



Notice 2015-16

APR 29 2015

April 21st, 2015

Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

RE: Excise Tax on High Cost Employer-sponsored Health Coverage: Why onsite medical clinics should not be subject

Greetings,

We commend your efforts to seek input on developing regulatory guidance regarding the excise tax on high cost employer-sponsored health coverage (Notice 2015-16 on § 4980I). As CEO of Marathon Health, which operates more than 70 worksite medical clinics around the U.S., I appreciate the opportunity to comment and urge you to exempt worksite medical clinics from cost calculations toward the Cadillac tax.

The reasons--outlined below--are based on the fact that onsite medical clinics advance the goals of the Affordable Care Act and make a significant, positive contribution to improvements in the healthcare system in all areas of the triple aim: health outcomes, patient experience, and lower per capita cost. Employers should not be discouraged from offering this service to their employees and their families, and should certainly not be penalized with additional tax burden.

Onsite medical clinics are a proven frontline strategy for controlling employers' healthcare spend by identifying and stratifying risk in a population, engaging patients in high-value care, mitigating risk, and reducing cost. We provide acute and primary care services, health risk screening, health coaching, chronic condition management, and occupational health services as part of our total population health management solution. Our evidence-based clinical services result in significant reduction of risk factors and documented improvements in health and productivity.

Onsite health clinics align with healthcare reform and support the aim of the ACA in several ways:

1. Affordability of care for employees and dependents
2. Access to primary care without burdening local health systems
3. Non-price sensitive access to evidence-based preventive care, consistent with existing policies and recommendations of the U.S. Preventative Services Task Force
4. Integration with local provider communities for coordinated care, as per the 'medical home' model



5. Lower overall utilization of emergency and specialty care services due to early intervention and monitoring

The IRS already acknowledges the value of onsite clinics and categorizes it as a benefit excluded from certain group health plan regulations. However, in the proposed ACA rules, they are the only §9832 benefits subject to the excise tax. We urge consistent tax treatment and acknowledgement of the value of onsite clinics in the final regulation.

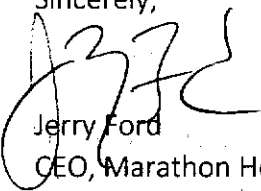
The cost of providing an onsite medical clinic—typically 1-3% of the aggregate cost of employer sponsored coverage—should not be included in the calculation of the tax-triggering threshold because these clinics are part of the *solution*. Far from encouraging indiscriminate use of healthcare services as some lavish “executive level” plans may do, **worksite medical clinics actually reduce utilization of specialty and emergency care, lower costs, and make populations healthier.**

Forward-thinking employers who use our services are not only committed to bending their healthcare cost curve, but have a vested interest in proactively managing the health of their workforce and providing the tools for their employees to make effective, value-based decisions in the healthcare marketplace. Discouraging these efforts with the threat of excise tax would overlook the valuable contribution employers are making toward making healthcare accessible and affordable for all Americans.

We understand the importance of cost-neutralizing reform initiatives, but we urge you to differentiate between systems that are driving costly use of healthcare services and those that are serving as a model for a new delivery system. Should the excise tax go into effect, the cost of providing onsite health clinics should not be subject to it.

Thank you for your consideration.

Sincerely,



Jerry Ford
CEO, Marathon Health