

August 10, 2020

The Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
Department of the Treasury
1111 Constitution Avenue NW
Washington, DC 20224

RE: Certain Medical Care Arrangements (IRS REG-109755-19)

Dear Commissioner Rettig,

On behalf of the American Hospital Association's (AHA) nearly 5,000 member hospitals, health systems and other health care organizations, including approximately 90 that offer health plans, and our clinician partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, we thank you for the opportunity to comment on the Internal Revenue Service (IRS) proposed rule on the treatment of amounts paid for certain medical care arrangements, including health care sharing ministries, under Section 213 of the Internal Revenue Code. **While we appreciate the IRS's effort to provide flexibility to consumers and expand access to affordable health care, we are concerned that, by promoting health care sharing ministries, this rule validates a type of arrangement that can leave consumers vulnerable, as there is no guarantee for health coverage. We urge the IRS to remove the treatment of health care sharing ministries from this rule.**

As defined in the proposed rule, a health care sharing ministry is an organization whose members "share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs." Payments for ministry membership would qualify as payments for medical insurance under this proposal, allowing such payments to be tax deductible. **However, health care sharing ministries are not medical insurance. These plans operate outside of state and federal insurance regulations and do not have to guarantee coverage for pre-existing conditions or any other services – a fact that regularly confuses consumers and leaves them vulnerable to significant medical bills.** Ministries themselves are quick to clarify this critical distinction, but only after denying payment for health care services for its members. For example, following a cease-and-desist order issued by the Connecticut Insurance Commissioner, one ministry [responded](#) by noting that "health sharing is not insurance," in part because "[health care sharing ministries]



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are not a contract, and there is no promise to pay on the part of the health care sharing ministry.” The ministry concluded by asserting that “[health care sharing ministries] and insurance have more differences than they do similarities.”

However, health care sharing ministries are much less forthcoming about this fact when it comes to their marketing practices. There are [countless examples of consumers](#) facing high medical bills following the purchase of a product they believed to be insurance. These articles highlight again and again how patients seeking affordable coverage following job losses and other life events, end up with a health care sharing ministry plan and are unaware that the plans will not be there when they need them most. The proposed rule will only exacerbate this misconception by deeming such plans “medical insurance” in one instance while continuing to allow them to sell products with no consumer protections.

In addition to allowing such plans to deceive patients seeking affordable coverage, incentivizing this type of inadequate insurance will continue to pull young, healthy individuals away from the individual market, driving up the cost of coverage for the millions who rely on the comprehensive coverage options offered on the marketplaces. This will concentrate the risk of less healthy individuals in the individual market, raising premiums and threatening access to affordable, comprehensive coverage.

The AHA remains committed to expanding access to affordable, high-quality health coverage and looks forward to working with the federal government on this shared goal. In our [previous comments](#) to the Administration, we expressed support for solutions to both lower the cost of coverage and provide greater choice among plans, including by supporting federal and state reinsurance programs that help reduce the cost of coverage and increasing outreach and enrollment assistance as most uninsured individuals are already eligible for some form of subsidized coverage. These approaches retain vital consumer protections while supporting greater enrollment and reducing costs by better balancing the marketplace risk pools.

We appreciate the opportunity to comment on this proposal. Please contact me if you have questions, or feel free to have a member of your team contact Ariel Levin, senior associate director of policy, at (202) 626-2335 or alevin@aha.org.

Sincerely,

/s/

Thomas P. Nickels
Executive Vice President
Government Relations and Public Policy