

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

Subject: Public Comment to Notice 2015-16:

Dear Ladies and Gentlemen:

Thank you for the opportunity to provide comment on Notice 2015-16 regarding proposed 49801 of the Internal Revenue Code imposition of an excise tax for high cost employer health benefits.

Healthstat is a leading national provider of onsite health and wellness centers. With over 300 locations in 32 states, Healthstat has an established track record of providing innovative solutions for employers seeking to control healthcare cost and improve the health and productivity of their employees. Healthstat was co-founded by a family practice physician and previous hospital CEO who realized the ineffectiveness of a healthcare system that paid more for doing more regardless of the actual need, quality and outcomes produced, which ultimately reduced access to community medical resources for those who needed services most.

Our model takes a patient centered holistic approach to integration and coordination of healthcare for the populations we serve. The scope of services provided in a Healthstat clinic include primary care, disease management, occupational health, wellness coaching, medication dispensing, high health risk management, health risk assessments and biometric screenings.

Overwhelmingly, healthcare coverage is provided by group health plans funded by employers. Employers are therefore motivated to provide cost effective, efficacious healthcare focused on improving the health of their employees thereby reducing existing and future healthcare cost. Our employers count on us and the onsite model to assist them to achieve these goals.

The Patient Protection and Affordable Care Act (PPACA) imposes a 40% excise tax on any excess benefit of "applicable coverage" provided to an employee. As referenced throughout the IRS notice for public comment, the purpose of the excise tax is to encourage employers to offer plans that are cost-effective, and that engage employees in sharing the cost. Included in the IRS definition of "applicable coverage" are onsite medical clinics, other than those that provide only "de minimis" medical care. We believe that the inclusion of onsite healthcare in the definition of "applicable coverage" is counter-productive to and in conflict with the purpose of the excise tax provision.

According to a 2010 Harvard study, nearly one-half of employers provide onsite healthcare clinics; many including financial incentives to improve employee engagement in those clinics. That study found that medical costs fall by an average of \$6.00 for every dollar spent on health promotion. Indeed, many companies including PepsiCo, which found that every dollar used to manage chronic illness resulted in \$3.78 in health cost savings, have documented remarkable results due to onsite healthcare.

The Health Enhancement Research Organization (HERO) reported in 2013 that employers with a formal commitment to wellness can expect on average 27% lower absenteeism, 11% better job performance, and 15% improved productivity from employees engaged in onsite healthcare and wellness.

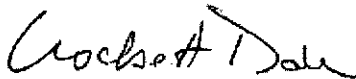
Employers offering onsite healthcare to their employees, and in some cases to non-employee dependents, are making a commitment to wellness, which, as indicated above, results in improved health and lower healthcare costs, thereby supporting the purpose of the excise tax in the PPACA. Employer onsite clinics are designed to reduce healthcare costs and improve employee health and productivity, which is completely compatible with the purpose of the PPACA and the excise tax provision. Including onsite clinics in the calculation of "applicable coverage" will force many employers to abandon their onsite clinics; thereby, increasing the risk of higher healthcare costs and lower productivity, which we believe is counter to and in contravention of the purposes of the PPACA and excise tax.

We acknowledge the admirable efforts of the committee to address access and cost challenges of the current system. Therefore, Healthstat respectfully proposes the following recommendations:

1. 10% as the appropriate percentage of the two annual applicable dollar limits (\$10,200 and \$27,500) for the costs of onsite medical clinic services that should be excluded as "de minimis medical care" consistent with the standard set forth in the statute and IRS request.
2. Delay implementation until 2020 to allow employers and the agency ample time to review the data and implications of the 49801 excise tax.

In conclusion, implementing the excise tax as proposed would potentially penalize employers that engage onsite clinics as an element of their comprehensive healthcare benefits strategy. It would not be productive to neutralize one of the best weapons in an employer's arsenal to fight high healthcare cost and improve the health of employee populations across the country. Employers who provide onsite clinics are freeing resources within communities by promoting appropriate utilization of healthcare services and improving access for the rest of the population. An onsite clinic which focuses on high health risk and disease management is perfectly poised amid a defined population to coordinate care, improve the health of that population; thereby, controlling cost.

Sincerely,



Crockett Dale
Chief Executive Officer
Healthstat, Inc.

Comment respectfully submitted May 15, 2015