volume XXVII / issue 3 / Summer 2019

CPI LIGHTS

www.cyganiakplanning.com (262) 783.6161 voice (262) 783.5956 fax

Jon A. Cyganiak, CLU
President

At the moment approximately 90% of Americans are covered by our current health care system. Of those who are uninsured about half are eligible for coverage yet choose to remain without. Obamacare certainly played its part in getting people insured but it never really addressed the biggest problem with our system… cost. Cost of premiums and of out-of-pocket expenses for deductibles and copayments continue to wreak havoc on Americans' pocketbooks. The matter of cost is what needs be addressed, not just access to coverage.

Some believe that the solution is dismantling our current platform that allows people to choose their carriers and their doctors for one that is a "one-size fits all" government run option. Medicare-for-All may seem like a good idea on the surface. Afterall, our population 65-and-over are on it and seem to be happy. So, let's give it to everyone.

Those that support this plan, or some version of it, say that most, if not all, of the cost-sharing will be eliminated. But you can't have something for nothing. The money to support the plan has to come from somewhere. And that somewhere, under some of the plans, is higher taxes. One proponent suggested a 4% tax increase for incomes over $29,000. Other countries with socialized medical care have much higher income taxes than the US with much less coverage than is being proposed here. If support for these programs doesn't come from direct taxation, it has to be raised from somewhere else with other government funds. And that diversion could still ultimately result in higher taxes in one way or another.

Many Americans are still unclear as to what Medicare-for-All will provide. Some think they will pay as they do under our current system, both premiums and cost-sharing. Others believe they can keep their private insurance coverage they currently like, and "opt out" of a national health plan. And many are unaware of the tax implications of a national single-payer plan.

Please make sure to be informed on the topic of revamping our health care system regardless of what your political affiliation may be. Understand both the positive and negative aspects of all options not just what the candidates choose to tell you.

Thanks for continuing to read CPILights!

As always, if you would like to submit an idea or comment in writing you can reach me at:

Jcyganiaksr@cyganiakplanning.com

Regards,

Jon A. Cyganiak, CLU
President

WELLNESS BY THE NUMBERS

The American Journal of Health Promotion, with support from the Centers for Disease Control and Prevention (CDC) recently published a study on wellness in the workplace. More than 3,000 diverse worksites were surveyed in 2017.

Here are some of their findings:

- Nearly **30%** of worksites offered some type of program promoting physical activity or fitness.
- Businesses with a health promotion program:
  39% with 10-24 employees
  60% with 50-99 employees
- **19%** offered tobacco cessation programs
- **17%** offered obesity or weight management plans
- **20%** offered stress management programs

Source: www.insurancdbusinessmag.com/us/news/workers-comp/cdc-nearly-half-of-all-of-us-worksites-offer-health-programs-165452.aspx

INSIDE:

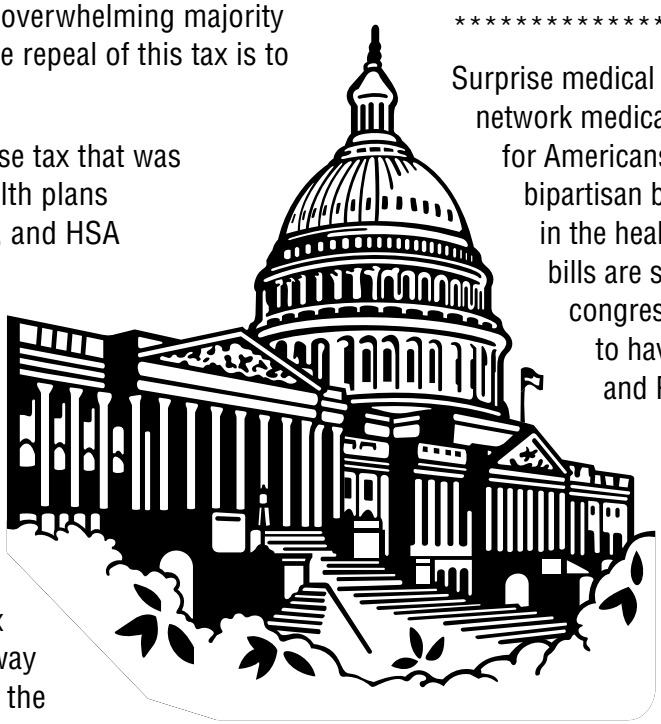
- managing editor: Laura Bagin

LEGISLATIVE UPDATES

FEDERAL

Bipartisan support for Healthcare Reform Legislation

Last month the House of Representatives passed *H.R. 748*, a bill to repeal the Cadillac Tax. This bipartisan bill passed the House with an overwhelming majority showing how important the repeal of this tax is to both sides.



The Cadillac Tax is an excise tax that was imposed on high cost health plans as part of ACA. FSA, HRA, and HSA contributions, which many employers use to help ease the cost of insurance premiums, are included in these calculations. Congress has seen fit to postpone the implementation of this tax since 2018, but the only way to ease minds is to repeal the tax altogether.

If not fully repealed, the Cadillac Tax would impose a 40% excise tax on that portion of an individual employee's premium that exceeds the year's designated dollar limit. While the purpose of the tax is to dissuade employers from offering "overly rich" health benefits, in reality it will negatively impact a majority of group health plans that aren't benefit-rich.

There is a great deal of support from both parties in the upper chamber of Congress for the Senate companion bill *S. 684*. The Senate is expected to take the matter up after the August recess.

****

Surprise medical billing, or "balance billing" of out-of-network medical charges has long been a grave concern for Americans. *H.R. 3630* and *S. 1895* are two bipartisan bills aimed at addressing this problem in the healthcare affordability arena. Both of these bills are still in committee in their respective congressional branches. However, they both seem to have reasonable support from Democrats and Republicans alike. Both the Senate and the House will address these bills in earnest when they return to work after Labor Day.

****

Legislation was also introduced legislation that would provide employer relief from insurance benefit reporting requirements under IRS Section 6055 and 6056. *H.R. 4070* and *S. 2366* recommends a voluntary reporting system for employers to report their health plans and only employees (and/or their dependents) who access subsidized coverage through the exchanges would need to be reported to the IRS.

If passed this legislation would help ease the compliance reporting for employers.

BEHIND THE SCENES

Dana Burgett

We are pleased to announce the addition of Dana Burgett to Cyganiak Planning. Dana joined us the end of June as a Sales Associate. Her extensive 19-year experience in the insurance industry makes her a valuable member of our team.

In her spare time Dana enjoys gardening, concerts and vacationing in Florida. She also is passionate about giving back to her community through her volunteer work at Feeding America, the Oconomowoc Food Pantry and Hope House.

EXPANDED HSA PREVENTIVE CARE SERVICES/MEDICINES FOR CHRONIC ILLNESSES

The IRS and Treasury Department released Notice 2019-45 in July which expands the type of services and medicines that an HSA-compatible High Deductible Health Plan (HDHP) can provide as preventative care for those with chronic illnesses. The notice was released based on direction of the administration's recent Executive Order on expanding the use and flexibility of HDHPs and HSAs.

The IRS and Treasury issued a list of medical services, items and medicines that can be deemed preventative care for people with specific chronic conditions. According to the notice, the services, items, and medicines have to meet the following criterion:

- The service, item or medicine is low cost;
- There is medical evidence supporting high cost efficiency (a large expected impact) of preventing exacerbation of the chronic condition or the development of a secondary condition; and
- There is a strong likelihood that prescribed the service or item will prevent the exacerbation of the chronic condition or the development of a secondary condition that requires significantly higher cost treatments.

Based upon the above information, the IRS and Treasury released a set list of services, items and medicines that can be treated as preventative care for those diagnosed with the chronic illness listed. If the service, item or medicine is not listed or is used to treat a different chronic illness, then it cannot be considered preventative care.

The IRS and Treasury state they will review the above list every 5-10 years. Notice 2019-45 is effective as of July 17, 2019. Please note, the list of preventative care benefits are permitted, but not required to be provided by a HDHP. Each carrier offering HDHPs will determine whether or not to incorporate these services, items and medicines for the specific chronic illnesses into their products as preventative care.

Preventive Care for Specified Conditions	For Individuals Diagnosed with
Angiotensin Converting Enzyme (ACE) inhibitors	Congestive heart failure, diabetes, and/or coronary artery disease
Anti-resorptive therapy	Osteoporosis and/or osteopenia
Beta-blockers	Congestive heart failure and/or coronary artery disease
Blood pressure monitor	Hypertension
Inhaled corticosteroids	Asthma
Insulin and other glucose lowering agents	Diabetes
Retinopathy screening	Diabetes
Peak flow meter	Asthma
Glucometer	Diabetes
Hemoglobin A1c testing	Diabetes
International Normalized Ratio (INR) testing	Liver disease and/or bleeding disorders
Low-density Lipoprotein (LDL) testing	Heart disease
Selective Serotonin Reuptake Inhibitors (SSRIs)	Depression
Statins	Heart disease and/or diabetes

Source: Diversified Benefits Services, Inc.

HR Q & A

Aaron Bielawski
Agent
CYGANIAK PLANNING INC

The Cyganiak Planning Q & A Corner takes questions that our agents and sales/service associates were asked and provides detailed guidance from our HR advocacy firm to help you understand and resolve similar scenarios at your workplace, should they ever arise.

Question: One of our small employer groups recently had an employee pass away. They offer employer paid life insurance, but do not have any beneficiary information on file for this person. The deceased employee's spouse is asking the employer for written proof that they are the beneficiary of this life insurance policy. What is the procedure/law when no beneficiary document exists?

Answer: The general rule is a spouse always receives the assets of an ERISA-governed account (or at least 50 percent) unless the plan participant completes a spousal waiver and another person or entity (e.g. estate or trust) as beneficiary. In such cases, your carrier(s) may require the form be notarized.

If a beneficiary is not elected, this can result in payment going to the estate, if direction is not expressed in a will. We cannot advise on probate law; however, your group carrier should be able to answer the employee's survivor's questions.

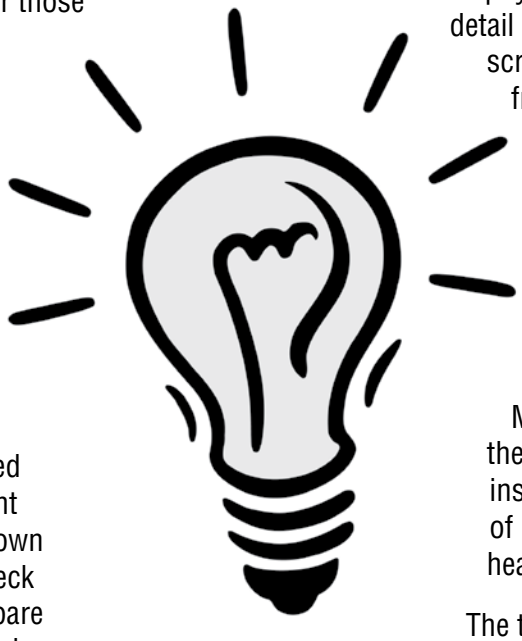
Disclaimer: Guidance provided above is opinion gathered from Cyganiak Planning Inc.'s Human Resources Advocacy Firm based on their research of specified topics and cannot be considered as legal opinion or legal fact. Please consult with your legal counsel for any specific and final guidance in any situation pertaining to your own company.

MEDICARE ILLUMINATIONS

MEDICARE WELLNESS VISIT VS ANNUAL PHYSICAL

To the average American a wellness exam and an annual physical are one in the same. You go to your doctor once a year to make sure everything is in tip top shape. And under ACA most health insurance plans cover an annual exam at 100% for those "non-medical" charges.

However according to Medicare there is a BIG difference between a wellness visit and an annual physical. Medicare is prohibited from covering annual physicals, but they do cover an "annual wellness visit" that typically only checks routine measurements like height, weight and blood pressure. These wellness visits are designed to help the doctor and patient develop a personalized prevention plan to keep them on the right track to staying healthy, based on their own habits and risk factors. Doctors may check for cognitive and mental health and prepare a timetable for approved wellness screenings moving forward.



The ACA has recently added more screening procedures that are covered as part of the wellness visit. These include bone density tests, colorectal and other cancer screenings, cardiovascular screenings, mammograms, and diabetes screening. Not all are approved annually, and some may require referrals or prior risk factors to be considered part of a wellness visit.

Annual physical exams tend to go into much more detail and may include bloodwork and other screening tests that may be outside the frequency of what ACA mandates. Unless these tests and screenings relate to an existing medical condition Medicare will not cover them.

But not to worry, most Medicare Supplements and Medicare Advantage plans have additional coverage to pay for these annual exam routine charges. Medicare was designed to only cover the treatment of illness and injury, but the insurance carriers understand the importance of preventative medicine and catching new health issues in the early stages.

The take-away here is to understand what type of exam you are having and understand what benefits are covered where. Most people over 65 have both Medicare and a Supplement, or a Medicare Advantage plan. It is likely that the majority of your medical services will be covered one way or the other. Knowing how your policies work together can save some stress and aggravation.

MEDICARE ELIGIBILITY AND HSA CONTRIBUTIONS

Happy Day! You are turning 65 and will be eligible for Medicare. You can get off your employer-based group health plan and take a more comprehensive MAPD or Medicare/Supplement package.

But what do you do with your health savings account? Can you keep putting money in as you have for the past several years? Can you take money out?

Being enrolled in Medicare immediately makes you ineligible to contribute to an HSA. You also have to have a qualified HDHP (high deductible health plan), which Medicare/Supplements and MAPD plans generally are not. But you can prorate your HSA contributions on a monthly basis. For example, if you become eligible for Medicare on August 1st and were otherwise eligible January – July you can contribute 7/12 of your annual maximum.

It is important for employers to be aware of contributions rules too. Some companies make monthly or quarterly contributions to their employees' accounts. This could create tax problems for unassuming employees if they are not eligible.

While you can't put any more money into your HSA you can still take it out to pay for qualified out-of-pocket medical expenses as well as Medicare premiums. This includes premiums for Medicare Part B, Medicare Advantage plan (MA/PD) premiums, prescription drug plan (PDP) premiums, and long-term care insurance premiums.

LONG-TERM CARE INSURANCE:
COMBINING LIFE INSURANCE AND LONG-TERM CARE

Jon I. Cyganiak
Agent/Vice President
CYGANIAK PLANNING INC

Hybrid programs that combine life insurance and long-term care benefits are becoming more available and an option one should consider in lieu of straight long-term care coverage. The marketplace for traditional long-term care insurance coverage has shrunk as insurance companies struggle with the low interest rate environment. This has had a negative impact on the returns insurance companies earn on their bond portfolios, along with longer life expectancy among the insured. The combination of living longer and low interest rates had led insurance companies to raise premiums on in-force long term care policies and force them to be innovative in ways to help policyholders handle the increases.

Hybrid programs vary in the details, but the general idea of a hybrid life insurance policy is to allow a buyer to purchase a cash-value life insurance policy and to use a portion of that policy for long term care benefits, if necessary, and keep the rest as a death benefit that will be paid to the purchaser's beneficiary. If long term care benefits are used, the death benefit may be reduced. These plans are popular because the buyer is getting two plans and will receive some type of payment.

Hybrid programs can be funded just like other insurance programs via regularly scheduled premiums. Also, a policyholder can purchase with one large lump sum upfront by a repositioning of current assets or by utilizing a 1035 exchange from an existing cash value life insurance program. A retiree with robust savings likely will do best with a single-premium program while a middle-aged individual with less in retirement savings may prefer an annual premium mode. There is also a refund feature available to buyers who change their minds after all premiums have been paid.

The idea of a single policy insuring two risks seems attractive – and hybrid policies may convince many who otherwise wouldn't buy long term care insurance. However, a hybrid program may not do a thorough job of covering both risks if both happen to occur – if you need to cover years of long-term care expenses as well as leave a death benefit for your loved ones, for example. Using the policy's benefits to cover several years in a nursing home could drain it, leaving no death benefit.

Moreover, adding a long-term care insurance rider to a life insurance policy costs extra. Your premiums still would be less than they would be if you bought separate long-term care insurance and life insurance policies.

Individuals in or near retirement or still working and saving for retirement should seriously consider the hybrid program of life and long-term care benefits.

Give your CPI Agent a call to find out more on how a hybrid program can benefit you and your family.

PRIORITIZING WELLNESS

Being healthy isn't something that comes naturally to everyone. Some of us have to work hard at it. The commotion of day-to-day living seems to get in the way no matter how well intentioned we may be. It can be stress and a hectic work schedule or household chores and carpools that send you off track.

In order to get the most out of your new found desire to lead a healthy life here are a few ideas to help you make wellness a priority.

1. **Begin With Baby Steps.** Don't decide to run a marathon the first month. Start small…two minutes of mediation in the morning, a walk during lunch break, or 30 minutes at the gym after work.
2. **Identify Your Wellness Goals.** Write it down. Working toward a specific goal makes it easier to stay motivated.
3. **Track What You're Doing and Acknowledge Results.** This lets you know it is working!! There are several and apps in the market today to help you keep track of whatever you do.
4. **Schedule Time for Wellness.** You have to schedule time to exercise just like you would schedule a work or social appointment. It is an appointment with yourself to be a better you.
5. **Surround Yourself with Wellness.** Seek out and be friends with people who live healthy lifestyles. It will help keep you on track and help prevent relapses to bad habits.
6. **Understand Your Inspiration.** You must see value in wellness to make it important. Understand why you want to be healthier and find ways to help remind you of this. It can be a quote or a picture on your refrigerator or whatever helps remind you of why your goals are important to you.

While putting all the above ideas into action won't make you drop 4 clothing sizes in the next 2 months it will set you up for a lifetime of wellness. Studies show that it only takes 30 days to develop a new habit. Why not start your 30 day countdown today to a new and better you.

Source: http://blog.disabilitycanhappen.org/six-ways-to-prioritize-your-wellness

RETIREMENT REFRESHER
GEN Z AND RETIREMENT

According to a survey from Fisher Investments 401(k) Solutions today's employees need to learn more about retirement plans and planning for their future.

The second Financial Wellness in the Workplace Study from Fisher Investments surveyed 1,000 employees from companies of 5-350 workers. It revealed that 84% of Millennials and Gen Zers failed a test on the basics of 401(k)s. Baby-Boomers and Gen X did slightly better.

All this points to the recurrent need for education on retirement saving strategies. Many people don't understand their retirement needs let alone what a mutual fund is or how it works. This lack of understanding leads to less confidence in employees' decision making. Financial education from an employer, through their internal HR department or outsourced to a professional, can be key to improving employees understanding and participation in workplace retirement offerings.

WHAT WORKERS DON'T KNOW ABOUT THEIR 401(K)S

Here are the two questions Fisher Investments 401(k) Solutions recently asked that tripped up the most respondents across all age brackets:

Based on rules defined by the Internal Revenue Service at what age can you withdraw money from your retirement plan without a tax penalty?

1. 62
2. 61.5
3. 61
4. 60.5
5. 60
6. 59.5
7. 58.5

Correct answer: 6. Just 27% of respondents answered correctly.

Select all the statements below that describe what a mutual fund is. You can select all of the statements or a mix of some of the statements to answer this question. If you are not sure what a mutual fund is you can select "I'm not sure what a mutual fund is."

1. A mutual fund is an investment vehicle that is made up of a pool of funds collected from many investors.
2. The decisions to buy and sell securities in a mutual fund are made by one or more portfolio managers.
3. A mutual fund is limited to no more than ten different financial securities in the portfolio.
4. there are no fees associated with owning a mutual fund.
5. I'm not sure what a mutual fund is.

Correct answers: 1 & 2. Just 23% of respondents answered correctly.

Source: https://www.fisher401k.com/resource-library/basics/quiz-results

IN THE SPOTLIGHT
A WHO'S WHO IN SUCCESSFUL BUSINESS

Cyganiak Planning, Inc. would like to recognize the physical growth, as well as the accomplishments of our clients. If you are expanding your human resources or your facility, please let us know. If you are participating in some community outreach or volunteer effort, or have recently been recognized with an award please contact your agent (262-783-6161) and we will share your achievements with our readers.

CONGRATULATIONS to the **2019 MMAC Future 50** Award Winner:

American Construction Services, Inc. – 1st year Winner

The MMAC-COSBE Future 50 program recognizes the outstanding achievements of fast-growing businesses in the Milwaukee Region. These are privately-owned companies in Kenosha, Milwaukee, Ozaukee, Racine, Walworth, Washington and Waukesha that have been in business for at least three years and have shown significant revenue and employment growth. Milwaukee's Future 50 Program was established in 1988.