



March 9, 2015

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Internal Revenue Service
Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

RE: Notice 2015-16

To Whom it May Concern:

As you know, Section 4980B(f)(4)(B) specifies two methods for self-insured plans to determine the COBRA applicable premium:

- (1) the actuarial basis method, under which the cost is equal to a reasonable estimate of the cost of providing coverage for similarly situated beneficiaries determined on an actuarial basis, taking into account "such factors as the Secretary may prescribe in regulations"; and
- (2) the past cost method, which may be used at the election of the plan administrator except in cases in which there has been a significant change in coverage under the plan or in employees covered by the plan.

I would like to suggest a safe harbor under the first method. Many of our self-funded clients purchase aggregate stop-loss insurance. Under these policies an insurance company calculates the level of expected claims and if claims exceed a specified amount (such as 125% of expected), then the stop-loss policy pays the excess to the policyholder (the plan or plan sponsor).

I suggest that using the insurance company's level of expected claims be considered a safe harbor, rather than requiring the plan sponsor to obtain the services of an independent actuary. The plan's administrative costs would be added to the expected claims to determine the COBRA applicable premium.

Thank you for this opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "John C. Garner".

John C. Garner, CEBS, CLU, CFCI, CMC, GBA, RPA
Chief Compliance Officer

cc:PA:LPD:PR (Notice 2015-16)

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