

businessnews

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Dear Readers,

I spent some time at the beach this summer, which was fun and relaxing. But my curiosity got the best of me when the local weekly beach town newspaper carried headlines about a public hearing at the village hall at 6:00 the next evening for information and input on the proposed “beach nourishment project”. Since dinner was an hour-and-a-half away and I was both bored and curious, I rode my beach bicycle down to the village hall to see what I could learn about “beach nourishment”. Although the agenda lasted three hours (since the local property owners were concerned about property assessments) I was intrigued by the first hour presenters – before my growling stomach motivated me to bicycle back to the condo for dinner. The experts on the subject were consultants and civil engineers from North Carolina State and University of North Carolina. They provided some interesting statistics and historical data on the effect of prior sand restoration projects conducted all along the Carolina coast and barrier islands by the U.S. Army Corps of Engineers and by private contractors in rebuilding dunes and extending the beach seaward to replace the sand lost to erosion and severe storms. The data clearly showed that prior beach sand replacement projects had lessened, or even prevented, damage caused by subsequent hurricanes and erosion. Although expensive, the cost of the property assessments had to be weighed against the significantly larger costs of having houses and buildings destroyed by “the future storms that will definitely come” – we just have no idea how soon or how severe.

So ... you know by now where I’m heading with this story...our business mission, which focuses on planning and preparation “for the financial storms that will definitely come” in our personal, business and financial lives, is a lot like the mission of the beach town village council to get people to prepare beforehand for “the storms that will definitely come”.

On that rather somber note, we at Snider, Fuller and Associates hope you take some time to relax now that summer is over ... and when you’re ready to get back to the serious business of planning against your life’s financial storms, come and see us.

While we rarely promote a specific carrier or product in *businessnews*, our benefits newsletter, I’m making an exception in this edition to enclose a brochure from John Hancock Retirement Services. This article explains and gives an example of a new feature to provide more retirement planning certainty, called the “Guaranteed Income for Life” rider. While this is not appropriate for all of your employees, I believe many of your employees would welcome the protection this rider would provide, particularly for its relatively low cost of .35% annually added to the expense fee of those participants electing the features of the rider.

Naturally, you would want to completely review the product features, costs, and a prospectus before changing carriers or adding this feature, but this unique rider can provide additional certainty during these very uncertain markets. Call us if you’d like to discuss this idea and product further.

This edition of *businessnews* includes updates from Carol on legislative issues. We all await whatever changes come from the national healthcare reform discussions in Washington and how it will effect your health benefits package – it’s too early to predict at this time, as nobody seems to know “who’s on first” with the many competing proposals. We’ll report in our next *businessnews* as it becomes clearer, and we will send e-mails sooner if there is critical information you need to know or act upon that will affect your company’s benefits package.

Sincerely,

Mark Snider

Ohio House Bill 1

Changes to insurance requirements

Ohio's recently enacted state budget includes new requirements for insurance companies and businesses designed to help certain uninsured adults obtain coverage. Below are new provisions, according to the Ohio Department of Insurance website, www.insurance.ohio.gov.

Continuation of Coverage for Unmarried Adult Children

Insurance policies issued or renewed and plans established or modified on or after July 1, 2010, must offer parents with employer-sponsored health insurance the opportunity to purchase coverage for their children up to age 28. Once the child has reached the limiting age for dependent children in the policy, upon the request of the insured, the insurer shall offer to cover any unmarried child until the child attains the age of 28. The cost of the premium could be the sole responsibility of the covered parent.

An employer who does not currently offer coverage to dependents is not required to do so as a result of this continuation of coverage law.

To receive benefits up to the age of 28, the unmarried child must be: (1) the natural child, stepchild, or adopted child of the employee; (2) a resident of this state or a full-time student at an accredited public or private institution of higher education; (3), not employed by an employer that offers any health benefit plan under which the child is eligible for coverage, and (4) not eligible for coverage under Medicaid or Medicare.

A child who previously reached the maximum age for coverage under the policy and elected COBRA continuation coverage will be eligible for continued coverage under the parent's policy when these changes become effective. The child need not have been continuously covered under the parent's policy in order to be eligible for continued coverage; however, the child must meet the eligibility criteria above.

For purposes of state tax law, the older adult child will be treated as a dependent even if they don't meet the income and support limitations under federal law and the benefit will not be included in the parent's adjusted gross income under state tax laws. The parent should consult with a tax advisor to determine the federal tax implications.

Open Enrollment Program

This law change will only affect the individual insurance market, not group plans. Insurers will be limited in how much they can charge people with diabetes, cancer and other preexisting or chronic conditions who purchase individual health policies through open enrollment.

Following a phased-in approach, the cap will eventually be 1 1/2 times the lowest rate charged to a person of similar age and gender. This change is eventually expected to reduce open enrollment premiums by at least 50 percent. The cap applies only to the open enrollment coverage purchased in the individual health-insurance market, including nonemployer groups, but does not apply to employer group plans.

These new rate limitations affect policies issued or renewed on or after January 1, 2010. Quotas for the number of individuals each insurance company will be required to offer coverage to will be phased in over several years, resulting in an eventual total of 52,000 estimated additional Ohioans able to purchase health insurance through open enrollment.

State Continuation Coverage

State continuation coverage was permanently extended from 6 to 12 months so that employees of small businesses (less than 20 employees) who lose their jobs can maintain health insurance coverage for themselves and their families at their own cost. This change became effective for policies and contracts issued, delivered or renewed on or after April 1, 2009.



Section 125 (Cafeteria) Plans

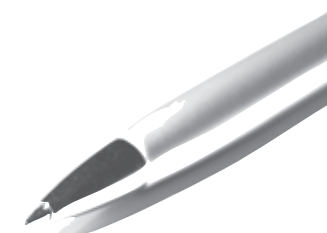
Employers with 10 or more employees must offer uninsured employees the opportunity to purchase coverage with pre-tax dollars, saving about 40 percent off the cost of premiums by reducing the income taxes employees pay. Although many Ohio businesses currently offer Section 125 plans, this requirement will begin to be phased in for some employers starting on January 1, 2011.

The requirement will be phased-in based on employer size. When fully implemented, all employers who employ 10 or more employees must adopt and maintain a cafeteria plan that allows employees to pay for health insurance coverage by a salary reduction arrangement as permitted under Section 125 of the Internal Revenue Code.

The Department of Insurance will need to work with the Internal Revenue Service and the Department of Labor to develop rules to implement the Section 125 plan requirement in accordance with federal law. Prior to adopting rules and implementing this new requirement placed upon employers, the Department must receive approval from the appropriate federal agencies.

Employers with more than 500 employees must comply with the requirement by no later than January 1, 2011, or six months after the superintendent of insurance adopts rules to implement and enforce this requirement, whichever is later. Employers that employ 150 to 500 employees must meet the requirement by no later than July 1, 2011, or 12 months after the superintendent adopts rules, whichever is later. Employers that employ 10 to 149 employees must be in compliance by January 1, 2012, or 18 months after the superintendent adopts rules.

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Check out what's new



Coming Soon -- HIPAA Privacy and Security Provision Documents

The American Recovery and Reinvestment Act of 2009 (ARRA) includes amendments to the privacy and security provisions under the Health Insurance Portability and Accountability Act (HIPAA). Most of the changes are effective February 17, 2010. As a group health insurance broker, Snider, Fuller & Associates is considered a "Business Associate" of our clients' plans. Under current law, a Business Associate is not directly responsible for privacy and security requirements under HIPAA; their obligation is through a signed Business Associate agreement with the health plan. ARRA has amended HIPAA to make Business Associates directly responsible for certain requirements and subject to penalties for noncompliance. In order to fulfill the new requirements, we will be sending agreements to our group clients within the next few months.



COBRA as Amended by the American Recovery and Reinvestment Act (ARRA)

As a reminder, ARRA also amended the Consolidated Omnibus Budget Reconciliation Act (COBRA). Employees who lose group coverage due to involuntary termination will now be eligible for a 65% federal subsidy payment toward the cost of their COBRA premiums. The termination must occur between September 1, 2008 and December 31, 2009. The employee will pay 35% of the premium cost under the plan's normal payment procedures. The employer is then eligible to receive the 65% subsidy as either a payroll credit or refund payment. COBRA notices should have been revised to include an explanation of the eligibility provisions and conditions of the subsidy program.

Eligible employees may receive the subsidy up to nine months or until the individual becomes eligible for another group health plan or Medicare. The subsidy applies to all group health plans offered through continuation coverage except for health FSAs. For groups too small to qualify for COBRA, Ohio provides state continuation coverage for medical and drug coverage.

For additional information please contact our office at 740-594-8385.



CHIP Reauthorization Act of 2009

On February 4, 2009, President Obama signed into law the Children's Health Insurance Program (CHIP) Reauthorization Act. The law adds two additional events related to Medicaid and CHIP eligibility to HIPAA's Special Enrollment Rights. An employee or dependent who a) loses eligibility of coverage under Medicaid or CHIP, or b) becomes eligible for a premium assistance subsidy under Medicaid or CHIP, is eligible to enroll in the group health plan mid-year. The employee must notify the plan within 60 days of the event. An employer should permit the new special enrollments as of April 1, 2009, and plan documents should include the new rights.



Section 111 Medicare Mandatory Reporting

Effective January 1, 2009, insurers and Third Party Administrators (TPAs) are responsible for filing an electronic report with the Centers for Medicare and Medicaid Services (CMS) to assist CMS in determining Medicare's coordination of benefit responsibilities. Health Reimbursement Arrangements (HRAs) do not need to comply until fourth quarter 2010. Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) do not need to report. To assist with the filing, many insurers and TPAs are now requiring that employer groups submit Social Security numbers on covered participants.