



May 15, 2015

The Honorable Jacob J. Lew
The Honorable John Koskinen, Internal Revenue Service
Internal Revenue Service
1111 Constitution Avenue, NW
Washington DC 20044
CC:PA:LPD:PR Station
Sent via email: comments@irsounsel.treas.gov

Re: Notice 2015-16. Section 49801 Excise Tax on High Cost Employer-Sponsored Health Coverage

Dear Secretary Lew and Commissioner Koskinen,

The National Association of Dental Plans (NADP) recommends the IRS proposed guidance, Notice 2015-16 (Notice) related to employer sponsored health coverage. The role of dental benefits within the Affordable Care Act (ACA) as a HIPAA-excepted benefit is complicated and we appreciate the Notice's attention to that fact and addressing necessary clarifications.

The ACA specifically exempts HIPAA excepted benefits from the excise tax on high cost employer-sponsored health coverage (Tax) within Section 49801(d)(1)(A). The intention of the Tax within the ACA was to minimize spending on unnecessary high cost medical policies, with the additional cost of dental and vision benefits being exempted from the calculation. It was assumed by the dental industry the Tax would not differ if the benefits were offered through an insurance carrier or administered on behalf of a self-insured business.

Questions have been raised whether self-insured dental products could be included within the calculation as they were not technically specified in the ACA. The Notice addresses self-insured products and correctly notes the lack of

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National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251

972.458.6998 • 972.458.2258 [fax]

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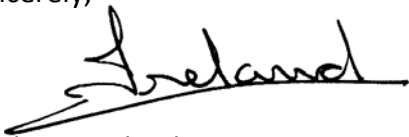


relevancy whether a dental policy is offered as insured or self-insured coverage. Therefore, the Notice states the agencies will treat both coverages with the same exemption, and requested comments on this approach.

- NADP recommends the Treasury and IRS approach within the Notice to clarify both HIPAA excepted insured **and** self-insured standalone dental coverage should be exempted from the excise tax on high cost employer coverage. As nearly half of all group dental benefits is self-insured, allowing for equality regardless of how the benefits are administered is necessary to keeping the commercial market consistent.

NADP greatly appreciates the opportunity to provide our comments on Notice 2015-16. For any follow up, please contact NADP's Director of Government Relations, Kris Hathaway at khathaway@nadp.org or (972)458-6998x111. Thank you very much for your time and attention towards this critical matter.

Sincerely,



Evelyn F. Ireland, CAE
Executive Director
National Association of Dental Plans

National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251

972.458.6998 • 972.458.2258 [fax]

