

AVERILL ANDERSON, LLC

-employer benefit solutions-

July 2008

Averill Anderson is a fully licensed TPA specializing in group health plans. The result is a powerful combination of specialties successful in minimizing health plan costs while maximizing your company's profits.

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From the Desks of:

Whats New: Flexible Spending Accounts

Flexible Spending Accounts are more popular today than ever. If you are thinking about offering a Flexible Spending Account program to your employees, Averill Anderson LLC can help you get one started and process the reimbursement claims for you.

What is a Flexible Spending Account?

A Flexible Spending Account (FSA) is an account established by an employer that allows employees to set aside a portion of each paycheck on a pre-tax basis. Employees then use that money to pay for out-of-pocket healthcare expenses. The employee avoids paying federal income tax, state payroll tax and FICA on any money placed in an FSA. These funds can be used for expenses such as office visit copays, deductibles, eyeglasses, LASIK surgery, orthodontics, prescription drugs, certain over-the-counter medications, and much more.

In addition to saving the employee money on taxes, as an employer, you save dollars on the FICA match (7.65%) on the money the employee is placing in their FSA. In many cases, your FICA savings is enough to pay for the administration fees of the plan and still experience tax savings.

What happens to the MRP account we already have?

It makes perfect sense for Averill Anderson, LLC to administer your FSA, especially if we are already processing MRP claims for your employees. Our processing systems allow us to coordinate the two accounts, retrieve FSA dollars from the employee's account and automatically apply them to Deductibles and

Coinsurance, if necessary.

What sets us apart from other FSA Administrators?

Averill Anderson, LLC utilizes state-of-the-art claim-processing technology that provides 24/7 account access (via the internet) for employers and participants. Plan documents and enrollment materials are created and maintained within our administration software package. Unlike larger Flex Administrators, there are no minimum participation requirements.

Adding to the administrative features of our program, we are now offering the use of a debit MasterCard® to give your employees the best FSA experience possible.

Advantages of the debit MasterCard®:

- Instant access to FSA funds – especially for out-of-pocket expenses!
- Virtually eliminates the need for claim forms.
- Eligible expenses are automatically deducted from their FSA account.
- Only eligible expenses can be paid for with the card – it will not pay for ineligible items

We will help you educate and enroll your employees through on-site meetings and informative custom enrollment materials. After the enrollment process is over, our trained benefit professionals provide personal service and claims processing.

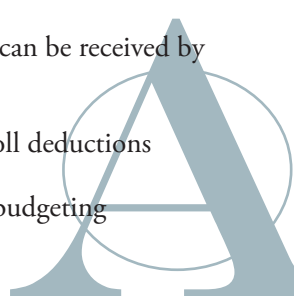
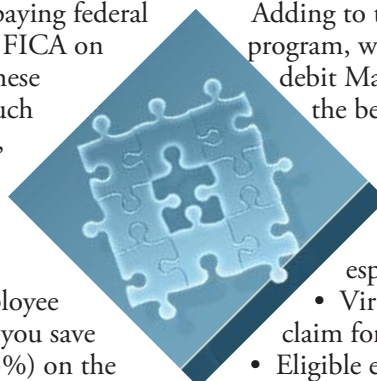
Contact Averill Anderson, LLC to implement your FSA program today!

Employer Advantages

- Huge value-added benefit for your employees
- No cost to you - payroll savings offset cost of the plan
- AA administers the plan for you

Employee Advantages

- Save up to 30% on healthcare expenses
- Reimbursements can be received by Direct Deposit
- Convenient payroll deductions
- Improves family budgeting



Quick Facts

- Chronic health conditions comprise 83% of Health Care spending in the US
- 50% of total medical spending can be attributed to health behavior costs (smoking, weight, inactivity).
- A national study of wellness programs revealed an average of 30% reductions in:
 - Sick Leave
 - Worker's Comp Claims
 - Overall Health Costs

Coming in October:

- Online Benefit Manager®
- Renewal Case Study
- Wellness Programs

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Question of the Month

I am the owner of a small business with 10 employees. What am I required to offer under COBRA regulations?

While many employers refer to all benefits offered after the termination of employment as being Federal COBRA benefits, only those employing more than 20 employees are actually subject to COBRA regulations. Those employing fewer than 20 are subject to the terms and conditions of State Continuation.

Several important differences between the two include the election period (30 days vs. 60 days) and the election rights. (Federal COBRA is far more liberal than State Continuation.) For more information on this very important topic and your specific requirements as an employer, please give us a call.

On-Line Resources:

www.averillanderson.com

Our company website currently offers several convenient tools to help you stay informed of health care benefit updates and legislative actions that may affect your employee benefit plans or cafeteria plans.

Within the **Resource Center**, you will find a page entitled **Explanation of Terms**, which contains a glossary of terms commonly used in the health insurance industry. The **Health Info Links** page offers several convenient web-links to on-line health information sites as well as many of our partner health insurance carriers.

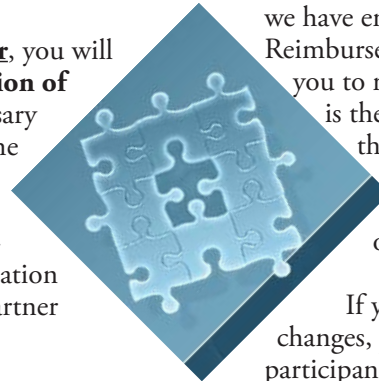
The **Newsroom** page of our site offers an archive of Averill Anderson LLC news as well as a page of **Industry News**. The links to these pages can be found within the gray column on the left side of the page.

In our next issue, find out how our **On-Line Benefit Manager**® can help you and your employees manage your health care offerings.

Reminder: Enrollments & Terminations

Every month you receive a packet of materials from Averill Anderson containing a report entitled "Participant List". This listing shows the names of the employees which we have enrolled in your Medical/Dental Reimbursement Plans. It is very important for you to review this list each month, since this is the best way to keep us up-to-date as to the active employees participating in the reimbursement plans, and also to be sure that you are charged for only those active employees.

If you do experience enrollment changes, just write the change on the participant list and fax it back to us. If there is a new enrollment, please include an enrollment form for that person and the effective date of the coverage. It is also helpful to let us know if you have already informed the insurance company of the enrollment and/or termination. Averill Anderson strives to give you the best service possible, and your cooperation is appreciated.



From the Desks of: Randy and Mark

For those of you who responded to our questionnaire earlier this month we would like to extend our thanks. Your input and suggestions were most welcomed and we will be following up on a number of your suggestions in future issues of this publication.

In this issue we are highlighting one of our newer programs, Flexible Spending Accounts (FSAs). More and more employers are beginning to offer these benefits as a way to help their employees purchase more for their dollar and to save the business FICA dollars as well. In addition, this issue includes an administrative reminder addressing the importance of keeping us in the loop regarding new employee enrollments and /or terminations, and a brief clarification of the differences between COBRA and State Continuation.

In the next issue, in October, we will be presenting a number of additional trends in employee benefits which are being found to be beneficial as well.

We hope you will find these quarterly updates to be informative and we look forward to hearing from you as we go forward with other ideas and topics for discussion.

Talk to you again soon,

Randy & Mark

