Children's Dental Health Project
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October 31, 2011

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

RE: IRS REG-131491-10 Health Insurance Premium Tax Credit

Dear Ms. Pflanz:

The Children's Dental Health Project (CDHP) is pleased to comment on the Notice of Proposed Rulemaking (the NPRM) for the Health Insurance Premium Tax Credit as requested in the August 17,2011 *Federal Register*. CDHP is a national organization with the vision of achieving oral health for all children to ensure that they reach their full potential. We view this NPRM as critical to ensuring that children have access to high-quality, comprehensive, affordable oral health coverage through Affordable Insurance Exchanges. We are concerned that families may be negatively impacted by the Proposed Rules because they do not adequately address affordability of health insurance coverage that includes pediatric dental benefits.

The ACA recognizes the importance of early oral health care by requiring pediatric dental care within the essential benefits package. While dental coverage does not assure children access to care it is a necessary first step. Considering that for every child without medical insurance there are nearly three children without dental coverage, it is a significant first step.[i]

We are concerned that the allocation of premium assistance between medical and dental plans is undefined. Therefore, we urge Treasury to utilize information available from the Agency for Health Care Research and Quality (AHRQ) from its Medical Panel Expenditure Surveys (MEPS) to determine a methodology for premium assistance allocation that reflects true costs of medical and dental care for children.

The proportion of healthcare expenditures for children that is attributable to dental care is higher than for adults. Roughly one-quarter of all US child health expenditures are attributed to dental care.[ii] In order to ensure that the dental benefit is affordable and sufficiently robust to meet children's basic dental care needs, the proportion of premium assistance needs to reflect the underlying proportion of child healthcare expenditures that is attributable to dental care. Definitive data needed to determine the exact proportion of pediatric medical and dental expenditures is attainable from the Medical Expenditure Panel Survey (MEPS) administered by AHRQ. We recommend AHRQ's findings to Treasury as it works to calculate the proportions of premium assistance that is permissible for both medical and dental coverage for children.

We are concerned that the definitions established in the NPRM impede millions of children from accessing essential dental coverage by disqualifying them for subsidized insurance coverage. Therefore, we urge Treasury to adopt an alternative interpretation of the affordability test which includes the cost of dependent coverage.

Treasury proposes to define affordable coverage by the premium cost for self-only coverage, which must be less than 9.5 percent of a household's income. However, self-only coverage, by definition, provides coverage to only one member of the household (the employee), not the dependents/children in the household. While an employer may offer family coverage, premiums for family coverage are considerably higher than for individual coverage.

Unfortunately, under this proposed rule many dependents will be treated as having access to affordable minimum essential coverage (potentially excluding pediatric dental coverage) while the insurance offered will be too expensive for the family to reasonably afford.

Treasury's interpretation jeopardizes the affordability of coverage for millions of children. The current NPRM may in fact leave families worse off than they are today by locking them out of Exchange subsidies and subsequently causing employer-sponsored coverage to consume a larger portion of their incomes. Treasury's interpretation would create incentives for families to seek out employers that do not offer any coverage, or work to encourage their current employers to cease offering coverage, undermining the purpose of the affordability test.

We are concerned that the NPRM does not take the potential multiple premiums a family may pay into account in determining the affordability of family coverage. Therefore, we urge Treasury to explore alternative methods for calculating affordability based on existing health insurance obligations of a family.

An additional complexity in determining eligibility standards for premium subsidies includes families with individuals in different health insurance coverage, such as the Children's Health Insurance Program (CHIP). The standard for eligibility for premium subsidies overlaps the income standards for CHIP. Therefore many families who may have enrolled their children in CHIP will be seeking adult health coverage through Exchanges. The NPRM and Proposed Rules do not appear to address the effect of multiple premiums for CHIP and Exchange coverage within the same family (so-called "premium stacking"). Because a substantial number of states charge premiums in their CHIP programs and have the potential for charging premiums for dental-only plans through CHIP, we urge you to take these obligations into account in determining the affordability of family coverage. A more comprehensive and accurate assessment of family's premium obligations is consistent with the intent of ACA to provide more children with affordable health and dental coverage. An alternative standard for affordable coverage would also be less disruptive to the employer-sponsored insurance market. We urge Treasury to explore alternative methods to lessen the burden on families with multiple premium obligations. Such alternatives may include, but are not limited to, counting CHIP premiums in the tax credit calculation.

We appreciate the opportunity to comment on this important issue for consumers. If you have questions or need additional information, please contact Meg Booth at mbooth@cdhp.org or 202.833.8288 x206.

Sincerely,

Catherine Dunham, Ph.D.
Executive Director

[i] U.S. Department of Health and Human Services. *National Call to Action to Promote Oral Health.* Rockville, MD: U.S. Department of Health and Human Services, Public Health Service, National Institutes of Health, National Institute of Dental and Craniofacial Research. NIH Publication No. 03-5303, Spring 2003.

[ii] Oral Health U.S., 2002. Dental, Oral and Craniofacial Data Resource Center, 2002; Ezzat-Rice TM, Kashihara D, Machlin S. Health care expenses in the United States, 2000. AHRQ Pub No. 04-0022. MEPS Research Findings No. 21. Rockville, MD. Agency for Healthcare Research and Quality, 2004.