

DSI NEWSLETTER

OUR BUSINESS IS TO SERVE YOUR BUSINESS WITH
DEDICATION SERVICE AND INTEGRITY

Legal Updates and Industry News

VOLUME 4

SUMMER 2007



DANONE SIMPSON
Insurance Services LLC

License: 0F30734

California Legislative Update

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.

Health Matters

Eating Well, Sensibly and Healthy

Danone Simpson Insurance Services LLC, is collecting recipes for a cookbook. We are looking for healthy, low fat, low carb, low calorie, or whatever you have and would like to share that would be "health friendly". We would like to hear from everyone, Employees, CFO's, HR Directors, etc. It's not just limited to main courses, it can be appetizers, desserts, side dishes, etc., whatever you enjoy and want others to enjoy the delicious wonderful taste as well. Don't be shy, if you have more than one recipe that you want to share, **GREAT**, the more the better. In this day and age, more people are conscious of what they eat and how they look, so lets share. Send your recipes to Connie Shaffer at connie@dsinsuranceservices.com.

See page 3 for Facts on Snacks

AB 2012 Orthotic and Prosthetic Coverage

Before AB 2012, health plans and insurers were required to offer group coverage for orthotic and

prosthetic devices under terms agreed upon between the employer and the health plan or insurer. AB 2012 revised the existing "mandate to offer" to stipulate that this coverage may be subject only to maximums and limitations on coverage that apply to the plan's basic health care services. The new provision is effective July 1, 2007.

REMINDER

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

For final revisions of the EEO-1 go to:

<http://www.eeoc.gov/eeo1/index.html>



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See you at the office!

Why vision care belongs in the workplace

You've seen what sickness and stress can do to employee job performance. But what about that aspect of health you and your employees can't see until, well, you can't see? Eye health is more than just good vision. Did you know that the blood vessels in your eyes can clue doctors of conditions such as diabetes, high blood pressure, high cholesterol? Even brain tumors. And that's why annual eye exams are so important to overall health. "Eye exams remain three times more prevalent than physical exams," said VSP Vision Care Benefits Manager April Bettencourt. "A visit to the eye doctor may be an employee's only opportunity for an overall health assessment that leads to the care they need."

Source: Employee Benefit News and SourceMedia Inc.



HUMAN RESOURCES CORNER

Federal Minimum Wage Increase

Legislation raising the minimum wage to \$7.25 was a major item on the agenda of the 110th Congress. The Fair Minimum Wage Act of 2007 was passed in the House on January 10, 2007, and a modified version passed in the Senate a few weeks later. On May 25, 2007, President Bush signed into law a supplemental appropriations bill (H.R. 2206) which contained the provision increasing the minimum wage. The increase will be phased in 3 steps over a two-year period, and includes tax breaks for businesses to help counter perceived effects of the minimum wage. Within 60 days (July 24, 2007), it will be \$5.85 then \$6.55 on July 24, 2008 and \$7.25 on July 24, 2009.

California Minimum Wage Increase

On September 12, 2006 Governor Arnold Schwarzenegger signed AB1835, which raised the 2007 California minimum wage to \$7.50 on January 1, 2007, and to \$8 an hour on January 1, 2008. The increase also may affect some of your exempt executive, administrative and professional employees whose minimum salary requirements are tied to the state minimum wage. For these exempt employees, the minimum salary increased to \$2,600 per month (\$31,200 per year) on January 1, 2007 and to \$2,773.33 per month (\$33,280 per year) on January 1, 2008.

Source: CA Chamber of Commerce

Call today if you have not had time to hunt down your poster. We will be happy to send you one!

Multi-Year Workers' Comp Reforms Begin to Show Impact on System Costs

California experienced the largest decrease in average workers' compensation costs per claim among 14 study states, after years of double-digit cost growth and in the wake of reforms that took effect 2003 through 2006.

Workers' compensation costs per claim in California dropped by 15 percent in 2004/2005, driven mainly by a very large drop (24 percent) in medical costs per claim.

California's proportion of claims with more than seven days of lost time fell by nearly 2 percentage points in 2004/2005, after several years of small increases. This decrease was larger than in any other study state.

Medical costs per claim with more than seven days of lost time dropped 23 percent in 2004/2005 after a 4 percent increase in 2003/2004, and double-digit growth in previous years. This was a major reason for the decline in costs per claim.

These were among the findings of a new study by the Workers Compensation Research Institute (WCRI) which reviewed early evidence of the impact of multi-year workers' compensation reforms in California.

Source: The John & Rusty Report

Saving our clients in WC well over expected:

Saved: \$83,500 for a 141 employee company— 74%

Over \$65,000 for another 300 employee company. A full 63%.

If you want one WC plan for all states please let us know. We can assist you!



Health Matters

The Facts on Snacks

What do you do when your energy fades, your stomach growls and your clock says lunch is still hours away? There are muffins on the counter, but you know they aren't nutritious. Are you better off holding out until lunch? Actually, snacking during the day can have a very healthy effect on your body, as long as you're snacking on the right stuff.

There are a lot of choices out there for the person looking to support a healthy life-style, and still indulge in a little mid-morning treat. Because of their ability to foster a good metabolism, help control binge eating, and add energy to your morning slump, the facts on snacks are worth a look. The trick is to plan ahead, combat that pre-lunch grumble with some healthy alternatives. Here are just a few:

Almonds 'n' apricots

Almonds are high in protein and fibre, as well as being low-GI, a good source of magnesium, and rich in vitamin E (an antioxidant). Dried apricots, on the other hand, are rich in carotenes – which may lower the risk of cancers of the throat and lungs – and provide you with potassium, iron, calcium, silicon, phosphorus, and vitamin C. Interestingly, dried apricots have a far greater nutritional value than fresh ones because the nutrient content is so concentrated. Gram for gram, dried apricots have 12 times the iron, seven times the fibre and five times the vitamin A of fresh ones. The best way to eat this snack is to impale the almonds in the apricots!

Portion size: Six to eight apricots plus 20 to 25 almonds = approximately 250 calories.

Yoghurt 'n' honey

Yoghurt is low in fat, high in calcium and good for your gut. A recent study also found that people who got their calcium from yoghurt rather than other dairy sources lost more weight around the tummy area. Opt for low-fat, unflavoured varieties that contain probiotic bacteria, and add a touch of sweetness with honey. Honey has been shown to increase the blood's level of protective antioxidants, and may also be a useful diet addition for people with high cholesterol. According to research, using honey instead of sugar or an artificial sweetener can reduce total cholesterol and triglyceride levels and increase HDL (or 'good') cholesterol.

Portion size: One 120g pot of yoghurt plus one tablespoon of honey = 140 calories.

Apples 'n' pears

By eating these you can put two ticks against your five-a-day fruit 'n' veg target! Apples are high in pectin, a soluble fibre; contain quercetin – an antioxidant that can reduce damage caused by cholesterol; and have a high water content, which will help to keep your thirst satiated. Apples are also a good source of vitamin C. Pears are high in potassium and are also a good source of fibre and vitamin C. A study in 2003 found that women who consumed three apples or pears a day for three months lost more weight than women who had a similar calorie-controlled diet but did not have the fruit.

Portion size: One apple and one pear = 125 calories.

From the website: http://www.realbuzz.com/en-gb/Top_10_healthy_snacks/index?pageID=1340



Vegetables & brain power

Eating three servings a day of vegetables, particularly dark, leafy greens, may help keep your brain young.

Adults over 65 who ate two or more vegetables every day had 35 to 40% less mental decline over six years than those who ate less.

"That's the equivalent of being six years younger in age," says researcher Martha Clare Morris of the Rush University Medical Center in Chicago.

Vegetables may protect memory and thinking because they contain high amounts of antioxidants.

Source: Neurology, Vol. 67, pg. 1370

When it's "time" for breakfast

If you're not really hungry until 9 a.m., forcing yourself to eat breakfast at 6:30 a.m. may only add to your total calories for the day.

You'll probably be hungry and want to eat again at 9 a.m. anyway.

Pack a snack bag and eat a quick breakfast at 9 a.m., 10 a.m., or whenever you're really hungry. By delaying breakfast, you'll probably also eat a light lunch.

Nutritious "snack bag" breakfast items include whole-grain breads or bagels with peanut butter or a small amount of tuna, sliced chicken, or beef; cottage cheese and fruit; yogurt and a hard-boiled egg.

People who eat breakfast have more success with losing weight and keeping it off, but you don't need to set your breakfast by the clock.

Source: The Way to Eat, A Six-Step Path to Lifelong Weight Control, by David L. Katz, MD and Maura Harrigan Gonzalez, MS, RD

Asparagus in warm tarragon vinaigrette

1/2 lb asparagus
2 tbslp balsamic vinegar
Olive oil cooking spray
2 tsp Splenda
1 tsp minced garlic
1 1/2 tsp minced fresh tarragon
3/4 tsp sea salt
1/8 tsp freshly ground pepper
2 tbslp chopped, toasted pecans
2 slices cooked turkey bacon, crumbled

Bend the asparagus and break off the ends where the spears break naturally. Discard ends and slice spears in 1 1/2 inch pieces. Mix the vinegar and Splenda in a small bowl and set aside. Coat a nonstick skillet with olive oil spray and heat over medium-high heat. When the skillet is hot, add garlic and sauté until softened, about 1 minute. Add the asparagus and sauté until tender - about 5 minutes. Stir in the vinegar mixture, tarragon, salt, and pepper and mix well. Cook another 2 minutes. Sprinkle the pecans and bacon over the asparagus, and serve immediately.

Serves: 6. Per serving: 150 calories, 3 g carbohydrate, 2 g protein, 13 g fat, 280 mg sodium.

Source: Reprinted From Zone Perfect Cooking Made Easy, by Gloria Bakst with Mary Goodbody, published by McGraw-Hill



2007 HSA PRIMER



Health Savings Accounts (HSA) Basics:

HSA's are an economically sound approach to healthcare; rather than pay a lot of money for insurance premiums today

which you may not use, pay less for insurance and put the remaining money into a health savings account to spend tax-free for medical expenses when you need it.

- HSAs can only be used in combination and owned by individuals/employees.
- HSA contributions are from pre-tax dollars, and can be made by an employer, individual or employee, and/or third party.
- HSAs are portable benefits, controlled and owned by individuals/employees.
- HSAs can "roll over" from year to year as accumulated tax-free savings.
- HSA payouts for qualified medical expenses are tax-free.
- HSA interest and dividends are tax-free until retirement.
- HSAs are an inheritable asset.
- HSAs will encourage participants to become better healthcare consumers.

The HSA program has two parts: a high-deductible health plan (which usually costs less than other health plans) and a tax-advantaged, portable savings account for payment of current medical expenses which builds like a Medical IRA.

Similar in many respects to IRAs, Keoghs, and 401(k) plans, the tax advantages of Health Savings Accounts (HSAs) make them a "better rainy day fund" because contributions can be taken out as needed for medical expenses before retirement. Remaining dollars can be

saved for spending in future years, and/or invested to accumulate tax-free savings for your retirement.

What's In It For Your Business?

High-deductible health plans cost less. Rather than trying to pay for another year of double-digit health insurance premium increases, your business could be saving money.

Spending less on healthcare coverage can help make your business more competitive. An HSA program makes your firm more competitive by enabling it to attract and keep better, healthy employees. Plus, a good HSA strategy cuts your overhead costs, cuts your taxes, streamlines your administrative chores, and helps you stay competitive - even against larger corporations or rivals from overseas.

Health insurance is the number one benefit sought by employees. The HSA program will enable your company to continue offering health insurance, or perhaps start offering it; while helping your employees build a retirement nest egg.

HSAs can pay for many more medical procedures and products. You can use an HSA to pay tax-free for acupuncture, visits to the chiropractor, fertility treatments, therapy, and laser eye surgery -- just to name a few.

The cost of the insurance premium and any contribution to employees' HSAs are tax-deductible.

Employer contributions to employee HSAs, when run through a Section 125 Plan, are not subject to FICA, FUTA and other federal, state and local withholding taxes.

HSAs compare favorable to other plans, such as HRAs and FSAs.

HSAs utilize lower cost high-deductible health plans, and are eligible for multiple classes (employees, retirees and owners). The employee becomes responsible for their medical expense spending, and the money in the HSA account accumulates and earns interest and dividends. Any contributions are deductible for the business.

IRS Unveils 2008 HSA Limits Ahead of Schedule

On May 14, 2007, the Treasury Department released the **2008 HSA contribution limits**. Beginning this year, the inflation-adjustment limits will be released every Spring, not every Fall (as is the case with other tax code provisions).

For 2008, the limit on HSA contributions for an individual with self-only coverage under a Consumer Driven Health Plan (CDHP) is \$2,900, up from \$2,850 in 2007.

The 2008 annual contribution limit for an individual with family CDHP coverage is \$5,800 up from \$5,650 in 2007.

The 2008 Post-55 "Catch-up" limit is \$900, up from \$800 in 2007.

Additionally, the maximum out-of-pocket expense--including deductibles--that employees with single coverage can be required to pay will rise from \$5,600 next year, up from \$5,500 in 2007, and to \$11,200 for employees with family coverage.

Source: cited in Warner Pacific Insurance Services

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