

tmta talk

A publication of the Tooling, Manufacturing & Technologies Association



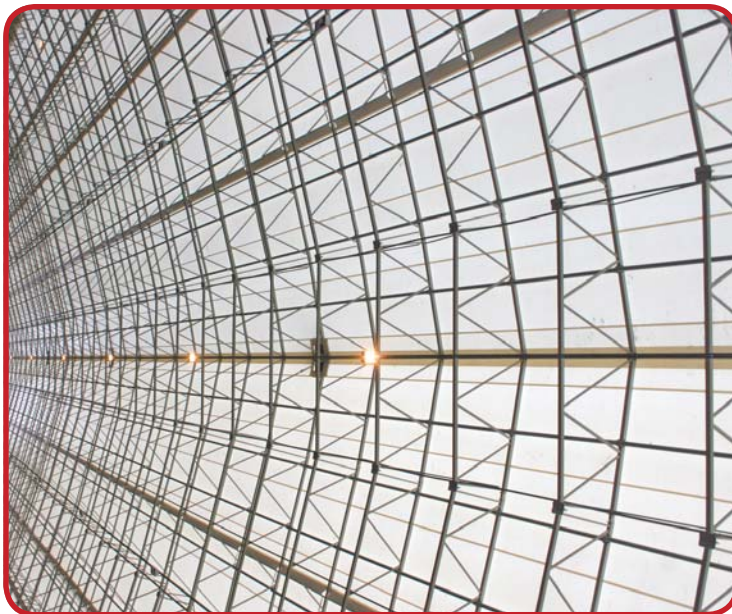
FROM ROB'S ROOST
BY ROB DUMONT
PRESIDENT & CEO

Opportunity Came Knocking

In mid December of 2009 we received a communication from **General Electric Appliance Division** indicating that GE Chairman and CEO Jeff Immelt had directed the purchase of some \$25 million in parts from suppliers in Michigan and the Midwest. At the same time GE announced a new initiative and vision called "AMERICAN RENEWAL" as part of an effort to maintain manufacturing in America.

The TMTA was asked to assist in identifying, from among its membership, companies that specialized in one or more of the following areas: Metal Stamping, Metal Fabrication, Metal Roll Forming, Powder Paint, Screw or Spring Manufacturing, Plastic Injection Molding, Plastic Extrusions, Blow Molding and Electro-Mechanical Assemblies.

We did so by remitting to GE details of all member companies who did any of those types of work. We now have feedback from a number of our members who have been contacted by GE purchasing representatives. There will be a Parts Fair in the latter days of March at the



new GE Center for Advanced Manufacturing Technology and Software in Visteon Village, Van Buren Township. Those member companies selected for consideration by GE will be invited to attend the Fair.

Hopefully this is the first opportunity of several for members to become GE suppliers and to witness the return of parts manufacturing to America as part of the AMERICAN RENEWAL vision at GE. We will continue our collaboration with GE and promotion of our member's participation going forward.

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Calendar of Events

March 2010

| | |
|----|--|
| 14 | Daylight Saving Time Begins Set Clocks 1 Hour Ahead |
| 17 | TMTA Board of Directors Meets at TMTA Offices |
| 20 | Vernal Equinox - First Day of Spring |

Visit www.thetmta.com for detailed, up-to-date information on all events.

TMTA MARKETPLACE

Personnel Available:

Attorney with legal, management and leadership skills seeks position utilizing experience in the areas of compliance, ethics and business controls. A broad background as a successful trial and appellate attorney in civil and criminal law in federal and state courts. Excellent leadership ability combined with highly effective interpersonal skills and work ethic. Committed to quality performance and achievement of organizational goals.

Resume #100201.

Maintenance/Automotive Technician experienced in building management/repair and operations management seeks position utilizing strong technical skills and excellent communication skills. Able to work well under pressure and complete all projects on schedule.

Resume #100202.



Resumes can be found on our website. Visit www.thetmta.com and click on the Resume Postings icon.



Mental Health Parity Law Compliance

The mental health parity law mandates that a health plan's requirements for mental health and substance abuse benefits cannot be more restrictive than what applies to the plan's medical and surgical benefits. If your current benefits do not meet this requirement and your group does not qualify for an exemption, your plan must be adjusted to comply with the law.

The mental health parity law applies to groups with 51 or more employees that offer mental health or substance abuse benefits. This includes self-funded and underwritten groups. Groups that have an average of 50 or fewer employees (all employees, not just enrolled employees) annually are not subject to the law and can continue with their current mental health and substance abuse benefits.

The law became effective October 1, 2009, however, regulations were not published until February 2, 2010. If you have mental health or substance abuse benefits and have not assessed whether your benefits comply with the law, contact your BCBSM agent.

BCN Makes Pharmacy Change

BCN began using Medco as its pharmacy claims processor as of January 1, 2010. This change was made to address the following:

Some members refilling specialty prescriptions were receiving 90-day supplies. The benefit limits specialty refills to a 34-day supply. With the system correction, all members will receive the same 34-day supply benefit.

Some members refilling 90-day prescriptions at a retail pharmacy were being charged only one copayment. The benefit requires additional copayments. With the system corrections, all prescriptions will be processed as required.

Claims will not be processed retroactively for either of these situations. BCN sent letters to all members whose prescriptions would be affected.

New Preferred Therapy Drug Initiative

Prescription drugs are the fastest growing component of health care costs and now account for at least 10% of all health care spending in the U.S. Spending on prescription drugs is likely to increase over the next several years as more specialty drugs rapidly enter the marketplace.

Preferred Therapy is the newest BCBSM pharmacy initiative designed to

help control prescription costs while ensuring members receive the drugs they need. The initiative allows BCBSM to more effectively manage the use of high-cost, highly marketed, brand-name drugs as first-line therapy. The first-line therapy for a medical condition starts with the generic alternative and then, when medically appropriate and with prior authorization, the member would receive the more expensive brand-name drug. BCBSM works closely with the member's physician to determine which medication options are best for the member.

When a member fills a prescription for a targeted brand-name drug for the first time, the pharmacy will contact the member's physician to see if the drug therapy for the medical condition can be changed to the most cost-effective drug, generally a generic or over-the-counter medication. If the lower-cost option is not effective or should not be used in the patient's particular situation, then the physician must request preauthorization from BCBSM to prescribe the brand-name drug.

This initiative will affect customer group claims processed by MedImpact starting April 1, 2010. To minimize disruption to members, Preferred Therapy applies only to prescriptions being filled for the first time. Members currently taking one of the targeted drugs can continue receiving refills without interruption.

When the Preferred Therapy initiative begins, the following categories and drugs will be included:

Cholesterol-lowering drugs:

Advicor®
Simcor®

Nonsteroidal anti-inflammatory drugs:

Flector®

Nasal steroids:

Veramyst®

Sleep aids and sedatives:

Ambien CR®
Eduar®

Antidepressants:

Pristiq®
Effexor XR®
Luvox CR®

ADHD, ADD, and stimulants:

Vyvanse®

Studies of local prescribing patterns show that up to 40% of prescriptions are being filled for the first time rather than being refilled. The average cost of a brand-name drug is approximately \$140 while the average cost of a generic drug is approximately \$15. Considering these numbers, BCBSM expects Preferred Therapy will save approximately \$5 million annually.

High Triglycerides Linked to Diabetic Neuropathy, Amputations

Diabetic neuropathy is a condition in which nerves are damaged or lost with resulting numbness, tingling and pain, most often in the hands, arms, legs and feet. It affects around 60% of the 23 million people in the U.S.

with type 1 and type 2 diabetes. It is the leading cause of diabetes-related hospital admissions and amputations and it is not curable. Researchers at the University of Sidney have found that one in ten diabetic patients will eventually need at least one amputation.



Until now, doctors have lacked an effective way to predict which diabetic patients are at greatest risk of neuropathy. Researchers from the University of Michigan and Wayne State University analyzed data from 427 diabetics with mild-to-moderate neuropathy.

The data confirms a growing belief among diabetes researchers that elevated blood levels of certain lipids, rather than solely elevated blood sugar, are key in the progression of diabetic neuropathy. The study specifically pinpoints triglycerides as the critical indicator.

Triglycerides are a type of lipid, or fat, that the body makes from calories it doesn't need immediately. They are stored in fat cells until they are needed to provide energy. Elevated triglycerides correlated with the nerve fiber loss in diabetics independent of disease duration, patient age, active drug treatment, diabetic control, or obesity.

These results enable clinicians to be able to address lowering lipid counts with their diabetic patients as vigilantly as they pursue glucose control. Lifestyle habits have a strong impact on normalizing triglycerides, including weight loss, a healthy diet that limits fats and sugars, not smoking, moderate alcohol consumption, and regular exercise that also incorporates strength training.

LEGISLATIVE UPDATE

By JUDY AUGENSTEIN,
LEGISLATIVE CONSULTANT, LANSING

Senate Republicans have announced 10 government reforms they say could erase the 2011 budget deficit. Senate Majority Leader Mike Bishop (R-Rochester) said that the reforms could save \$2 billion in the upcoming fiscal year and \$2.24 to \$2.6 billion in the long run.

The reality is we can't afford the state government we have today, Bishop said. This is clearly an unsustainable environment. We are in the eye of a perfect storm. Republicans refer to 2010 as the "Year of the Reform."

There would need to be three constitutional amendments. One would require a 5 percent pay cut for all public employees, including lawmakers, and cut the civil service pay scale by 10 percent for new hires. It would be in place for 3 years and be re-evaluated and render the State Officer Compensation Committee (SOCC) moot. Bishop commented, "In times of crisis, public servants should step up. This reduces the cost of government without sending anyone out the door."

There would be an amendment requiring lawmakers to budget at 96 percent of the CREC and there would be an amendment requiring public employees to pay 20 percent of health care costs, or 15 percent and establish a health savings account.

The Senate wants to reduce costs for retiree health care and Bishop said that could yield \$1.75 billion. Eliminating benefits for lawmakers not vested by January 2010 would save \$5 million. They're also proposing reducing the number of state departments to 11.

Bishop encourages his colleagues to take action on several additional legislative issues before the Senate, including foreclosure assistance, lowering of insurance rates and Hire Michigan First. "Reforms will help us in the future, these other proposals help families today."

The reforms are in six areas with projected savings:



Public employee health care (\$615 million), as noted in the constitutional amendment.

Local police and fire (\$70-\$118 million). Legislation would expedite the arbitration process for police and fire by opening up Public Act 312.

School districts would be required to keep administrative costs to 28 percent. Districts also would have to competitively bid non-instructional services, like custodial, food service and transportation. Bishop said this could save \$150 per pupil if all three are bid out.

Eliminating some non-essential Medicaid spending (savings of \$160-\$500 million) on services, like pharmaceutical and mental health care. It would also restrict the groups eligible, such as 19- and 20-year-olds, caretakers and some pregnant women. Bishop could not say how many of the 1.6 million recipients would be bumped off of Medicaid. "This program will overtake our budget eventually," Bishop predicted.

Department reductions would fall under the umbrella of government efficiencies, and outcomes would be tied to the budgeting process. Ineffective programs would get the ax. They would combine all permitting and licensing into one department to make it a "one-stop shop" for businesses.

Public employee compensation savings could total \$1.2 billion.

New P.O. Box for TMTA

TMTA is still located at 28237 Orchard Lake Rd. in Farmington Hills, but we have a new P.O. Box number.

The new mailing address you should be using is:

**TMTA
P.O. Box 2204
Farmington Hills, MI 48333-2204**

The physical location of the office has not changed and all phone/fax numbers remain the same (248-488-0300 and 1-800-969-9682 phone; 248-488-0500 fax).

Please make a note of our new mailing address in your system.



We would like to take this opportunity to welcome the following new members to the Tooling, Manufacturing & Technologies Association:

- ❖ **Cambridge Tool & Die Corporation** located in Cambridge, OH; they are manufacturers and producers of plastic injection molded parts including mold design & engineering and injection mold repair; visit their website at www.cambridge-tool-die.com;
- ❖ **Circle Mold, Inc. dba Circle Mold & Machine Co.** located in Tallmadge, OH; they are manufacturers of molds for the rubber and plastic industries; visit their website at www.circlemold.com;
- ❖ **Elite Mold & Engineering Inc.** located in Shelby Twp., MI; they manufacture plastic injection molds and plastic molding specializing in low-volume and prototype tooling and in-house molding; visit their website at www.emoplastics.com;
- ❖ **Encompass Energy Group** located in Walled Lake, MI; they design and install custom energy conservation systems; visit their website at www.encompassenergygroup.com;
- ❖ **Gemini Group, Inc.** located in Bad Axe, MI; they are a diverse group of plastic and metal entities joined together to provide blow molding, plastic extrusion, injection molding, automotive interior trim, aluminum extrusion dies, precision machining & tooling, and production machining; visit their website at www.geminigroup.net;
- ❖ **H & R Screw Machine Products, Inc.** located in Reed City, MI; they are manufacturers of high volume screw machine products and precision CNC machining; visit their website at www.hrscrew.com;
- ❖ **Precision Masters Inc. dba Maple Mold Technologies** located in Rochester Hills, MI;

they specialize in plastic injection molding and mold designing & building; visit their website at www.maplemold.com;

- ❖ **Prospect Mold** located in Cuyahoga Falls, OH; they manufacture molds & dies, supply complex contour tooling, and perform aerospace & general machining; visit their website at www.prospectmold.com;
- ❖ **Prototech Laser, Inc.** of Chesterfield, MI; they specialize in laser cutting, complete metal fabrication, assembly, and custom laser welding solutions; visit their website at www.ptlaser.com;
- ❖ **Radar Industries Inc.** of Warren, MI; they specialize in metallic stampings, welded assemblies, extrusions, and production design & engineering; visit their website at www.radarind.com; and
- ❖ **Sur-Flo Elastics & Engineering, Inc.** of Warren, MI; they are a full-service manufacturer of plastic injection molded components and assemblies; visit their website at www.sur-flo.com.

The TMTA Board of Directors Needs You!

The Tooling, Manufacturing & Technologies Association is governed by a 12 person Board of Directors. Each year at least 4 seats on the Board are up for election; directors are elected to serve 3-year terms.

Please consider submitting your name for this year's election. It is a voluntary position, but an extremely important one. The TMTA Board of Directors makes decisions that affect the Association and its member companies.

If you are interested in being on the ballot for the term beginning in 2010, please let us know by sending either a fax to (248) 488-0500 or an e-mail to ron@thetmta.com.

We look forward to putting your name on the ballot this year!

Fact of the Week

From the Fair Currency Coalition



RMB Peg Fuels China Trade Surpluses, Undercuts U.S. Recovery

The laws of monetary physics hold that when country A runs a current account surplus with country B, country A's currency should rise in value compared to the currency of country B. Trade figures released by the U.S. and Chinese governments earlier this month show that China's Renminbi (RMB) peg still is defying this law.

For the twelve-month period from Q3 2008 through Q2 2009, the United States ran a \$294 billion current account deficit with China according to the U.S. Bureau of Economic Analysis (BEA). Instead of rising in value, however, the RMB has remained firmly pegged at 6.8 to the dollar since July 2008 due to persistent, massive intervention by the Chinese government. Factoring in inflation, the pegged RMB actually is declining in value against the U.S. dollar despite China's massive current account surpluses. This peg constitutes an illegal subsidy that gives all Chinese goods an unfair price advantage over their competition. In turn, China's subsidy-induced price advantage fuels that country's trade surpluses and undercuts America's economic recovery.

Year-end 2009 trade figures for goods tell the same story. In 2009, the United States ran a \$226.8 billion trade deficit with China for All Merchandise, including a \$240.1 billion deficit for All Manufactured Goods, according to U.S. government figures.

The 2009 deficits are part of a bigger trend. From 2002 to 2009, the United States ran a cumulative trade deficit of nearly \$5.4 trillion for All Merchandise, including almost a \$1.6 trillion deficit with China. China's share of the U.S. trade deficit for All Merchandise has grown annually, rising from 22 percent in 2002 to 45.3 percent in 2009.

For All Manufactured Goods, the deficit figures are even more troubling. From 2002 to 2009, the United States ran nearly a \$3.7 trillion trade deficit for All Manufactured Goods, including a deficit of more than \$1.6 trillion with China. China's share of the U.S. trade deficit in All Manufactured Goods rose continually from 28.5 percent in 2002 to a staggering 75.2 percent in 2009!

These trade deficits, caused in significant part by China's policy of currency undervaluation, represent a

U.S. production shortfall that undercuts the U.S. economic recovery. The cumulative production shortfall is a key reason why U.S. manufacturing output was down 2 percent in 2009 when compared to 2002 according to the U.S. Federal Reserve. It is also a key reason why the U.S. employment in the non-farm (-1.064 million jobs), private

(Fact of the Week continues on Page 8)

INFLATION TALK

CPI-W Urban Wage Earners and Clerical Workers

| Month | 82-84 | 1967 | 57-59 |
|---------------|----------------|----------------|----------------|
| Dec 09 | 211.703 | 630.600 | 733.38* |
| Nov | 212.003 | 631.491 | 734.42* |
| Oct | 211.549 | 630.140 | 732.85* |
| Sept | 211.322 | 629.462 | 732.06* |
| Aug | 211.156 | 628.970 | 731.49* |
| July | 210.526 | 627.093 | 729.30* |
| June | 210.972 | 628.422 | 730.85* |
| May | 208.774 | 621.875 | 723.23* |

CPI-U All Urban Consumers

| Month | 82-84 | 1967 | 57-59 |
|---------------|----------------|----------------|----------------|
| Dec 09 | 215.949 | 646.887 | 752.32* |
| Nov | 216.330 | 648.028 | 753.65* |
| Oct | 216.177 | 647.570 | 753.11* |
| Sept | 215.969 | 646.948 | 752.39* |
| Aug | 215.834 | 646.544 | 751.92* |
| July | 215.351 | 645.096 | 750.24* |
| June | 215.693 | 646.121 | 751.43* |
| May | 213.856 | 640.616 | 745.03* |

Note: December 2009 CPI-W represents a 3.4% increase from one year ago; CPI-U a 2.7% increase.

* Base Year 1957-59 is no longer released. BLS has issued the following conversion factors from the 82-84 year:

CPI-W—.2886674 CPI-U—.2870447

(Rob's Roost continued from Page 1)

Savings in your operations are increasingly critical and we at the TMTA are constantly looking for suggestions that might be of assistance in that arena to our member companies. One such opportunity for you is in energy consumption. Visit www.yourenergysavings.com and browse the site for programs and incentives that might apply to your particular operation. The TMTA is currently looking into changes in our lighting system that will result in a significant reduction in energy consumption, better lighting and improved working conditions at reduced costs. It will take a bit of effort to determine program availability for your operation but the savings might well be worth the investment in time.

Please note that we have additions to our TMTA Endorsed Service Providers list this month. The Ralph C. Wilson Agency, the insurance arm of the TMTA is now our sole endorsee for insurance. They are a full line, full service agency and are available to provide very comprehensive service and competitive rates on all lines of insurance. Truly a one stop agency at the forefront in its industry!

In addition we are very pleased to add the ENCOMPASS ENERGY GROUP; a new TMTA member company as well as Endorsed Provider. We will be providing greater detail in March but for an opener they will do a free facility review and analysis and they provide a minimum kWh reduction and percentage savings projection BACKED BY A WRITTEN GUARANTEE THAT IS FULLY INSURED and underwritten by LLOYDS OF LONDON. It simply does not get better than that!

I will be in Washington advocating for Trade Reform in all its aspects twice during the month of March with a number of meetings with legislative staff and members in both the House and Senate.

We are in an election year and anxiety is high on the Hill as is evidenced by the number of members who have, for whatever reasons, decided to not seek re-election. The atmosphere is clearly one of dissatisfaction (in the extreme) among constituents and rightly so. Now is not the time to let up and relax. We need to continue an emphasis on the issues that matter to you our members. In that vein, any of you who would like to visit the Hill with me are welcome and simply need to send me an e-mail and we can work on scheduling. Believe me when I tell you that the presence of someone who is actually participating in manufacturing or the technologies carries a great deal of weight with legislators and staff.

TMTA ENDORSED SERVICE PROVIDERS

Blue Cross Blue Shield/BCN

(health insurance program)

TMTA contacts:

Dennis Campbell 248-488-0300

Elaine Burger-Laskosky 248-488-0300 ext. 1309

Encompass Energy Group

(energy conservation program)

Provider contact:

Shel Rader 248-515-3217

Freedom One Financial Group

(401(k) retirement program)

Provider contact:

Lesley Goodwin 248-620-8100

GlobalTranz — CarrierRate.com

(freight discount program)

Provider contact:

Chad Hill 866-275-1407 ext. 130

John M. Packer & Associates

(unemployment cost control program)

Provider contact:

Nathan Wiest 800-482-2971

Ralph C. Wilson Agency, Inc.

(insurance management)

Provider contact:

Robert Farris 248-355-1414 ext. 109

Reliance Standard/Ameritas

(life/dental insurance programs)

TMTA contacts:

Dennis Campbell 248-488-0300

Stella Krupansky 248-488-0300 ext. 1310

Schena Roofing & Sheet Metal Co., Inc.

(commercial/industrial roofing contractor)

Provider contact:

586-949-4777

TMTA receives a benefit from some of its Endorsed Providers when you, as a member, patronize them. This is one way we are able to maintain the level of dues.

(Fact of the Week continued from Page 6)

(-2.159 million jobs), and manufacturing (-4.058 million jobs) sectors was lower in January 2010 than January 2002 according to the U.S. Bureau of Labor Statistics.

Even China's customs data shows that trade with the United States accounted for 72.3 percent of China's trade surplus in All Commodities. It also accounted for 40.2 percent of China's trade surplus for HS Chapters 28-99 (generally all manufactured goods, with some exceptions).

Clearly, the data above paints a compelling picture as to why the United States should take action against China's illegally undervalued currency. If this is not done, it is difficult to see how the U.S. economy can recover. A good first step would be for Congress to pass the Currency Reform for Fair Trade Act, H.R. 2378 and S. 1027, the only WTO-consistent legislation that addresses the subsidy effects of currency undervaluation.

From the IRS Retirement News for Employers

Question:

We had to let 4 of our 10 employees go this year leaving only 6 employees remaining in our retirement plan. My accountant told me this may constitute a "partial termination." What does this mean?

Answer:

Generally, if more than 20% of your total plan participants left in one year because of a lay-off, then your plan may have incurred a partial termination. The law requires that all "affected participants" be fully vested in their account balance upon the date of full or partial plan termination. This means that affected employees must become 100% vested in all employer contributions regardless of the plan's vesting schedule.

Generally, an "affected participant" in a partial termination is anyone who has left employment for any reason, during the period in which the partial termination occurred, and who still has an account balance under the plan. Some plans wait until a participant has 5 consecutive 1-year breaks in service before they forfeit his or her nonvested account balance. For these plans, participants who left during the determination period and who have not had 5 consecutive 1-year breaks in service are affected participants. *(Additional resources: Code §411(d)(3), Revenue Ruling 2007-43.)*

For information on retirement plans for your company, contact TMTA's endorsed retirement provider, Leslie Goodwin at Freedom One at 248-620-8100.

Dear TMTA Members & Friends:

TMTA continues to be located at 28237 Orchard Lake Rd. in Farmington Hills, but we have a new P.O. Box number.

Our new mailing address is:

TMTA
P.O. Box 2204
Farmington Hills, MI 48333-2204

Please make a note of our new mailing address.

Very truly yours,
TMTA

The logo for TMTA TALK features the words "tmta talk" in a bold, lowercase, sans-serif font. The "tmta" portion is in black, and the "talk" portion is in red. The letters are slightly shadowed, giving them a three-dimensional appearance.

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Send/Fax to TMTA, Attention: TMTA Talk Editor.