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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 Affordable 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

We are greatly concerned that the grandfather provisions outlined in the Interim Final Rules are too restrictive and will cause many tax-exempt organizations to lose the grandfathering they expected. If forced to consider options of a non-grandfathered plan before they have the benefit of an Exchange, we are concerned that they may be priced out of the market and may even have to drop coverage - something they do not want to do and a bizarre result given the intent of health care reform.

Because many tax-exempt organizations are small in terms of total numbers of employees, and because they generally cannot self-insure, they are often at the mercy of health insurance plans sold by private carriers. These employers do not have control over copays and cost sharing. As such, simple changes to plans beyond the control of these employers can cause their plans to lose grandfather status. And since the Exchange is not currently in place, we anticipate that the prospect of finding new affordable insurance that meets the new requirements of the Patient Protection and Affordable Care Act is problematic at best. Further, in order to control costs so that health insurance can be purchased for employees, these organizations often need to work with their current insurance carriers to adjust copays and cost sharing to the extent they can in order to afford coverage, especially in the current economic environment.

We are concerned that Interim Final Rules as currently drafted may force some organizations to make the difficult and undesirable choice of canceling health care coverage if grandfather status is revoked, especially before the Exchange is in place. This is a very real concern, and in recent years significant modifications and cancellations have occurred due to rising health care costs.

We would suggest for the transition period before the Exchange is established, that small and medium sized employers be allowed to make cost saving changes to copayments and cost sharing provided they do not reduce the per-employee amount they pay for insurance. This could help these organizations adjust and preserve coverage in anticipation of greater reform and options that will occur beginning in 2014. We also suggest that small and medium sized employers be allowed to change insurance carriers prior to 2014 and have their plans treated as grandfathered plans provided that provided they do not reduce the per-employee amount they pay for insurance. This would allow them to maintain the level of coverage for employees, but reap the benefit of a less expensive plan prior to the implementation of the Exchange.