

# United States Senate

WASHINGTON, DC 20510

September 24, 2013

The Honorable Jack Lew, Secretary  
U.S. Department of Treasury  
1500 Pennsylvania Avenue NW  
Washington, DC 20220

Dear Secretary Lew,

We thank you for your critical work implementing the Affordable Care Act, including the premium tax credits that will help families across the country choose a health insurance plan that fits their budget through the new insurance marketplaces. As you continue working to implement the premium tax credits going forward, we urge you to clarify that the value of the credit takes into account pediatric dental benefits, even in states in which those benefits are offered through stand-alone plans.

One of the primary goals of the Affordable Care Act is to ensure that every family is able to afford the care they need, especially for children. This includes pediatric dental benefits. It is critical that the premium tax credits that will help families afford comprehensive health insurance account for the cost of pediatric dental benefits in all cases. Without premium credits that can assist with the purchase of stand-alone dental plans, some families may be forced to forgo pediatric dental coverage.

Congress intended for these premium tax credits to be based on plans that take into account all 10 essential benefits (EHB), including pediatric dental benefits whether purchased as an “embedded” part of a medical plan or in a separate, “stand alone” dental policy. Section 1401 of the ACA reflects this intent with the addition of 36B (b)(3)(E) to the Internal Revenue Code that requires pediatric dental premiums for stand-alone dental plans to be treated as part of the qualified health plan premium for calculating the premium tax credit.

The final rule on the Health Insurance Premium Tax Credit provides in part for the calculation of the premium tax credits in the new health insurance marketplaces with reference to the cost of a “benchmark” plan defined in the statute as the second-lowest cost 70% actuarial value silver plan. As noted, the statute, and to an extent, the rule also requires that premiums paid for pediatric dental benefits from stand-alone dental plans be treated as premium for that plan where an individual enrolls in both a qualified health plan and a stand-alone dental plan.

In many states, however, the benchmark plan used to calculate these credits will not provide coverage for pediatric dental benefits even though they are an EHB. In those states, pediatric dental benefits will be offered by a stand-alone dental plan, but consumers would receive a lower credit that would not account for the costs of purchasing a stand-alone pediatric dental plan, thereby decreasing their affordability for families.

It is important to make clear that the premium tax credit includes pediatric dental in all methods of calculating the assistance to ensure that individuals and families have the same basic affordable coverage options available in every state. We urge you to use your rulemaking authority going forward to clarify that the premium tax credit is calculated with reference to plans that reflect the full range of essential health benefits including pediatric dental benefits provided through a stand-alone plan where an individual enrolls in both a qualified health plan and a stand-alone dental plan.

This can be accomplished by calculating the credits in a manner that takes into account the pediatric portion of the premium for the second-lowest cost 70% actuarial value stand-alone dental plan in states in which the benchmark silver plan does not include pediatric dental benefits. It would also need to be made clear that the full credit amount that includes the cost of the stand-alone pediatric dental benefit should only be available when pediatric dental benefits are purchased, whether as a stand-alone plan, or an embedded benefit.

We thank you again for your efforts implementing the premium tax credits in the Affordable Care Act, and look forward to working with you to ensure that they are applied consistent with the statute to all essential health benefits including pediatric dental benefits and are distributed on an equitable basis to families across all the states.

Sincerely,

Rebbie Staversow

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May of Gordon

Shirrod Brown

Mark Udall

Al Franken

Dianne Feinstein

Barack Obama

Ben Sanders

Bob Casey, Jr.

Mark F. B. A.

Kirsten E. Sillibrand

Mark R. Warner

Jeffrey A. Markley