

Notice 2015-16

MAY 13 2015



NATIONAL ASSOCIATION
OF VISION CARE PLANS

May 13, 2015

CC:PA:LPD:PR (Notice 2015-16)

Internal Revenue Service
1111 Constitution Ave NW
Washington, DC 20044

RE: Notice 2015-16

On behalf of the members of the National Association of Vision Care Plans (NAVCP), we are writing to support the approach the Internal Revenue Service (IRS) has taken in the guidance released on February 23 on the excise tax on high costs employer-sponsored health coverage regarding the treatment of limited scope dental and vision benefits in fully-insured and self-insured plans.

NAVCP is the membership organization for the managed vision care industry serving as the voice for the vision benefits industry. The 20 primary member companies manage extensive networks of vision care providers and provide vision benefit coverage to 38 percent of all Americans, over 119 million people.

The IRS guidance notes that questions have been raised whether Section 4980I(d)(1)(B)(ii) of the Internal Revenue Code, added by the Affordable Care Act (ACA), would treat stand-alone dental and vision benefits differently depending on whether they are insured or self-insured. The section only referred to dental or vision benefits that are provided under a "separate policy, certificate, or contract of insurance." The Department of Labor, along with the Department of Health and Human Services and the Department of Treasury, has recently undertaken rulemaking to address that very issue with regard to the excepted benefit regulations under Section 9831.

The final rule implementing amendments to excepted benefits regulation was issued on October 1, 2014. It stated "These final regulations clarify that limited-scope vision or dental benefits do not have to be offered in connection with a separate offer of major medical or 'primary' group health coverage under the plan, in order to meet the statutory criterion that such benefits are 'otherwise not an integral part of the plan.'" Under the rules, the statutory excepted benefits criterion is satisfied if participants may decline coverage or the claims for the benefits are administered under a contract separate from claims administration for any other benefits under the plan.

NAVCP was supportive of this approach because it removed the requirement for the additional premium or contribution for the dental or vision benefit in order for these benefits to be considered "excepted." Our stand-alone plan members may underwrite policies of insurance for employer clients and often also contract with employers and unions for provider networks,

claims processing, and plan administration for those employers and unions that self-insure their separate dental and vision coverage.

The regulations provided certainty for those that administer dental and vision benefit programs. We believe that if the IRS takes an approach that is inconsistent with the excepted benefits regulations under Section 9831 would it create confusion and increase the complexity of complying with the regulations, creating an uneven playing field between fully-insured and self-insured plans. Any other approach would be contradictory to the agency's previous rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Roberts".

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