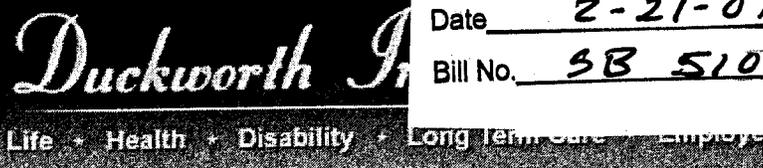
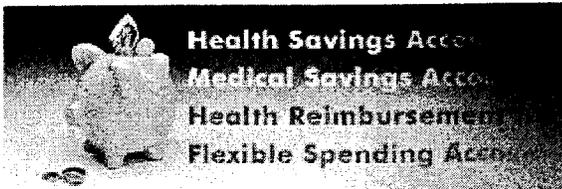


Exhibit No. 12
 Date 2-21-07
 Bill No. SB 510



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Health Savings Accounts

-- Comparison of HSA/HRA/FSA Accounts

Greg Lind
SB 510 2/21/07

The following comparison's are courtesy of **CBIZ Benefits & Insurance Services, Inc.** Duckworth Insurance Services makes no claims as to the accuracy of the information supplied.



	HEALTH SAVINGS ACCOUNTS (HSA)	ARCHER MEDICAL SAVINGS ACCOUNT (MSA)	HEALTH REIMBURSEMENT ACCOUNT (HRA)	FLEXIBLE SPENDING ACCOUNT (FSA)
ESTABLISHMENT OF ACCOUNT	<ul style="list-style-type: none"> Eligible Individual Employer Integrate with Employer-sponsored cafeteria plan 	<ul style="list-style-type: none"> Self-employed Individual Small Employer (50 or fewer Employees) 	Employer-sponsored Benefit Program	Employer-sponsored Benefit Program via Cafeteria Plan
ACCOUNT TYPE	Trust or Custodial Account	Trust or Custodial Account	<ul style="list-style-type: none"> General Assets of Employer Trust 	<ul style="list-style-type: none"> General Assets of Employer Trust
HIGH DEDUCTIBLE HEALTH PLAN (HDHP) REQUIRED	Yes	Yes	No	No
ELIGIBILITY	<ul style="list-style-type: none"> Eligible Individual covered by HDHP Eligible Employee covered by HDHP 	<ul style="list-style-type: none"> Eligible Individual Eligible Employee covered by a HDHP 	Employee who meets Employer's Eligibility Criteria	Employee who meets Employer's Eligibility Criteria
FUNDING	<ul style="list-style-type: none"> Individual Employee salary reduction dollars Employer 	<ul style="list-style-type: none"> By Individual OR By Employer 	Strictly by Employer	<ul style="list-style-type: none"> Employee Salary Reduction Dollars Employer
ACCOUNT LIMITS	Individual --Lesser of <ul style="list-style-type: none"> Deductible Amount (\$1,000+ for 2004); \$2,600 Family --Lesser of <ul style="list-style-type: none"> Deductible Amount (\$2,000+ for 2004); \$5,150 	Individual <ul style="list-style-type: none"> Between \$1,700 and \$2,600 (indexed for 2004) Family <ul style="list-style-type: none"> Between \$3,450 and \$5,150 (indexed for 2004) 	No statutory required limit	No statutory required limit
ANNUAL OUT OF POCKET LIMITS	<ul style="list-style-type: none"> \$5,000 Individual \$10,000 Family 	<ul style="list-style-type: none"> \$3,450 Individual \$6,300 Family 	n/a	n/a
QUALIFIED MEDICAL EXPENSES	<ul style="list-style-type: none"> Qualified medical expenses as defined in IRC §213(d), including over-the-counter drugs Retiree health insurance premium 	<ul style="list-style-type: none"> Qualified medical expenses as defined in IRC §213(d), including over-the-counter drugs COBRA premium LTC insurance premium Health insurance 	<ul style="list-style-type: none"> Qualified medical expenses as defined in IRC §213(d), including over-the-counter drugs Health insurance premium, including LTC premium 	<ul style="list-style-type: none"> Qualified Medical Expenses as defined in IRC §213(d), including over-the-counter drugs

	<p>other than Medicare supplement policies</p> <ul style="list-style-type: none"> • COBRA premium • Long term care (LTC) insurance premium • Health insurance premium if receiving unemployment 	<p>premium, if receiving unemployment</p>		<p><i>Not permitted:</i></p> <ul style="list-style-type: none"> • Health insurance premium, including LTC insurance premium
	<p><i>Not permitted:</i></p> <ul style="list-style-type: none"> • Any other type of health insurance premium 			
TAX TREATMENT OF CONTRIBUTIONS	<ul style="list-style-type: none"> • Individual's contributions to own HSA tax-deductible • Employee-Contributions to Employee's own HSA are Tax-Deductible • Employer-Contributions to Employee's HSA (with or without cafeteria plan) with salary reduction dollars: <ul style="list-style-type: none"> - Deductible by Employer - Excludable from Employee's gross income 	<ul style="list-style-type: none"> • Individual's contributions to MSA are tax-deductible • Employee Contributions to Employee's own MSA are tax-deductible • Employer-Contributions to Employee's MSA <ul style="list-style-type: none"> - Deductible by Employer - Excludable from Employee's gross income 	<p>Only Employer Contributions permitted:</p> <ul style="list-style-type: none"> • Deductible by Employer • Excludable from Employee's gross income 	<p>Only Employer Contributions permitted:</p> <ul style="list-style-type: none"> • Deductible by Employer • Excludable from Employee's gross income
TAXATION OF INTEREST ACCUMULATION	Tax-free	Tax-free	n/a	n/a
CONSEQUENCES OF CASHING-OUT ACCOUNT FOR NON-QUALIFIED MEDICAL EXPENSES	<p>Distributions are taxed as income and subject to 10% penalty tax, except following:</p> <ul style="list-style-type: none"> • Death • Disability • Attainment of Medicare eligibility age 	<ul style="list-style-type: none"> • Distributions are taxed as income and subject to 15% penalty tax • No penalty tax after age 65 	No cash-out option available	No cash-out option available
CARRY-OVER OF FUNDS PERMITTED	Yes	Yes	Yes	No
DEATH OF ACCOUNT HOLDER	Surviving spouse only (if designated beneficiary) entitled to use remaining account monies for qualified medical expenses	Surviving spouse only (if designated beneficiary) entitled to use remaining account monies for qualified medical expenses	Eligible Dependents entitled to use remaining account monies for qualified medical expenses, in accordance with the plan document	Eligible Dependents entitled to use remaining account monies for qualified medical expenses, in accordance with the plan document
APPLICABILITY OF ERISA	No	<ul style="list-style-type: none"> • No, if Employee maintains own HSA • Yes, if Employersponsored program 	Yes	Yes
SUBJECT TO COBRA	<ul style="list-style-type: none"> • No, if not Employer-based • Unclear, if Employer-based 	No	Yes	Yes
EFFECTIVE DATE	1/1/04	1/1/97 Note: No new Archer MSAs	6/26/02	3/7/89

may be established after
12/31/03

Health Savings Accounts

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Important Note: This website provides only a simplified description of coverages and is not a statement of contract. Coverage may not apply in all states. For complete details of coverages, conditions, limits and losses not covered, be sure to read the policy, including all endorsements.

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Business
Representative



SENATE BILL 510

Testimony of Teamsters Local 190

Senate Public Health, Welfare and Safety Committee – February 21, 2007

Mr. Chairman, members of the Committee, for the record my name is Don Judge and I'm submitting this testimony today on behalf of Teamsters Local 190 in support of Senate Bill 510.

Senate Bill 510 proposes to do some very important things:

The first is to require that the Montana Department of Labor and Industry includes the amount paid for the health and welfare portion of the benefits, pension contributions as established under the ERISA laws and other bona fide programs approved by the USDOL and travel allowances in determining prevailing wages in Montana, including requiring survey respondents to identify those portions in prevailing wage surveys.

The second is to provide that a contractor or subcontractor may choose to pay that that portion determined to be for pension contributions and travel to the employee in cash.

The third is that they may choose to make an irrevocable contribution for pension contributions to a trustee or third person pursuant to a fringe benefit fund, plan or program that meets the requirements of ERISA, or

Four, to do a combination of the above which equals the aggregate of payments and contributions not less than the standard prevailing rate of wages including fringe benefits for pension contributions.

The most important portion of the bill is in New Section 3 where a contractor or subcontractor is required to make an irrevocable contribution for health and welfare benefits to a trust or account, such as a health savings account, a medical savings account or a flexible savings account which is set aside specifically for qualified medical expenses; or to a group health plan, a multiple employer arrangement or a union health plan; or to a combination of a trust or account and health care policy, certificate or contract OF THE EMPLOYEE'S CHOICE.

We are all aware of the difficulties associated with obtaining health insurance, maintaining health insurance and transferring health insurance (including constraints on coverage of pre-existing conditions). Each year fewer and fewer Montanans are covered under health insurance plans and more and more of them are finding it increasingly difficult to maintain health plans that are truly accessible. Higher deductibles, co-payments and lowered limits on coverage are contributing to a growing class of the underinsured in our state.

SB 510 seeks to address some of those problems for a group of workers that are employed by the private sector but are actually being paid with public dollars. It seems only reasonable

to us that when governmental funds are being expended to build, repair or tear down structures or highways you, the government, can attach conditions to those contracts which may help alleviate the health care crisis for many Montanans.

Allowing workers to choose where their health and welfare dollars are spent can provide for continuity of coverage for a type of work which often requires workers to change employers and health care insurers. Providing that a contractor or subcontractor is required to pay the costs of these benefits to the worker's choice of provider can prevent loss of coverage because of pre-existing conditions. It can prevent a worker from having to meet new deductible limits, or starting anew on deductibles for a new policy insurer. It can provide for continuity of family coverage and can prevent workers from experiencing the frustrations of having to learn about new and different policies, agents and provisions of care. In other words, SB 510 attempts to allow workers to make choices that are right for them and their families.

Mr. Chairman, members of the Committee, SB 510 is a sensible bill attempting to address a non-sensible situation too many workers find themselves in. We strongly encourage you to give SB 510 a "do pass" recommendation. Thank you.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Don Judge". The signature is fluid and cursive, with a large loop at the beginning.

Don Judge, representative
Teamsters Local 190
(406) 459-1708