



Benefit Services Incorporated

Benefit News

A leader in Group Insurance & Employee Benefits for 30 years

Howard Grimes

1918-2009



It is with great sadness that we announce the passing of one of the founders of Benefit Services Incorporated, Howard Grimes. An acclaimed football player—he was named to the Sports Illustrated Silver Anniversary All America team in 1964—Howard chose to pursue a career in the fledgling group insurance business with Aetna. After serving in World War II, he returned to Aetna and continued there until his retirement in 1981, when he, along with his good friend, Jack Coughlin, established Benefit Services Incorporated.

Following his true retirement in 1993, Howard split his time between New Hampshire and Florida, enjoying golf, skiing and family. He had recently celebrated his 91st birthday when he became ill.

Howard's great energy and love of life will be sorely missed by all of us at BSI.



Ask BSI

Q. Are HSA transactions subject to tax reporting to the Internal Revenue Service (IRS)?

A. Yes. Each entity has specific reporting requirements.

- ◆ **HSA Custodians** are required to report HSA contributions, including excess contributions (Form 5498-SA), distributions and any earnings on excess contributions returned to the account holder (Form 099-SA)
- ◆ **Employers** are required to report employer HSA contributions (Form W-2).
- ◆ **HSA Account holders** are required to report HSA contributions and distributions (Form 8889) made by or on behalf of the account holder and any excess contributions (Form 5329)
- ◆ **Q.** What IRS forms will be used to report HSA transactions?
 - ◆ **Reporting by Custodian:** IRS Form 1099-SA is used to report account distributions from the HSA. IRS Form 5498-SA is used to report contributions to the HSA and the Fair Market Value (FMV) of the HSA as of December 31 of the tax year.
 - ◆ **Reporting by Employer:** Employers report all employer contributions on the Employee's Form W-2 (box 12 code W) The employer must also report any taxable HSA contributions on the W-2 boxes 1, 3, and 5.
 - ◆ **Reporting by HSA accountholder:** Account holders report HSA contributions and distributions on Form 8889 and any excess contributions on Form 532. These forms are filed with the IRS as an attachment to the account holder's federal income tax filing (Form 1040). Account holders do NOT need to submit Forms 1099-SA or 5498-SA to the IRS.

Q. If, in 2010, an employer receives payment of an assistance eligible individual's 35% share of the COBRA premium for 2009 coverage, can the credit for the related 65% premium subsidy to be claimed for a quarter in 2009?

A. No. If an employer receives an assistance eligible individual's 35% share of the COBRA premium in 2010, the employer may claim the credit for the related premium subsidy on Form 941 for either the quarter in 2010 in which it receives the individual's 35% premium payment or a later quarter in 2010, but not for a quarter in 2009, regardless of the fact that the premium is for coverage during 2009. In all cases, however, if an employer chooses to reduce its payroll tax deposits during the quarter based on the receipt of the individual's 35% premium payment, the employer must claim the credit for the related subsidy amount on Form 941 for the quarter during which its payroll tax deposits were reduced. In addition, of course, an employer may only claim credit for the subsidy amount once.

COBRA Subsidy has been extended through the end of March

President Obama has again extended the 15 month COBRA subsidy to cover employees terminated through the end of March 2010. Congress is now considering a legislation to extend the subsidy through the end of the year.

In addition, the act allows for an individual who does not elect, or elects and then discontinues, COBRA coverage following a reduction in hours to be given a second opportunity to elect coverage and thus qualify for the subsidy if his or her employment is involuntarily terminated at a later date. This applies only to involuntary terminations that occur after the enactment date of March 1.

IRS Contribution Limits 2010

	2010	2009
Pre-tax employee elective deferrals to 401(k), 403(b) and 457(b) plans	\$16,500	\$16,500
Pre-tax employee elective Catch Up contributions to 401(k), 403(b) and 457(b) plans	\$5,500	\$5,500
Maximum annual contribution to SIMPLE retirement	\$11,500	\$11,500
Catch up contribution	\$2,500	\$2,500
Maximum Annual contribution to Defined Contribution Plan	\$49,000	\$49,000
Maximum Annual Includable Compensation	\$245,000	\$245,000
Social Security Taxable Wage	\$106,800	\$106,800
Key Employee	\$160,000	\$160,000
Highly Compensated Employee	\$110,000	\$110,000
Section 132 Transit/Vanpool	\$230	\$120
Section 132 Parking limits	\$230	\$230
Health Savings Accounts:		
<i>High Deductible Plan minimum deductible (single/family)</i>	\$1,200/\$2,400	\$1,150/\$2,300
<i>High Deductible Plan Max out of Pocket (single/family)</i>	\$5,950/\$11,900	\$5,800/\$11,600
<i>Annual Contribution Maximum (single/family)</i>	\$3,050/\$6,150	\$3,000/\$5,950
<i>Catch Up Contributions</i>	\$1,000	\$1,000

DEPARTMENT OF LABOR RELEASES MODEL CHIPRA NOTICE

CHIPRA, Children's Health Insurance Program Reauthorization Act, was signed into law on February 4, 2009 by President Obama. The Act allows for states to use funds from their Medicaid or CHIP to help people who need assistance and are eligible for employer-sponsored health coverage to pay the premiums.

Included in the Act is an annual employee notification requirement to inform employees of their potential eligibility for premium assistance. Employers who sponsor group health plans in one of the forty states that currently sponsor such programs (Massachusetts being among them) must provide this notice annually to all employees, regardless of enrollment status. The Department of Labor has recently published model notices to fulfill this requirement on the DOL website.

Notice must be provided to all employees annually beginning on the first day of the plan year following February 4, 2010. The notice may be provided along with other materials provided to employees, such as open enrollment packages or Summary Plan Descriptions (SPDs), as long as the notice "appears separately and in a manner which ensures that an employee...could reasonably be expected to appreciate its significance".

For more information on CHIPRA eligibility and the model notice: <http://www.dol.gov/ebsa/pdf/chipmodelnotice.pdf>





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Harvard Pilgrim Health Care recently announced that Eric H. Schultz is taking over from Charlie Baker as President and CEO.

Mr. Schultz had been the President and CEO of Fallon Community Health Care for over 10 years.



U.S. News Best Commercial Medical Plans

1. **Harvard Pilgrim Health Care (MA, ME)**
2. **Harvard Pilgrim Health Care of New England (NH)**
3. **Tufts Associated Health Maintenance Organization (MA, NH, RI)**
4. **Grand Valley Health Plan (MI)**
5. **Capital Health Plan (FL)**
6. **Geisinger Health Plan (PA)**
7. **Fallon Community Health Plan (MA)**
8. **Health New England (MA, CT)**
9. **CIGNA HealthCare of New Hampshire (NH)**
10. **Group Health Cooperative of South Central Wisconsin (WI)**