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IRS Increases Mileage Rate Until December 31, 2005

In response to the recent increase in gas prices, the IRS has temporarily increased the standard mileage rates for computing deductible costs of operating an automobile for business, medical, or moving. For miles driven between September 1 and December 31, 2005 the following rates apply:

- Business: 48.5 cents per mile (increased from 40.5 per mile)
- Medical and moving: 22 cents per mile (increased from 15 cents per mile)

Driver Safety: Avoid Distractions

By simply practicing safe driving techniques, you can significantly reduce your chances of being involved in an auto accident.

In addition to being aware of your surroundings and making prudent driving decisions, the following tips will help you avoid distractions and arrive at your destination safely.

Multi-tasking at the wheel

While there may be little you can do to control another person's driving, there is plenty you can do to reduce your own driver distractions.

Get plenty of rest

Driving any distance, especially a long one, requires you to be physically and mentally well-rested. Fatigue plays a major role in motor vehicle accidents and can be a major driving distraction. If you become drowsy, pull off the road and take a short nap.

Know your route

Before you set out for some place new, become familiar with the general directions.

If you need to check your map or call for directions along the way, pull over rather than trying to read them while you're driving.

Drive for conditions

Inclement weather can often be a major distraction to drivers. Be sure to maintain a safe following distance incase braking becomes difficult, always wear your seat belt, and drive with your lights on.

Don't drink alcohol

Alcohol, a major driving distraction, is the single greatest contributing factor to fatal motor vehicle accidents. In addition, be aware that some prescription medications may have the same affect as alcohol. Do not drink alcoholic beverages before or during a driving trip, and consult your doctor to find out the possible side effects of any medications you may be taking. ♦

If the best defense is offense, then the two best strategies to beat auto accidents due to driver distraction while driving are [1] Avoid any activity that diverts your full attention from the road, and [2] Drive defensively.

Hurricane Recovery Assistance

As part of the federal government's response to the needs of the victims of Hurricane Katrina, several federal agencies such as the Department of Health and Human Services (HHS), the Internal Revenue Service (IRS), and the Department of Labor (DOL) have responded by issuing guidance on the application of existing laws to this disaster, passing regulations that provide temporary relief to the victims, and establishing Web sites which provide information to affected individuals and organizations. The following summarizes legislative developments and resources that may be helpful to employers and their employees in need of hurricane recovery assistance.

- Group health plans, disability and other welfare plans, pension plans, and health insurance issuers must disregard the period beginning August 1, 2005 through January 3, 2006 when determining whether notice requirements have been met or time periods apply under laws such as HIPAA, COBRA, and ERISA. For a complete list of time periods or notice requirements that are impacted, please refer to <http://edocket.access.gpo.gov/2005/pdf/05-18901.pdf>.
- HHS has issued two bulletins intended to explain how HIPAA's Privacy Regulations apply to use and disclosure of protected health information in emergency situations.
<http://www.hhs.gov/ocr/hipaa/KATRINAnHIPAA.pdf>
<http://www.hhs.gov/ocr/hipaa/EnforcementStatement.pdf>
- The DOL's Web site contains information on hurricane recovery assistance, including resources for individuals seeking employment and contact information for individuals eligible to request unemployment benefits.
www.dol.gov/opa/hurricane-recovery.htm
- The IRS published information on tax relief provided to victims and how Americans wishing to make donations can determine which organizations are reputable and qualified.
www.irs.gov/newsroom/article/0,,id=147085,00.html

While most of this information was designed to address the relief needed by Hurricane Katrina victims, we await further federal guidance which would expand this relief to Hurricane Rita victims. ◇

Ways to Save Money on Prescription Medicines

1. Ask your doctor if you can take an over-the-counter medication.
2. Find out if you can take a generic version of your brand name medicine, you can typically save 30 to 60 percent or more.
3. The prices pharmacies charge for medicines can vary so shop around to ensure you're getting the lowest price for your medicine.
4. Ask your doctor for samples, this is also a good way to try the medicine to see how well it works for you and how well you tolerate any side effects.
5. Consider using a mail-order pharmacy.
6. Find out what help your state and local governments may offer.
7. Once a year bring all of your prescriptions to your doctor or pharmacist and find out if cheaper versions have become available since the last time you checked. ◇

The Future of Health Care Costs

Recent studies from Towers Perrin, Kaiser Family Foundation and Mercer Human Resource Consulting all indicate that employer-sponsored health care will continue to rise in 2006, but at a slightly lower rate than previous years. However, the only way they will achieve increases under 10 percent will be to shift costs to the employee. Some cost-shifting tactics include increasing percentage of premium paid by employees, raising deductibles, copayments, coinsurance, or out-of-pocket maximums, and reducing benefits.

In the past, cost shifting was something employers would do every few years, but today, they have a new willingness to do so—born out of desperation.

The studies predict that without any plan design changes or cost shifting, it's estimated that employer-sponsored health care costs will increase between 7.6 and 10 percent in 2006; however, after making these changes, employers in the Mercer study predicted an average increase of only 6.4 percent. In order to move health care cost trends in the right direction, employers will have to continue to implement these types of changes to manage costs. Additionally, managing the plan performance by holding vendors accountable is popular with large employers.

And even with employees implementing plan design changes and cost shifting, many will continue to shoulder most of the burden for the increase. While it's estimated that employees will pay \$155 more, on average, for their health care benefits in 2006, employers will pay an average of \$442 more, absorbing 74 percent of the total annual cost increase. ◇

Note: For more information on the surveys included in this summary, go to <http://www.businessinsurance.com/cgi-bin/news.pl?newsId=6428> <http://www.mercerhr.com/summary.jhtml?idContent=1193570>; and <http://www.kff.org/insurance/7315/index.cfm>

Please contact your Burchfield Insurance Group, Inc. representative for more information.