



NATIONAL ASSOCIATION OF POLICE ORGANIZATIONS, INC.

Representing America's Finest

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Executive Director and

General Counsel

April 17, 2015

CC:PA:LPD:PR (Notice 2015-16)

Room 5203

Internal Revenue Service

P.O. Box 7604

Ben Franklin Station

Washington, D.C. 20044

Re: Notice 2015-16

On behalf of the National Association of Police Organizations (NAPO), I am writing in response to Notice 2015-16, regarding the excise tax on high cost employer-sponsored health coverage under Section 49801 of the Internal Revenue Code.

NAPO is a coalition of police unions and associations from across the United States that serves to advance the interests of America's law enforcement through legislative and legal advocacy, political action, and education. Founded in 1978, NAPO now represents more than 1,000 police units and associations, 241,000 sworn law enforcement officers, and more than 100,000 citizens who share a common dedication to fair and effective crime control and law enforcement.

NAPO is very concerned that beginning in 2018, the Patient Protection and Affordable Care Act, (Public Law 111-148), imposes a new 40% annual excise tax on taxpayers who are covered by high cost health insurance plans, so-called "Cadillac" health insurance plans. This tax would apply to plans with premiums at or above \$10,200 for an individual or \$27,500 for a family, including worker and employer contributions to flexible spending or healthcare savings accounts.

Although higher thresholds are set for workers in high risk professions, such as public safety officers (\$11,850 for an individual and \$30,950 for a family), to qualify for the higher threshold amounts, the majority of members in the healthcare plan must work in high risk professions. Many public safety officers would not qualify for the higher threshold amounts, as they participate in general healthcare plans where the majority of participants do not work in high risk professions.

After completing a survey, NAPO confirmed that officers and their families across the country will be negatively impacted by the "Cadillac" health insurance plan tax. To illustrate this point, officers in our member groups, including the Phoenix Law Enforcement Association, Police Conference of New York State, Boston Police Patrolmen's Association, Dade County (Miami), Florida Police Benevolent Association, and the Postal Police Officers' Association will be negatively impacted by the "Cadillac" health insurance plan tax. Members of the Sarasota Police

Department (Florida), Waltham Police Department (Massachusetts), and Southold Town Police Department (New York) will also be negatively impacted by the tax. These public safety officers would not qualify for the higher threshold amounts, as they participate in health insurance plans where the majority of participants do not work in high risk professions. Even more, the aforementioned groups represent thousands of police officers across the nation, but only a fraction of the public safety officers who will be negatively impacted by the “Cadillac” health insurance plan tax.

Setting higher thresholds for public safety officers thus will not adequately protect officers from the tax burden, as thousands of officers participate in plans that include a majority of employees who do not work in high risk professions. Section 49801 of the Internal Revenue Code must be modified to ensure that all public safety officers are eligible for the higher threshold amounts, regardless of the composition of the officer’s healthcare plan. In addition, the Service’s guidance and interpretation of Section 49801 should reflect the clear intent of Congress that public safety officers should generally be excluded from the effects of this new tax, and that the higher dollar thresholds should be given effect to shield officers and their families, regardless of what other workers also participate in their applicable health care plans.

Such a determination would be consistent with the unquestioned Congressional intent that public safety officers be protected from the impact of this new tax.

If NAPO can provide any additional information, please feel free to contact me at: (703) 549-0775.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. Johnson", with a long horizontal flourish extending to the right.

William J. Johnson
Executive Director