



Employee Benefits

Contact us:
406.449.5500
800.765.9429
www.ebrworld.com

Organizing Your Human Resource Information

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Is your employee information stored on note cards and slips of paper? Do you use spreadsheets to track vacation and sick leave? Is it a chore every time someone needs an employee report?

If so, help is available. Abra Human Resource (HR) software provides you with the tools to put all your employee information in one place where you can find it quickly, print reports, and track history. One of the leaders in Human Resource software, Abra allows for single point HR data entry to further streamline your workflow.

In addition to tracking employee information and payroll functionality, Abra can be used to track and report the following:

- Emergency contact information
- Job and salary history
- Employee seniority
- EEO reports
- OSHA incidents
- Benefits (insurance, 401(k), vacation, sick leave)
- Drug testing
- Job skills
- Performance appraisals – history and scheduling
- I-9 verification and re-verification deadlines

With Abra, you have the ability to create custom screens to track information specific to your business. Examples of items typically tracked in custom panels are company property issued to employees: keys, cell phones, cars, and credit cards.

Additional modules available are:

Applicant – streamlines the recruiting process by matching skills and education to qualifications. It prints interview schedules, Affirmative Action reports, rejection letters and other correspondence, tracks recruiting costs and notes from phone calls and interviews.

Training Management – tracks required and completed courses and certifications. It can do cost analysis of training and manages the enrollment process. This module can be used to schedule courses, including classrooms and instructors.

Our sister company, Anderson ZurMuehlen & Co., P.C. (AZ & Company), is a certified solution provider for the Abra software. As a certified solution provider, AZ & Company offers implementation and training to ensure success with your Abra system. For a consultation on how ABRA Suite® can help you manage your HR and payroll needs, call Don Cox at 406.442.1040.▲

Ask the Human Resource Expert

Question:

I have heard that I may now be able to claim certain over the counter medications through my cafeteria plan or Flexible Benefit Plan. Is this correct; and if so, what medications may I submit claims for?

Answer:

The IRS announced September 3, 2003 ([Revenue Ruling 2003-102](#)) that over-the-counter medications for treatment of specific medical conditions may now be paid through your Flexible Benefit Plan.

Claritin, aspirin, Maalox, cough syrup, and similar over the counter medications are allowed to be paid through your medical spending account starting immediately. No prescription from your physician is required. Vitamins, dietary supplements, and other purchases for your general well being are not allowed.

Over-the-counter medications are still not allowed as itemized deductions on your tax return, so Flexible Benefit Plan rules will now differ from income tax rules in this respect.

The change in rules will accommodate people who are using medications that previously were available only by prescription—and now the medications are available over-the-counter and are not covered by your Flexible Benefit Plan.

There was no effective date stated in the announcement, therefore expenses incurred since the first day of the current plan year qualify. Preferred claim documentation should detail the type of medication purchased, the date the purchase was made, and the cost of the medication. Certain medications such as nicotine patches will still require a physician's prescription in order to qualify for reimbursement.

Please note that participants may not change their medical reimbursement account elections as a result of this IRS notice.

If over-the-counter medications are specifically excluded under plan language, the plan may not reimburse the over-the-counter expense until the plan is amended to allow for their reimbursement.

EBR recommends that employers review the definition of medical expenses in their plan documents before reimbursing claims for over-the-counter medications. Plan documents provided by EBR include a definition of medical expenses which allows for the reimbursement of expenses incurred for over-the-counter medications, so no amendment would be necessary.

If you would like additional information regarding this particular IRS notice, call Jim Dole or John Cummings at Employee Benefit Resources, LLP. ▲

HIPAA Compliance Toolkit

Over the past twelve months, most employers have received a great deal of information regarding HIPAA, the Federal Health Insurance Portability and Accountability Act of 1996, from their insurance carriers and other related organizations.

HIPAA requires employers to enact measures to secure information related to health plans (including Group Health Insurance Plans, Flexible Benefit Plans, Medical Reimbursement Plans {MRPs}, Health Reimbursement Arrangements {HRAs}), and employee health issues.

HIPAA includes many new requirements for these plans including developing policies and procedures for sharing and disclosing Protected Health Information (PHI), preparing and distributing a Notice of Privacy Practices, enacting Business Associate Agreements, and designating

an internal Privacy Officer.

In order to assist employers comply with HIPAA, EBR has researched and developed a *HIPAA Compliance Toolkit*. While providing materials that will assist you in complying with the new HIPAA requirements, we have made the documents as “user friendly” as possible. The *HIPAA Compliance Toolkit* includes the following materials: Business Associate Agreement, Notice of Privacy Practices, HIPAA Security Policies and Procedures, Draft Privacy Officer Position Description, and Forms/Documents/Authorizations necessary for managing data related to your plan

If you have any questions regarding what your organization may be required to do in order to comply with HIPAA, please contact EBR. ▲

Professional Profile



Julie Robbins (QPA, QKA) senior consultant, has been with EBR since 1999. Her focus is in the pension area, primarily working with defined contribution plans. Julie recently earned her Qualified 401(k) Administrator (QKA) and Qualified Plan

Administrator (QPA) designations from the American Society of Pension Actuaries. She received her Bachelor's degree in Music Education from the University of Montana, Missoula.

Prior to joining EBR, she worked in the banking industry for 23 years. Julie likes to read, garden, and spend time with her husband and two cats. ▲

GUST Amendment Update

The final deadline for amending pre-approved plans for GUST is January 31, 2004 which includes submission. If your plan has not been adopted by September 30, 2003, a \$250.00 compliance fee will be charged. In order to comply with this extended deadline, many volume submitter documents will also need to be submitted to the IRS prior to January 31, 2004. If your Plan has not been updated, you can expect to receive your amendment in the near future.

If you have questions regarding your Plan restatement, call your EBR representative. ▲

Diversification by REIT

Risk is inherent in all investments. For many, this has become very clear over the last three years. After years of very solid investment returns, the risk of investing in stocks and bonds once again has hit home as stock prices and interest rates have declined. One way of reducing the risk of investing is diversification. By spreading invested dollars among several investments, the risk associated with those investments is also spread out.

As retirement plans and individual investors look at their investment portfolios to solidify returns and minimize risk going forward, an option that should be considered is Real Estate Investment Trusts (REITs). REITs own and manage commercial real estate. They collect rents from the tenants and for their favored tax status, are required to pay monthly dividends to those invested in the trust. Dividend rates generally run from 4 to 8%.

Real estate is another investment class separate from stocks and bonds, therefore providing diversification in an investment portfolio. REITs are like mutual funds; they own several properties inside the trust. These properties are generally located nationally or even worldwide. This diversification within the REIT also helps reduce investment risk.

REITs can be both publicly traded or offered through private placement, particularly during the development phase of the REIT (where the REIT is obtaining investors and acquiring properties). The private placement REIT will generally go public once the portfolio is complete. Being traded on the public market gives the investor the ability to liquidate the investment and, if needed, to realize additional rate of return beyond the dividend return on the investment from appreciation in the value of the properties held by the trust.

Like mutual funds, there are numerous REITs to choose from. Some will be invested in a particular type of property, like hotels. An investment broker will be able to provide information on REITs - their managers, investment philosophy, and results.

REITs, like all investments, are not for everyone. However, if you are looking for a long term investment to diversify a portfolio and provide a good, steady stream of income with the potential for reasonable growth, REITs should be considered. ▲

Coaching through Effective Feedback

Giving effective, honest feedback is essential to conducting quality performance appraisals. It is the most undeveloped leadership skill in today's workplace. A solid foundation of coaching skills, especially in the area of giving feedback, is essential for success.

Providing effective and honest feedback means:

- Using feedback to help employees feel informed about their true performance level. The key is to make sure you are providing accurate feedback. If the employee is not meeting expectations, the employee needs to know. Employees will not be able to improve their performance if they are uninformed.
- Structuring feedback so employees feel positive about the job and are motivated to improve.
- Providing specific feedback related to current behaviors. Putting off giving constructive feedback only worsens the situation. Continuous feedback

allows the employee to feel appreciated for specific contributions and aware of areas that need improvement. Waiting to provide feedback until the annual appraisal doesn't allow the employee time to modify necessary behavior and become a high performer.

- Employees are involved and aware of their performance strengths and weaknesses. Those actively involved in the feedback process tend to be higher performers. Self-appraisals and on-going feedback forms help employees feel involved and valued.

Providing effective feedback is not always easy, but it is essential if you want to develop and retain high performing employees.

If you would like additional information on conducting performance appraisals and coaching for success, call Jim Dole, or John Cummings at EBR. ▲

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Employee Benefit Resources, LLP
Discovery Block
828 Great Northern Blvd.
PO Box 1193
Helena, Montana 59624-1193

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