

**MAIN OFFICE**

Great Northern Corporate Center
 24950 Country Club Blvd
 Suite 104
 North Olmsted, OH 44070
 Phone | 440-617-9440
 Fax | 440-777-1307
 Toll Free | 866-222-0102

To: BeniComp Advantage Agents
From: Jim Pshock, Executive Vice President

Date: December 11, 2007

RE: BeniComp Advantage Statement on Field Assistance Bulletin No. 2007-04

CORPORATE HEADQUARTERS

8310 Clinton Park Drive
 Ft. Wayne, IN 46825
 Phone | 260-482-7400
 Fax | 260-483-6255
 Toll Free | 866-222-0102

www.benicompadvantage.com

On December 7, 2007, the U.S. Department of Labor issued Field Assistance Bulletin No. 2007-04 regarding: *Supplemental Health Insurance Coverage As Excepted Benefits Under HIPAA and Related Legislation.*

This bulletin appears to target supplemental plans that attempt to absolve themselves from the wellness rules. Although we have long believed that the supplemental policy included with the BeniComp program would in fact be viewed as coverage similar to TRICARE or Medicare supplemental plans and therefore exempt from non-discrimination rules, this Bulletin has not adversely impacted the BeniComp model.

The BeniComp program does not attempt to skirt HIPAA non-discrimination requirements for wellness plans that are designed to ensure fairness for all covered members without discriminating based on health status factors. Employers should be comforted by the fact that the BeniComp program is structured to comply with the final wellness rules for plans effective on or after July 1, 2007 because:

- *The rewards are available annually*
- *The rewards are available to all similarly situated individuals. Reasonable alternatives are made when achieving a goal is medically inadvisable or unreasonably difficult to achieve based on an individual's medical condition.*
- *It is designed to promote health and prevent disease*
- *An appeal process is in place for each reward category*
- *The rewards and appeal options are fully disclosed in plan materials*
- *The total value of rewards that are contingent upon the satisfaction of health standards do not exceed 20% of the total cost of annual coverage. An annual calculation is performed to determine what if any portion of total rewards available from BeniComp will be made available for participation in the program or given as "activity-based" rewards under the program. For example, if BeniComp is offering up to \$2000 in reward but 20% of premium on the plan is \$1,400, every employee will be assured of a way in which they can earn \$600 through activity or participation based incentives. In this way, even employees who fail all measures will not be penalized by more than the 20% of premium amount allowed as a result of their failing the tests. Additionally, because covered spouses are required to either fully or partially participate in the program, 20% of family premium is calculated in family situations.*

As a result of being structured to comply with the final wellness rules, employers have a turn-key, safe program that allows them to stay out of their employee's health issues and the administrative burdens associated with home-grown wellness plans. The luxury of knowing the full cost for the program up front comes from the fully insured supplemental policy and shelters employers from being involved in the measurement, reporting or appeal of employee biometric screening results.

We at BeniComp Advantage want to thank all of our partners, including brokers, consultants, carriers, and employers who continue to make us a national success. If you have any specific questions or would like to request our latest position statement, please contact our Manager of Business Development, David McGlennen at davidmcglennen@benicomp.com.