October 27, 2011

CC:PA:LPD:PR (REG—131491—10)
Room 5203
Internal Revenue Service
PO Box 7604
Ben Franklin Station
Washington, DC 20044

RE: Internal Revenue Service (IRS) REG—131491—10

Dear Sir or Madam:

On behalf of the American Dental Association and its 156,000 members, we appreciate the opportunity to comment on the August 17 Federal Register notice, 26 CFR Part 1 [REG-131-491-10], regarding the health insurance premium tax credit included in the Patient Protection and Affordable Care Act of 2010 (PPACA).

Pediatric Dental Coverage
Coverage for the pediatric oral health benefit may be offered in a state exchange through qualified health plans in two ways: as part of a medical plan or purchased separately, through a stand-alone dental plan. For purposes of determining the allocation of a premium tax credit, the ADA recommends that when a separate dental plan is chosen to fulfill the benefit requirement that the value of the premium tax credit be split in a manner that is proportional to the pediatric oral health benefit and that the payment of premiums to plans providing dental coverage be done in a manner that minimizes administrative costs.

Affordability of Employer-Sponsored Coverage:
The ADA is concerned that the current interpretation of the affordability test may negatively impact the ability of an employee to purchase family coverage. Under the proposed rule, coverage is considered unaffordable if the self-only coverage exceeds 9.5 percent of the applicable taxpayer’s household income for the year. Many employers contribute to the cost of an employee’s coverage but may not provide a contribution towards the cost of family coverage or if a contribution is provided, it may be a smaller percentage of the overall premium. The affordability determination has the potential to impact an entire family by deeming an employer plan affordable for employee-only coverage and making the employee and his/her family ineligible for a premium tax credit through the state exchanges. Under this scenario, an employee may be unable to afford the cost of coverage for dependents and be ineligible for a tax credit to purchase such coverage in a state exchange. Eligible children would not only be uninsured, but also not have access to private health insurance coverage or the pediatric dental benefit. We note that the Department indicates in the proposed rule that this aspect of the affordability test will be addressed in future rulemaking under section 5000A (e) (1) (C) and urge the Department to adjust the calculation in a manner that will not have a negative effect on dependent coverage.
Thank you for considering these comments. Please contact Janice E. Kupiec at 202-789-5177/kupiecj@ada.org with any questions.

Sincerely,

William Calnon DDS
President

Kathleen O’Loughlin DMD, MPH
Executive Director

WRC: KTO: jek