Winter - 2008

Cornerstone Group NEWSLETTER

Employee Benefits | Financial Services | Municipal Advisors | Employee Administrative Services

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A Well-Executed 2007

As an independent agency of specialists, Cornerstone Group took a number of new steps over the past year on behalf of our clients to enhance custom strategies that address their business and personal financial objectives. Since 1981, we have made client satisfaction our foremost priority; and, to that end, we initiated several key activities during 2007:

Financial Services

Our Financial Services unit, lead by **Scott Prechtel, CLU, ChFC** helps business owners and other individuals grow and preserve their wealth. **Michael Kaline** joined our firm as retirement plan specialist and helped guide clients throughout 2007 in shaping their financial futures to meet their needs. Michael, in fact, is an expert in retirement programs, with certification from an AXA-sponsored training program in qualified plans at the University of Pennsylvania's renowned Wharton School. Michael joins our firm's founder, **Jerry Ciaramitaro JD, MBA** to assist our clients with retirement plans.

Municipal Advisors

The Municipal division of Cornerstone, led by **Mark Manquen, CPA, MST** continued to expand it's presence as more and more cities, townships and counties attempt to get their arms around increasing health care budgets and GASB 45. Moreover, the continuing struggles many municipalities are having collecting their Retiree Drug Subsidy increased their division's business in one of its core services, RDS administration. This business will continue to explode in 2008 as more and more municipalities face a critical March 31st deadline for final RDS reconciliation.

Core competencies in areas such as retiree health care plan design, collective bargaining support and GASB 45 advisory services led the division to securing contract work with municipalities such as Dearborn, Inkster

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Professional Seminar Series from Cornerstone!

Take Charge of Your Destiny

Thursday, January 17, 2008
9:30 am – 11:30 am
Registration at 9:00 am with Continental Breakfast

Lifetime Fitness
200 West Avon Road
Rochester Hills, Michigan 48307
248-601-9400

Walk your way to a better bottom line in 2008! Start the New Year exploring the most innovative wellness programs available. You won't want to miss this chance to explore the Vitality Factor with Destiny Health:

RSVP: Trudi Knust – 248-641-2670
tknust@cornerstonebenefits.com

Municipal Advisory Group Seminar

1. Overview – Public Employee Health Benefit Act-P.A. 106
2. RDS Reconciliation – The Looming March 31st Deadline!

Tuesday, February 5, 2008
9:00 am – 11:00 am
Registration at 8:30 am with Continental Breakfast

Michigan State Conference Center/
MSU Management Center
811 W. Square Lake Road
Troy, Michigan 48098

RSVP: Jayne Brown – 248-641-2892
jbrown@cornerstonebenefits.com

Cornerstone Financial Advisors Upcoming Events:

CPA meetings are held on the 3rd Thursday of each month at Dave & Busters in Sterling Heights, Michigan from 8:00 am to 10:00 am. If you, your CPA, or anyone on your staff is looking for a fun and easy way to obtain required CE credits please contact Mike Kaline or Scott Prechtel at 248-641-3600.

What if a Health Plan Actually Helped People Live Healthier Lives??

It's a simple idea with extraordinary potential - to change the way think about the choices we make every day. To transform health from being something we reply on other people for, to something we can create for ourselves.

Imagine a healthcare plan combined with a ground breaking wellness program – that's what Cornerstone Group can offer thanks to our new partnership with Destiny Health and Lifetime Fitness. We think that this innovative plan offers solutions to rising costs and employee health concerns.

Cornerstone Group joins Destiny Health with their vision of the "power of health". They know that when we are well, we feel well. And when we feel well, we can live our best lives. A simple idea with extraordinary potential—to change the way we think. To transform health from being something we rely on other people for, to something we can create for ourselves.

The most effective way to improve health and reduce healthcare costs is through individual empowerment—giving people the power to live healthier lives. Destiny Health's Vitality program offers just that; a health and wellness plan that integrates insurance with education, fitness, prevention and lifestyle management tools to encourage people to make smarter choices and rewards them for those choices — with costs savings, free merchandise, incentive programs and more. And, best of all, they get to enjoy the benefits of better health.

How Does it Work??

Destiny Health offers health plans including PPO plans, HRA's and HSA plans. Once enrolled, members may take also take advantage of the unique Vitality program where members engage in a variety of designated education, prevention, fitness and health living activities.

Cornerstone was selected by LifeTime Fitness, a partner of Destiny Health, to be the exclusive agency in Michigan to implement this program. When a LifeTime member who is also insured by Destiny checks into the health club, the information is automatically passed on to the health plan. As an added bonus, Destiny Health will subsidize up to 100% of your single Life Time membership dues just for participating in the program!

Participation earns Vitality "Bucks" which are redeemed for exciting rewards based on verifiable results. Fitness levels are tested twice yearly and include endurance and flexibility tests. Workers' blood pressure and cholesterol levels are also measured regularly; and ex-smokers must submit blood samples to test for nicotine.

Ottowa Dental Laboratory workers Love the Rewards!

Megan received two televisions, a DVD player, an Xbox 360 and two iPods. Vicki got a digital camera, a GPS navigation system and a Bose speaker dock with her iPod. Ben and So Youn received a 42-inch flat- screen TV for their living room.

And the list goes on for workers at Ottawa Dental Laboratory. Their health plan gives them "bucks" for getting in shape, quitting smoking, lowering their cholesterol or managing chronic conditions such as diabetes or asthma. They use the bucks to get merchandise on the health plan's website like luxury watches, and mountain bikes.

"The shopping is great," said Vicki, who earns her bucks by, among other things, exercising at least four times a week. "I feel good and have more energy" she said. Workers say these approaches give them the added motivation they need to drop a few pounds or quit smoking. Employers say these methods should pay off on the bottom line too, because healthier workers lead to less absenteeism and more productivity.

The Reward

Conventional health insurance isn’t doing the trick, experts said. Co-payments and deductibles have gone up across the board, but not enough to affect unhealthy behavior. Most consumers do not equate their bad habits with higher healthcare costs, because bad behavior takes years to take a toll while out-of-pocket costs are felt immediately and perceived as something arbitrarily imposed by insurance companies. Moreover, raising out-of-pocket costs too much can have the effect of making already sick patients skip needed care, which only worsens their condition and the ultimate cost of their medical care.

At Ottawa Dental Laboratory, the reward-based health plan has transformed the culture. The 110 employees of the lab, are a cross section of the American workforce: Some are lanky, some are stout, and many carry extra weight around the waist. A few smoke.

But things are slowly changing. Posters in the break room show workers participating in walkathons and fitness competitions. Employees report fewer doughnuts and more fruit plates. Most individual changes are less than radical. Queta Nave, a lab technician, said she started doing stretches at home and walking more. She’s lost 8 pounds in six months. “We have to take some of the responsibility,” Nave said. “You can’t expect a doctor to fix something that took you 20 years to screw up.”

It Works!

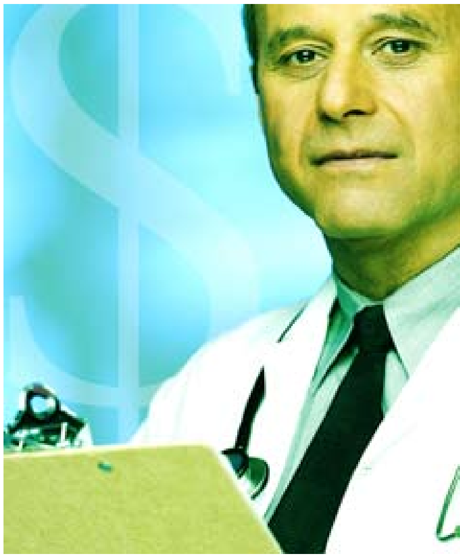
The workers filled 160 fewer drug prescriptions last year than the year before. “The co-pays have stayed the same,” Bretag said, “so we know it is not because people are skimping on their medicines over costs. They are actually healthier.”

Destiny Health also rewards the employer during renewal. They can earn up to a 10% discount during the first renewal and a rate cap of 2.85% starting on the second renewal. This is an industry first and truly is a win win situation.

If you would like to find out more about this innovative approach to health care sign up to our next seminar on January 17th. This seminar will cover the Destiny Program in detail.

Did you know that Cornerstone Group is available to host educational meetings at our office or on site at your location? Call us if you are interested in educating your employees on a range of topics including asset allocation, college planning, retirement planning and the importance of planning for your future. This is a valuable free employee benefit and just another way Cornerstone Group thanks you for your business.

Contact Elaine Kenny at 248-641-2732 for more information.



It's Time For Your Annual Financial Checkup!

You may have had your annual physical exam and taken your car in for scheduled service this year, but what about your annual financial checkup?

If you were on a long road trip, you'd stop occasionally and look at the map to see if you were headed in the right direction, wouldn't you? An annual financial checkup serves the same purpose. It's an opportunity to review how you've done financially over the past twelve months and make sure you take advantage of any available tax-saving strategies.

Get Started…

1 Identify Your Goals

The first step in your financial checkup is evaluating your goals. Write down your financial goals, whether they involve saving to buy a new car, paying off credit card debt, or planning for retirement.

Break each financial goal down into several short-term (less than 1 year), medium-term (1 to 3 years) and long-term (5 years or more) goals.

Research small, measurable steps you can take to achieve these goals, and put this action plan to work.

Review your progress regularly. Have you fallen short of your goals this year? Can you figure out why? Have your goals changed? If so, revise them and write them down.

2 Evaluate Changes in Your Personal Situation

Have changes in your personal situation taken place in the last year or do you anticipate any major changes? A job change, divorce, retiring, buying a house, getting married, or moving can alter your income and your lifestyle significantly. You may need to adapt your budget, your spending, your savings, and your investments. Taking the time to plan for these changes will make the transition much smoother.

3 Protect Your Assets

Next, evaluate your protection of your assets. Review your homeowners or renters insurance, health insurance, auto insurance. Don't forget to protect the greatest asset of all - your income earning ability - with long-term disability insurance.

4 Prepare for the Unexpected

Review your will, and your estate plan. Have any changes taken place that requires updating?

5 Evaluate Your Investment Performance

Calculate the return on each of your stocks, bonds, or mutual funds. Are you satisfied with their performance compared to the rest of the market? Is it time to sell?

6 Evaluate Your Debts

How are you doing on controlling and paying down debt? Most lenders will tell you that a 36% or lower debt to income ratio is good. If your debt to income ratio is: Less than 30%: Excellent! 30% to 36%: Good. You won't have any problem with lenders, but work to bring it down below 30%. 36% to 40%: Borderline. Some lenders will still give you a loan but you may struggle to make your payments. 40% or higher: Red flag. Your credit situation requires attention.

How's the interest rate on your mortgage? Should you consider refinancing? Even a small dip in rates can make a big difference over the life of your mortgage.

How's your credit score? If you haven't ordered your free copies of your credit report, now's a good time to do it. Go to www.annualcreditreport.com

7 Reduce Your Income Taxes

What can you do to minimize taxes? Review the list of allowable deductions and take advantage of any itemized savings. Consider bunching deductions into one year or accelerating deductions by paying tax-deductible items early to help you reach the threshold. For instance, medical expenses can only be deducted if they exceed 7.5% of your income. If you're close, pre-paying an orthodontia bill.

8 Review Your Retirement Plans

Are you contributing the maximum to your 401(k) plan? This is one of the best tax-reducing strategies available. If your employer doesn't have a 401(k), does it offer any other kind of plan? If not, set up an IRA on your own.

How'd you do? If your financial health is in good shape, congratulations! If it can use a little work, at least you know where you need to concentrate your effort

Contact Elaine Kenny at 248-641-2732

Important Legislative News !

On October 1, 2007, Senate Bill 418 was enrolled by the 94th State Legislature creating P.A. 106 ("Act") and effectively launching the most sweeping state health care legislation in recent memory.

The Act, called the **"Public Employees Health Benefit Act"**, will change the way Public Employer groups interact with insurance companies and third-party administrators when purchasing their group's medical insurance plans. Public Employers groups covered under this Act is broadly defined including most municipal, school, or agency and departments thereof and other political subdivisions of Michigan. Public Universities' may also elect to come under the provisions of this Act.

The Act will Allow Public Employer's to Create "Pooled Plans"

A major goal of the Act was to make is easier for Public Employers' to create and join "pooled plan" arrangements for the purpose of purchasing medical insurance plans and related products and services. Prior to this Act administrative and regulatory requirements made it very difficult for Public Employers to join together to enhance their collective purchasing power and to spread out their Plan risk. The Act enables a "pooling arrangements" and has created the regulatory and administrative guidelines necessary to assemble under this Act .

Some of the requirements in establishing and maintaining a "pooled plan" are as follows:

1. Submit an application for "Certificate of Registration" with the State along with a business plan, bylaws, copy of contracts, plan descriptions
2. Maintain set cash reserve levels
3. Annual audited financial statements from a certified public accountant
4. Quarterly "un-audited" financial statements
5. File Plan premiums, rates and renewal projections with the State

The pooled plan will establish a board of trustees, of which 50% or more must consist of Employer or collective bargaining representative members. No trustee will be an owner or employee of a third-party administrator providing services to the pooled plan. Lastly, the State Insurance Commission will charge the pooled plan an annual assessment fee of .25% of total claims paid through the pooled plan.

The Act Mandates That All Medical Plans in the State Provide Claims Utilization and Plan Cost Data To Groups With 100 or More Participants

What has been deemed the "MESSA" piece of the Act is the requirement that all medical plans in the State provide claims and cost data to Employers with 100 or more plan participants. This is not a change for most carriers who today already provide this information to groups of this size. However, MESSA has long denied access to such data for individual school districts. Under this Act, they will now be required to provide this information. For Public Employers with under 100 participants, many of who have not been unable to get claims information from their carrier, they can now join a pooled plan and have access to claims information under the pooled plan.

The Act Requires That All Public Employer Groups Go Out To Bid Every Three Years When Renewing or Continuing Medical Plan Coverage

Perhaps the most sweeping change attached to this Act - the requirement that all Public Employer groups under this Act will now be required to go out to bid every three years when renewing or continuing medical plan coverage. The bid requirement applies to insurance carriers and third-party administrators (if a plan uses a third-party administrator to process, adjudicate and pay claims for the plan). Employers must solicit 4 or more bids and at least one from a "voluntary employees' beneficiary association" ("VEBA").

The Cornerstone Municipal staff is prepared to assist our clients in meeting all the requirements of this Act. We can manage the entire "bid process" requirement and will be looking at the pros and cons of joining a "pooled plan" arrangement. If you have any questions regarding this article, please call Mark A. Manquen at 248-641-2786.

RDS Reconciliation – The Looming March 31st Deadline!

The RDS Reconciliation process requires that a Plan Sponsor report actual total gross retiree prescription drug costs including the actual rebates and price concession data for a specific Application year. Reconciliation must be completed no later than March 31, 2008. *If the 12 steps of reconciliation are not completed by March 31, 2008, all RDS amounts paid to the Plan Sponsor for that particular application will be considered an overpayment and CMS will institute proceedings to recoup such amounts.*

Cornerstone's Municipal Advisory Group has become specialists in providing RDS support services, up to and including the reconciliation process. We will take over the laborious task of completing all the necessary steps of the government retiree drug subsidy program. Please contact us for more information about our services. Below is a simplified explanation of the 12 step Reconciliation process.

Step 1 and Step 2

Initiate reconciliation and review and verify your payment setup information.

Please note that reconciliation cannot be cancelled once started and should not be initiated if final rebate information is not received.

Steps 3 and 4

Review and verify your "covered retiree" list.

You can upload changes and request the Covered Retiree List multiple times until you are satisfied with its accuracy. Some examples of what you may look for:

1. Retirees not uploaded for a specified RDS application year
2. Inaccurate retiree subsidy periods
3. Changes to benefit options during RDS application year for a retiree. If a retiree was covered under more than one benefit option within an application year, cost reporting for that retiree must be coordinated to appropriately report threshold and limit reductions. For 2006, threshold reduction was $250 and limit reduction was $5,000.

Step 5

Declare your readiness to begin generating final cost reports.

Step 6

Final reconciliation cost reports must be submitted.

Work closely with your carriers during this process as each carrier has a different method of submitting or providing this data.

Once ALL reporting sources have been submitted to RDS you are ready to finalize the process.

Step 7

Review final costs

Remember, this includes costs for ALL reporting sources.

Step 8

This step is currently not available ...

but in the future will allow you to enter any necessary revisions to the summarized final cost data as a result of the coordination of individual retiree cost data, and/or the receipt by the Plan Sponsor of rebates or other price concessions (that the Cost Reporter was not aware of) directly from a drug manufacturer.

Step 9

Finalize the reconciliation payment request.

Agree to the final payment request in preparation for review by the Authorized Representative.

Steps 10 and 11

Review, make changes if necessary, then approve your EFT information.

Step 12

Review & submit your reconciliation payment request.

This step can only be completed by the Authorized Representative. Remember, Step 12 cannot be started until Step 1 through Step 11 have been completed.

We anticipate that most Plan Sponsors will receive a small amount of remaining subsidy dollars. However, if CMS overpaid, you will have 30 days to repay the difference. This overpayment will not be drawn from your EFT account but instead must be mailed to CMS directly.

Need help?
Contact Mark Manquen at 248-641-2786

Breakthrough Technology - Online Enrollment is Here!

Self-Service Benefits Technology from Cornerstone Employee Administrative Services

Cornerstone Employee Administrative Services is a recently implemented Cornerstone program that combines Internet technology and human services for powerful results. By employing the convenience and speed of the Internet with our professional services, Cornerstone Employee Administrative Services delivers a complete end-to-end employee benefits management, communication, and transaction system to help employers reduce costs, improve service, and refocus their efforts on the things that matter most.

Under this program, we deployed a number of client websites in 2007 that have allowed our clients' personnel to function more efficiently. The technological core of the program is the HRConnection application.

HRconnection™

Easy-to-use employee website that serves as a custom company information and benefits expert.

New employee orientation module walks employees through plan setup and details.

The Cornerstone Employee Administrative Services offering includes the following:

HRConnection™ employee interface, an employee self-service technology

HRConnection™ is the ATM machine of the HR department. Employees can serve themselves anytime from anywhere and at their pace. HRConnection™ provides the following features:

- 24/7 access from any web browser.
- Automated benefits enrollment, including benefit plan details, payroll deductions, provider directory search and FAQ's.
- Customized new-hire orientation with narrated "talk track."
- Ability to review open-enrollment details and make open-enrollment elections.
- Information updates and changes including life events, beneficiary changes, emergency contact changes, address changes, and more.
- Employee handbook and company directory.
- Clear and simple user interface with step-by-step workflows.

HRConnection™ employer interface, a benefits control center for employers

All HR users from anywhere, with a simple web browser, can access the system through HRConnection™, which provides the following features:

- Fast and easy new-hire set-up process.
- E-mail notification for all changes made by employees.
- Open enrollment tracking. Monitors employee progress and provides report of those employees with outstanding requirements.
- Basic HR record keeping and reporting capabilities.
- No installation or maintenance of software. Only requires a web browser.

Eligibility Processing

- All eligibility transactions, including new hires, enrollment changes, and terminations, are processed by the employee or the employer via HRConnection. These transactions then are remitted by Cornerstone Employee Administrative Services, electronically or on paper, to all insurance carriers on behalf of the employer.

Open Enrollment

- Communication of all relevant open-enrollment details to employees via HRConnection™, including new plan information, new premiums/payroll deductions, coverage details, etc.
- Cornerstone Employee Administrative Services monitors employee progress throughout the open-enrollment period to determine outstanding requirements.
- Cornerstone Employee Administrative Services remits changes to insurance carriers electronically or on paper.

Contact either Frank Mayer at (248) 641-2731 or Mary McIntyre at (248) 233-6166 for more information.

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and Shelby Township. The Municipal Group is very involved in assisting our clients with introducing health care plan change ideas at the bargaining table and have provided testimony in 312 hearings. Change is difficult in a union setting; however, we had many success stories in 2007 working with union and retiree groups to champion changes and secure compromises that will positively reduce future health care costs while maintaining the integrity of the promises made to employees and retirees.

Employee Benefits

Among the new technology and programs that we launched over the past year, these have been of particular interest to our clients:

- Deployment of a number of online enrollment systems. Cornerstone provides all the people and applications to manage the back-end functions that enable employees to enroll in benefit programs via the Internet. Clients are able to leave execution to us.
- Development of new-employee orientation "talk tracks," customized for each client. (This is really cool!) These employee videos allow employees and spouses to log on 24/7 and watch, listen, and learn about their eligibility, benefit options and enrollment procedures.
- Updating of Cornerstone Group website with streaming video. Now visitors to our site can more easily navigate through descriptions of our services as well as view case studies and our quarterly newsletter.
- During 2007, Lifetime Fitness appointed Cornerstone as its exclusive broker in Michigan to support its wellness initiatives.

"We expect e-mail attachments to become increasingly obselete like dial-up internet service and analog phones."

A tier-one automotive supplier hired Cornerstone to set up benefits, including 401(k) plans, for 150 newly recruited engineers, which we achieved completely online. Through the strong support of its human resources department, the client achieved enrollment of 80 to 90 percent of employees in its consumer directed HSA program. The stunning participation rate in the HSA positions the client to have more direct control of its health care costs.

Looking ahead to 2008, Cornerstone will be deploying more web-hosted collaboration and file-sharing applications. This initiative will bring dramatic efficiencies to our clients and gradually replace many of the sometimes frustrating e-mail attachments we have been accustomed to using. We expect e-mail attachments to become increasingly obselete like dial-up internet service and analog phones. Cornerstone will be directly connecting businesses with their financial and benefit information through new online systems that will make the next year even more exciting than the year we now leave behind.

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