



DEDICATION SERVICE INTEGRITY

VOLUME 3 SPRING 2007

DANONE SIMPSON INSURANCE SERVICES LLC

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 goal is to service our clients, making them our priority in our every decision.

PRODUCTS AND SERVICES

- Group Medical, Dental, Vision
- Life/Long and Short Term Disability
- Long Term Care
- Employee Assistance Programs
- Voluntary Benefits
- COBRA/Flex
- 401k Plans
- Compliance Updates, Executive Seminars
- Workers' Compensation
- Property/Casualty
- Risk Services - Supervisor Training
- Travel Assistance Programs
- Errors and Omissions
- Directors and Officers
- EPLI—Employee Practices Liability Insurance
- Human Resource Consulting Services

Human Resource Executives- If termed employees or those who have exhausted their COBRA benefits are asking about individual coverage you may refer them to www.dsiemployeebenefits.com to obtain a Blue Cross individual quote.

Proposed Federal Regulations: Social Security No-Match Letters

- Employer may face penalties for employing an illegal alien after (1) social security "no-match" letter; or (2) notice from Homeland Security that immigration status does not match.
- "Safe harbor" after employer receives a social security "no-match" letter if:
 - Investigate discrepancy within 14 days by checking records and requesting information from employee
 - Obtain new I-9 form (modified procedures) if not resolved within 60 days.



Updated Change

EEO-1 Form -- Revised Effective 9/07

- Adds "two or more races"
- Separates "Asian" and "Native Hawaiian of Other Pacific Islanders"
- Separates "Officials and Managers" into two levels of managers

The new EEO-1 must be used beginning 09/07, but employers need not collect the revised data until 10/07.

Source: *The Year in Review 2006* by John P. LeCrone



Computer Time! Kids' Health Sites

These kid-friendly Websites will help kids learn more about health and how the body works.

- www.4girls.gov - Covers body image, fitness, nutrition, relationships, and more for girls ages 10-16. Sponsored by the National Women's Health Information Center.



- www.bam.gov - **Body and Mind** focuses on important topics like stress and physical fitness for ages 9-13. Created by the Centers for Disease Control and Prevention.
- www.healthfinder.gov/kids - Developed by the Office of Disease Prevention and Health Promotion, features safe surfing tips, games, and contests.

Source: cited in Hope Health Letter

Medicare Part D Update Have You Filed Your CMS Creditable Coverage Disclosure?

Employers that offer prescription drug benefits and have employees or retirees eligible for Medicare Part D, need to file the **Creditable Coverage Disclosure** directly online at the CMS website.

When is the filing date? The first filing was due on or before March 31, 2006. **The form must also be electronically re-filed annually thereafter within 60 days of the beginning of each plan year or at any time that any change affects whether the drug coverage is creditable.**

Who needs to file? The easiest answer is **all employers that offer their employees a prescription drug benefit plan**. There is a lot of confusion among employers because many believe the filing requirement only applies to those offering retiree prescription drug benefits. Others believe that if they have applied for and are qualified to receive the federal subsidy, they are automatically exempt from this disclosure requirement. Our general guidance to employers is, if you offer a prescription drug benefit to employees and there is the potential that at least one employee or dependent is over age 65 and therefore eligible for Medicare Part D, you needed to file the form by March 31, 2006 and then annually thereafter or whenever a change affects whether coverage is creditable.

What needs to be filed? The **Creditable Coverage Disclosure** form is available electronically at www.cms.hhs.gov/apps/ccdisclosure/default.asp. For each type of prescription drug coverage offered by the employer/plan sponsor, the following information needs to be completed:

- Name of entity offering prescription drug coverage (employer or multiemployer plan)
- Entity Federal ID number
- Street address, city, state and zip code and telephone number of the entity
- Choose one type of coverage from the list on the form (group health plan category, state sponsored plan category, MediGap category, individual health insurance, veterans coverage, military coverage, Indian Health Service, tribe or tribal organization, urban Indian organization, or note in the fill in the blank space other type of coverage offered to Medicare Part D eligible individuals).
- Note how many options are offered under the coverage you are reporting

Source: Saritz Employee Benefit Consultants

Do you have an employee who is eligible for health care benefits through the TRICARE program?

If so, then you should be aware of some recent legislation that may impact your company.

What is the TRICARE program? The TRICARE program is the federal health care program for active duty and retired military and other uniformed service members and their dependents.

HR 5122: What You Should Know

HR 5122, effective January 1, 2008, affects the relationship between the TRICARE program and employer-sponsored group health care plans. The intent of the new law is to prevent employers from shifting health care costs to the federal government in situations where the employer's plan would have primary responsibility.

The following new requirements apply to any employer, including states and units of local government, that has 20 or more employees:

1. An employer-sponsored or union group health plan must allow a TRICARE-eligible employee the opportunity to enroll in the group health plan and receive primary coverage for health care services in the same manner as similarly-situated employees who are not TRICARE-eligible. A "TRICARE-eligible employee" is an employee who is entitled to health care benefits under the TRICARE program.

2. Private health insurance plans (such as employer or union plans) are prohibited from offering financial or other incentives to a TRICARE-eligible employee to encourage him or her to not enroll or to terminate enrollment in the group plan. In applying this rule, the similar provisions prohibiting financial and other incentives for the purposes of the Medicare secondary payer rules will also apply to TRICARE.

If an individual is covered by both TRICARE and any other insurance, medical service or health plan, including any plan offered by a third-party payer, TRICARE is the secondary payer for any benefits that are covered under both programs.

Violations of the prohibition are subject to civil monetary penalties of up to \$5,000 each.

Source: BlueCross of CA Newsletter

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Fiscal Fitness The Importance of Estate Planning

Everyone who owns anything has an estate. This includes a home, cars, bank accounts, stocks, bonds, mutual funds, life insurance policies, retirement plans, business interests, furniture, and collections.

A will and other estate plans can include provisions to minimize the expenses of settling an estate and perhaps save on taxes. As a result, more property goes to the beneficiaries. For example, unless stated in a will or other legal document, a person would be unable to leave a gift to a charitable organization because state laws only distribute estates to next of kin.

Legal experts advise reviewing estate plans when changes in relationships or economic circumstances occur. They also may need to be changed when tax laws change. Beneficiary designations on retirement savings plans and life insurance policies also need to be reviewed periodically to make sure they are current and not in conflict with provisions in a will or other legal document. Errors in beneficiary designations can lead to the disinheritance of heirs, delays in providing for the financial needs of loved ones, and unnecessary expenses and tax payments.

Source: cited in Hope Health Letter

Pre-Paid Legal Services Plan, provides a standard Will prepared for both member and spouse

By having a Pre-Paid Legal Services plan, members enjoy unlimited phone consultation, letters and phone calls written on their behalf, unlimited document review (up to 10 pages per subject), and a standard Will prepared for both member and spouse.

Who is covered under the plan? Your family—all children living at home to the age of 21 who have never been married, full time college students up to the age of 23 who have never been married, foster children to the age of 18 and any physically or mentally handicapped children living at home for life are covered under the membership.

In addition, members are covered for Motor Vehicle Legal Services, Trial Defense Services, and IRS Audit Legal Services, including services such as divorce, bankruptcy, child custody, DUI, immigration, probate, etc. Pre-Paid Legal Services now offers the Identity Theft Shield, also.

How much would you pay for these services? It's worth thousands but even hundreds of dollars make these services too expensive for the average person. Would you believe \$35.95 per month? That's \$1.19 per day or less than the price of a cup of coffee. How much is peace of mind worth to you and your employees? And it saves loss time at work.

Bundling STD/LTD/Travel/EAP!

Does your company offer Long Term Disability? If you are offering such coverage, then make sure you are getting the extras.

"Income lost through disability is two times as great as auto accident losses, and three times as great as fire losses." John Hewitt Associates Disability Fact Book, 2003/2004

"In the last 20 years, deaths due to the 'big three' (cancer, heart attack and stroke) have gone down significantly. But disabilities due to those same three are up dramatically! Things that used to kill, now disable." National Underwriter, May 2002

"58% of people ages 25 to 60 say they are very concerned about having sufficient income if they are injured and are unable to work." Health Insurance Association of America, Public Opinion, 2000

Long Term Disability is the insurance that covers your paycheck. The most common figure for a typical plan covers 60% of the disabled employee's paycheck until he/she is 65 years old. There are buy up options to cover a higher percentage of your paycheck.

Price appears to be a large barrier to employees when they look at disability insurance. Employees estimate that employers pay about \$1000 per year per employee for disability coverage, while it is actually closer to \$150-\$200.

Employers can offer disability insurance on a voluntary basis, without paying for coverage, making this benefit more affordable and accessible for your employees than individual coverage. If they purchase LTD themselves, they will not be taxed on the benefit.

Today many carriers that offer LTD, such as The Hartford, Prudential, and Unum, will bundle other products with their programs. If your company purchases LTD we can also offer a Travel Program, an EAP (Employee Assistance Program) and in some cases an HR website.

Travel Health Insurance: Say you were on a trip to Catalina Island by boat, fell, and broke your back. This insurance would pay for the helicopter flight to pick you up at the boat and bring you to the nearest hospital. (Also covers you while traveling abroad.)

Employee Assistance Program: This program offers a 1-800 number for a psychologist's help with everyday issues from job pressures, relationships, and retirement planning, to dealing with grief, loss, or disability. It covers anyone living in your home. For example, if your teenager was having difficulties at home or at school, you can give him/her this number to call for encouragement and advice. This program also covers face-to-face visits for counseling, financial planning, and legal advising.





Shopping Tips for HSAs



Here are some things to consider when searching for the right HSA. There are a number of HSA providers and many have different costs and fees associated with their programs.

Set Up Fee

Although you can find a number of HSA providers offering free account set-up, a one time HSA set up fee ranging from \$15 to \$35 is normal in the industry.

Monthly Fees

Monthly Fees can range from \$1 to as high as \$10 per month. Some providers charge every month, no matter what your HSA balance is, while others charge depending on your HSA balance and stop charging when your balance reaches \$1,000, while some require balances up to \$3,000 or higher.

Employers setting up a group for your employees should be on the look out for this. If you are going to fund employee's HSA accounts through a payroll deduction plan, your employees will pay the monthly fees for a long time until they reach the cut off point, which could add up quickly over time.

Ask what you're getting for these fees. Some people may find value in different services for which some HSA providers charge fees. No two HSAs are going to be used the same, so these are questions only you can answer. There are plenty of providers that do not charge monthly fees: so shop around.

Annual Fees

Some providers have switched to an annual fee, because you only see the fee once a year. Once again, ask what you're getting for these fees. If you find value, these fees could be well worth it.

Closing Fee

This is something to stay away from at all costs. If you are unhappy with the fees or for some other reason you no longer want to have your money with that HSA provider, they should not charge you to move your money. If they did a good job, you would not be moving your HSA, so why do you have to pay them one last time?

Using Your HSA

If you have a favorite credit card, perhaps one that earns your points or airline miles, pay your qualified health care expenses with that card to receive the miles or points. You can always reimburse yourself from your HSA at a later date, which doesn't even have to be within the same year.

Funding your HSA

With these new enhanced HSA contribution limits for 2007 and beyond, HSAEd.com highly recommends you fully fund your HSA. If you are currently funding an IRA or 401(k), you should consider funding your HSA first, as you can always get access to these funds for you and your dependents for qualified health care expenses while still receiving the tax benefits.

Source: cited in HSAfinder.com

4.5 Million Enrolled in HSA Plans

Apr. 2: Washington - 4.5 million Americans are covered by lower-premium, high-deductible health insurance plans that are offered in conjunction with health savings accounts (HSAs), a 43% increase since last year, a new census released today by Aermica's Health Insurance Plans (AHIP) found.

The census found that more than one-fourth of those purchasing HSA plans in the individual market were previously uninsured and that almost half of those enrolled in such plans were over the age of 40.

The census also reveals that HSA plans provide value-added services. Most companies offer HSA plans that cover preventive care before the deductible is met, provide disease management programs for chronic conditions, and include a wide array of Web-based tools to help consumers make more informed decisions.

This is the first AHIP census that compiled information about the savings accounts that work in conjunction with HSA plans. Eight-eight percent of accounts in place in 2006 had average annual balances of \$2,500 or less, while 4% had average annual balances over \$5,000. As of January 2007, 65% of accounts had been in place for less than one year.

"Consumers and employers want coverage choices," said Karen Ignagni, President and CEO of AHIP. "Our members have worked effectively to create HSA products that are built on the widespread availability of first-dollar preventive coverage, disease management services and online decision-support tools."

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