January 11, 2009

The Honorable Harry Reid
Senate Majority Leader
United States Senate
522 Hart Senate Office Building
Washington DC 20510

Dear Majority Leader Reid:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

Many employer-sponsored plans exceed or will exceed the PPACA excise tax threshold simply because the plans include many older workers or retirees with higher cost health care needs, or are concentrated in locations with high health costs. For example, the standard option BCBS Federal Employees Health Benefit plan, a basic plan that covers 3.8 million Americans today, will exceed the PPACA excise threshold in the first year of the tax (2013) for single coverage and in the third year of the tax (2016) for family coverage (CWA Report, 12/8/2009).

As a result, the excise tax could lead many employers to reduce benefits (Mercer Survey, 12/2/2009), by eliminating limited service supplemental benefits and FSAs that fund much-needed and prevention oriented dental and vision care in order to avoid the tax. Cuts in these crucial benefits will lead to a decline in access to necessary care. Patients rely on the preventive services covered by the dental; vision and limited service supplemental plans to prevent infections, slow the progress of chronic disease, and facilitate early treatment of preventable conditions. A consumer study conducted by the National Association of Dental Plans (NADP) in 2007 and federal data including the Surgeon General’s report on oral health indicate that individuals without dental coverage are 2.5 times less likely to go to the dentist and get preventive care. As a result of the prevention orientation, dental, vision and mental health care quality has improved substantially.

The stand-alone, supplemental plans already exhibit the cost effective qualities missing from many medical plans, such as slower growth in premium costs over time. For example, on a cumulative basis from 2000 to 2009, the monthly premium of a dental plan for an employee-only dental plan has increased 29.9%\(^1\) whereas the cumulative cost of employee-only health coverage has increased 95.2%\(^2\)

For millions of patients and consumers, most of whom are middle and low income working Americans, the excise tax is unfair and punitive, and would lead to reduced preventive, primary care services. Ideally, it would be eliminated and replaced with a fair and broad funding source. Without consensus

\(^1\) Dental Benefits Reports: Premium Trends--2001-2009; National Association of Dental Plans, Dallas, Texas

for such policy, there are solutions that can mitigate the severe harm the excise tax poses to patient care, that we ask you to consider. These include:

1) Exclude FSAs, as well as managed and limited service dental, vision and mental health supplemental, stand-alone plans from the calculation of health plan costs;

2) Raise the threshold to account for costs of limited scope supplemental coverage (FEHB BC/BS standard option dental and vision supplemental coverage costs approximately $1,535 for family coverage annually) AND index the threshold to medical inflation;

3) Replace the single and family coverage thresholds with a per covered person threshold, a fairer approach to plan cost allocation.\(^3\)

The revenue impact of such modifications should be modest, as they are the components of health care with modest cost growth and associated with primary care essential to preventing expensive care in both the short and long term.

We ask you to either replace the excise tax with another funding source that does not impact these critical prevention oriented benefits or modify the excise tax to ensure important primary, preventive care is excluded from the base in calculating and applying the tax.

Please feel free to contact any of the undersigned if you have questions or would like further information.

Sincerely,
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Academy of Oral and Maxillofacial Pathology
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American Association of Oral and Maxillofacial Surgeons
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Service Employees International Union
VSP Vision Care

\(^3\) The number of dependents enrolled in a plan’s family coverage varies, plans with larger numbers of dependents are unfairly taxed even when the per enrolled person cost reflect efficient benefits.
January 11, 2009

The Honorable Nancy Pelosi
235 Cannon HOB
Washington, DC 20515-0508

Dear Speaker Pelosi:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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1) Exclude FSAs, as well as managed and limited service dental, vision and mental health supplemental, stand-alone plans from the calculation of health plan costs;

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3) Replace the single and family coverage thresholds with a per covered person threshold, a fairer approach to plan cost allocation.³

The revenue impact of such modifications should be modest, as they are the components of health care with modest cost growth and associated with primary care essential to preventing expensive care in both the short and long term.

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January 11, 2009

The Honorable Max Baucus
511 Hart Senate Office Building
Washington DC 20510

Dear Senator Baucus:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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3) Replace the single and family coverage thresholds with a per covered person threshold, a fairer approach to plan cost allocation.3

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January 11, 2009

The Honorable Charles Rangel
2354 Rayburn House Office Building
Washington DC  20515-3215

Dear Chairman Rangel:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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The stand-alone, supplemental plans already exhibit the cost effective qualities missing from many medical plans, such as slower growth in premium costs over time. For example, on a cumulative basis from 2000 to 2009, the monthly premium of a dental plan for an employee-only dental plan has increased 29.9%1 whereas the cumulative cost of employee-only health coverage has increased 95.2%2

For millions of patients and consumers, most of whom are middle and low income working Americans, the excise tax is unfair and punitive, and would lead to reduced preventive, primary care services. Ideally, it would be eliminated and replaced with a fair and broad funding source. Without consensus for such policy, there are solutions that can mitigate the severe harm the excise tax poses to patient care, that we ask you to consider. These include:

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January 11, 2009

The Honorable Tom Harkin
731 Hart Senate Office Building
Washington DC 20510

Dear Senator Harkin:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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January 11, 2009

The Honorable George Miller
2205 Rayburn House Office Building
Washington DC 20515-0507

Dear Chairman Miller:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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January 11, 2009

The Honorable Christopher J. Dodd
448 Russell Senate Office Building
Washington DC 20510

Dear Senator Dodd:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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The Honorable Henry Waxman
2204 Rayburn House Office Building
Washington DC  20515-0530

Dear Chairman Waxman:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

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American Dental Association
Communications Workers of America
Guardian Life Insurance Company of America
Hispanic Dental Association
National Association of Vision Plans
Service Employees International Union
VSP Vision Care

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3 The number of dependents enrolled in a plan’s family coverage varies, plans with larger numbers of dependents are unfairly taxed even when the per enrolled person cost reflect efficient benefits.
January 11, 2009

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Avenue, NW, Room 615F
Washington, DC 20201

Dear Secretary Sebelius:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

Many employer-sponsored plans exceed or will exceed the PPACA excise tax threshold simply because the plans include many older workers or retirees with higher cost health care needs, or are concentrated in locations with high health costs. For example, the standard option BCBS Federal Employees Health Benefit plan, a basic plan that covers 3.8 million Americans today, will exceed the PPACA excise threshold in the first year of the tax (2013) for single coverage and in the third year of the tax (2016) for family coverage (CWA Report, 12/8/2009).

As a result, the excise tax could lead many employers to reduce benefits (Mercer Survey, 12/2/2009), by eliminating limited service supplemental benefits and FSAs that fund much-needed and prevention oriented dental and vision care in order to avoid the tax. Cuts in these crucial benefits will lead to a decline in access to necessary care. Patients rely on the preventive services covered by the dental; vision and limited service supplemental plans to prevent infections, slow the progress of chronic disease, and facilitate early treatment of preventable conditions. A consumer study conducted by the National Association of Dental Plans (NADP) in 2007 and federal data including the Surgeon General’s report on oral health indicate that individuals without dental coverage are 2.5 times less likely to go to the dentist and get preventive care. As a result of the prevention orientation, dental, vision and mental health care quality has improved substantially.

The stand-alone, supplemental plans already exhibit the cost effective qualities missing from many medical plans, such as slower growth in premium costs over time. For example, on a cumulative basis from 2000 to 2009, the monthly premium of a dental plan for an employee-only dental plan has increased 29.9%¹ whereas the cumulative cost of employee-only health coverage has increased 95.2%²

For millions of patients and consumers, most of whom are middle and low income working Americans, the excise tax is unfair and punitive, and would lead to reduced preventive, primary care services. Ideally, it would be eliminated and replaced with a fair and broad funding source. Without consensus

for such policy, there are solutions that can mitigate the severe harm the excise tax poses to patient care, that we ask you to consider. These include:

1) Exclude FSAs, as well as managed and limited service dental, vision and mental health supplemental, stand-alone plans from the calculation of health plan costs;

2) Raise the threshold to account for costs of limited scope supplemental coverage (FEHB BC/BS standard option dental and vision supplemental coverage costs approximately $1,535 for family coverage annually) AND index the threshold to medical inflation;

3) Replace the single and family coverage thresholds with a per covered person threshold, a fairer approach to plan cost allocation.3

The revenue impact of such modifications should be modest, as they are the components of health care with modest cost growth and associated with primary care essential to preventing expensive care in both the short and long term.

We ask you to either replace the excise tax with another funding source that does not impact these critical prevention oriented benefits or modify the excise tax to ensure important primary, preventive care is excluded from the base in calculating and applying the tax.

Please feel free to contact any of the undersigned if you have questions or would like further information.

Sincerely,
Academy of General Dentistry
Academy of Oral and Maxillofacial Pathology
American Benefits Council
American College of Prosthodontists
American Academy of Pediatric Dentistry
American Association of Oral and Maxillofacial Surgeons
American Association of Orthodontists
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3 The number of dependents enrolled in a plan’s family coverage varies, plans with larger numbers of dependents are unfairly taxed even when the per enrolled person cost reflect efficient benefits.
January 11, 2009

Nancy-Ann Min DeParle
White House Office of Health Reform
The White House
Washington, DC 20500

Dear Ms. DeParle:

As you work to reconcile the Affordable Health Care for America Act (AHCAA) passed by the U.S. House of Representatives on November 7, 2009 and the Patient Protection and Affordable Care Act (PPACA), passed by the Senate on December 24, 2009, we urge you to adopt modifications to ensure the 40 percent excise tax on health plan costs that exceed $8,500 annually for single coverage and $23,000 annually for family coverage does not undermine the goals of health care reform.

Many employer-sponsored plans exceed or will exceed the PPACA excise tax threshold simply because the plans include many older workers or retirees with higher cost health care needs, or are concentrated in locations with high health costs. For example, the standard option BCBS Federal Employees Health Benefit plan, a basic plan that covers 3.8 million Americans today, will exceed the PPACA excise threshold in the first year of the tax (2013) for single coverage and in the third year of the tax (2016) for family coverage (CWA Report, 12/8/2009).

As a result, the excise tax could lead many employers to reduce benefits (Mercer Survey, 12/2/2009), by eliminating limited service supplemental benefits and FSAs that fund much-needed and prevention oriented dental and vision care in order to avoid the tax. Cuts in these crucial benefits will lead to a decline in access to necessary care. Patients rely on the preventive services covered by the dental; vision and limited service supplemental plans to prevent infections, slow the progress of chronic disease, and facilitate early treatment of preventable conditions. A consumer study conducted by the National Association of Dental Plans (NADP) in 2007 and federal data including the Surgeon General’s report on oral health indicate that individuals without dental coverage are 2.5 times less likely to go to the dentist and get preventive care. As a result of the prevention orientation, dental, vision and mental health care quality has improved substantially.

The stand-alone, supplemental plans already exhibit the cost effective qualities missing from many medical plans, such as slower growth in premium costs over time. For example, on a cumulative basis from 2000 to 2009, the monthly premium of a dental plan for an employee-only dental plan has increased 29.9%\(^1\) whereas the cumulative cost of employee-only health coverage has increased 95.2%\(^2\).

For millions of patients and consumers, most of whom are middle and low income working Americans, the excise tax is unfair and punitive, and would lead to reduced preventive, primary care services. Ideally, it would be eliminated and replaced with a fair and broad funding source. Without consensus for such policy, there are solutions that can mitigate the severe harm the excise tax poses to patient care, that we ask you to consider. These include:

\(^1\) Dental Benefits Reports: Premium Trends--2001-2009; National Association of Dental Plans, Dallas, Texas
1) Exclude FSAs, as well as managed and limited service dental, vision and mental health supplemental, stand-alone plans from the calculation of health plan costs;

2) Raise the threshold to account for costs of limited scope supplemental coverage (FEHB BC/BS standard option dental and vision supplemental coverage costs approximately $1,535 for family coverage annually) AND index the threshold to medical inflation;

3) Replace the single and family coverage thresholds with a per covered person threshold, a fairer approach to plan cost allocation.\(^3\)

The revenue impact of such modifications should be modest, as they are the components of health care with modest cost growth and associated with primary care essential to preventing expensive care in both the short and long term.

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\(^3\) The number of dependents enrolled in a plan’s family coverage varies, plans with larger numbers of dependents are unfairly taxed even when the per enrolled person cost reflect efficient benefits.