Notice 2015-16

Law Enforcement Health Benefits, Inc.

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CC:PA:LPD:PR
(Notice 2015– 16)
Room 5203
Internal Revenue Service
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- **In our opinion the proposed Excise Tax (Cadillac Tax) mandated in the Affordable Care Act is basically unfair to our members who have already sacrificed salary increases through the collective bargaining process to maintain a quality healthcare plan. This would have the "*double jeopardy*" effect in having the member sacrifice salary for benefits and then have to sacrifice salary a second time for those same benefits.**
- **The Adjustment for High-Risk Professions should be increased from the currently proposed $11,850 for a single and $30,950 for other than single to $18,000 for a single and $32,000 for other than single.**
- **Self-insured dental and vision plans that are separate from the medical coverage plan should be excluded from the applicable coverage value upon which the Excise tax would be levied.**
- **We also believe the tax is biased for the below stated reasons:**
  A. **The Cadillac tax penalties are based on amounts determined by the federal government for single coverage and family coverage. The problem with this concept is every employer and union in the country may have drastically different percentage participation of single employees versus family employees based on plan design.**
  B. **If an employer imposes an abnormally high payroll deduction for adding a spouse, a dependent and/or adult dependents to the employee's policy they would have artificially lowered single coverage participants due to the severe negative financial impact on the employee.**
  C. **If the employer offers a very low benefit level of medical benefits with extremely high co-pays and coinsurance it would drive spouses, adult dependents and children from applying on the employees plan to avoid lower level of benefits and higher out-of-pocket cost**

This proposal unless eliminated or dramatically revised will simply force employers and unions, who currently offer a higher cost plan due to a higher level of benefits, lower co-pays and lower out-of-pocket expenses to lower the employees level of benefits or be subjected to the 40% Cadillac tax.

The affordable care act was passed by Congress and signed by the President, however the mandate states the employer, the health insurer or the union will be responsible for payment of the Cadillac tax. There are very few employers, health insurers and unions that will absorb this 40% Cadillac tax without having a negative financial impact on their employees or customers.

We propose the politicians who passed the Affordable Care Act mandate every employee be subject to pay the tax directly on their tax return. Then require that they be reimbursed by the employer, the union or the health insurer. This way, the American taxpayers should fully realize and completely understand it is the government and the elected officials that are directly responsible for the additional cost to them.

Thomas J. Lamb
Administrator