

Notice 2015-16

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From: Michael S. Farrell <mfarrell@davidinsurance.com>
Sent: Friday, May 01, 2015 12:31 PM
To: Notice Comments
Subject: Repeal the ACA Cadillac Tax NOW!

These are just my quick impressions. I'm not representing anyone other than my own interests as an insurance agent/broker and my clients. I have two positions to describe:

1. **The government is most likely to pay this tax!** We all know that government sponsored health plans provide the highest levels of comprehensive benefits coverage. These plans are expensive and would lead to the government itself being required to pay an excise tax. Look at your own FEHBP where 2015 premiums in some states are already close to triggering the tax (then add 3 more years of medical inflation trend). How does the government tax itself? Many public sector plans ALREADY have insurance premium rate equivalencies that exceed the premium levels that will trigger the tax. Will a state or local government have to pass this excise tax expense onto its taxpayers? Just imagine it this way, the federal government taxes a state government that has to pass a tax along via income tax. Or, the feds tax a local municipality that has to pass a tax along to property taxpayers. This makes NO sense!
2. **The tax is not fairly imposed!** I have a number of self funded plans that, because of prior claims history, have insurance premium rate equivalencies that already exceed the premium levels that will trigger the tax. Very simply a group that has older demographics will naturally (actuarially) have higher claim costs than a younger demographic group. A group that is older is then treated unfairly by the tax. Plus, you would be asking an employer who already has excessively high premium rates to pay a tax (business expense) thereby putting additional stress on the budget.

This tax needs to be repealed by Congress NOW and not later. Business and government are planning now for the potential that this tax will be required. One way or another this tax ultimately becomes the responsibility of EVERY American. Either the government has to trickle down additional tax collection OR business has to add the tax liability to the costs of goods or production. It is negatively affecting business and government TODAY as they plan future budgets. Don't wait, relief from this tax is needed NOW! Thanks for your consideration. Mike Farrell



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