



The Idea Exchange

EBX Newsletter

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Phil Bobadilla,
President

The President's Corner

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 Tax Credit for 2010

Recently a small business advocacy group founded to focus on solving some of the biggest problems facing small business today wrote an article addressing the Healthcare Tax Credit for 2010. This is a subject most of our clients are inquiring about so I have enclosed part of the article for your review. We have also posted the three PDF reports on our web page so that you may review them for yourselves.

As you are preparing to see your tax consultants to prepare your 2010 tax reports, please take this information with you and inquire as to whether or not your business work qualify for this tax credit. Our goal continues to be that of bringing subject to mind that would support you in your efforts to keep "Business a Private Enterprise. Free and Independent".

Here are excerpts of the article from "Small Business Majority".

***Introduction:** Small businesses are the backbone of America's economy. Across the country, there are nearly 4.8 million businesses that employ 25 or fewer workers. They're your local diner, the hardware store down the street, and the mechanic in your neighborhood.*

While small businesses have been serving us, however, our healthcare system has been failing them, making it difficult-if not impossible-to provide their workers with quality, affordable health coverage. Particularly for the smallest businesses, the cost of providing health insurance can be prohibitively expensive, especially in these tough economic times.



**Constance Lemere,
Vice President**



**Del Ann Norvelle,
Customer Service**



**Blanca Mares,
Customer Service**

Small businesses, particularly those with 10 or fewer workers, struggle to provide health insurance for their workers, and that some cannot afford to provide it at all. Legislators therefore included some provisions in the law to help small employers and their workers obtain affordable coverage. One of these important provisions is a program to provide tax credits that small employers can use toward the purchase of health insurance for their workers. Starting this year, businesses with fewer than 25 workers and average wages of less than \$50,000 will be eligible to receive a tax credit for the health insurance that they provide for their employees.

For this study, Families USA and Small Business Majority commissioned The Lewin Group to analyze data on business sizes and wages from the U.S. Agency for Health Care Research and Quality and the U.S. Census Bureau in order to quantify the number of employers who will be eligible to receive help from this provision.

Key findings: More than 4 million (4,015,300) small businesses will be eligible to receive a tax credit for the purchase of employee health insurance in 2010. That's 83.7 percent of all small businesses in the country).

- ***In 11 states, more than 90 percent of small businesses will be eligible to receive a tax credit in 2010. These states are Arkansas (94.2 percent), Montana (94.0 percent), Nebraska (93.8 percent), South Dakota (93.6 percent), Mississippi (93.2 percent), Indiana (92.9 percent), North Dakota (91.9 percent), Missouri (91.8 percent), Iowa (90.8 percent), West Virginia (90.3 percent), and Maine (90.1 percent) (see Table 1 on page 3 of the [PDF](#)).***
- ***Approximately 1,198,700 American small businesses will be eligible to receive the maximum tax credit in 2010 (see Table 2 on page 4 of the [PDF](#)).***

Conclusion: *Targeting those businesses that are most in need, the small business tax credits and other critical provisions of the Patient Protection and Affordable Care Act will help make health coverage affordable and accessible for America's small businesses. Employers who have postponed wage increases and sacrificed business growth in order to keep their workers covered, and those who have been forced to drop coverage altogether due to cost, will be able to provide their workers with the peace of mind that comes with health insurance.*

Whatever we think of the Patient Protection and Affordable Care Act at this point, what we do know is that this Small Business Tax Credit is here and available now. As I mentioned, we have posted the PDF's, we have a special tab on our web page for some initial indication of your company's the Tax Credit if you qualify, and we have posted a new 8941 form "Credit for Small Employer Health Insurance Premiums" Non-Profits are also eligible.

Please forward this newsletter to anyone you think may find this of value.

Sincerely,



Phil Bobadilla
President

How to Read Your Explanation of Benefits (EOB)

Understanding Your Explanation of Benefits

Each time you or your health care provider files a claim, an Explanation of Benefits, or EOB, is created explaining how they have calculated your benefits/payment. The EOB is not a bill. Rather, it provides details as to how benefits were applied to a particular claim. When you receive an EOB, you should review it closely and compare it to the receipt or statement given to you by your Provider. You will find terminology and codes that will help you be sure you are being billed only for the services that were performed.

First, you'll notice plenty of personal information like your claim numbers, group numbers and more. You'll also notice the name of the provider. That's your first usable piece of information because it tells you which of your doctor's bills to associate it with. Sometimes you'll receive more than one EOB for each of your medical bills. The lists of services, CPT codes, amount billed and approved will all be there. Other information you'll find will be the cost -- how much was billed, how much the insurer actually paid in total, and how much of your deductible was applied.

Second, the list of services provided may be a mystery because those terms for the services can be confusing. Just like you can look them up on your doctors bill, you can look them up from the EOB, too. Here's how: You may find that you receive more than one EOB for the same doctor visit. You'll want to be sure that no services are listed twice for the same visit. For example, you might have blood drawn at two different visits, but you wouldn't have it drawn, and charged, twice on the same date.

Finally, what your doctor bills, and what your insurance pays, will rarely be the same amount. You can compare those amounts using your EOB. The amount of money paid to your doctor by your insurer / payer is called a reimbursement. You'll see what your doctor was reimbursed by your payer in the "Approved" category of the EOB. Typically, the amount your doctor charges for services, as seen on the bill and on the EOB, and the amount your payer reimburses for that service, as seen on the EOB only, are two different things. The reimbursement is usually less than the doctor's charge. You can use the EOB to compare those two amounts. You'll learn two things from this:

- What your insurance has paid to your doctor (reimbursed) on your behalf. (Don't forget, by paying insurance premiums, you have paid the insurer to do this.)
- The amount that is unpaid will be the difference between the Amount Billed and the Approved amount. In most cases, unless you've been told differently by your provider ahead of time, that means the difference will also be forgiven (you won't owe the difference) because the Dr. can't come back to you to charge you the rest. Some EOBs, but not all, will show you the balances on your account. For example, if you have already paid part of the deductible for your coverage year, that may appear on your EOB.

Hopefully this will help you to better read your EOB's in the future and give you more insight on how Providers and Insurers are paid based on your insurance policy. However, if you are ever in doubt if a bill is paid correctly please don't hesitate to call our office and one of our Benefit Specialist will be happy to assist you.

Constance Lemere
Vice President

Identity Theft: Get the Experts on Your Side

Identity theft is the fastest growing crime in North America. No one expects identity theft to happen to them, but it affects millions of people each year. It can take only a few minutes for someone to steal your identity, but years to repair the damage.

Our Identity Theft Shield membership includes:

Credit Report

An up-to-date Experian credit report, including your personal credit score, calculated and analyzed by an Independent service.

Continuous Monitoring

Continuous monitoring of your credit file at Experian means you will be alerted about new activity.

Identity Restoration

Identity restoration means that licensed investigators will work to correct damages caused by identity theft. This includes working with affected public agencies, like the Social Security Administration, the U.S. Postal Service and law enforcement personnel. In addition, fraud alerts will be sent on your behalf to all three credit repositories and affected companies and agencies. Finally, proactive searches of applicable local and national databases will be made on your behalf (to look for information you may not be aware of).

The Five Major Types of Identity Theft Involve:

Driver's licenses
Social Security Numbers
Medical Information
Character/Criminal actions
Financial transactions

Note: Your Identity Theft Shield covers you, your spouse and for an additional \$1.00 per month your children with Safeguard for Minors. Please feel free to check out our web site: www.prepaidlegal.com/hub/tnorthrop

Ted and Janie Northrop

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A Night with the Phoenix Coyotes!

THE WELLNESS COMMUNITY NIGHT WITH THE PHOENIX COYOTES

Come support The Wellness Community as we partner with the Phoenix Coyotes and try to win a \$10,000 grant!!! Take advantage of an exclusive offer to friends of The Wellness Community that allows you to purchase discounted tickets and receive priority access to seats for our game on Friday, April 1st vs. the Colorado Avalanche at 7 p.m.

Discounted Ticket Prices:

\$45 (reg. \$75)	\$15 (reg. \$36)
Lower Level End-zone	Upper Level Sides/Ends

Every ticket sold gets The Wellness Community closer to winning \$10,000.

Contact Matthew Audibert, Group Sales Account Executive at (623) 772-3225 or by email at Matthew.Audibert@phoenixcoyotes.com to purchase tickets. You must mention The Wellness Community when you purchase your tickets to get the discounted rate.

Tina Bronson

The Wellness Community AZ
Director of Development & Marketing



Client Alert: The Tax Relief, Unemployment Insurance Reauthorization, & Job Creation Act of 2010

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, signed into law on December 17, 2010, is the end result of President Obama's compromise with the GOP to extend the "Bush tax cuts" set to expire at year-end. In addition to providing a 13-month extension of benefits for the long-term unemployed and extending expiring provisions, the Act includes several new tax provisions. Here's what you need to know:

Tax Rates

The Act extends existing federal income tax rates for two additional years. As in 2010, the federal tax bracket rates for 2011 and 2012 will be 10%, 15%, 25%, 28%, 33%, and 35%. (Without this legislation, federal income tax rates would have increased beginning in 2011--the current 10% federal income tax bracket would have disappeared, and the five remaining tax brackets would have been 15%, 28%, 31%, 36%, and 39.6%.)

Existing tax rates for long-term capital gains and qualifying dividends are also extended through 2012. As a result, long-term capital gains and qualifying dividends will continue to be taxed at a maximum rate of 15%. If you're in the 10% or 15% marginal income tax brackets, a special 0% rate will generally continue to apply.

Alternative minimum tax (AMT)

The alternative minimum tax (AMT) is essentially a parallel federal income tax system, with its own rates and rules. To prevent a dramatic increase in the number of individuals subject to AMT, the Act retroactively increases AMT exemption amounts for 2010, and extends the increased exemption amounts to 2011. Non-refundable personal income tax credits will also continue to be allowed to offset AMT liability in 2010 and 2011.

AMT exemption amounts	2010	2011
Married filing jointly	\$72,450	\$74,450
Single or head of household	\$47,450	\$48,450
Married filing separately	\$36,225	\$37,225

Estate Tax

The Act makes major, though temporary, changes to the federal estate tax. For 2011 and 2012, the estate tax exemption amount (the applicable exclusion amount, renamed the basic exclusion amount) will be \$5 million per person (the \$5 million will be indexed for inflation in 2012); the top transfer tax rate for these years will be 35%. The \$5 million exemption amount and 35% top estate tax rate will apply retroactively to 2010 as well, but for individuals who died in 2010, an election can be made to choose the estate tax provisions effective prior to this legislation (i.e., no estate tax applies, but special modified carryover basis rules apply); an extended due date is provided for individuals who died on or after January 1, 2010, and before December 17, 2010. For 2011 and 2012, when one spouse dies, any unused portion of that spouse's estate tax exemption amount may be transferred to the surviving spouse.

One-year reduction in Social Security payroll tax

If you're an employee, 6.2% of your covered wages up to the taxable wage base (\$106,800 in 2011) is generally withheld for your portion of the Social Security retirement component of FICA employment tax. If you're a self-employed individual, you pay 12.4% for the Social Security portion of your self-employment tax. The Act implements a one-year 2% reduction in this tax. That means for 2011, you'll pay the tax at a rate of 4.2% if you're an employee, and 10.4% if you're self-employed.

Depreciation and IRC Section 179 expensing

If you're a business owner or self-employed individual, you may know that an additional 50% depreciation deduction has been available for qualifying property placed in service during 2010. The Act increases the bonus depreciation percentage allowed to 100% for property acquired and placed in service after September 8, 2010, and before January 1, 2012. The Act also extends bonus depreciation at the 50% level through 2012 (the 50% bonus depreciation will apply for property placed in service after December 31, 2011, and before January 1, 2013).

For tax years 2010 and 2011, the Small Business Jobs Act increased the maximum amount that could be expensed under IRC Section 179 to \$500,000 and increased the phaseout threshold amount to \$2 million. For 2012, the dollar limit amount and phaseout threshold level were scheduled to drop to \$25,000 and \$200,000, respectively. This Act sets the IRC Section 179 expense limit for 2012 at its 2007 level--\$125,000, with a phaseout threshold of \$500,000--indexed for inflation.

Education provisions

- The Act extends the American Opportunity tax credit (known as the Hope tax credit before being significantly--though temporarily--modified by the American Recovery and Reinvestment Act of 2009). The American Opportunity tax credit's higher maximum credit amount, increased income limits, expanded applicability to the first four years of college, and potential refundability, available in 2009 and 2010, are extended through 2012.
- The current rules that apply to Coverdell education savings accounts (e.g., \$2,000 annual contribution limit, education expenses expanded to include elementary and secondary school expenses) are also extended through 2012. Without this change, the annual contribution limit would have dropped to \$500 beginning January 1, 2011.
- For the student loan interest deduction, increased income limits and the suspension of the 60-month rule, which would have expired at the end of 2010, are extended for two years (the deduction was, prior to 2001, limited to interest paid in the first 60 months of repayment).
- The deduction for qualified higher education expenses, which expired at the end of 2009, is retroactively reinstated for 2010, and extended through 2011.

The Act prevents itemized deductions and personal and dependency exemptions from being reduced for higher income individuals for two additional years (2011 and 2012). The Act also extends "marriage penalty" relief, in the form of an expanded 15% tax bracket and an increased standard deduction amount for married individuals filing jointly, through 2012.

Provisions extended through 2011 include: the \$250 above-the-line deduction for elementary school and secondary school teacher classroom expenses; tax-free IRA distributions to charitable organizations by individuals age 70½ or older; and the deductibility of mortgage insurance premiums. Provisions extended through 2012 include: rules relating to the earned income credit; the child tax credit; the credit for child and dependent care expenses; and the adoption tax credit and

exclusion amount for employer-paid adoption assistance.

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National Heart Month: Be Heart Smart

Did you know that February is American Heart Month, and not because of Valentine's Day? Every year since its congressional approval in 1963, the President has issued a proclamation to this effect, to help raise public awareness of heart disease. Even though most people associate heart disease with men, it's also the leading cause of death among women. To raise awareness of this fact, the American Heart Association's [Go Red](#) campaign aims to help women take action against heart disease.

Here are some things you can do to help your heart:

- Limit your intake of fat
- Choose heart-healthy fats over saturated fats and trans fats
- Limit your intake of sugars
- Limit your intake of sodium/salt
- Choose more whole grains, legumes, fresh produce and low fat dairy products
- Choose lean meat and poultry
- Include fish in your diet
- Exercise portion control
- Become physically active for 30 to 60 minutes a day
- Stop smoking
- Limit your intake of alcohol

For more on hearty-healthy living: take a look at [Low Fat Basics](#), where you'll find plenty of articles and resources on lowering the fat in your diet.

From: <http://lowfatcooking.about.com/b/2009/02/02/national-heart-month-be-heart-smart.htm>

Dionne Pugh

Benefit/Marketing Specialist

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twitter: <https://twitter.com/EBXAZ>
facebook: <http://tinyurl.com/ebxfacebook>

Want to be "in the know" every month?



Sincerely,

Employee Benefit Exchange
We go beyond your expectations!

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