

113TH CONGRESS
1ST SESSION

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.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS; PURPOSE.**

4 (a) FINDINGS.—Congress makes the following find-
5 ings:

6 (1) According to the most recent United States
7 Census, employer-based health insurance is the larg-

1 est source of health insurance coverage in the
2 United States. Of those employed, 70 percent receive
3 employment-based health insurance. Of unemployed
4 Americans, 30 percent receive employer-sponsored
5 health insurance.

6 (2) Despite the large percentages of coverage,
7 as health care costs climb, the percentage of Ameri-
8 cans who receive health insurance through employers
9 has fallen significantly over the last decade—from
10 70 percent nationwide in 2000 to 60 percent in
11 2011, according to a report by the Robert Wood
12 Johnson Foundation.

13 (3) According to recent surveys done by the Na-
14 tional Business Group on Health and the Kaiser
15 Family Foundation, most companies continue to
16 provide health insurance for employees and wish to
17 continue doing so into the future.

18 (4) Employers who offer insurance will not con-
19 tribute additional risk to the health insurance ex-
20 changes established in the Patient Protection and
21 Affordable Care Act (in this Act referred to as
22 “PPACA”).

23 (5) The transitional reinsurance program, es-
24 tablished in section 1341 of PPACA, is intended to
25 stabilize risk in the individual health insurance mar-

1 ket during the first three years of the health insur-
2 ance exchanges, as established by that Act.

3 (6) PPACA also requires that the Treasury col-
4 lect a fee for each employer-sponsored covered life in
5 order to pay for the transitional reinsurance pro-
6 gram.

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

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

16 **SEC. 2. CHANGES IN FUNDING FOR TRANSITIONAL REIN-**
17 **SURANCE PROGRAM IN THE INDIVIDUAL**
18 **MARKET.**

19 (a) IN GENERAL.—Section 1341(b) of the Patient
20 Protection and Affordable Care Act (Public Law 111–148;
21 42 U.S.C. 18061(b)) is amended—

22 (1) in paragraph (1), by striking “under
23 which—” and all that follows and inserting the fol-
24 lowing: “under which the applicable reinsurance en-
25 tity 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

1 among States and used in any of the plan years
2 referred to in such paragraph based on the re-
3 insurance needs of the States and periods in-
4 volved, as determined by the Secretary.

5 “(B) TREATMENT OF UNEXPENDED
6 AMOUNTS.—Amounts appropriated under para-
7 graph (2)(B) that remain unexpended as of De-
8 cember 31, 2016, and that are otherwise allo-
9 cated to a State may be used to make payments
10 under any reinsurance program of the State in
11 the individual market in effect in the 2-year pe-
12 riod beginning on January 1, 2017.”.

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

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