

# PUBLIC SUBMISSION

<b>As of:</b> August 05, 2010
<b>Received:</b> August 04, 2010
<b>Status:</b> Posted
<b>Posted:</b> August 05, 2010
<b>Tracking No.</b> 80b28a4e
<b>Comments Due:</b> August 16, 2010
<b>Submission Type:</b> Web

**Docket:** IRS-2010-0010

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

**Document:** IRS-2010-0010-0022

Comment on FR Doc # 2010-14488

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## Submitter Information

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## General Comment

August 4, 2010

Office of Consumer Information and Insurance Oversight  
Department of Health and Human Services  
Room 445-G Hubert H. Humphrey Building  
200 Independence Ave. SW  
Washington, DC 20201

Re: OCIIO-991-IFC, The Interim Final Rules for Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Affordable Care Act

On behalf of the American Galvanizers Association (AGA) members, I appreciate the opportunity to comment on the Interim Final Rules regarding grandfathered health plans under the Patient

Protection and Affordable Care Act. AGA is a section 501(c)(6) company membership organization with more than 10,000 employees amongst the companies. Our members provide an invaluable service to the public and private sector, applying zinc to steel to prevent corrosion, a preventable event that costs our economy over \$300 billion per year.

We are a small, tax-exempt organization with 9 employees and have the same obstacles to obtaining good, affordable health insurance coverage confronting small businesses in general. We do not have the resources or ability to self-insure as a means to control our health insurance costs and benefits. We will greatly benefit from the expanded options for health insurance that will be available beginning in 2014 through the Exchange.

However, because the benefits of the Exchange will not be realized until 2014, we will continue to experience annual cost increases and lack of control over actual coverage until 2014. As such, the grandfathering of our existing coverage is extremely important, especially prior to the establishment of a working Exchange system.

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

There are subsidies available for small employers to help offset the costs of providing insurance, but these credits are very limited and start to be phased out if an employer has over 10 employees and is completely phased out if there are 25 or more employees. The credits are also phased out for employers with even modest-sized compensation packages. So while these subsidies do provide assistance for some small tax-exempt employers, their benefit is very limited.

We are concerned that Interim Final Rules as currently drafted may force some organizations like us 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 us 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 grandfather plans provided they do not reduce the per-employee amount they pay for insurance. This would allow us to maintain the level of coverage for employees, but reap the benefit of a less expensive plan prior to the implementation of the Exchange.

Thank you for this opportunity to express our views on this important issue.