

What's New at Kapnick

Ufer & Co. has joined forces with Kapnick Insurance Group

The union gives Ufer added capacity to support customers' insurance programs by drawing on Kapnick's comprehensive risk management and employee benefits resources. "Our alliance with Kapnick will make custom insurance solutions even more accessible to our clients," said David Ufer. "We will use their strong carrier relationships and in-house expertise to offer our clients more options while still delivering Ufer's trademark personal service and community involvement."

"This partnership marks an unparalleled opportunity for two successful Michigan based organizations to unify with a singular intent on being the premier agency within the Ann Arbor Community and throughout Southeastern Michigan," said Jim Kapnick, president of Kapnick Insurance Group. "Combining the two entities creates one of the largest privately held insurance agencies in the United States, headquartered here in the "Great State of Meeechigan!" added Tom Ufer, playing on the famous "Uferism" used by their father, Bob Ufer

Like Kapnick, Ufer is a local, family-owned agency that has a client-first focus. They have been providing clients insurance and employee benefits since 1947. To learn more, visit their website at www.uferinsurance.com

Look for the Kapnick/Ufer "Go Local" Billboard Campaign in Ann Arbor and Surrounding Areas!



KIG BENEFITS BRIEF



LEGISLATIVE UPDATE

Update: Medicare Secondary Payer (MSP) Act - New 2009 Reporting Requirements for your Health Plan and HRA

For more information contact Patrick Pennefather; patrick.pennefather@kapnick.com

On March 6, 2009 Centers for Medicare & Medicaid Services (CMS) granted an extension for the Section 111 reporting of HRAs. Below is an excerpt regarding this extension taken directly from the Group Health Plan (GHP) User Guide Version 2.2 dated March 6, 2009.

To reference the GHP User Guide in its entirety please visit:

<http://www.cms.hhs.gov/MandatoryInsRep/Downloads/030609GHPNotice.pdf>

"The CMS considers a Health Reimbursement Account (HRA) to be a GHP product for MSP purposes. Required Reporting Entities (RRE) will be required to include HRA programs in Section 111 reporting beginning with MSP Input Files submitted in 4th Quarter 2010 (October – December 2010). The extension is being implemented to allow Employers and Administrators time to gather the necessary information to report on HRA coverage. CMS will provide further instructions on reporting HRA coverage at a later date. **Health plans and Administrators are NOT to report HRA coverage information until the 4th Quarter of 2010.**"

Why is CMS implementing an extension for HRAs?

The extension is being implemented to allow RREs additional time to collect the necessary data for the reporting requirements and further instructions will be provided at a later date.

How does this affect Kapnick's Administration Services and our clients?

Kapnick Insurance Group, as a Third Party Administrator (TPA) for HRAs, will be required to comply with the reporting requirements for Kapnick Insurance Group HRAs beginning 4th quarter of 2010. If you have an HRA with Kapnick Insurance Group we will continue to take a pro-active approach to collect the necessary data that must be reported. We will provide our clients with additional information as it becomes available.

To keep up to date on this requirement please visit CMS's website:

<http://www.cms.hhs.gov/MEDICARESECONDPAAYERANDYOU/>

<https://www.cms.hhs.gov/MandatoryInsRep/> ■

Ufer & Co. Joins Forces with Kapnick Insurance Group See back page for article.



Spring is in the air!



In This Issue:

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- "Sarah Says" Health Management
- Sarah's Health Tip
- Strategies for Success
- Marketplace Update
- Ufer + Kapnick Article

"SARAH SAYS"

Why Promote Health Management at Work?

For more information contact Sarah Szul; sarah.szul@kapnick.com

It affects your company's bottom line in many ways.

Here are three key factors:

- Decreased healthcare costs
- Increased productivity
- Better morale



Rising healthcare benefit costs (and a troubled economy) are a significant concern. Poor health habits and unnecessary medical care costs consume portions of our corporate resources as well

as the employee paycheck. The worksite is an ideal setting for health promotion and disease prevention programs. Employees spend many of their waking hours at work, nearing 50 hours per week on average. That is why the workplace is an ideal setting to address health and wellness issues.

Health Management Programs Help Control Costs



An investment in your employees' health may lower healthcare costs or slow the increase in providing that important benefit. In fact, employees with more risk factors, including being overweight, smoking and having diabetes, cost more to insure and pay more for health care than people with fewer risk factors.

Healthier Employees are More Productive

This has been demonstrated in factory settings and in office environments in which workers with health management initiatives miss less work. Presenteeism, in which employees are physically present on the job but are not optimally productive or effective, is reduced in workplaces that have health management programs.

Improve Morale and Enhanced Image for the Organization

A company that cares about its employees' health is often seen as a better place to work. Those companies save money by retaining workers who appreciate the benefit of a health management program and they can attract new employees in a competitive market.

SARAH'S HEALTH TIP

Tough it Out



When starting an exercise routine, you've got to TOUGH IT OUT. Accept that the early days of a fitness program may not be fun. **You've just got to push through.** After two weeks, the walk that used to have you sucking wind won't even tire you. By the end of the first month, you'll see some pretty significant changes.

STRATEGIES FOR SUCCESS

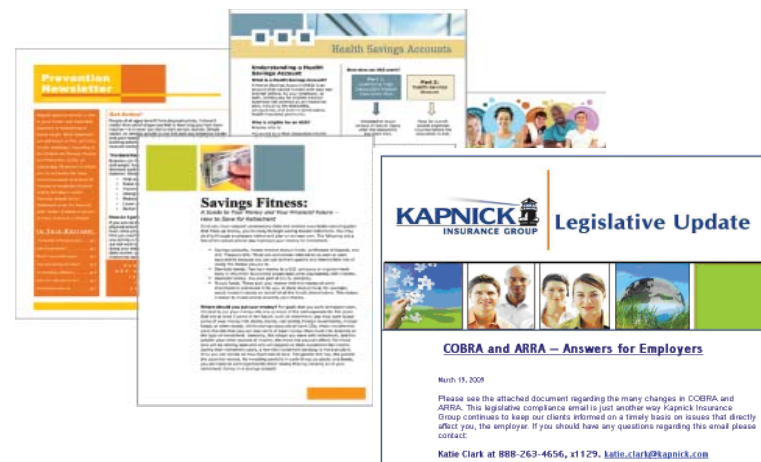
Your Employee Communication Partner

For more information contact Debbie Youngs; debbie.youngs@kapnick.com

Educate. Inform. Communicate.

It is without question that your employees need to understand their benefits in order to be wise consumers. We have the resources to help you tackle all your communication challenges

and educate your employees on their benefit options so they can make wise choices.



Stay Virtually Connected

We deliver documents on command, all from the convenience of your unique Web-based client portal. These tools allow you to access and share valuable resources, including employee-facing flyers, illness prevention newsletters and health awareness communication tools.

Our Tools for Your Success

Benefits Announcements

We have memos, flyers, payroll stuffers and articles for you to use to announce and explain current benefit offerings.

Benefits Statements

Custom benefits statements, including a summary of an employee's benefits package displaying his/her overall compensation – with salary and benefits – will help employees understand their "hidden paychecks."

Consumer-Directed Healthcare (CDHC) Resources

Empower your employees to be the directors of their health and medical care. We have everything you need to do so – flyers, articles, payroll stuffers, e-mails and posters – all designed to support CDHC campaigns.

Monthly Newsletters

Keep your employee body healthy, well and safe with our monthly *Live Well, Work Well* newsletter. Flyers are also available for targeting specific health conditions.

Retirement Education

Ensure that your employees are financially fit and ready for retirement with our *Savings Fitness* flyers.

Innovative Products

MyBenny Prepaid Debit Card -

An innovative payment service for FSAs and HRAs. Access and activate your card online.



Kapnick HR eSolutions -

A fully automated, customizable HR benefits system for employee communication + enrollment and administration.

MARKETPLACE UPDATE

Off-setting Trends Point to a Flat Growth Rate for Health Benefit Expenses

For more information contact John Watson; john.watson@kapnick.com



From one year to the next, healthcare costs for employers and their workers always go up. Yet, for the past five years there's been some positive news. The growth rate has been dropping. However, that trend will level off in 2009, according to employers and health plans.

According to "Behind the Number: Healthcare Cost Trends for 2009" provided by the PricewaterhouseCoopers Health Research Institute (HRI), private insurers are anticipating an average increase in medical costs by 9.6 percent. This compares to increases of 9.9 in the prior year.

For 2009, the HRI has identified four off-setting trends that are expected to keep the health care cost growth steady:

• Cost Shifting to Private Payers by Hospitals

On a national level, several factors in 2009 could result in greater cost shifting to private payers. Medicare is now moving toward pay-for-performance leaving poor performance to turn to private payers to make up the difference. The government believes that Medicare should push hospitals to control their costs rather than "accommodate the current rate of cost growth."

• Healthcare Construction Booming

Healthcare construction has been increasing rapidly, fueled by low interest rates, patient preference for private hospital rooms, aging facilities, and the move to outpatient venues.

• Tighter Medical Management of High-cost Cases

Nearly two-thirds of employers are using disease management programs. Designed to focus on the high-cost patients with chronic diseases, disease management has become a common cost control strategy for employees with asthma, cancer, diabetes, and cardiac disease. Employers are finding that the risk factors that lead to chronic disease are cumulative, as are the costs, and the holistic focus on workers can lead to improvements in productivity and retention.

• Brand Name Drugs Going Off Patent

Information tools have enabled pharmacy benefit managers to switch patients quickly to generic drugs. The trend toward less expensive drugs will continue in 2009 although fewer brand name drugs will be going off patent than in recent years.