

Volume 1, Issue 1

July 15, 2010

Inside this issue:

News You Can Use	1
Got Questions? Health Care Reform	2
Coming Soon—Website Re-launch!	2
Your Benefits Professionals	2

Special points of interest:

- Small Business Tax Credits
- Elimination of Lifetime Policy Limits
- Elimination of Annual Limits on “Essential Benefits”
- Simple Cafeteria Plans for Small Business
- Medical Loss Ratios
- New High Risk Pool

Health Care Reform

Small Business Tax Credits

Beginning in 2010, qualified small businesses (those employing fewer than 25 employees and with average annual wages of less than \$50,000), are eligible for tax credits. These credits are up to 35% of the employer’s premium. Small employers with 10 or fewer workers with an average wage of \$25,000 or less may receive the full value of the credit.

To qualify for the Tax Credit, an employer must contribute at least 50% of the total premium.

Tax exempt small businesses are eligible for a credit up to 25%.

For more information, go to <http://www.irs.gov/newsroom/article/0,,id=223666,00.html>. Please consult with a Tax advisor to see if you qualify for the credit.

Elimination of Lifetime Policy Limits

Beginning September 2010, six months after the enactment date, insured and self-funded plans will no longer be able to include lifetime limits on their policies. Insurers may still impose lifetime limits on “non-essential benefits.” The government as yet to issue an exact definition of what benefits will fall within the “non essential benefits” guidelines.

This change will not effect the Grandfather Status.

Elimination of Annual Limits on “Essential Benefits”

Beginning September 2010, plans will be limited in their ability to increase annual limits in their policies for “essential benefits” (This will be further clarified in HHS rules.)

Cafeteria Plans

(We can help you set-up a plan or update your current plan.)

- Effective for the tax years after December 2010, the bill creates a Simple Cafeteria Plan to provide a vehicle through which small businesses can provide tax-free benefits to their employees.
- Health care flexible spending accounts (FSAs) beginning January 1, 2011 will prohibit reimbursement of over-the-counter medications obtained without a prescription. This will also effect Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA).
- Health care flexible spending accounts (FSAs) beginning January 1, 2013 will limit annual contributions to \$2,500.

Medical Loss Ratios

For Plan years starting six months after enactment, plans issuing individual or group health insurance are required to annually report the percentage of total premium revenue spent on reimbursement for clinical services; activities that improve health care quality; and all other “non-claims costs,” excluding state taxes and licensing or regulatory fees. Health plans must provide rebates to consumers if their Medical Loss Ratio (MLR) is less than 85% for large group coverage or 80% for individual and small group coverage. This MLR amount is on an aggregate, not a per policy basis.



Insuring Your Most
Important Asset....
YOU!

Bern & Pugh, Inc.

1000 25th Street N
Great Falls, MT 59401

Phone: 406-727-4969
Fax: 406-727-4979
E-mail: email@bernpugh.com

Health Care Reform continued.....

Got Questions?

Health Care Reform

Gene and Kathy attended the Montana Healthcare Forum on June 9 and 10, 2010 in Helena, Montana.

We strive to stay informed about the new health care reform currently underway.

Feel free to contact us with questions you may have. We will do our best to answer your questions and follow up with timely action.

High Risk Pool

The Federal High Risk Pool authorized by the Patient Protection & Affordable Care Act in March will be offered through the Montana Comprehensive Health Association (MCHA).

The Plan will be called the Montana Affordable Care Plan (MACP). To qualify, an individual must be a resident of Montana, must be a citizen of the United States, or lawfully present, must have a pre-existing medical condition and must be uninsured for at least 6 months before applying for the new program. The Montana Affordable Care Plan (MACP) will not impose a pre-existing condition period. Applications for the MACP will be available July 1, 2010. The MACP plan will be effective August 1, 2010.

*"Now's the time to
ask... know your benefits!"*

Your Benefits Professionals

Kathy, a consultant and producer, has earned the Chartered Life Underwriter® (CLU®) professional designation. Kathy is a board member for the state and local association of the National Association of Insurance and Financial Advisors (NAIFA).



Lic#911320, 710198

Kathryn M. Burton,
CLU, REBC, RHU,
Vice President/Agency Manager

Phyllis has earned the Certified Insurance Service Representative (CISR) professional designation from The Alliance for Insurance Education and Research, Austin, TX. She has worked for Bern & Pugh, Inc. since February 2010. She holds licenses as a Life, Disability & Credit Life producer, which she obtained in 2003.



Lic#932384

Phyllis Y. Dotseth, CISR
Administrative Assistant

COMING SOON—

Website Re-launch!

Be on the lookout. We are excited to be redeveloping our website: www.bphealthmt.com. Also, look for us on Facebook and Twitter.

Our goal is to create a user friendly environment for both Employers and their Employees. We will have separate links targeted to each audience so that we can customize our response to your specific needs.

Now's the time to ask for what you want and to really get to know your benefits! What would be helpful for you to be included on our website?

- Group Benefit Forms?
- Enrollment Procedures?
- Information on Expanded Benefits?

These are just some of the elements we are considering. Email us at email@bernpugh.com with your feedback! Our goal is to implement the new site in the Summer of 2010.

Stay Tuned!

Gene has been in the Employee Benefits business since 1969. Gene received his Chartered Life Underwriter designation in 1979. He is active in the Society of Financial Services Professionals.



Lic#58590

Eugene L. Bern, CLU
President