

Notice 2015-16

OFFICE OF THE ATTORNEY GENERAL  
DIVISION OF LEGAL COUNSEL  
FIDUCIARY & TRUST SERVICES

**ALASKA LABORERS TRUST FUNDS**

*Alaska Laborers-Construction Industry Health and Security Fund*

MAY 14 2015

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Administered by  
Welfare & Pension Administration Service, Inc.

April 29, 2015

CC:PA:LPD:PR (Notice 2015-16)  
Room 2503  
Internal Revenue Service  
PO Box 7604  
Ben Franklin Station  
Washington, DC 20044

On behalf of the Alaska Laborers-Construction Industry Health and Security Fund, I am writing to submit comments regarding the potential excise tax regulations provided in Notice 2015-16. The Alaska Laborers-Construction Industry provides coverage for more than 4,000 people in Alaska.

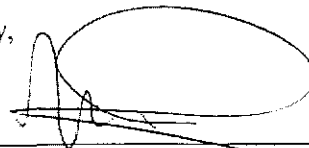
Beginning in 2018, the Affordable Care Act (ACA), will assess a 40% excise tax on the excess cost of a health plan above a dollar threshold. The threshold was set at \$10,200 per year for employee-only coverage, and \$27,500 for an employee and family.

The ACA applies adjustments for a cost of living adjustment over time, but the adjustment is designed to be significantly less than health care trend increases, thus subjecting increasing numbers of health plans to the tax each year. Moreover, although thresholds may also be adjusted for age and gender and for individuals in high-risk professions, no adjustment is made for health plans located in high cost states, such as Alaska.

In Alaska, the total premium cost for single coverage was 32% higher than the US average. For employee-plus-one coverage, Alaska's average cost was 35% higher than the US average; and for family coverage, Alaska's cost was 29% higher than the national average. The tax will hit Alaskans harder than people in any other state.<sup>1</sup> Indeed, it is likely that most Alaska-based health plans will hit the excise tax thresholds in 2018, or soon thereafter, without legislative or regulatory relief.<sup>2</sup>

Accordingly, we request the proposed excise tax regulations be written to address this geographical differential issue through an adjustment in the tax thresholds for Alaska and other high cost states.

Sincerely,



Its: Fund Specialist of the Alaska Laborers-  
Construction Health and Security Fund

<sup>1</sup> See Kaiser Family Foundation, State Health Facts, Employer-Based Health Insurance Premiums, 2013.

<sup>2</sup> See Mouhcine Guettabi, Rosyland Frazier and Gunnar Knapp, Alaska Employer Health-Care Benefits: A Survey of Alaska Employers, ISER for Alaska Health Care Commission, October 2014.