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[H.R. 1624, Protecting Affordable Coverage for Employees Act, as amended](#)

FLOOR SITUATION

On Monday, September 28, 2015, the House will consider [H.R. 1624](#), *the Protecting Affordable Coverage for Employees Act, as amended*, under suspension of the rules. H.R. 1624 was introduced on March 25, 2015 by Rep. Brett Guthrie (R-KY) and was referred to the Committee on Energy and Commerce.

SUMMARY

H.R. 1624 amends the Patient Protection and Affordable Care Act (Public 111-148) to maintain the definition of small employer as those with 50 or fewer employees for purposes of health insurance markets. The bill permits states to extend the definition of small employer to those with as many as 100 employees. The bill also authorizes \$205 million for the Medicare Improvement Fund (MIF) to support improvements to Medicare's fee-for-service programs. The MIF was cut by the Patient Protection and Affordable Care Act (PPACA).

BACKGROUND

The group health insurance market is divided into small and large group markets. Currently, employers with 50 or fewer employees are considered small employers and can purchase health insurance coverage in the small-group market.

PPACA requires health insurance offered in the small group market to meet certain requirements that do not apply to the large group market, including the requirement to cover a core package of health care services (such as emergency services, hospitalization, preventative and wellness services and maternity and mental health care), which is referred to as the Essential Health Benefit (EHB).¹

The law also expanded the definition of small employer for purposes of health insurance markets to include employers with 100 or fewer employees. States must implement the expanded definition for

¹ See CRS Report—[“The Essential Health Benefits,”](#) September 1, 2015 at 1.

plan years beginning in 2016, but have the option of implementing the expanded definition prior to that.² Consequently, starting next year, more employers will be subject to the law's EHB requirement.

The American Academy of Actuaries has [reported](#) that expanding the definition of small employer to include those with as many as 100 employees "could affect over 150,000 establishments with more than 3 million workers."³ The result likely would lead to decreased plan-design flexibility, adverse selection, and higher premiums.⁴

According to the bill sponsor, "If this policy is not changed before January, employees will see increased premiums and a disruption in their coverage. With these new requirements, many could be forced to lose their current coverage. Expanding the small group market place limits choice and promotes instability in the insurance market. Our bill would address this head-on by allowing these employees to continue to have access to their current health care coverage."⁵

COST

The Congressional Budget Office (CBO) [estimates](#) that implementing H.R. 1624 would result in a net reduction in premiums for health insurance purchased by some firms with between 51 and 100 employees, in the near term. CBO also estimates that premiums would be lower in most years, which would reduce the share of employees' compensation that is non-taxable and increase the share that is taxable. Those changes would increase federal revenues. CBO also estimates that the bill would reduce the number of individuals enrolled in health coverage through SHOP exchanges that were created by PPACA, but would not substantially reduce coverage on net.

STAFF CONTACT

For questions or further information please contact [Jerry White](#) with the House Republican Policy Committee by email or at 5-0190.

² See CRS Report—"[Health Insurance: Small is the New Large](#)," August 26, 2015.

³ See American Academy of Actuaries Report—"[Potential Implications of the Small Group Definition Expanding to Employers with 51-100 Employees](#)," March 2015, at 7.

⁴ Id.

⁵ See Press Release—"[Cardenas introduces bipartisan legislation to protect Valley small businesses](#)," March 27, 2015.