Happy New Year from A&I!

Happy New Year! With the beginning of a brand new year, comes the opportunity to take a fresh look at our company, our values and the people we serve. At A&I Benefit Plan Administrators, Inc., we take great pride in our commitment to customer service, and we are always looking for new ways to be more innovative, deliver the highest quality services and listen to our customers and business partners. We are proud of our focus on technology and will continue to develop cutting edge on-line tools and systems to provide outstanding service. We look forward to working with you for a successful 2007! Small enough to know you, big enough to serve you.

New DOL Web Site on Health Benefit Laws Launched

Recent SPBA Article

The Department of Labor (DOL) Employee Benefits Security Administration (EBSA) recently launched a new interactive web site to serve as a resource for employers in complying with various federal health benefit laws. The web site, called the “Health Benefits Advisor,” provides basic information on the following laws:

- COBRA
- HIPAA (portability and nondiscrimination only)
- Newborns’ and Mothers’ Health Protection Act
- Mental Health Parity Act
- Women’s Health and Cancer Rights Act

The web site poses “yes” and “no” questions after each segment of information and then tallies the responses at the end to let plan sponsors know the compliant and non-compliant areas of their plans.

The web site is useful when organizations are in need of general information about these laws. Often TPAs are asked by clients, “Where does it say that?” This web site may be helpful in responding to some of those questions and will be useful in educating new employees, or long time employees who have focused in a particular area and need to broaden their knowledge. However, detailed compliance questions that come up in day-to-day administration of a Plan will still most likely require further research. Visit the web site at: www.dol.gov/elaws/ebsa/health
Vendor Highlight - Innovative Care Management

At A&I, we know that our vendors are our valued business partners. We understand that they are a vital part of the process that makes it possible for us to meet the high customer service standards we believe set us apart. In that spirit, we want to recognize the many vendors with whom we work, and tell you a little more about each one in upcoming newsletters.

Innovative Care Management

Innovative Care Management (ICM) is a URAC accredited health care management company specializing in self-insured employer groups and trusts. Founded in 1990 by industry pioneers, Sherry Chenell, and Kris Hallock, ICM has over 16 years of experience in providing Preauthorization, Utilization Review, Case Management, Disease Management and Maternity Management Services.

ICM has over 100 nationwide clients, ranging in size from 100 to over 10,000 covered employees, with over 200,000 covered lives across seven unique programs. The company currently has 42 employees serving its clients, including 22 Registered Nurses (RNs), who average over 23 years of experience, and who are certified in a variety of disciplines. Additionally, ICM has a Board Certified Medical Director on staff.

ICM’s mission is to provide the highest quality health care management efficiencies to a national client base, while at the same time meeting all of the medical needs of its self-insured employer clients’ patients. “We are innovative and flexible within our guidelines,” says Jay Dee Banasky, vice president of sales and marketing. “At ICM, we are always looking for ways to solve the problem. We have a strong focus on customer service.”

New Program to Launch Soon

ICM is partnering with another firm to combine wellness with disease management. The program will start with a health risk assessment to identify patients with multiple risk factors, including smoking, stress, drug and alcohol issues, diet, depression and anxiety, and exercise. The goal is to offer individuals a health “coach,” who is trained in motivational interviewing techniques. ICM will refer individuals to the health coaches and offer an integrated, new product that will bring greater value to the individuals and, ultimately, the client. “We are always looking for new ways to provide effective services that help patients understand what role they can play in maintaining and managing their health,” says Jay Dee.

Learn more about ICM at www.innovativecare.com.
HSA Changes Signed by President Bush

Recent SPBA Article

The House and Senate recently passed a package of tax extenders that include modifications to health savings accounts (HSAs) and a rollback of Medicare physician payment cuts. This package, “Tax Relief and Health Care Act of 2006” (HR 6111), was signed by President Bush on December 19, 2006.

Expands Funding Sources for HSAs

The bill allows an employee a one-time opportunity to roll over unused funds from an existing flexible spending account (FSA) and/or health reimbursement arrangement (HRA) into his or her HSA. Determining the amount that can be rolled over is somewhat convoluted. The amount that can be distributed from a health FSA or HRA and contributed to an HSA may not exceed an amount equal to the lesser of: 1) the balance in the health FSA or HRA as of September 21, 2006, or 2) the balance in the health FSA or HRA as of the date of distribution. Amounts contributed to an HSA under this provision are excludable from gross income and wages for employment tax purposes; they are not taken into account in applying the maximum deduction limitation for other HSA contributions. Contributions must be made directly to the HSA before January 1, 2012. The provision is limited to one distribution with respect to each health FSA or HRA of the individual. This provision is effective for distributions and contributions on or after the bill’s enactment and before January 1, 2012.

Note: The present law rules that an individual is not an HSA eligible individual if the individual has coverage under a general purpose health FSA or HRA. For example, if the health FSA or HRA from which the contribution is made is a general purpose health FSA or HRA, and the individual remains eligible under such arrangement after the distribution, the individual is not an HSA eligible individual.

The bill allows one-time transfers from individual retirement accounts (IRAs) to HSAs. The roll-over amount may not exceed the HSA contribution limit for the year. This provision is effective for taxable years beginning after December 31, 2006.

Expands the Annual Limits on HSA Contributions

The bill repeals the annual plan deductible limitation on HSA contributions for taxable years beginning after December 31, 2006. The maximum deductible contribution is not limited to the annual deductible under the high deductible health plan. The maximum aggregate annual contribution that can be made to the HSA of an HSA eligible individual is $2,850 (for 2007) in the case of self-only coverage and $5,650 (for 2007) in the case of family coverage.

The bill allows full-year contributions for part-year coverage. The provision permits individuals who become covered under a high deductible plan in a month other than January to make the full deductible HSA contribution for the year. An individual who is an eligible individual during the last month of a taxable year is treated as having been an eligible individual during every month during the taxable year for purposes of computing the amount that may be contributed to the HSA for the year. An individual is allowed to make contributions for months before the individual was enrolled in a high deductible health plan. However, individuals would be required to maintain a high deductible health plan for the subsequent 12-month period, or pay tax on the contribution and a 10 percent penalty tax. It is effective for taxable years beginning after December 31, 2006.

Certain FSA Grace Period Coverage Disregarded

For taxable years beginning after December 31, 2006, FSA “grace period” coverage may be disregarded for purposes of determining HSA eligibility if: 1) the balance in the health FSA at the end of the plan year is zero, or 2) in accordance with rules prescribed by the Secretary of Treasury, the entire remaining balance in the health FSA at the end of the plan year is contributed to an HSA.

Flexibility to Help Lower Paid Workers

The bill allows employers to make additional contributions to lower-paid workers. It provides an exception to the current “comparability rules” that require companies to make equal dollar contributions to all HSA-eligible employees with similar coverage (single or family) and work status (full-time or part-time). Under this provision, employers will be able to make a greater contribution to all similarly situated non-highly compensated employees than to the HSAs of highly compensated employees. For example, an employer is permitted to make a $1,000 contribution to the HSAs of non-highly compensated employees for a year without making contributions to the HSAs of highly compensated employees. This provision is effective for taxable years beginning after December 31, 2006.

Earlier Indexing of HSA COLA

The bill requires the Secretary of Treasury to announce the cost of living adjustments to HSA contribution limits, minimum deductibles, out-of-pocket limits by June 1 each year.
A&I’s Community Involvement

At A&I we feel it is important to give something back to our community; not just during the holiday season but throughout the year. Listed below are some of the key events in which we participate and charitable organizations we support:

**Blue Heaven Therapeutic Riding Academy**
- Corporate Sponsor at Annual Golf Tournament
  - [www.blueheavenacademy.org](http://www.blueheavenacademy.org)

**B.U.L.L. Session**
- Corporate Sponsor at Annual Golf Tournament
  - [www.bullsessionevents.com](http://www.bullsessionevents.com)

**Doernbecher Children’s Hospital**
  - [www.ohsundoernbecher.com](http://www.ohsundoernbecher.com)

**Dress for Success**
- Corporate Sponsor at Spring Dinner/Auction Fundraiser
  - [www.dressforsuccess.org](http://www.dressforsuccess.org)

**Eastco Diversified Services**
  - [www.eastcodiversifiedservices.com](http://www.eastcodiversifiedservices.com)

**Health Bridges International**
  - [www.hbint.org](http://www.hbint.org)

**Oregon Food Bank**
- Food Drive
  - [www.oregonfoodbank.org](http://www.oregonfoodbank.org)

**Raphael House**
  - [wwwraphaelhouse.org](http://www.aphaelhouse.org)

**United Way Campaign**
  - [www.national.unitedway.org](http://www.national.unitedway.org)

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**Drug Store Rules to Change in 2009**

**Recent SPBA Article**

IRS Notice 2007-2 provides transition relief for the use of debit cards for medical expense reimbursements at certain merchants with non-health care related merchant category codes. The guidance also addresses the use of debit cards for medical expense reimbursements at stores with a Drug Store and Pharmacy merchant category code. According to Notice 2007-2, it has been determined that transition relief is warranted for a limited period, in order for these non-health care merchants to implement the “inventory information approval system.”

All supermarkets, grocery stores, discount stores and wholesale clubs that do not have a health care provider merchant category code, or an “inventory information approval system,” will nevertheless be treated like health care providers for purposes of debit card transactions occurring on or before December 31, 2007. Mail order vendors and web-based vendors that sell prescription drugs will also be treated like health care providers for debit card transactions occurring on or before December 31, 2007.

All debit card transactions failing to satisfy one of the copayment match methods (described in IRS Notice 2006-69) must be substantiated during the relief period and follow correction procedures for any unsubstantiated payments. Do not be misled by debit card vendors and assume that the debit card may be used without any substantiation at discount stores. TPAs are needed more than ever to obtain substantiation and verify that the expense is permissible under the plan.

After December 31, 2007, health debit cards may NOT be used at a store, vendor or merchant that does not have a health care related merchant category code unless the store, vendor or merchant has implemented an inventory information approval system as described in Notice 2006-69.

Notice 2007-2 tightens the rules in the future for drug stores and pharmacies with merchant category codes. The IRS and Treasury recognize that drug stores and pharmacies sell a significant number of items which do not qualify as medical expenses under §213(d). “In order to curtail the ability to purchase non-medical items with such debit cards, as well as to provide a level playing field, the IRS and Treasury have determined that it is appropriate to require similar substantiation rules for all stores that sell a significant number of items which do not qualify as medical expenses under §213(d).”

After December 31, 2008, debit cards may NOT be used at stores with the drug store and pharmacy merchant category codes unless: 1) the store participates in an “inventory information approval system” or, 2) on a store-location-by-store-location basis, 90 percent of the store’s gross receipts during the prior taxable year consisted of items which qualify as expenses for medical care under §213(d), including nonprescription medications.

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**Employee Update**

**A&I Welcomes Julie Zola - Director of Marketing & Business Development**

Julie Zola joined A&I in November of 2006 and is responsible for overseeing the company’s strategic marketing direction, focusing on business development and implementing marketing programs. She is working closely with Jennifer Schmidt, president and chief executive officer, and Lee Centrone, senior vice president and trust administrator, to help A&I steadily grow its business while keeping customer service a priority for its customers, consultants and vendors. She is also helping to clearly define A&I’s value proposition, so the company can succinctly communicate its unique approach and demonstrate the value it brings to the industry.

“I am so pleased to be working for such a well-respected company,” Julie said. “I look forward to becoming acquainted with A&I’s business partners, helping build strong community relationships and opening new doors for A&I.”

With over 17 years of marketing experience, Julie served as director of client relations and marketing for the law firm of Schwabe, Williamson & Wyatt P.C., prior to joining A&I. She also served as marketing manager in the Portland office of law firm Davis Wright Tremaine LLP, and as Oregon market manager for U S WEST Wireless.

Julie earned a bachelor of arts degree in journalism from the University of Arizona and completed studies towards a master of mass communications at Arizona State University. She currently serves on the board of directors for Congregation Neveh Shalom, and previously served as a board member of the Seattle chapter of the Legal Marketing Association, as well as a member of the Multnomah Bar Association Communications Task Force and the Oregon Public Broadcasting Business Partner Steering Committee. Julie has spoken on a variety of marketing topics and is the author of several articles focused on legal marketing.

Julie spends her free time with her husband, Jeff, a patent agent for a local intellectual property law firm, her two boys, Matthew and Samuel, and her West Highland White Terrier, Jake.

**David Corbelli Appointed to A&I Board of Directors**

David Corbelli, chief financial officer of A&I Benefit Plan Administrators, Inc., has been appointed to the board of directors of the company.

“We are pleased to have David join the board and we look forward to leveraging David’s financial expertise as we continue to strategically grow our company,” said Jennifer Schmidt, A&I’s chief executive officer.

David joined A&I in 2001 and has over 15 years of financial and operations management experience in the private sector and six years in public accounting. Corbelli obtained a bachelor of arts degree from the University of Hawaii and a master of business administration degree from Chaminade University of Honolulu. He is also a member of the Financial Executives International. David oversees the day-to-day operation of A&I’s financial services department, acts as controller, and maintains ongoing banking and investment management relationships.

**New Employees**

- **Steven Corbelli** - Computer Operator
- **Missy McCurry** - Claim Analyst III
- **Beverly McPhee** - Accounting Clerk
- **Pon Nguyen** - Accounting Clerk
- **Robin Saephan** - Claim Analyst I
- **Julie Zola** - Director of Marketing & Business Development

**2006 Milestone Anniversaries**

- **Shelley Dickson** - 20 years
- **Michelle Holmen** - 15 years
- **Sharon Jurdy** - 15 years
- **Sandra Taylor** - 15 years
- **Heather Chao** - 5 years
- **David Corbelli** - 5 years
- **Elizabeth Halvorson** - 5 years
- **Tonya Hirte** - 5 years
- **Patty Hust** - 5 years
- **Judy Phonasa** - 5 years
- **Kris Ruiz** - 5 years
- **Heath Thibodeau** - 5 years
A&I Vendors & Business Associates

PPO Networks
- Beech Street
- First Choice Health
- Healthcare Direct
- Healthlink/Health Choice
- Idaho Physician’s Network
- Managed Healthcare Northwest (MHN)
- MultiPlan
- Providence

Stop Loss Carriers
- Hartford
- Highmark Life & Casualty Group
- Intermediary Insurance Services, Inc.
- National Benefit Resources (NBR)
- SunLife
- Swiss Re
- Symetra Financial

Cost Containment/Management
- Cardium Health
- CareGuide (formerly Patient InfoSystems)
- Hines & Associates
- Innovative Care Management (ICM)
- Medical Review Institute (MRI)
- National Health Benefits Corporation (NHBC)
- Qualis Health

Pharmacy Benefit Managers
- Avia Partners, Inc.
- Caremark
- Express Scripts
- Kroger Prescription Plans
- NHMC Rx
- Pharmacare
- ScripSolutions
- Walgreen’s

Banking, Insurance & Investment Institutions
- Bank of America
- Charles Schwab
- Merrill Lynch
- New York Life
- Pacific Continental
- Smith Barney
- Standard Insurance
- StateStreet Bank
- Symetra Financial
- Union Bank of California
- US Bank
- Wells Fargo

Memberships & Affiliations
- International Society of Employee Benefits
- Employee Benefits Institute of America
- Oregon Health Forum
- Oregon Entrepreneurs Forum
- National/Oregon Association of Health Underwriters
- Society of Professional Benefit Administrators

On-Line Health Information Portal
Broker Demo Now Available

By now you’ve heard about the on-line health information portal A&I offers to all parties involved with the use and management of a health plan called MediWeb - but have you seen it or tried it yet?

A multimedia demonstration of MediWeb is now available on A&I’s web site under the Systems & Technology section. Just click on the link for on-line tools and follow the instructions to launch the demo. This demonstration was developed to show the features available to a health plan consultant but it also gives an overview what is available to other users.

Visit A&I’s web site at www.aibpa.com/systems.htm and click on On-line Tools.
Tonya Hirte has been a senior client service representative at A&I for the past five years. She has 11 years of experience in retirement plan administration and came to A&I with industry experience working for KeyBank and US Bank. Tonya earned her Certified Retirement Services Professional designation from The Institute of Certified Bankers and is a graduate of the University of Puget Sound. At A&I, Tonya focuses her time on the daily administration of retirement plans, documentation of all reporting for plans, maintaining participant records and providing direct customer service.

Mary Phonasa has been a junior accountant at A&I since May of 2005. She has five years of accounting experience and an associate’s degree in accounting from Western Business College. Mary spends her time at A&I maintaining corporate accounts, overseeing data entry of client information, including employer reports, and processing month-end reports for clients.