



The Farmers' Health Cooperative Advantage

Health insurance that works for farmers and agri-businesses.

Health Care Reform Update

Several changes were made in 2011 to accommodate the provisions of the Patient Protection and Affordable Care Act (PPACA) signed on March 23, 2010. As we move forward toward 2013, health care reform shifts to a new phase: less emphasis on benefit changes and more emphasis on industry regulation and funding reform-related programs. Some key provisions you should be aware of:

Medical loss ratios

Health insurance issuers will report medical loss ratios (the percentage of premiums spent on medical care, as opposed to administrative expenses) to Health and Human Services on a calendar-year schedule. This reporting starts with calendar year 2011. Issuers that don't meet the minimum medical loss ratio (85% for large group) during the calendar year will need to pay rebates by August 1 of the following year. The first rebate payments, if any, must be made by August 1, 2012. For group plans, the regulations state these rebates should go to enrollees, defined as anyone covered by the plan.

Uniform coverage summary/notice of material modification

Starting in 2012, plan summaries must have consistent contents and formatting. The plan issuer must provide a compliant paper or electronic summary at certain times in the enrollment process. Also, the plan issuer must provide 60-day notice

for material modifications to plan benefits.

Flexible Spending account changes

Starting in 2013, flexible spending account contributions will be limited to \$2,500 per year. The limit will be adjusted for the cost of living every year.

W-2 reporting

This requirement was originally scheduled to start earlier, but the IRS delayed it until the 2013 tax year (meaning W-2s issued in January 2014) for employers who issue fewer than 250 W-2s. Until that time, reporting is optional. The value of employer-sponsored coverage will be a new, separate entry on the W-2 form. The requirement applies to anyone who is still receiving benefits from the employer, including COBRA participants and retirees (even though retiree-only plans are exempted from the health care reform law). This is a reporting obligation only and does not change the current tax-free nature of the benefit.

Comparative effectiveness research plan fees

For plan/policy years ending after September 30, 2012, and before October 1, 2019, the plan issuer or sponsor will pay a fee to partially support the Patient-Centered Outcomes Research Institute. In the first year, the annual fee will be \$1 multiplied by the average number

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Take advantage of two new member benefits

In 2011, the FHCW Board of Directors approved two new benefit offerings for our members: life insurance and disability insurance. These programs are designed to provide you with options for additional lines of insurance coverage that you may not have access to. Also, keep in mind, that if you purchase these benefits and at a later date you no longer purchase health insurance through FHCW, you can still maintain these lines of coverage.

Life Insurance

Like health insurance, life insurance can be difficult to obtain if you have medical problems. FHCW's life insurance program offering through Humana is simplified issue which means you only need to answer two medical questions to obtain up to \$100,000 in term life insurance coverage with an additional \$100,000 in accidental death benefits. Members are not required to have physicals, blood work, or provide medical records or answer height and weight questions. Members may purchase up to \$300,000 in coverage by answering an additional three medical questions.

If you are interested in learning more, call Agri-Services Agency at 1-800-654-8840 for more details and to obtain your no-obligation quote.

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Cooperative Advantage

Prepared quarterly by the Farmers' Health Cooperative of Wisconsin and Agri-Services Agency to provide timely information on matters pertaining to the cooperative.

Farmers' Health Cooperative

P.O. Box 930413

Verona, WI 53593-0413

608-848-7212

www.farmershealthcooperative.com

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Take advantage of two new member benefits

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Disability Insurance

If you're like most Americans, you don't have disability insurance. Or enough emergency savings to last 2½ years. Believe it or not, that's the duration of the average long-term disability.

FHCW members can purchase individual disability insurance and/or business expense protection through Illinois Mutual where benefits are paid as a reimbursement for eligible business expenses each month. By continuing to pay the ongoing expenses, the operation can remain intact until the owner returns to work.

Most people insure their lives but not their incomes. Many farmers capitalize on farm depreciation and expenses so little or no reportable income is shown for federal income tax purposes. Even so, farmers are usually eligible for disability insurance. And Illinois Mutual makes it easy by allowing you to use acreage or herd size to determine your monthly benefit.

**Call FHCW at 608-848-7212
or email executivedirector@farmershealthcooperative.com for more details.**



HSA Limits Announced for 2012

FHCW offers two benefit plans that are compatible with Health Savings Accounts (HSA). HSAs are tax-favored accounts set up with financial institutions. These accounts are designed to pay current medical expenses and to build savings to pay for future medical expenses.

Annual HSA contributions, which can be made either by an individual or by that individual's employer, are tax deductible. Distributions for qualified medical expenses are not included in individual taxable income, and the earnings of HSA assets are not taxed.

The Internal Revenue Service has announced the 2012 Health Savings Account (HSA) contribution limit:

HSA Limit 2012 for Individual Coverage

The 2012 maximum annual amount that can be contributed to an HSA is \$3,100 for an individual, up \$50 from \$3,050 in 2011.

HSA Limit 2012 for Family Coverage

The 2012 maximum annual amount that can be contributed to an HSA is \$6,250 for families, up \$100 from \$6,150 in 2011.

HSA Limit 2012 for Catch-Up

Contributions

Persons over age 55 are entitled to an additional annual catch-up contribution of \$1,000 in 2012—a number that is unchanged from 2011.

To avoid taxation, any HSA distribution must be for qualified medical expenses, which include:

- amounts paid for medical care for the account holder or his or her spouse or dependent, who are not reimbursed by insurance;
- COBRA health insurance premiums; qualified long-term care insurance premiums;
- and other health insurance premiums, but only if the individual is receiving unemployment compensation.

Individuals can cash out their HSAs for purposes other than medical expenses, but these distributions are subject to both income tax and a 10 percent penalty tax if received before age 65 (except in cases of disability or death). Unused amounts in one year can be carried over to following years and added to subsequent contributions.

If you are enrolled in FHCW's HSA compatible plans but have not taken advantage of an HSA, contact your financial institution to learn more.

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of covered lives. In the second year, it will increase to \$2 multiplied by the average number of covered lives.

Notification requirements

Starting in 2013, employers will need to start telling employees about health insurance exchanges, premium subsidies and free choice vouchers.

Moving to a new health insurance market in 2014

The most significant health care reform requirements start in 2014:

Health insurance exchanges

Beginning in 2014, these state-run programs will allow individuals and small employers to comparison-shop for health insurance online. Plans in the exchange will have standard levels of benefits – for example, a “gold” plan will have certain features and a “silver” plan will have certain features. Subsidies will be available to low-income people and small businesses that buy insurance through an exchange.

Individual Mandate & Guarantee Issue

Starting in 2014, all Americans (including people from other countries who are in the U.S. legally) will need to have coverage through some type of plan. If they don't, they'll pay a tax penalty. The penalty starts out small in 2014, but it will get bigger over time. To avoid the penalty, you'll need to show on your tax return that you have some type of health coverage – be it an employer's plan, an exchange plan or something else. Also, coverage cannot be denied due to pre-existing conditions.

Employer responsibility to provide coverage

Employers with 50 or more full-time employees must offer minimum coverage to active employees. Employers will be subject to penalties if they don't provide minimum coverage to full-time employees or if they provide coverage that is not “affordable.” These penalties will range from \$2,000 to \$3,000 per employee.

Employer reporting requirements

Employers will be required to report certain information to the IRS annually. This information includes:

- Whether minimum coverage is offered to full-time employees
- Any waiting periods for health coverage
- The monthly premium for the lowest cost option in each enrollment category under the plan
- The employer's share of the total allowed cost of benefits provided under the plan
- Number of full-time employees during each month
- Name, address and taxpayer identification number (or Social Security number) of each full-time employee, and the months each employee was covered under the employer's plan

We will continue to keep you informed as the provisions of health care reform continue to be introduced. For more information, please contact FHCW Executive Director Cathy Mahaffey at 608-848-7212 or at executivedirector@farmershealthcooperative.com.

Accident Benefit Still Included

Some members have inquired if the \$2000 accident benefit is still available and the answer is YES! FHCW not only provides accident coverage through its health insurance policies for farmers who are not required to carry workers compensation coverage, but also provides an accident policy that gives each member up to \$2000 per person per accident to help pay for out-of-pocket costs. Whether you are injured while working on the farm or while playing baseball with the kids, you may use up to \$2000 to pay for medical costs that come out of your pocket, such as expenses applied to your deductible. Be sure to contact ASA Customer Service at 1-800-654-8840 when an accident occurs.

Delta Dental Next Enrollment Opportunity

Delta Dental has been offered to our members since 2009. The dental plan includes one free exam and cleaning every six months as well as many other benefits. Routine dental visits can do more than preserve your smile. Many studies have tied poor oral health to other negative health conditions. For example, poor oral health has been linked to heightened odds for respiratory illness, heart disease and diabetes. Rates of inappropriate use of emergency services also rise for those with poor dental health. While much of the focus has been on improvements in our health care system, oral health is just as critical.

FHCW members will have another opportunity to enroll in December for a January 1, 2012 effective date. For more information, please review our web site at www.farmershealthcooperative.com or call Agri-Services Agency at 1-800-654-8840.

Board Member Needed

Due to a vacancy, we have an at-large producer seat available for the remaining 2 years of a 3-year term beginning immediately. This is a wonderful opportunity for you or your insured spouse to get involved and help shape the future of FHCW. Prior Board experience or insurance experience is not required.

Board meetings generally take place via telephone every other month and they last for about 2 hours. We hold one in-person meeting on the morning of our Annual Meeting in March and another in-person meeting in early October to review the upcoming renewal. Outside of reading the materials for the meetings and participating in the meetings, there isn't anything else required of the Board. October and November are the busiest months for conference calls due to the January 1st renewal. Board members are reimbursed mileage and there isn't a per diem for our Board members.

The Board plays an incredibly significant role in defining the future of FHCW. Our Board members have learned more about health insurance than they ever expected. If you would like to learn more, please contact Executive Director Cathy Mahaffey at 608-848-7212 or at executivedirector@farmershealthcooperative.com.

Join the 2011 Board of Directors!



P.O. Box 930413
Verona, WI 53593-0413