

tmta talk

A publication of the
Tooling, Manufacturing &
Technologies Association

**FROM ROB'S
ROOST**
By ROB DUMONT
PRESIDENT & CEO

This article appeared in Cutting Tool Engineering magazine's October 2015 edition and offers a valuable perspective. —Rob

Offshoring Again

by Keith Jennings

Several good customers indicated they'll be issuing jobs in the last quarter of 2015 and, with other accounts cutting back, we can use the work.

Even with a good fourth quarter and my natural optimism, reports from contacts at some of our larger customers concern me. It mostly relates to a return of offshoring, not only the machining of important products, but the divesting and transferring of their jobs to other countries, particularly the Far East and India.

In one example, a large U.S. conglomerate acquired many smaller companies that were longtime customers and strategically revamped their approach to sourcing — to our detriment. Their strategies and new contract terms evolved into a typical big-corporation approach, requiring us to reevaluate the profitability of their work.

As is common in this scenario, the corporation became more price-conscious and demanding, wanting to extend payment terms to unsatisfactory timeframes, perhaps Net-90 or longer. We attempt to work through these situations, and even offer discounts for prompt payments. Occasionally, they agree, but more often than not, they aren't flexible.

Over time, the terms and conditions became more difficult and most of the work dwindled or went away — usually overseas. To make matters worse, a long-time contact at that same corporation said



World's Lightest Metal Structure

developed by HRL Labs of CA, in collaboration with UCI and Caltech

he was being laid off, along with other skilled employees, with many of the positions transferred as well. This was not because of reduced demand for the company's products, but because the company views the employees'

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tmta Calendar of Events November 2015

1	Daylight Saving Time Ends Set Clocks BACK 1 Hour
11	Veterans Day Federal Holiday TMTA Offices Open
18	TMTA Board of Directors Meets at TMTA Offices

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



BCN to Offer In-home Postpartum Checkups

BCN and the Michigan Community Visiting Nurse Association are working together to provide more convenience to new moms who are covered under BCN.

BCN encourages members to follow-up with their obstetrics provider first, but the home visit program offers members the option to receive their six-week postpartum checkup at home. With permission from the member's obstetrician, a VNA-licensed nurse practitioner, who is also approved by BCN, will:

- o Conduct a physical exam, including a breast exam
- o Measure weight and vital signs, including blood pressure
- o Discuss contraceptive options
- o Educate new moms on preventing sexually transmitted infections
- o Screen and assess postpartum depression

Eligible members will receive a phone call scheduling their appointments. A letter to the member will follow as confirmation of the date and time of the appointment.

Once the visiting nurse completes the exam, a postpartum exam form will be completed to document the results and a copy will be sent to the member's primary care doctor. The visit is a covered benefit, but the member's copayment will apply.

Updated Licensed Professional Counselors Reimbursement Policy

Effective January 1, 2016, BCBSM and BCN will update their provider reimbursement policy to include direct reimbursement to licensed professional counselors (LPCs).

The policy change means that participating LPCs will bill BCBSM and BCN directly for services within their scope of practice. Previously, services provided by LPCs were billed through an affiliated MD, DO, or fully licensed psychologist.

This change to the reimbursement policy is part of BCBSM's continuing effort to maintain compliance with the requirements of the Affordable Care Act. Under the ACA, when a health plan covers a service, it may not deny reimbursement to a provider, if the service falls within the

provider's scope of practice. This update will not affect group mental health care benefits or the rates groups pay for those benefits.

Terminating Coverage of Ineligible 26-year-old Dependents

Effective October 1, 2015, BCBSM/BCN has updated their system to improve the process for removing dependents from their parents' contracts when they've reached age 26 and are no longer eligible for coverage.

The Blues' computer system now has the ability to delete 26-year-old dependents monthly instead of annually. Some groups selected the rider to terminate coverage at the end of the month in which the dependent turns 26. The Blues' system will now automatically terminate those dependents and the group will not have to process the terminations themselves.

Groups that selected the rider to terminate coverage at the end of the year will see their terminations processed with a December 31st termination date.

Notifications will no longer be sent to the affected members or groups advising them of their dependents' termination of coverage.

BCBSM Monitors Compound Medicines to Improve Patient Safety and Lower Costs

In 2012, 751 people in 20 states became sick with meningitis and other fungal infections from contaminated medicine used in spinal injections. In Michigan, 264 people became sick and 19 people died. Nationally, a total of 64 people died.

The culprit: a compounded medicine made at the New England Compounding Center, a pharmacy in Massachusetts.

This tragic outbreak brought public attention and added scrutiny to compound medicines and the pharmacies that make them. Blue Cross Blue Shield of Michigan has been carefully monitoring compound drugs for patient safety and cost reasons since 2009.

A compound drug is made by a pharmacist or doctor who mixes or alters ingredients to meet an individual patient's needs. For example, people who can't swallow pills may need liquid or suppository forms of their medications.

While pharmacy compounding has grown more common for other uses in recent years, many people don't know that compound medicines aren't approved by the

Food and Drug Administration and haven't been proven safe or effective. These medicines aren't subject to the federal laws that govern production and testing of commercial medications or reporting of safety concerns.

BCBSM requires prior approval for all compound drugs costing \$125 or more. This process enables their pharmacists and doctors to review each case to ensure their members receive safe and effective medicine. BCBSM does not pay for medicines made with any ingredient on a list of "excluded" bulk drugs or chemicals that are not approved by the FDA.

The compounding process is also one prone to fraud, waste, and abuse. BCBSM's 2009 analysis of compound drug claims showed prices ranging from \$50 to \$8,000 each, many of those being high-priced topical pain medicines that weren't always effective, medically necessary, or actually given to patients.

Today, BCBSM Pharmacy Services and Corporate and Financial Investigations teams work closely with local police, the Drug Enforcement Administration, and the U.S. Attorney's offices to investigate suspicious compound drug practices. They also review the practices of pharmacies that create more high-cost compound medicines than their participating pharmacies usually fill.

BCBSM compound drug programs are just one of the many ways BCBSM works to ensure the safety of their members and to provide more value for your company's health care dollars.

New Blue Cross® Health & Wellness Website Debuts November 1

BCBSM is launching an innovative, new wellness solution on Nov. 1, 2015. The new Blue Cross Health & Wellness website lets BCBSM offer their group customers a full suite of health and wellness programs that will be integrated into medical products and also sold as stand-alone wellness solutions.

This also means exciting changes for members when they login to www.bcbsm.com and visit the new Blue Cross Health & Wellness site, powered by WebMD®. (Members who login can click on the Health & Wellness tab to enter the new site option area.)

The new website is mobile enabled and uses responsive design technology that recognizes the type of device being used so members will have the same online experience whether they're using a computer, tablet, or mobile phone. The new website also has some enhanced features members will be able to use to help them live a

healthier lifestyle. These include:

- A new health assessment that's interactive and faster to complete
- Digital Health Assistant programs that help members set health goals and make small changes to help them meet those goals
- A Device and App Connection Center where members can sync more than 100 of their favorite fitness and medical devices and apps with the Blue Cross Health & Wellness site
- Health trackers that let members chart their health measurements over time for exercise, steps, diet, sleep, mood, pain, tobacco use, and more
- The Daily VictorySM and Weigh Today apps that sync with the Blue Cross Health & Wellness website to help members make small changes in their exercise habits and weight
- The Pregnancy Assistant program to help members have a healthy pregnancy
- WebMD Interactives, including calculators, guides, quizzes, slide shows, recipes, a medical encyclopedia, and more
- Professionally monitored Message Board Exchanges where members can connect with others who have the same interests and health concerns

All Blue Cross group members, with Healthy Basics wellness programs, will be able to access the new site beginning Nov. 1, 2015; group members with Premium Wellness or Wellness Plus programs will move to the new website between Nov. 1, 2015, and Jan. 1, 2016, depending on their renewal dates; and BCN members will move to the new website on Jan. 1, 2016. Members who haven't moved to the new website on Nov. 1, 2015 will continue to be able to access the current BlueHealthConnection® site until they move to the new website.

Groups are encouraged to have their employees check out the many interactive and educational health features and options available to them on the www.bcbsm.com website.

The new Blue Cross Health & Wellness website allows BCBSM to offer some new features to their buy-up wellness programs, including: Lifestyle Coaching, Tobacco Cessation Coaching, and more. If your company is interested in learning more about these programs, contact your Blue Cross agent.

WebMD Health Services is an independent company supporting Blue Cross Blue Shield of Michigan and Blue Care Network by providing health and wellness services.



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

- ❖ **DMP Manufacturing LLC** located in Livonia, MI; they specialize in precision machining, fixtures, gages, and custom fasteners to OEM manufacturers and Master Distributors; visit their website at www.dmpmfg.com; and
- ❖ **The Luminous Group LLC** located in West Bloomfield, MI; they specialize in training and consulting for lean/productivity, quality, project management, and problem solving; visit their website at www.luminousgroup.com.

OSHA Top 10 Safety Violations List

The U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) has announced their preliminary top 10 most frequently cited workplace safety violations for fiscal year 2015 (October 1, 2014 thru September 30, 2015).

The announcement was made at the National Safety Council (NSC) Congress and Expo, as it is every year. Deborah Hersman, NSC President and CEO, said "The OSHA Top 10 list is a roadmap that identifies the hazards you want to avoid on the journey to safety excellence."

OSHA's Top 10 list of the most frequently cited violations remains essentially the same from year to year with the same 10 standards making the list. Despite new health and safety rules and enforcement changes implemented by OSHA, this year's list, again, has little change from last year's list.

OSHA's top 10 most cited violations for 2015 (with 2014's numbers also listed) are:

1. Fall Protection (1926.501) –

6,721 violations (6,143)

Frequent violations include failure to protect open sides and edges, to prevent falls from roofs, and to cover holes.

2. Hazard Communication (1910.1200) –

5,192 violations (5,161)

Frequent violations include failure to have a written program, inadequate employee education and training, improper or no labels on containers, and no safety data sheets (SDS) or lack of access to them.

3. Scaffolding (1926.451) –

4,295 violations (4,029)

Frequent violations include problems with scaffold construction, improper access to scaffolding surfaces, and lack of guardrails.

4. Respiratory Protection (1910.134) –

3,305 violations (3,223)

Frequent violations include no written respiratory protection program, poor fit-test procedures, unsuitable respirator selection process, and lack of procedures for voluntary use of respirators.

5. Lockout/Tagout (1910.147) –

3,002 violations (2,704)

Frequent violations include poor or no energy control procedures, inadequate worker training, and inspections not completed.

6. Powered Industrial Trucks (1910.178) –

2,760 violations (2,662)

Frequent violations include inadequate operator training and refresher training, and poor conditions of trucks when returned to service after repair.

7. Ladders (1926.1053) –

2,489 violations (2,448)

Frequent violations include damaged side rails, use of top ladder step or inappropriate ladder for the job, and excessive loads on ladders.

8. Electrical – Wiring Methods (1910.305) –

2,404 violations (2,490)

Frequent violations include problems with flexible cords and cables, boxes, and temporary wiring; poor use of extension cords; and using temporary wiring as permanent wiring.

9. Machine Guarding (1910.212) –

2,295 violations (2,200)

Frequent violations include point-of-operation exposures, inadequate or no anchoring of fixed machinery, and exposure to blades.

10. Electrical – General (1910.303) –

1,973 violations (2,056)

Frequent violations include electric shock and electrocution exposures.

**For more information about the TMTA,
our advocacy, events, benefits,
and up-to-date news and information,
visit us at www.thetmta.com**



No Increase in SS Benefits or Taxable Wage Base for 2016; But Increases for Some on Medicare Part B Premiums

There will be no Social Security cost-of-living adjustment (COLA) increase for 2016. This is only the third year that Social Security benefits have not increased from one year to the next since automatic adjustments for inflation started in 1975. As in the past, the 'non-increase' is due primarily to declining gasoline rates.

By law, Social Security (SS) benefits increase automatically each year if the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increases from the third quarter of the last year (2014) to the corresponding period of the current year (2015). Since there was no increase, Social Security benefits will not be increased.

Even though SS benefits won't be increasing, some 30% of retirees will be facing higher Medicare Part B premiums this year. Premiums will increase as much as 52% according to the 2015 Medicare trustees report. The remaining approximately 70% of Medicare beneficiaries are covered under a Hold Harmless provision.

Medicare Part B covers typical, non-hospital/inpatient services such as doctors' visits, preventive care, outpatient care, and lab tests. It requires beneficiaries to pay a premium to cover 25% of the total costs of the program with individual premiums adjusted based on a number of criteria. Medicare Part D covers the cost of prescription drugs.

Because the COLA, and therefore SS payments, are based on CPI-W and do not account for growth in health care costs, Medicare Part B and D premiums may grow significantly faster than SS payments in years with low COLAs. In 1988, in order to minimize the impact of this effect, Congress created the "Hold Harmless" provision. This pro-

vision mandates that Medicare Part B premium payments may not cause a decrease in SS benefit amounts. Therefore, Medicare beneficiaries who have their Medicare Part B premium payments automatically deducted from their SS benefits cannot have an increase in Part B premiums, as that would cause a decrease in SS benefit amounts. This means that the resulting approximately 30% of beneficiaries are responsible for carrying the entire burden of premium increases for the entire Part B program.

Those beneficiaries whose Part B premiums are increasing are: those who enroll in Medicare for the first time in 2016; those who don't receive a SS benefit at age 65 or who pay their Medicare premiums directly rather than having them deducted from their SS benefit payments; and those who are already paying a higher premium because of higher income (modified adjusted gross income of \$85,000/year for singles and \$170,000/year for married couples).

Why are Part B premiums increasing so much? In the years since 1988, there has been a substantial shift in the way medical care is provided causing patients to move from Part A (hospital and emergency room care) to Part B (doctors care). The emphasis on early screenings, prevention, hospice care, home recovery, new drugs, and outpatient clinics have all had a change in Medicare billings.

The SS taxable wage base (maximum amount of earnings subject to the SS tax) is adjusted in the same manner and so it was announced that the 2016 taxable wage base will remain at \$118,500. The Medicare payroll tax rate of 1.45% will continue to apply on all wages in 2016. An additional 0.9% Medicare tax rate will still apply to wages over \$200,000/year for singles, \$250,000/year for joint filers, and \$125,000/year for married filing separately as these threshold amounts are not indexed for inflation.

MI Minimum Wage Increases Jan. 1, 2016

A reminder that on January 1, 2016, the Michigan minimum wage will be increased from \$8.15 per hour to \$8.50 per hour as per the Workforce Opportunity Wage Act of 2014.

A training wage of \$4.25 per hour may be paid to employees 16-19 years of age for the first 90 days of their employment. Minors 16-17 years of age may be paid 85% of the minimum hourly wage rate or \$7.23. The 85% rate is lower than the current federal minimum wage of \$7.25 per hour, therefore, Michigan's Workforce Opportunity Wage Act states that the federal Fair Labor Standards Act will apply to minors 16-17 years of age.

(FYI continued from Page 5)

Training wages cover 90 days regardless of whether the employment occurs in a single year or over 1 or more years, employment seasons, or employment periods. A change in employment classification, duties, or occupation does not extend the training wage period. The overtime rate of 1-1/2 times the regular hourly rate (\$6.38 per hour) must be paid for overtime hours worked during the training wage period. An employer may not discharge, layoff or displace another employee or reduce hours, wages or benefits of an employee to hire a worker at the training wage.

TMTA MSDs Mailed to Member Companies

The 2015 TMTA Member Services Directories (MSDs) were mailed to all member companies of the TMTA this month. The MSD is designed to aid you in finding the right supplier for all of your tooling, manufacturing and technology needs. Listings are presented alphabetically by service and alphabetically by member company name under each service. Be sure to check the listings under "Other Services" for those special or unusual jobs you may need done.

If you did not receive your copy, if you need extra copies, or if you know of other buyers of tooling, manufacturing or technological services who would like to receive a copy of the MSD, free-of-charge, please contact Ron at 248-488-0300 ext. 1306 or e-mail to ron@thetmta.com.

The Association publishes the MSD yearly and distributes it free-of-charge to each member company and, by request, to any company deemed to have need of its information. This is a tremendous tool for a company looking for a specific type of work and a great opportunity for your company to gain business.

Two Surveys Enclosed

Two surveys are enclosed with this issue of TMTA Talk. One is the **Annual Christmas/New Year's Holiday Schedule** and the second is the **First/Second Quarter 2016 Business Trends Survey**.

Please take a few moments to complete and fax them back to TMTA at 248-488-0500 by Monday, November 16, 2015. Remember, the results are only as good as the information we receive from you!

Results will be included in next month's TMTA Talk and also posted on the homepage of our website at www.thetmta.com.

Find health care reform information along with tax and pension limits, insurance forms, required and optional state and federal posters, workers' compensation forms, FMLA and COBRA information and forms, direct links to the OSHA chemical information database and the NIOSHA pocket guide to chemical hazards, and more at www.thetmta.com by mousing over "Information/Networking" on the top navigation bar and choosing "Company Forms & Information."

INFLATION TALK

CPI-W Urban Wage Earners and Clerical Workers

Month	82-84	1967	57-59
Sept	232.661	693.025	805.98*
Aug	233.366	695.127	808.43*
July	233.806	696.436	809.95*
June	233.804	696.431	809.94*
May	232.908	693.763	806.84*
Apr	231.520	689.626	802.03*
Mar	231.055	688.243	800.42*
Feb 2015	229.421	683.374	794.76*

CPI-U All Urban Consumers

Month	82-84	1967	57-59
Sept	237.945	712.777	828.95*
Aug	238.316	713.890	830.24*
July	238.654	714.902	831.42*
June	238.638	714.855	831.36*
May	237.805	712.357	828.46*
Apr	236.599	708.746	824.26*
Mar	236.119	707.306	822.59*
Feb 2015	234.722	703.122	817.72*

Note: September 2015 CPI-W represents a -0.6% increase from one year ago; CPI-U a 0.0% 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)

capabilities and skills as commodities and no longer values them in the same way.

In a similar case, CNBC.com reported that Disney's Florida headquarters replaced many highly skilled employees, such as engineers and IT professionals, with lower-cost foreign workers. The company even required the longtime employees to train their replacements, threatening that their severance packages would go bye-bye if they refused.

Being a machine shop owner, thankfully, no one can replace us in this manner. But thinking about being required to train your foreign replacement, who'll earn half your salary, has to be difficult, if not maddening.

With our local market slowing, it got me thinking about all the good machine shops and related companies in North America and the potential ramifications of this offshoring trend. If this caliber of highly skilled jobs is less-valued and easily duplicated elsewhere to reduce costs, could our shop's capabilities and skill set suffer the same fate? With the rapid evolution of shop automation, software, 3D printing and other technologies, how much longer can we be viable?

The reality is, some large corporations have also acquired their longtime customers. It's happened to such a degree that four large companies now literally dictate the primary energy market we serve.

Will the other conglomerates follow the lead of the previously discussed corporation and their offshoring strategies as well? Time will tell, but it certainly makes me think about whether my kids and yours will have the same opportunities in this industry that has served us so well. One thing is for sure: We'll aggressively press on and make it hard for others to duplicate what we offer. We're not done yet!

CUTTING TOOL ENGINEERING Magazine
October 2015 / Volume 67 / Issue 10
www.ctemag.com

About the author: Keith Jennings is president of Crow Corp., Tomball, Texas, a family owned company focusing on machining, metal fabrication and metal stamping. He can be reached via e-mail at kjennings@jwr.com.

ROB'S MUSINGS

Do you think \$12 Trillion is a lot of money?

So do I. Since 1990 when the Free Trade era began with NAFTA the U.S. has accumulated a \$12 Trillion net trade deficit and the loss of 5 Million manufacturing jobs. The Trans Pacific Partnership, if authorized by Congress, will only serve to increase that deficit and those job losses!

TMTA ENDORSED SERVICE PROVIDERS

Blue Cross Blue Shield/BCN

(Health insurance program)

TMTA contacts:

Bill Percha 586-904-9700 (cell)

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

Call-A-Doctor - (Telehealth Program)

Provider contact:

Ed Stines 248-524-3221, ext. 21

CAPTRUST (formerly Freedom One Financial)

(401(k) Retirement program)

Provider contact:

John Young 248-620-8100

Euler-Hermes - (Credit insurance program)

Provider contact:

Jay Poplawski 248-355-1414, ext. 158

John M. Packer & Associates

(Unemployment cost control program)

Provider contact:

Nathan Wiest 800-482-2971

Practical Power LLC - (Electrical savings program)

Provider contact:

Mark Bunting 248-726-7598

Ralph C. Wilson Agency, Inc.

(Insurance management)

Provider contact for Benefits coverages:

Robert Farris 248-355-1414, ext. 109

Provider contact for P&C and WC coverages:

Jay Poplawski 248-355-1414, ext. 158

Reliance Standard/Ameritas

(Life/Dental insurance programs)

TMTA contacts:

Bill Percha 586-904-9700

Stella Krupansky 248-488-0300, ext. 1310

Results Systems Corporation

(Business management consulting)

Provider contact:

Paul Hindelang 248-244-8550

SVS Vision - (Safety & Vision programs)

Provider contact:

Monica Dya 800-611-3683 or www.svsvision.com

Schena Roofing & Sheet Metal Co., Inc. - (roofing)

Provider contact:

586-949-4777

Staffworks Group - (Staffing needs)

Provider contact:

Bill Brann 877-304-9690

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.



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TMTA TALK NEWSLETTER

tmta talk
TMTA TALK is a publication of the
Tooling, Manufacturing & Technologies Association
28237 Orchard Lake Rd. #101 Phone (248) 488-0300
Farmington Hills, MI 48334 Fax (248) 488-0500
www.thetmta.com
President and CEO — Robert J. Dumont
Editor, Designer — Elaine F. Burger-Laskosky
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