



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

September 13, 2013

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator Hatch:

Thank you for your recent letter regarding eligibility for premium tax credits under the Affordable Care Act (ACA) for individuals who receive health insurance from an employer.

Your letter addresses the tax treatment under the ACA of multiemployer plans. As you know, such plans are run by a joint board of employer and union representatives, and the benefits typically are paid for by negotiated contributions from participating employers. Like most other employer-provided health coverage, these contributions do not give rise to taxable income to covered employees. Because multiemployer health plans involve multiple employers, negotiated contributions, and employees who often move among covered employers, they frequently raise questions that may not exist for other health plans.

As implementation of the ACA continues, Treasury and the other agencies involved have received input from a wide range of stakeholders, including employer groups, consumer advocates, labor representatives, plan administrators, health insurance issuers, and others. Working together with stakeholders, the Administration continues to address a variety of issues relating to the interpretation and implementation of the ACA, some of which will be the subject of future guidance. One area where employers, labor organizations, and plan administrators have raised questions is the manner in which some provisions of the ACA apply to multiemployer health plans.

Regarding the specific issue raised by your letter – whether premium tax credits are available to individuals who are covered under employer-sponsored insurance – Treasury believes, as suggested in your letter, that an individual who is covered by an eligible employer-sponsored plan would not be eligible to receive a premium tax credit. The conclusion that an individual cannot benefit from both the exclusion from taxable income for employer-provided health coverage under such a plan and the premium tax credit provided by the ACA applies whether the individual is covered by a single-employer plan or a multiemployer plan. Similarly, the statute also would not allow an employee who was offered minimum essential coverage under an

eligible employer-sponsored plan that provided minimum value and was deemed “affordable” to the employee to receive a premium tax credit, even if the employee declined the coverage.

The Administration is committed to implementing the ACA in a manner that makes health care more effective and affordable for all Americans, including those covered by multiemployer plans. We intend to continue working with employers, labor organizations, and all other stakeholders who have ideas on how best to preserve high-quality existing coverage while new coverage is extended to those who do not have it – in all cases in accordance with the statutory terms of the ACA.

Please let me know if Treasury may be of further assistance.

Sincerely,



Alastair M. Fitzpayne
Assistant Secretary for Legislative Affairs

cc:
The Honorable Dave Camp