

MAY - 6 2015



Notice 2015-16

Submitted via notice.comments@irs.counsel.treas.gov

8888 Ladue Road
St. Louis, MO 63124
(314) 721-7800
(314) 721-6784 Fax
www.stlbhc.org

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April 28, 2015

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

Re: IRS Notice 2015-16

Dear Sir or Madam:

On behalf of the St. Louis Area Business Health Coalition (BHC) and its membership, I am writing to comment on the Internal Revenue Service's Notice 2015-16, regulatory guidance regarding the excise tax on high cost employer-sponsored health coverage under §49801 of the Internal Revenue Code.

Founded in 1982 by leading St. Louis' employers, BHC is a non-profit association that supports private and public sector employers in their efforts to improve the well-being of their employees and the quality, safety, and affordability of health care. In providing health benefits to millions of Americans, BHC's members recognize the importance of their role in encouraging the health care market to deliver better value, especially in a post Affordable Care Act environment.

The excise tax remains a primary concern for employers as they plan their future health care coverage. Employers in the United States offer health benefits in an effort to attract and retain top talent. In an effort to keep costs down and better manage employee health outcomes, they have implemented strategies to aggressively manage their plans and engage their workforce in choosing wisely. However, parts of the ACA narrow options for cost control and hinder the ability of employers to test innovative, cost-effective benefit strategies at the same time that the pending excise tax will penalize employers and American workers. We request the following actions:

1. Reconsider the definition of applicable coverage: The current guidance regarding applicable coverage is not specific enough to enable employers to understand their options and as designed, will impact employers and employees in plans that are not excessively generous. It is necessary to clarify the definition to address only true elite plans. Additionally, given that medical and insurance costs are growing faster than the consumer price index (upon which the excise tax is based), the number of plans impacted by the 40% excise tax will rise significantly each year.

2. Calculate costs so as to not impede consumer-driven plan strategies: Care must be taken to ensure that employee contributions to health savings, flexible spending, and medical savings accounts are not included in cost calculations, as this would discourage employee participation as engaged consumers of health care. Furthermore, employer contributions to health reimbursement accounts should be excluded since these are often used as employee wellness incentives.

We urge decision makers to offer final guidance as quickly as possible to assist employer benefit teams in adjusting their strategic plans accordingly. Thank you for your consideration.

Sincerely,

Louise Y. Probst

Louise Y. Probst,
Executive Director