

June 11, 2009

The Honorable Max Baucus
Chairman
Senate Finance Committee
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Finance Committee
United States Senate
Washington, DC 20510

Dr. Chairman Baucus and Ranking Member Grassley:

As the Senate Finance Committee moves forward in consideration of the various policy options discussed in the committee's "Financing Comprehensive Health Care Reform: Proposed Health System Savings and Revenue Options" of May 20, 2009, the dental professional organizations listed below, as members of the Organized Dentistry Coalition, offer our comments and perspective.

Options to Modify the Exclusion for employer-Provided Health Coverage

The committee is considering a number of options that would limit the value of employer-provided health coverage that is excludable from gross income. The limits could be based on the value of the plan, the income of the insured or some combination of the two.

The Coalition believes that all costs incurred by an individual for dental and medical expenses of the individual and his or her dependents should be tax deductible without regard to adjusted gross income. We are opposed to all forms of taxes on health care services, including employer paid health benefits.

The effect of limiting the exclusion for employer-provided coverage on health care benefit plans could be profound, potentially leading to a marked reduction in the purchase of dental benefits coverage. A reduction in dental coverage will increase the out-of-pocket costs to those who receive dental care, which may serve as a barrier to seeking regular preventive care for some.

In addition, as the cost of dental coverage increases, individuals are more likely to opt out of plans except for the years when they anticipate incurring significant dental expenses, contributing to adverse selection problems.

Unfortunately, if dental care becomes solely a symptom-response service, one of the major goals of health care reform (a shift from treatment to prevention) will be undermined and the cost of treatment will increase. Dentistry has long taken pride in the fact that we are a prevention-oriented profession, which is the foundation of a quality, cost-effective delivery system. This approach has served our patients and the American public well. We cannot support a policy that could undermine our emphasis on prevention and access to oral health care services.

Other Health Care Related Revenue Raisers

Modify Health Savings Accounts

The proposed options affecting Health Savings Accounts (HSA) would limit HSA contributions (which are excludable from gross income if used on qualified medical expenses) to the lesser of the individual's deductible under the high deductible health plan or the dollar amount of the maximum allowable aggregate HSA contributions. Other restrictions, such as requiring that the medical expense be verified by the employer or an independent third party, are also being considered. As small employers, HSAs are a good alternative for a number of dentists and their employees. The Coalition opposes making the program less attractive and more difficult to implement. For example, the introduction of an "independent third party" to review claims unnecessarily increases the cost of the program.

Modify or Repeal the Exclusion for Employer-Provided Reimbursement of Medical Expenses under Flexible Spending Arrangements and Health Reimbursement Arrangements

The committee is considering options that could eliminate health Flexible Spending Accounts (FSA) or at least limit the non-taxable amount that can be contributed to such an account. The Coalition supports *expansion* of FSAs to include over-the-counter dental products to foster improved oral hygiene and the prevention of oral disease. FSAs make it more feasible for middle class individuals to access care through the use of pre-tax dollars for medical services not covered by insurance. Maintaining this benefit is consistent with the recognition that prevention of disease will decrease healthcare costs by avoiding more costly treatment. Eliminating or significantly restricting FSAs undermines an important middle class benefit.

On behalf of the Organized Dentistry Coalition, thank you for your consideration of our comments.

Sincerely,

Academy of General Dentistry
American Academy of Oral & Maxillofacial Pathology
American Academy of Pediatric Dentistry
American Academy of Periodontology
American Association of Endodontists
American Association of Oral and Maxillofacial Surgeons
American Association of Orthodontists
American College of Prosthodontists
American Dental Association
Hispanic Dental Association
National Dental Association