

Notice 2015-16

MAR 25 2015

From: Engle, Greta <gengle@kaig.com>
Sent: Friday, March 20, 2015 5:02 PM
To: Notice Comments
Subject: Impending Cadillac Tax

Sir or Madam:

I am extremely concerned about the impact of this tax for numerous reasons. Most importantly, there has been no consideration whatsoever to geography. As you may or may not know, the Northeast Region's costs for Healthcare are already estimated at \$11,204 for an individual. When you add in everything else this is a disaster waiting to happen and more uninsured people as plans will need to all go to \$5,000 deductibles with very low coinsurance. Employees do not have loads of cash in the bank to account for those when a medical episode hits. Worse this plan of action in the law will negate FSA's, which employees use with a debit card so that they don't have to front big dollars for prescriptions and care they can't afford.

Here are my concerns:

1. FSA, HSA, Voluntary Benefits (Critical Illness/Hospitalization) to be removed from the calculation. For FSA and HSA this is total amount of the account, not just the employee's election for the year. This could be several thousand dollars and when these plans are dropped, there will be a huge burden on employees and their cash-flow. Most Americans already live paycheck to paycheck.
2. Indexing for inflation, or medical trend, as the ACA promised, but which has not yet occurred. This was created in 2010 and there should be inflation for the period of time the law was created to when
3. Geographic indexing hasn't happened as it was promoted to happen. The region that my plan is in already has the highest cost for healthcare in the country. As of 2014 Mercer studies show average costs at \$11,204 for an individual. When the 2015 studies come out this will be another 8-9%. The family costs are commensurate and just as problematic.
4. Self-Funded employers should only have to value their plan based on expected claims and fixed costs, not on COBRA rates, less 2%. By reporting on COBRA less 2% that employer is including an unnecessary corridor, or cushion for maximum claims, which is entirely unrealistic.
5. If fully insured employers' taxes and fees due to the ACA must be included in their valuation, then self-funded employers will have to also add these to their calculation. Such fees and taxes are for: Patient Centered Outcomes Research Institute (PCORI) if still applicable, and Transitional Reinsurance Fee (TRF) if still applicable. There just needs to be consistency in the statute.

Greta Engle

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