to the best of our ability making them our priority in our every decision.

PRODUCTS AND SERVICES

- Group Medical, Dental, Vision
- COBRA/Flex
- Life
- 401 (k) Plans
- Long Term Care
- Long and Short Term Disability
- Employee Assistance Programs
- Voluntary Benefits
- HR Consulting Services
- Workers' Compensation
- Travel Assistance Programs
- Errors and Omissions
- Directors and Officers
- EPLI—Employee Practices Liability Insurance

Coming soon—HIPAA tool kit

Looking for individual health insurance for employees who've exhausted their COBRA Benefits? Please visit www.dsiemployeebenefits.com to obtain a Blue Cross individual quote.



In the Spotlight

The Pro's of Health Savings Accounts from our client Jan Bowler at Peerless Systems, Corp.:

Pros

Quality Health Care at an affordable cost-can even choose a plan with plenty of choice at a much more reasonable price

No use it or lose it-can save for health care costs in retirement

Flexible uses of the money-COBRA, Long Term Care premiums, OTC medications, medical appliances, etc.

Catch up contributions make the plan more attractive to those over 50

Employer contributions can make the plans more attractive to employees and in some cases, still save the company money

Interest bearing

A company can offer a HSA alongside a traditional PPO

Participants can use their HSA for an non-covered expenses by their plans

On the Hill

Bills focus on improving health

On May 25th, Rep. Jerry Weller (R-Ill.) and five co-sponsors introduced H.R. 5479, the Personal Health Investment Today Legislation, known PHIT, which would allow physical fitness programs and certain exercise equipment to be paid for out of pre-tax dollars by including them in tax-deferred medical savings vehicles such as flexible spending accounts and health savings accounts. If enacted, this legislation could support many Americans in adopting healthier lifestyles.

Another piece of legislation, The Preventive Medicine for a Healthier America Act of 2006 (HB 5657) has 3 goals—to increase the number of individuals pursuing careers in preventive medicine, make the public more aware of the importance of preventive medicine and encourage businesses to offer employee wellness programs.

Employee Assistance Programs (EAP)

Boost productivity, save money, get help for Employees and Supervisors. How can I do this?

By adding an EAP program to your Employee Benefits. They are designed to both assist employees and support the productivity and profitability of employers.

An EAP is a worksite-based program designed to assist:

- work organizations in addressing productivity issues, and
- employee clients in identifying and resolving personal concerns, including, but not limited to, health, marital, family, financial, alcohol, drug, legal, emotional, stress, or other personal issues that may affect job performance.

According to a recent study by The Hartford, companies without an EAP had 6% of employees on disability leave annually. Compared to just 2% of workers for employers that utilized EAP services.

IRS Notice 2006-69 – Debit-Card Rule

Based on recent clarifications from the IRS, how you use your FSA debit card to pay for eligible expenses is changing. As a result you will experience an increase in the number of instances where you will be requested to submit your receipts in order to substantiate your FSA debit card purchases. ***It is critical that you save your receipts for all FSA debit card transactions, even for co-payments at doctors' offices and other medical facilities, and that you submit your receipts when requested in order to fully substantiate your claim.***

What does “substantiation” mean?

Substantiation is a term that the IRS uses for validating a receipt or service is eligible for FSA purchases. To substantiate a claim for your FSA debit card means, you must provide proof of the purchase made (in the form of a receipt) and complete a substantiation form. A receipt must indicate the date, description and cost of the service in order to be considered valid. Credit card receipts and/or cancelled checks are not adequate for substantiation purposes.

Can my FSA Debit Card still be used for Dependent Care Expenses?

Dependent Care expenses cannot be prepaid using the debit card. The participant may only use the debit card to pay for dependent care services that have already been provided.

Dependent care expenses cannot be reimbursed until the period for which they are paid has passed. For example, if you pay for child care expenses for the month of November, you cannot be reimbursed any earlier than November 30th.



Benefit Updates

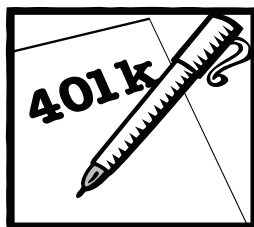
401(k) Limits Update

For 2006, the maximum amounts you can contribute to your 401(k) plan, as set by the IRS, are shown below:

2006 401(k) Contribution Limit: \$15,000

2006 Catch-Up Contribution Limit (only for those over 50 years old): \$5,000

2007: \$15,500 and adjusted in \$500 each year thereafter

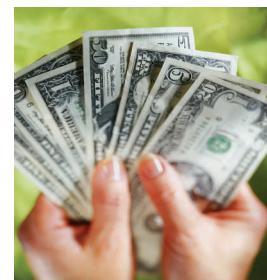


Effective January 1, 2007

'Plus ones' may get larger HSA contributions

An employer may contribute more to the HSAs of employees with coverage for themselves plus one, such as a spouse or dependent, than for employees who have only individual coverage, according to an IRS final rule.

How much more, is up to the employer, as long as contributions are comparable among employees who opt for the same category of health care coverage.



MEDICARE COSTS TO INCREASE.....

for Wealthier Beneficiaries, reports the NY Times. Higher-income people will have to pay higher Medicare premiums than other beneficiaries next year, as the government takes a small but significant step to help the financially ailing program remain viable over the long term.

It is expected to affect one million beneficiaries: individuals with incomes exceeding \$80,000 and married couple with more than \$160,000 of income. For individuals with incomes over \$200,000, the premium, now is \$88.50 a month, is expected to quadruple by 2009.

HEALTH INFLATION

Hewitt Associates shows that 2007 HMO rates will increase approximately 11.7 percent nationally, compared with 12.4 percent in 2006 and 13.7 percent in 2005.

The 11.7 percent represents the fourth consecutive year of declining rate increases.