

MAY 14 2015



May 14, 2015

Karen Levin
CC:PA:LPD:PR (Notice 2015-16)
Room 5203
Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Re: Notice 2015-16, Section 49801 – Excise Tax on High Cost Employer-Sponsored Health Coverage

Dear Office of Chief Counsel:

This filing is submitted by Glen Raven, Inc. in response to the Internal Revenue Service (IRS) Notice 2015-16 issued on February 23, 2015, inviting comments on IRS regulatory guidance concerning implementation of §49801 of the Internal Revenue Code regarding the excise tax on high cost employer-sponsored health coverage as embodied in the Patient Protection and Affordable Care Act (PPACA) (enacted March 23, 2010, Pub. L. No. 111-148)

Overview

Glen Raven is a leading researcher, developer and manufacturer of innovative fabric-based, market-driven solutions. Glen Raven's fabric solutions serve the awning, marine, furniture, protective, military, and geosynthetic markets. Our company is comprised of three divisions – Customs Fabrics, Technical Fabrics, and our distribution division, Trivantage – and we employ 1701 associates at locations across the United States.

Glen Raven is the administrator of a self-insured group health plan. We offer health care coverage to 100 percent of our full-time associates with a waiting period of 60-days before coverage takes effect – below the PPACA 90-day mandate. Our plan is also not grandfathered, so we have chosen to meet all the preventative care guidelines as well as all other requirements under the PPACA.

Glen Raven has always employed a bit of paternalistic approach in taking care of our associates via competitive wages and benefits package offerings. While this supportive culture has been a mainstay of our approach over many years, our benefits package offerings also reflect a deliberate strategy to 1) provide security to our workforce, and 2) to be competitive when attracting and retaining talent. We remain very concerned that the cumulation of the PPACA mandates, especially the excise tax, may prevent us from continuing to offer these benefits in the future.

The PPACA's primary objective is to provide affordable and accessible health care to a broader segment of Americans. As we evaluate the impact §49801 may have on our health care coverage, we must do so in the context of other requirements and fees that have been imposed on employers, including the Patient-Centered Outcomes Research Institute (PCORI) Fee, transitional reinsurance fees, and tracking part-time and temporary employees to name a few. These fees and requirements, along with the proposed excise tax on employer-sponsored coverage, will potentially force employers to reduce benefits for their associates and runs counter to the expressed goals of the PPACA.

Our comments on the potential approaches with regard to implementation of §49801 will focus on two specific areas as outlined in Notice 2015-16:

1. Section III: Definition of Applicable Coverage
2. Section IV: Determination of Cost of Applicable Coverage

Section III: Definition of Applicable Coverage

Section 49801(d)(1)(B)(i) of the PPACA includes on-site medical clinics under the definition of applicable coverage. Based on IRS Notice 2015-16, the IRS is anticipating exempting on-site medical clinics that offer only de minimis medical care to employees; however, clinics that provide more than de minimis care would be included in the applicable coverage calculation. We believe this runs counter to the affordable care objectives of PPACA.

Glen Raven offers on-site medical clinics at our four U.S. manufacturing facilities. These clinics are staffed by full-time Nurse Practitioners and are available to our associates and covered spouses and dependents over age 18. We provide this benefit because we believe it is the right thing to do for our employees and our company, and it allows our associates to seek care and not be penalized by lost hours away from the job. The result is a healthier workforce that does not delay medical treatment out of fear of lost wages. Additionally, the Nurse Practitioners in our on-site clinics build relationships with our associates. These nurses know their individual populations and can focus their efforts on the greatest needs and highest risks within their local population. The clinics are having a positive impact on our healthcare costs, but more importantly, are allowing our associates to live healthier, more productive lives. Since the PPACA was designed to ensure quality care at an

affordable price, it is a paradox to tax this benefit that is lowering costs and improving the health of our associates.

Including on-site clinics that provide more than de minimis medical care under the definition of applicable coverage will likely result in employers scaling back the care provided at these clinics. As a result, associates will likely delay medical treatment, which will result in not only increased health care costs, but also more severe medical conditions that will have a negative impact on the overall health of our employees as well as lost wages resulting from time away from work. We encourage the IRS to take this into account when making a final determination about applicable coverage under §49801(d)(1)(B)(i) and the treatment of on-site medical clinics.

Section IV: Determination of Cost of Applicable Coverage

Section 49801 also includes additional calculation rules for determining the cost of applicable coverage under the PPACA. §49801(d)(2)(B) provides for health FSAs that the cost of applicable coverage is equal to the sum of salary reduction contributions plus the amount determined under the general calculation rule with respect to any reimbursement under the arrangement in excess of the salary reduction contributions. Thus, the cost of applicable coverage under a health FSA includes employer flex contributions used for the health FSA.

Under Glen Raven's health care package, FSA accounts are a voluntary benefit offered as a convenience to our employees. The elected funds are payroll deducted for use by the employee. These funds have no bearing on the cost of the health care we offer. These funds are one of the most cost-effective ways for our associates to cover their out-of-pocket expenses like deductibles, co-pays and items not covered under traditional medical insurance. If employers were to eliminate this option as a way to prevent triggering the excise tax, the only result would be to create a greater financial burden for our associates who currently use this tool to help defray their medical costs.

Notice 2015-16 states that Treasury and IRS anticipate that future guidance will provide that an HRA is applicable coverage under §49801. Glen Raven offers an HRA option under our group health plan that is first dollar funded by Glen Raven. Since these costs are already part of the actuarial calculations for our annual COBRA premium, it would be counted twice under the options suggested in §49801.

Summary

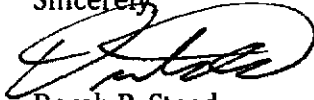
Addressing the increasing costs of health care is not just a conversation about coverage and individual responsibility, but it is also a conversation around the lack of transparency on the part of health care providers and large insurance companies. The health care delivery system and its multiple layers of complexity are a huge component of the problem. It is a system problem that cannot be solved by further

burdening the private sector with layers of complexity and bureaucracy, especially when employer-provided health care is providing a majority of the quality care available.

With respect to the PPACA and specifically §49801, the methods for calculating costs need to be well defined, simple and apply equally. There also must be clarification on dealing with changes in a plan year from one tier of coverage to another.

The proposals as outlined in IRS notice 2015-16 will only add to the complexity for both employers and employees and runs counter to the expressed goals of PPACA. We encourage the IRS to further review these proposals and work diligently to devise less complex solutions that will allow companies like ours to continue to provide a competitive and meaningful health care benefits package to our employees.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Steed', enclosed within a large, loopy oval shape.

Derek B. Steed
Senior Vice President and General Counsel
Glen Raven, Inc.