PUBLIC SUBMISSION

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Group Health Plans and Health Insurance Coverage Rules Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Afforable Care Act

Comment On: IRS-2010-0010-0001
Group Health Plans and Health Insurance Coverage: Interim Final Rules for Relating to Status as a Grandfathered Health Plan under the Patient Protection and Affordable Care Act

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General Comment

Employer provides a fixed dollar contribution toward certain retiree coverage options (which are part of a larger self-funded plan that also covers active employees). If plan costs rise such that employer has to increase the "premium" that it sets for such coverage, the employer's percentage of the premium will automatically decrease because it contributes a fixed dollar amount per retiree. Similarly, if plan costs decrease, at the end of the year, the employer's contribution percentage toward the overall cost of coverage could actually decrease.

The regulations should address this type of fixed contribution, which is common in the retiree coverage context. (Similarly, it is common for employers who offer retiree coverage to use a wrap plan for 5500 filing purposes, such that the retiree coverage would not be considered a retiree only plan.) You might provide that such an option could lose grandfathering if the employer's percentage contribution towards the option decreases by more than 5% as compared to its March 23, 2010 or that this "decreased percentage" rule would not apply to a fixed dollar contribution.