Don’t tax health benefits, dental groups say

By Fred Michmershuizen, Online Editor

As lawmakers in Washington hash out the details of proposed reform to the nation’s health care system, a number of dental associations — including the American Dental Association (ADA), the Academy of General Dentistry (AGD) and others — are crying foul over a key sticking point: a proposed tax on employer-sponsored health coverage.

The provision, as written, is “the opposite of health care reform,” said ADA President Ron Tankersley, DDS. “It would compel many employers to drop critical dental and other coverage to avoid the tax. It dismantles exactly the type of preventive, primary care that everyone agrees this country needs more of.”

Democrats from the House and Senate have been in discussions to resolve numerous differences in the health care reform bills passed by the two chambers to expand coverage to millions of Americans who lack any coverage and to rein in the costs of health care.

Under the Senate’s version of the bill, the federal government would impose a 40 percent tax on the value of employer-sponsored health coverage that exceeds $8,500 a year for individuals and $23,000 for families.

The Senate bill would make certain allowances for plans covering retirees 55 and older and workers in high-risk occupations. The Congressional Budget Office estimated that the tax would raise $149 billion over 10 years.

The House version of the bill would not tax health benefits.

President Barack Obama, who has indicated that he is in favor of the tax, is pushing for Congress to reconcile the bills so he can sign the legislation into law before his State of the Union address on Jan. 27.

But the proposed tax has unleashed a fury of opposition. Many argue that to avoid the tax, many employers would simply drop supplemental dental and vision coverage for their employees.

In addition to the ADA and AGD, a number of other dental associations are opposed to the tax. They include the American College of Prosthodontists, the American Academy of Pediatric Dentistry, the American Association of Oral and Maxillofacial Surgeons, the American Association of Orthodontists and the Hispanic Dental Association.

All of these associations sent a joint letter to Congress asking leaders of the House and Senate to eliminate or substantially modify the excise tax on health benefits, including flexible spending accounts (FSAs), to ensure the dental health care reform legislation does not adversely impact key and important goals of health reform, like primary and prevention-oriented care.

“Many employer-sponsored plans exceed or will exceed the PPACA threshold simply because the plans include many older workers or retirees with higher cost health care needs, or are concentrated in locations with high health costs,” the letter states.

“For example, the standard option BCBS Federal Employees Health Benefit plan, a basic plan that covers 5.8 million Americans today, will exceed the PPACA excise threshold in the first year of the tax (2013) for single coverage and in the third year of the tax (2016) for family coverage.”

The letter continues, “As a result, the excise tax could lead many employers to reduce benefits by eliminating limited service supplemental benefits and FSAs that fund much-needed and prevention-oriented dental and vision care in order to avoid the tax.

“Cuts in these crucial benefits will lead to a decline in access to necessary care. Patients rely on the preventive services covered by the dental, vision and limited service supplemental plans to prevent infections, slow the progress of chronic disease and facilitate early treatment of preventable conditions.”

The coalition is proposing alternatives to the tax, including the following:

- Excluding FSAs, as well as managed and limited service dental, vision and stand-alone plans, from the calculation of health plan costs.
- Raising the threshold and indexing the threshold to medical inflation.
- Replacing the single and family coverage thresholds with a per-covered-person threshold, a fairer approach to plan cost allocation.

Many House Democrats are opposed to any health care benefits tax, and at least 190 representatives signed a letter opposing such a tax.


“The health care reform debate has never centered on dental, vision and other supplemental benefits,” said James A. Klein, president of the American Benefits Council.

Those valuable benefits have only been included in the calculation of the excise tax to raise revenue. Several modifications are needed to improve the excise tax provision, including not applying the tax to these important supplemental benefits.”

“For millions of patients and consumers, most of whom are middle and low-income working Americans, the excise tax is unfair and punitive, leading to reduced health care services,” said Louise Novotny, research director at Communications Workers of America.
Due to the complex and comprehensive approach used to provide treatment that meets the standard of excellence required for achieving American Academy of Cosmetic Dentistry (AACD) accreditation, the Academy of General Dentistry (AGD) House of Delegates recently approved the award of 75 participatory credits for the successful achievement of accreditation in the AACD.

Individuals who are also AGD members will be awarded participatory credits upon successfully passing the AACD accreditation oral examination portion of the AGD accreditation protocol.

“Both organizations are pleased to further acknowledge the educational value in providing dentistry to the standard required to achieve accreditation in the AACD.”

The American Association of Dental Office Managers (AADOM) has named Kay Valentine from the office of Gary Llewellyn, DDS, of Indianapolis, as the recipient of the fifth annual AADOM Office Manager of the Year Award.

Behind every successful practice is an office manager who displays innovative thinking, business acumen and leadership qualities within his or her practice and community. Each year, the AADOM recognizes these exceptional individuals and highlights their accomplishments at their annual conference.

“The competition for this prestigious award grows more intense every year,” said AADOM President Heather Colicchio.

“Kay has earned my deepest respect, as well as that of all the members of AADOM. She’s a shining example of what every office manager should aspire to be."

“There is something special in our office called the ‘Kay Factor,”’ wrote Dr. Gary Llewellyn as he nominated Valentine.

“About three years ago, my practice was in deep trouble. I was managing my practice to fail. Kay brought to my practice 25 years of experience and a vision: to meet, exceed, delight and amaze every patient, every time. Kay motivated my team and streamlined my processes, allowing me to exceed my production goals."

That should be enough, but Kay has done more. “Once the practice was back on its feet, she focused on ‘paying it forward,’ leading our entire team on two mission trips to Mexico, treating patients at a local assisted living center and starting the Office Manager’s Study Club of Indiana,” continued Dr. Llewellyn in his nomination.

“Kay’s commitment to excellence is contagious and ultimately creates extraordinary experiences for our patients.”

As the winner of the 2009 award, Valentine will receive a valuable award package provided by CareCredit, the AADOM’s founding partner.

This includes free registration to the 2010 AADOM Conference, a feature story and photo on the front cover of The Observer and $1,000.

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