

Meeting Challenges and Moving Forward

The past year has been a time of tremendous change and growth here at Manley Services. As many of you know, reimbursement requests reached an all-time high in 2004, challenging our ability to maintain our high service standards. We'd like to share with you the many new procedures and systems we've implemented that have allowed us to move forward. We have:

- Upgraded our software system to allow better reporting and data collection
- Contracted with a scanning and fax server company to bring all claims directly to the desktops of our claims processing staff
- Implemented MyFlex, a new system that allows participants to check their account balances and claims histories online

- Worked with Evolution Benefits to streamline debit card technology, allowing participants to access funds with no wait time and less hassle
- Trained backup claims staff to help during high-volume periods
- Redesigned our Customer Service Department and phone system to answer participants' questions more quickly
- Introduced electronic enrollment, which will expedite our group set-up and renewal process

The success of these improvements was the result of dedicated work by all our staff; however, our new Operations Manager, Lisa Dallenbach, was instrumental in their implementation. Many of you may already know Lisa, as she began working at Manley in October 2004. With 10 years experience in the health plan industry and a background in process improvement, Lisa's first project was to develop an integrated Customer Service Department. "All decisions regarding the recent changes were made while keeping our focus on meeting claims turnaround times and improving customer service," says Lisa.



Lisa Dallenbach, Operations Manager for Manley Services

The new features you will soon hear about will be proactive. For example, this fall we will implement a new billing process that will allow us to batch bill our invoices and greatly improve our reporting capabilities. We are also looking at ways to post funds to participants' accounts more quickly.

While the past year brought challenges, it has also brought opportunity. Lisa explains, "The operational reorganization, technology upgrades, and enhancements have prepared us to meet our peak period demands and future growth."

Adds Stan Manley, President, "I personally want to thank you for your support and your business as we moved to these new systems. Our staff has worked very hard to get things to where they are today, and I am very proud of their efforts."

If you have any questions or suggestions, please feel free to contact us by phone toll-free at (800) 422-7038 or by e-mail at customerservice@manleyserv.com.

This Issue

Client Spotlight
PW Eagle

Grace Period Eases Use-Or-Lose Rule

Employee Profile
John Follett

What's New at
www.manleyserv.com

Reminders

Client Spotlight: PW Eagle

The folks at PW Eagle, Inc. are experts in polyvinyl chloride (PVC) pipe products. In fact, the 38-year-old company is the second largest PVC pipe manufacturer in the United States and the largest merchant buyer of PVC resin. The business is headquartered in Eugene, Oregon, and has eleven manufacturing plants strategically located across the United States.

Their products, distributed throughout North America and several foreign countries, are used in a wide range of applications, including potable water and sewage transmission, turf and agricultural irrigation, commercial and industrial plumbing, water wells, fiber optic lines, and in the electronic and telecommunications industries.

When it comes to their employees' flexible spending accounts (FSAs) and COBRA administration, however, PW Eagle trusts Manley Services. They began offering healthcare and dependent care FSAs through Manley in 1997 and signed up for Manley's COBRA administration services two years later.

Misty Demagalski, Human Resources Administrator for PW Eagle, administers benefit packages for more than 870 employees in eight states. She oversees it all: self-funded health, dental, and vision plans; vacation; sick leave; life and accidental death/dismemberment (AD&D); long- and short-term disability; FSAs; 401(k); and employee assistance programs.

"Flexible spending accounts are very important to PW Eagle due to the type of medical plan we have," she explains. "Because we have a consumer-directed health plan with a high deductible, the FSA is key for those who know they will be getting into that area of member responsibility."

*"Manley is more than willing to answer questions. They are very good about explaining the plan to HR staff as well as employees."
~ Misty Demagalski*

PWEagle

PW Eagle strongly encourages all employees to take advantage of the plan and has found that participating employees tend to re-enroll year after year. Misty believes in the importance of Manley's participant education. "Manley is more than willing to answer questions. They are very good about explaining the plan to HR staff as well as employees."

Their experience with Manley's COBRA administration has also been positive, especially the service they receive from COBRA representative Belinda Orsborn.

"She's awesome," says Misty. "She's very helpful and quick; if I have a question, she calls me back right away."

PW Eagle's expertise has earned them a reputation for high quality products and superior customer service. Perhaps that is why they appreciate the expertise of Manley Services. Misty sums it up: "We're very satisfied with Manley. We haven't thought about changing carriers because they do such a great job." For more information about PW Eagle, visit their Web site at www.pweagleinc.com.

Grace Period Eases Use-Or-Lose Rule

Many of you are aware that this past May, the U.S. Treasury Department issued a ruling allowing employers to give workers an extra 2.5 months after the end of their plan year to spend money in their healthcare FSAs.

Plan years that end on December 31, 2005, for example, could have a grace period extending to March 15, 2006. As you know, funds in FSAs were previously forfeited if participants did not use them within the plan year.

Treasury Secretary John Snow says the new rule is intended to "ease the year-end spending rush prompted by the prior rule."

While the grace period is optional for employers, we encourage you to make the change, as it is likely to result in higher plan participation and additional tax savings for your organization. If you do amend your flexible spending plan to allow a grace period, please note that it will

apply prospectively (not retroactively) and there is an administration fee associated with the change. Additionally, both the uniform coverage rule and annual election will remain in effect.

Because of the new rule, we recently revised our Request for Reimbursement form to include a choice for participants whose plans allow a grace period. Expenses that fall within the grace period may be processed from the

current plan year or from the previous plan year; if no choice is indicated, the latter will apply. You can access the new Request for Reimbursement and all our current forms on our Web site, www.manleyserv.com.

If you have any questions about this or other IRS rules, or if you wish to add a grace period to your flexible spending plan, you are always welcome to contact us for more information.

Employee Profile: John Follett

As Manager of Manley Services' COBRA Department and a Sales Representative, John Follett keeps busy—setting up new groups, answering client questions on how COBRA administration works, and much more. “I even change the light bulbs around the office,” jokes John. Much of the time, however, John's duties take him out of the office for client meetings. “This time of year, my work tends to be more COBRA related; in January and February I'm more busy with FSAs.”

A Manley Services employee since 1998, John's favorite part of his job is helping participants and

groups by making sure things run smoothly. Conversely, this can also be the most challenging aspect of his work. “The toughest part is trying to coordinate everything and making sure everyone is on the same page,” he says.

Keeping business running smoothly is a must for Manley's COBRA Department, which consists of just three employees (including John) who provide service for over 150 companies. Groups range in size from 20 to 2,000 employees, with an average of about 200.

John keeps equally busy outside of work. He and his wife, Sarah, are in

the process of remodeling their new home, and John is one year into pursuing a Masters in Business Administration degree at the University of Oregon. When he needs a break from remodeling and studying, John can often be found walking his Boston Terriers, Buddy and Milo.

Over the past 7 years, John has seen numerous changes at his job. “Manley has changed and adapted as industry regulations have changed. We've had a lot of hurdles, but we continue to strive to provide the kind of service our customers deserve.”

If you have any questions about Manley's



Sales Representative and COBRA Department Manager, John Follett

COBRA administration services, you're welcome to contact John by phone at (800) 422-7038, ext. 2725, or by e-mail at john@manleyserv.com.

What's New at www.manleyserv.com

Visitors to our Web site, www.manleyserv.com, will find many helpful features and documents that have recently been added. To access any of the items below, just click on the red “Employers” button on the left side of the screen.

Updated, Interactive Forms

All our forms have recently been updated. We've also reformatted them to be more user friendly and made them interactive. By interactive, we mean they contain text fields and check boxes, allowing you to enter information electronically. If you have a full, professional version of Adobe Acrobat Reader, you will be able to save the completed form on your computer. Otherwise, you can complete the forms electronically and print them out. Of course, if you prefer, you can still print out blank forms and complete them by hand.

New FSA Brochure

“Your FSA: A User's Guide” is a new four-page brochure designed especially for participants. The brochure explains how the plan works, the different types of eligible expenses, and the rules and risks. You are welcome to download and print the PDF of the brochure or include a link to the file from your company's intranet.

Electronic Enrollment Flier

We've introduced an electronic eligibility process that expedites both new group set-up and renewals. This simple, time-saving process is easy to learn. Click on the link to the flier for step-by-step instructions on how to prepare and e-mail your file, a list of information we'll need, and a sample file. Please note that electronic enrollment service is for groups, not participants; employees must still complete paper enrollment forms.

MyFlex Flier and Payroll Stuffer

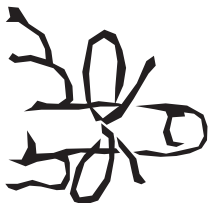
In May, we announced MyFlex, a new online service for plan participants. This secure area of our Web site allows participants to access current, personalized information about their FSA or HRA. Feedback from participants and employers has been very positive. The Employers section of our Web site includes links to a detailed flier and concise payroll stuffer, which you may download. There is also a demo of the MyFlex site in the Plan Participants section of the Web site.

If you have any questions or comments about the Web site or any of these new materials, you are welcome to contact us.



PO Box 70168, Eugene, OR 97401

Reminders



- **Benny Card Documentation:** If your plan offers the Benny debit card, please remind employees to save their documentation. While not always required for reimbursement, having receipts handy will save them time and hassle when they do need to submit this information.
- **Renewal Requirement for Plans with the Benny Card:** At renewal, we will need a copy of the insurance benefit summaries for your medical, pharmacy, dental, and vision benefits. This will help reduce the number of letters sent to your employees requesting documentation.
- **Renewal Meetings:** For most groups, plan renewals are just around the corner. Please be sure to schedule your renewal meetings early.
- **Don't Forget to Sign!** One of the most common errors we receive on the Request for Reimbursement Form is a blank signature line. To avoid reimbursement delays, please remind participants to always sign their forms.
- **New Claims Fax and Address:** Our new toll-free fax number for claims is (866) 446-6090. The new claims mailing address is: Manley Services, PO Box 2797, Portland, OR 97208-2797. (All enrollment, billing, and plan correspondence, including quotes, should still go to our Eugene address and fax number.)
- **Questions?** You're always welcome to contact us by phone at (541) 485-7488 or toll-free at (800) 422-7038, or by e-mail at customerservice@manleyserv.com.