



TO.
The Honorable Xavier Becerra
Secretary, U.S. Department of Health
and Human Services
200 Independence Avenue, S. W.
Washington, DC, 20201

The Honorable Janet Yellen
Secretary, U.S. Department of Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC, 20500

The Honorable Julie Su
Acting Secretary, U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC, 20210

February 1, 2024

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RE: Proposed Federal Regulation on Voluntary Benefits [CMS-9904-P]

Dear Secretaries Becerra, Yellen, and Acting Secretary Su,
On behalf of the African American Mayors Association (AAMA), I am writing to express our concerns regarding the regulation recently proposed by the U.S. Department of Health and Human Services, the Department of Labor, and the Department of Treasury regarding voluntary health benefits. Specifically, referring to the Notice of Proposed Rule Making issued on July 12, 2023.

This proposed rule would require that benefits paid by hospital indemnity, specified disease, and other fixed indemnity policies that were bought on a pre-tax basis be reported as wages and taxed as income.

It is our understanding that this rule has been proposed because the Administration wants to protect the public from “junk insurance.” We share the administration’s goal of ensuring consumer understanding and transparency of insurance products available in the market. As an association, I can respectfully say our member mayors do not offer “junk insurance” benefits to their employees. The fixed indemnity benefits offered are separate and distinct from the short-term, limited duration insurance that was the original subject of this regulation and should not be included in the same rule.

Like millions of other Americans, the African American Mayors Association member mayors’ employees rely on supplemental benefits including Accident and Hospital Indemnity Insurance policies to bridge financial gaps in times of need. These are essential tools when even the most comprehensive health care coverage exposes families to out of



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pocket costs and other expenses. This proposal imposes new taxes on cities' employees when they are at their highest need: when they are sick and unable to make ends meet.

We respectfully urge you to reconsider the potential implications of this proposed rule. We believe a more reasonable approach that safeguards the availability and understanding of these important supplementary insurance products is more appropriate.

Thank you for your time and consideration.

Phyllis Dickerson
Chief Executive Officer
African American Mayors Association



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