Notice 2015-52

Michigan

Certification

Board for

Addiction

Professionals

MISSION STATEMENT:
To provide public protection and promote quality services through certification of professionals engaging in the prevention of alcohol, tobacco and other drug problems and the assessment and treatment of addictions.

An IC&RC Member Board
International Certification & Reciprocity Consortium

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September 25, 2015

Karen Levin
Office of Associate Chief Counsel
CC:PA:LPD:PR (Notice 2015-52)
Room 5203
Internal Revenue Service
P O Box 7604 Benjamin Franklin Station
Washington, DC 20044

Re: Notice 2015-52 Comments

Dear Ms. Levin;

This letter relays comments to Notice 2015-52, concerning Section 49801 – Excise Tax on High Cost Employer-Sponsored Health Coverage. There are grave concerns with the proposed processes and provisions as issued by the Service in this Notice. The proposed regulations, and this section in general, will place an unmanageable burden on small employers such as us, both nonprofit and for-profit alike. It is asked that small employers (fewer than 25 employees) and their plans, be fully exempt from this Section, its regulations, and reporting processes.

Our organization employs 3 people; two of whom are currently enrolled in our small group health plan. We have no human resources or internal accounting staff. We provide professional credentialing quality assurance services for approximately 5000 counseling and health education professionals and their employers in Michigan. We keep our fees low, unchanging despite continuing cost increases, so as to not increase fees for the service professionals we serve. Through group association health plan pricing access, we provide our employees and their dependents with very good health insurance, to protect them from burdensome medical expenses, as a balance to the lower non-profit salary rates we are able to pay. We have in some recent years also provided a Health Reimbursement Arrangement (HRA), as health plan premiums, deductibles and co-pays have risen. The HRA has been an important factor in our ability to reduce our health insurance plan premium costs, but the "metal" band ratings of the health plans have already made offering an HRA more limited and difficult for a very small group such as ours.

Due to our small size and even smaller sponsored-plan enrollment, we have no control over premiums, other than to go to lower protection plans with high deductible and co-pay risks for our employees. Having what may be class groups of 1 under the proposed rules, averaging would be meaningless, and we could be

disadvantaged, pushed over into the excise tax category, compared to an even modestly larger employer who may offer the same plan, at similar premium basis, but with a more diverse, or younger, employee base. Premiums for the small group health plans available to us are based on each enrolled person's age, with monthly premiums for someone age 60 at more than twice the cost of someone age 40, under exactly the same health plan. Thus the proposed rules would be age-discriminatory on top of the other issues.

Monthly reporting and other proposed reporting in the Notice, especially if we sponsor a HRA coordinated with the health plan, would be unbearable for us. Such accounting and reporting, if done, would increase our administrative costs, our financial auditor costs, our external bookkeeping service costs, and the costs to our health insurance company, and would remove any logic to maintaining a HRA. That would be a shame because the HRA allows us to provide better financial protection for our employees, makes employees more aware and connected with medical costs, supports early intervention in developing health problems, and has been found to reduce our health benefit expenses overall.

In our current situation, we can get more value at lower cost out of a "gold" health plan plus a HRA, than we would if we were compelled to alter our health plan coverage and not aspire to offer an HRA. We would not be proportionally shifting supposed lower premium expense savings into employee wages; and even if we could, the net value to our employees would be less, and costs overall to the organization might be more, considering shifted tax burdens. The end result would be less to those we serve and more stressed employees.

I could go through the proposed regulations in Notice 2015-52 section by section, but that would beg the question. What we really need and what would be reasonable under the Affordable Health Care IRS code rules would be to exempt independent, very small employers from the excise taxes and related reporting processes of this whole IRS Code Section 49801.

Please give these comments your fullest consideration.

Sincerely yours;

K. Lee Hartley
Executive Director