H. R. 3489

To amend section 1341 of the Patient Protection and Affordable Care Act to repeal the funding mechanism for the transitional reinsurance program in the individual market, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 14, 2013

Mr. Tiberi (for himself, Mr. Lipinski, Mr. Boustany, Mr. Schock, Mr. Brady of Texas, Ms. Jenkins, Mr. Sam Johnson of Texas, Mr. Reichert, Mr. Griffin of Arkansas, Mr. McIntyre, Mr. Turner, Mrs. Black, and Mr. Murphy of Florida) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To amend section 1341 of the Patient Protection and Affordable Care Act to repeal the funding mechanism for the transitional reinsurance program in the individual market, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS; PURPOSE.

(a) FINDINGS.—Congress makes the following findings:

(1) According to the most recent United States Census, employer-based health insurance is the larg-
est source of health insurance coverage in the United States. Of those employed, 70 percent receive employment-based health insurance. Of unemployed Americans, 30 percent receive employer-sponsored health insurance.

(2) Despite the large percentages of coverage, as health care costs climb, the percentage of Americans who receive health insurance through employers has fallen significantly over the last decade—from 70 percent nationwide in 2000 to 60 percent in 2011, according to a report by the Robert Wood Johnson Foundation.

(3) According to recent surveys done by the National Business Group on Health and the Kaiser Family Foundation, most companies continue to provide health insurance for employees and wish to continue doing so into the future.

(4) Employers who offer insurance will not contribute additional risk to the health insurance exchanges established in the Patient Protection and Affordable Care Act (in this Act referred to as “PPACA”).

(5) The transitional reinsurance program, established in section 1341 of PPACA, is intended to stabilize risk in the individual health insurance mar-
ket during the first three years of the health insurance exchanges, as established by that Act.

(6) PPACA also requires that the Treasury collect a fee for each employer-sponsored covered life in order to pay for the transitional reinsurance program.

(7) This fee is a disincentive for employers to continue offering coverage to all employees, and does not give employers any benefits of the transitional reinsurance program.

(b) PURPOSE.—It is the purpose of this Act to remove the current funding mechanism for the transitional reinsurance program. Employer-sponsored insurance should be supported so that Americans can sustain quality health coverage.

SEC. 2. CHANGES IN FUNDING FOR TRANSITIONAL REINSURANCE PROGRAM IN THE INDIVIDUAL MARKET.

(a) IN GENERAL.—Section 1341(b) of the Patient Protection and Affordable Care Act (Public Law 111–148; 42 U.S.C. 18061(b)) is amended—

(1) in paragraph (1), by striking “under which—” and all that follows and inserting the following: “under which the applicable reinsurance entity uses amounts appropriated under paragraph
(2)(B) to make reinsurance payments to health insurance issuers that cover high risk individuals in the individual market (excluding grandfathered health plans) for any plan year beginning in the 3-year period beginning January 1, 2014.”;

(2) in paragraph (2)(B), by striking “PAYMENT AMOUNT” and all that follows through the end of the first sentence and inserting the following: “AUTHORIZATION OF APPROPRIATIONS; PAYMENT FORMULA.—There are hereby authorized to be appropriated, based on the best estimates of the NAIC, $10,000,000,000 for plan years beginning in 2014, $6,000,000,000 for plan years beginning in 2015, and $4,000,000,000 for plan years beginning in 2016 to make reinsurance payments to health insurance issuers described in paragraph (1) that insure high-risk individuals consistent with paragraph (3).”; and

(3) by striking paragraphs (3) and (4) and inserting the following:

“(3) EXTENSION OF FUND AVAILABILITY AND TREATMENT OF UNEXPENDED AMOUNTS.—

“(A) EXTENSION OF FUND AVAILABILITY.—The amounts appropriated for a plan year under paragraph (2)(B) shall be allocated
among States and used in any of the plan years referred to in such paragraph based on the re-insurance needs of the States and periods involved, as determined by the Secretary.

“(B) TREATMENT OF UNEXPENDED AMOUNTS.—Amounts appropriated under paragraph (2)(B) that remain unexpended as of December 31, 2016, and that are otherwise allocated to a State may be used to make payments under any reinsurance program of the State in the individual market in effect in the 2-year period beginning on January 1, 2017.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the enactment of section 1341 of Public Law 111–148.