LEGAL PROCESSING DIVISION
PUBLICATION & REGULATIONS BRANCH

Notice 2015-16

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From: Pat Kelly <Pat.Kelly@hausmann-johnson.com>
Sent: Wednesday, March 25, 2015 3:40 PM
To: Notice Comments
Subject: Notice 2015-16 40 percent excise tax

To whom it may concern

Based on the subject line I'm contacting you about the "Cadillac" tax set to take affect on 2018.

A little history of myself is that I have been in the employee benefits side of the insurance industry, all of it selling to and servicing employer business, for 30 years. Most of this being the fully insured employers with 2-100 employees.

Back in 2010 when the Affordable Care Act (ACA) was passed there was some but not too much discussed about the Cadillac tax. Not sure if it was because it was 8 years until enacted or because people did not understand all the employee benefit premiums that go into the calculation of the tax. I think it was ignored because of not understanding how the tax is added up. At first most of my clients thought the tax was just on the medical premium, once I informed them that the tax was also based on employer and employee FSA contributions, employer HSA contributions and employee HSA contributions if run through employer pre tax and now possibly self funded dental and vision premiums employers and their members eyes are lighting up. I don't even talk about on site medical clinics, EAP programs and that voluntary medical indemnity policies run through a pre tax also add up.

My request to you is to flat out repeal this part of the ACA. Other than all the premiums stated above that add up to the current amounts that trigger the 40 percent excise tax there are other influences that law that are driving premiums and/or putting restrictions on employers being able to even modify just the health insurance portion on the excise tax. Like ACA compliant plans, community rating and the maximum out of pocket limit for all medical expense an insured can be subject too.

This excise tax will hit the hardest on the middle class, either through the 40% excise that will have to be paid or the higher deductibles and out of pockets that employers will have to provide in order to avoid the tax. Plus the loss of being able to pay for medical, dental and vision expenses with pre-tax dollars.

Thank you considering my request and please contact me to discuss further.

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