



Notice 2015-16
LEGAL PROCESSING DIVISION
PUBLICATION & REGULATIONS BRANCH

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May 12, 2015

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

RE: Cadillac Tax

To Whom It May Concern,

The New Hampshire Purchasers Group on Health (NHPGH) is a coalition of the four largest public health care purchasers in New Hampshire collectively representing 125,000 health benefits covered lives. The NHPGH includes the State of New Hampshire, HealthTrust, SchoolCare Health Coalition and the University System of NH.

Of deep concern to the NHPGH is the issue of the Cadillac Tax and the financial consequences that NH families will face upon its implementation. We strongly urge an adjustment to the Cadillac Tax thresholds, as evidenced in the attached letter to the NH Federal Delegation.

Sincerely,

Callie Carr
Director of Communications
NH Purchasers Group on Health



December 10, 2014

The Hon. Jeanne Shaheen
United States Senate
520 Hart Senate Office Building
Washington, D.C. 20510

The Hon. Kelly Ayotte
United States Senate
144 Russell Senate Office Building
Washington, D.C. 20510

The Hon. Annie Kuster
United States House of Representatives
137 Cannon House Office Building
Washington, D.C. 20510

The Hon. Carol Shea-Porter
United States House of Representatives
1530 Longworth House Office Building
Washington, D.C. 20510

RE: Cadillac Tax

Dear Honorable Members of the New Hampshire Congressional Delegation,

The New Hampshire Purchasers Group on Health (NHPGH) is a coalition of the four largest public health care purchasers in New Hampshire collectively representing 125,000 health benefits covered lives. The NHPGH includes the State of New Hampshire, HealthTrust, SchoolCare and the University System of NH. The State of New Hampshire is deeply concerned about the same issue that is the focus of this letter and will be writing a separate letter which speaks more specifically to the challenges they face as they prepare and enact their biennial budget.

We are collectively writing to alert you to the significant financial consequences the Affordable Care Act's (ACA's) "Cadillac Tax" will have on New Hampshire's cities, towns, school districts, local subdivisions and public higher education, and to urgently request your help to relieve New Hampshire from this significant burden that will affect families and our state economy.

The Northeast has some of the highest health care costs in the country. Health premium costs for families in New Hampshire are more than 6 percent higher than the national average (NH Center for Public Policy Studies, *What is New Hampshire? 2014 Edition*). The Cadillac Tax is levied on high-cost health plans that exceed thresholds defined in the ACA: \$10,200 for a single person plan, and \$27,500 for a family plan. These thresholds are inequitable because they do not take into account regional differences in health care costs. As a result, New Hampshire public employers and employees will disproportionately bear the burden of the tax.

We have an urgent need for your help to avoid the negative consequences that New Hampshire and its families will face as a result of this tax. The Cadillac Tax goes into effect in 2018. Most cities, towns, school districts and the University System are working right now on their budgets for Fiscal Years 2016 and 2017, the last budget cycles before the 2018 implementation of the Cadillac Tax. We need your help to obtain relief from the Cadillac Tax through regional adjustments to the Cadillac Tax thresholds.

In New Hampshire, there are potentially more than 300 municipalities, political subdivisions, counties and school districts, as well as the University System, that will be assessed this tax. If adjustments are

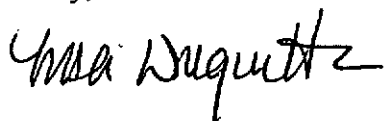
not made to the calculation of the tax and the amounts, if any, we are required to pay, the State's municipalities, school districts, political subdivisions, counties and University System will have to choose from a number of unpleasant options, each harmful to New Hampshire families, including: (1) increase government budgets and the associated tax rates; (2) implement dramatic changes to the health benefits provided to employees; (3) lay off employees to free up funding to pay for the tax; or 4) shift spending priorities within budgets.

Because most of the employees to whom we provide health coverage are union members and, in general, their health benefits are collectively bargained for every two to three years, we have far less flexibility than non-unionized employers in the private sector to make health plan changes. Collective bargaining negotiations throughout the state are being challenged, as governmental employers strain for dramatic changes in health benefits plans to insulate themselves from the tax, while our unions stand firm to protect the health benefits they secured through past collective bargaining.

The prospect of widespread layoffs at all levels of New Hampshire's government and public sector to pay for the Cadillac Tax is an unfortunate option. This will be a devastating consequence for New Hampshire families, and may force newly jobless families to the health care exchange – the NH Marketplace – to receive government-subsidized health care or pay the penalties for not having health care. In addition, widespread layoffs will have a negative rippling effect throughout New Hampshire's economy, as those lost wages will no longer be spent locally.

We would appreciate the opportunity to meet with you before the end of the year to discuss our concerns and to work with you to provide other options to help protect New Hampshire families from the negative effects of the Cadillac Tax.

Sincerely,



Lisa Duquette
Executive Director
NH School Healthcare Coalition



Catherine Provencher
Vice Chancellor for Financial Affairs
and Treasurer
University System of New Hampshire



Peter Bragdon
Executive Director
HealthTrust, Inc.

cc: Her Excellency Margaret Hassan
The Hon. Harry Reid, U.S. Senate, Majority Leader
The Hon. John Boehner, U.S. House of Representatives, Speaker of the House
The Honorable Charles Morse, Senate President
The Hon. Shawn Jasper, Speaker of the House