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Message From Mitch

Hello,

Spring is in the air, or at least I think it is! We thought spring was on our side in February, but instead, a snow storm hindered our plans for our CPR Certification Seminar. Luckily, we were able to reschedule the event and we were once again pleased by the response. Thanks to our awesome instructor, Sheri Blackwell of Certified CPR, we all walked away feeling more comfortable in our ability to handle an unexpected event. Thank you to those of you that joined us, we hope you found this training to be as valuable as we did. [View photos of the event here.](#)



Attention Southern Nevada: You asked, and we listened! I am excited to announce that we are in the process of bringing interactive seminars to your area. Not only will we be able to spend more time getting to know you at these events, it also gives you an opportunity to gain priceless knowledge in many areas of interest. We hope to have the first of many seminars up and running within the next few months. If you have suggestions or ideas about certain topics you would like to see presented, please [Contact Us](#). We are looking forward to seeing you at the first event!

Continuing to protect your health and wealth,

[Mitch Laughton](#)

Understanding the Health Care Reform Prohibition on Rescissions

The Patient Protection and Affordable Care Act (PPACA) and corresponding interim final regulations provide that a group health plan or a health insurance issuer offering group or individual coverage must not rescind coverage except in the case of fraud or an intentional misrepresentation of a material fact. The restriction on rescissions is generally effective for plan years beginning on or after Sept. 23, 2010. The regulations define a "rescission" as a cancellation or discontinuance of coverage that has retroactive effect. Under prior law, a rescission was permissible if an individual made a misrepresentation of material fact, even if the misrepresentation was not intentional. Under the new standard, coverage may not be rescinded unless an individual was involved in fraud or the

misrepresentation of material fact was intentional. In other words, misstatements of fact that are inadvertent do not allow a plan to rescind coverage.

The regulations provide that prospectively cancelling coverage is not a rescission. For example, guidance clarified that plans are permitted to correct errors, such as mistakenly covering a part-time employee, by cancelling coverage prospectively. However, the guidance did state that if a plan covers only active employees and a termination occurs, the plan may retroactively cancel coverage back to the termination of employment date if the employee paid no premiums for coverage after terminating. This may be a relief for human resource professionals who only reconcile and submit eligible individuals to insurers once per month. PPACA requires advance notice when coverage is rescinded. Specifically, the law prohibits cancellation of coverage unless group health plans and issuers provide at least 30 calendar days prior notice, which is designed to provide individuals and plan sponsors with an opportunity to explore their rights to contest the rescission, or look for alternative coverage, as appropriate.

Finally, if another federal or state law provides stricter standards as to when coverage may be rescinded or canceled, then that stricter law will apply. For example, if a state law provides that rescissions are permitted only in cases of fraud, or only within a contestability period, which is more protective of individuals, that law would prevail.

Combined Health and Disability Programs Had Shorter Absences

Employees who have medical and disability coverage and who suffer a short-term disabling illness or injury spend less time away from work on medical leave than those without the integrated program. So concludes insurance firm CIGNA's 2010 Integration Value Study, comparing integrated and nonintegrated disability and medical plans.

In any economy, employers pay attention to labor costs. Chief among the cost drivers is lost productivity attributable to disabling illness and injuries. According to the Mercer/Kronos 2010 survey, [Total Impact of Employee Absences](#), the total costs of unscheduled disability absences in the U.S. adds up to 8.7 percent of payroll—more than half the cost of health care, measured at 13.6 percent of payroll.

“Reining in costs associated with employee absence is an imperative for employers,” said Mark Marsters, senior vice president, Group Operations, for CIGNA. “Integrated disability and medical programs provide more opportunities to encourage and engage employees to improve their health and reduce disability absence, which benefits the employees as well as their employers.”

CIGNA's study found that employees with an integrated disability and health insurance program:

- Were absent 20 percent less than those who had disability coverage alone.
- When taking short-term disability leave, required on average 13 fewer days of disability time than those who did not have access to an integrated program.
- Experienced an 11 percent better return-to-work rate than those without the integrated plan.

If each day of disability costs an employer \$159 in direct and indirect costs (assuming an average benefits loaded average hourly wage of \$29.71 and a 60 percent short-term disability benefit), a company with 5,000 employees covered with medical and disability programs could expect 2,500 fewer days of disability, representing nearly \$397,500 in direct cost and productivity savings. Companies with integrated plans experienced 11 percent better return-to-work rates.

Your Future Could Be at Stake

In the absence of an adequate, long-lasting source of disability income, you could be forced to use your retirement assets to pay living expenses and medical costs. If you have to withdraw assets from a tax-deferred retirement account, the withdrawals may be subject to a 10 percent federal income tax penalty if you are younger than 59½ (depending on the severity of the disability), as well as ordinary income taxes. Even worse, tapping your retirement assets could interfere with progress toward your retirement goals, creating the possibility that you might not be able to attain the retirement lifestyle you envisioned.

The appropriate disability income strategy may help reduce the financial consequences if you lose your income because of an illness or injury. Statistics indicate 43 percent of 40-year-olds will suffer at least one long-term disability (lasting 90 days or longer) before age 65. If you wouldn't think of going without insurance coverage for your home, health, or car, it doesn't make much sense not to protect what may be your most valuable asset: your ability to earn an income. [Contact Us](#) today to obtain quotes to protecting your most valuable asset!

[Learn More About Disability Insurance Policies](#)

Understanding the Sacrifices of Family Caregivers

More than four in 10 caregivers said they felt as though they had no choice about whether to assume the role of caregiver. This may indicate that little or no preparation took place before caregiving began. Yet when it comes to their own potential need for long-term care, 55 percent of Americans say that their greatest concern is becoming a burden to family members.

Fortunately, you can start developing a strategy today that could help you provide for your own care and avoid becoming a burden to your loved ones. If your retirement-needs calculations don't take the potential need for long-term care into account, it may be time to evaluate your options for covering the potential costs. If you have a family member who may need care, the earlier you begin to prepare, the greater the possibility that you may be able to reduce the effect on your own finances and lifestyle.

[Learn More About Saving for Long-Term Care](#)

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