



The Idea Exchange

EBX Newsletter

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Thank you for reading our newsletter! This month's issue features new and exciting articles that could help improve your business and give you more insight into your insurance needs.

Regards,

Phil Bobadilla, President

We go beyond your expectations!

Healthcare Reform Implementation 2010-2012

**Phil Bobadilla,
President**



The healthcare bill passed by the Senate and House will slowly be implemented over the next several years. This article will cover just a short timeframe from 2010 thru 2012 as we know it at this time. The first four years, for the most part involves plan designs and setting up of new taxes and obligations. 2014 and going forward is when the healthcare systems changes are taking place as well as other implementation aspects of the bill. Please keep in mind that this is meant to be informative but should not be considered as legal guidance. HHS and other agencies will be issuing multiple regulations and bulletins elaborating and clarifying more of what we know at this time.

**Constance Lemere,
Vice President**



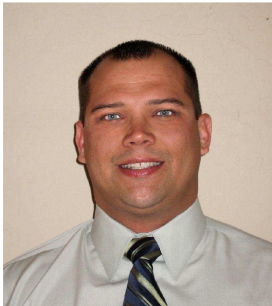
2010

Insurance Reforms: As of the signing of the Health Care and Education Affordability Reconciliation Act of 2010, all existing health insurance plans are now subject to new regulations that prohibit lifetime limits, rescissions, and excessive waiting periods. Compliance must be met within six months (Oct. 2010). Also there is a requirement to provide coverage for non-dependent children as well as dependent children that will allow them to stay on their parent's policies until age 26. Prior to 2014, the requirement is limited to those adult children without an offer of employer sponsored coverage. The bill also

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restricts any annual limits for group health plans and requires all plans (individual and employer sponsored) to provide first dollar coverage for preventive services (services are not yet defined).

Small Business Health Tax Credit: Eligible small businesses (those that have no more than 25 full time EE's, pay an average annual wage of less than \$50,000 excluding owners, and provide qualified coverage as defined by HHS) are eligible for phase one of the small business premium tax credit. Starting this year (all of 2010) Small employers will receive a maximum credit, based on the number of employees, of up to 50% of premiums for up to two years if the employer contributes at least 50% of the total premium costs. (A calculation form is available at www.ebxaz.com/health-care-reform.htm)

State Tax Credit: Monies are still available for the State of Arizona DOR to eligible small groups. Companies of less than 25 employees who have been in business for at least 1 year and have not offered a formal group medical program can apply for direct premium credits of an annual amount equal to \$1,000 per single employee and \$3,000 per employee and dependents.

Medicare Cuts: After October 1, 2010 physicians Medicare reimbursement will be cut by more than 20 percent unless Congress enacts the so called "doc-fix" to preserve or increase their payment levels.

Medicare Part D: Employers that provide a Medicare Part D subsidy to retirees will have to account for the future loss of the deductibility of this subsidy in 2013. This will be done on liability and income statements. While the elimination of the deductibility does not take effect until 2013, there could be an immediate accounting impact. The bill also creates a temporary reinsurance program for employers that provide retiree health coverage for employees over age 55 within the next 90 days.

High Risk Pool Program: Creates a temporary high-risk pool program for people whocannot obtain individual coverage due to preexisting conditions within 90 days of enactment. Employers are prohibited from sending individuals to the high-risk pool, with associated fines.

Management Only Plans: Group plans will be required to comply with IRS 105(h) rules that prohibit discrimination in favor of highly compensated individuals within six months of enactment.

Preexisting Conditions: All group and individual health plans, including self-insured plans, will have to cover preexisting conditions for children 19 and under for plan years beginning on or after six months after the date of

enactment. Grandfathered status applies for group health plans.

Rescissions: Health coverage rescissions by Health Carriers, within six months of enactment, will be prohibited for all health insurance markets, including self-insured plans and grandfathered plans, except for cases of fraud or intentional misrepresentation.

2011

W-2 Reporting: All employers must include on W2's the aggregate cost of employer sponsored health benefits, for informational purposes at this time. If an employee receives health insurance coverage under multiple plans, the employer must disclose the aggregate value of all such health coverage, but exclude all contributions to H.S.A's and Archer MSA's and salary-reduction contributions to FSA's. Applies to benefits provided during taxable years after December 31, 2010.

H.S.A Penalty: The penalty for making non-qualified purchases with an H.S.A. account increases to 20%. OTC drugs will no longer be reimbursable under H.S.A's, medical FSA's and HRA unless they are prescribed by a doctor.

Federally Subsidized Long Term Care: Voluntary payroll deductions begin for CLASS long term care program. Working adults may be automatically enrolled in this program unless they choose to opt out. If they do not opt out, they will be automatically enrolled. This will certainly change in the coming year as it has been called a large unfunded mandate.

Brand-name Drug Tax: An annual fee will be imposed on manufacturers and importers of brand-name drugs. The amount is set at \$2.5 billion for 2011, \$2.8 billion per year for 2012 and 2013, \$3 billion per year for 2014 through 2016, \$4 billion for 2017, \$4.1 billion for 2018, and \$2.8 billion for 2019 and thereafter. This cost will be passed on to the consumers.

Physician Ownership Referral: Physicians are prohibited from self-referring to hospitals in which they have an ownership interest. There are limited exceptions, including an exception to the growth restrictions for grandfathered physician owned hospitals that treat the highest percentage of Medicaid patients in their county (and are not the sole hospital in the county).

2012

1099 Reporting: Business will have to complete 1099 forms for every business-to-business transaction of \$600 or more. This will be a tremendous paperwork burden for all businesses.

Medicare Advantage (MA): MA payments are frozen for 2011. Beginning in 2012, a new system of blended benchmarks will be phased in.

Phil Bobadilla, President

Small Business Healthcare Tax Credit

Most of the health care reforms President Obama signed into law last month won't kick in for another four years, but small businesses can look forward to some quick relief -- a tax credit to offset insurance premiums took effect immediately.

Millions of business owners will get postcards from the Internal Revenue Service in the coming weeks suggesting they check and see if they are eligible for the 2010 tax credit. Per the IRS web-site, notifications are also going out to tens of thousands of tax professionals.

To get the credit a business must have fewer than 25 full-time workers or the equivalent (the hours worked by part-timers count), pay an average annual wage of less than \$50,000, and cover at least half the cost (50%) of health insurance premiums for their workers.

There are a few additional restrictions including caps on how high qualifying premiums can be and the credit works on a sliding scale. Businesses with fewer than 10 employees and average wages less than \$25,000 can max it out while larger firms and those with higher payrolls collect a reduced credit.

For 2010 through 2013, the tax credit covers up to 35% of the money a qualifying business spends on its health insurance premiums. In 2014, the top tax credit bumps up to 50%. The credit is available for a maximum of six years: 2010 through 2013 and for any two years after that.

For nonprofit employers, the credit is refundable, meaning they can collect it and get a check back from the government even if the business runs at a loss and has no taxable income.

For-profit companies can only use the credit to offset the actual federal income taxes they pay for the year. However, any unused portion of the credit can be carried forward for up to 20 years to reduce future taxes.

Here is an example of how the Tax Credit would work: An auto repair shop with 10 employees that has a total payroll of \$250,000 -- meaning each worker averages \$25,000 -- and spends \$70,000 annually on health insurance premiums would max out the benefit, collecting a credit of \$24,500 on its 2010 taxes.

One goal of the tax credits is to incentivize more companies to offer health insurance for their workers. The White House Council of Economic Advisors estimates that 4 million small businesses would qualify for the credit if they insure their workers and that eligible companies will save \$40 billion over the next decade from the tax break.

In a rough economy every dollar saved is vital! To learn more about the tax credit please call Employee Benefit Exchange. We can answer any of your questions and also provide you with a helpful Q & A from the IRS on this topic.

Constance Lemere, Vice President

Why Use Local Treasury Management Services?

In order to thrive in today's economy a company needs more than a positive cash flow. Maximizing cash and increasing controls are essential to staying ahead of the curve. A well managed cash strategy increases purchasing power and gives greater access to capital for expansion or investing in additional research and development. At National Bank of Arizona, our certified Treasury Management team offers the tools needed to accelerate cash flow, control disbursements and deliver cutting edge access to information. These services along with our expertise, local delivery and support have earned us the trust of our clients as well as five Excellence Awards from Greenwich Associates. We invite you to learn more about how our award-winning Treasury Management services and local presence can benefit your company. To contact us, please call 888.241.5550 or e-mail treasurymgmt@nbarizona.com.



Natalie Fantus, Consumer Sales

Tips for Healthier Eating

#1: Set Yourself Up for Success

To set yourself up for success, think about planning a healthy diet as a number of small, manageable steps rather than one big drastic change. If you approach the changes gradually and with commitment, you will have a healthy diet sooner than you think.

#2: Moderation is Key

People often think of healthy eating as an all or nothing proposition, but a key foundation for any healthy diet is moderation. Despite what certain fad diets would have you believe, we all need a balance of carbohydrates, protein, fat, fiber, vitamins, and minerals to sustain a healthy body. Try not to think of certain foods as "off limits" and think of smaller portions.

#3: It's Not Just What You Eat, It's How You Eat

Healthy eating is about more than the food on your plate- it is also about how you think about food. Healthy eating habits can be learned and it is important to slow down and think about food as nourishment rather than just something to gulp down in between meetings or on the way to pick up the kids. Eat with others whenever possible, take time to chew your food and enjoy mealtimes, listen to your body, and eat breakfast, and eat smaller meals throughout the day.

#4: Fill Up On Colorful Fruits and Vegetables

Fruits and vegetables are the foundation of a healthy diet-they are low in calories and nutrient dense, which means they are packed with vitamins, minerals, antioxidants and fiber. Fruits and vegetables should be part of every meal, and be your first choice for a snack-aim for a minimum of five portions each day. The antioxidants and other nutrients in fruits and vegetables help protect against certain types of cancer and other diseases.

#5: Eat More Healthy Carbs and Whole Grains

Choose healthy carbohydrates and fiber sources, especially whole grains, for long lasting energy. In addition to being delicious and satisfying, whole grains are rich in phytochemicals and antioxidants, which help to protect against coronary heart disease,

certain cancers, and diabetes. Studies have shown people who eat more whole grains tend to have a healthier heart.

#6: Enjoy Healthy Fats & Avoid Unhealthy Fats

Good sources of healthy fat are needed to nourish your brain, heart and cells, as well as your hair, skin, and nails. Foods rich in certain omega-3 fats called EPA and DHA are particularly important and can reduce cardiovascular disease, improve your mood and help prevent dementia.

#7: Put Protein in Perspective

Protein gives us the energy to get up and go-and keep going. Protein in food is broken down into the 20 amino acids that are the body's basic building blocks for growth and energy, and essential for maintaining cells, tissues and organs. A lack of protein in our diet can slow growth, reduce muscle mass, lower immunity, and weaken the heart and respiratory system. Protein is particularly important for children, whose bodies are growing and changing daily.

#8: Add Calcium and Vitamin D for Strong Bones

Calcium and vitamin D are essential for strong, healthy bones-vitamin D is essential for optimum calcium absorption in the small intestine. Recommended calcium levels are 1000 mg per day, 1200 mg if you are over 50 years old. Take a vitamin D and calcium supplement if you don't get enough of these nutrients from your diet.

#9: Limit Sugar, Salt, and Refined Grains

If you succeed in planning your diet around fiber-rich fruits, vegetables, whole grains, lean protein, and good fats, you may find yourself naturally cutting back on foods that can get in the way of your healthy diet-sugar, salt and refined starches.

#10: Plan Quick, Healthy, and Easy Meals Ahead

Healthy eating starts with great planning. You will have won half the healthy diet battle if you have a well-stocked kitchen, a stash of quick and easy recipes, and plenty of healthy snacks.

For more information about healthier eating and some related articles visit:

http://helpguide.org/life/healthy_eating_diet.htm

Katelyn Sandoval, Admin Assistant

Don't forget to check out our facebook and twitter pages!

twitter: <https://twitter.com/EBXAZ>

facebook: <http://tinyurl.com/ebxfacebook>

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