

114TH CONGRESS
1ST SESSION

H. R. 1886

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

APRIL 16, 2015

Mr. TIBERI (for himself, Mr. MCKINLEY, Mrs. BLACKBURN, Mr. JOYCE, Mr. BOUSTANY, and Mr. LIPINSKI) 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-
8 est source of health insurance coverage in the

1 United States. Of those employed, 70 percent receive
2 employment-based health insurance. Of unemployed
3 Americans, 30 percent receive employer-sponsored
4 health insurance.

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

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

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

22 (5) The transitional reinsurance program, es-
23 tablished in section 1341 of PPACA, is intended to
24 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 Section 1341(b) of the Patient Protection and Af-
20 fordable Care Act (Public Law 111–148; 42 U.S.C.
21 18061(b)) is amended—

22 (1) in paragraph (1), by striking “3-year pe-
23 riod” and inserting “1-year period” each place it ap-
24 pears;

1 (2) in paragraph (3)(A), by striking “36-month
2 period” and inserting “12-month period”;

3 (3) in paragraph (3)(B)(iii), by striking “,
4 \$6,000,000,000 for plan years beginning 2015, and
5 \$4,000,000,000 for plan years beginning in 2016”;

6 (4) in paragraph (3)(B)(iv), by striking “, an
7 additional \$2,000,000,000 for 2015, and an addi-
8 tional \$1,000,000,000 for 2016”;

9 (5) in paragraph (4)(A), by striking “used in
10 any of the three calendar years for which amounts
11 are collected based on the reinsurance needs of a
12 particular period or to reflect experience in a prior
13 period” and inserting “only used with respect to the
14 calendar year for which amounts are collected based
15 on the reinsurance needs for that year, as deter-
16 mined by the Secretary”;

17 (6) in paragraph (4), by amending subpara-
18 graph (B) to read as follows:

19 “(B) amounts remaining unexpended as of
20 December, 31, 2015, shall be deposited into the
21 general fund of the Treasury of the United
22 States.”; and

23 (7) by adding at the end the following new
24 paragraphs:

1 “(5) AVAILABILITY OF FUNDING FOR STATES
2 FOR 2015 AND 2016.—

3 “(A) AUTHORIZATION OF APPROPRIA-
4 TIONS; PAYMENT FORMULA.—There are hereby
5 authorized to be appropriated, based on the
6 best estimates of the NAIC, \$6,000,000,000 for
7 plan years beginning in 2015 and
8 \$4,000,000,000 for plan years beginning in
9 2016 to make reinsurance payments to health
10 insurance issuers that cover high-risk individ-
11 uals in the individual market (excluding grand-
12 fathered health plans) that insure high-risk in-
13 dividuals consistent with this paragraph.

14 “(B) FUND AVAILABILITY.—The amounts
15 appropriated under subparagraph (A) for plans
16 years beginning in a calendar year shall be allo-
17 cated among States and only used with respect
18 to the calendar year for which amounts are col-
19 lected based on the reinsurance needs for that
20 particular year, as determined by the Secretary
21 and the amounts remaining unexpended as of
22 December 31 of the following year shall be de-
23 posited into the general fund of the Treasury of
24 the United States.

1 “(6) GAO AUDIT OF USE OF 2014 FUNDS.—The
2 Comptroller General of the United States shall pro-
3 vide for an audit of expenditures made under this
4 subsection with respect plans years beginning during
5 2014. Such audit shall include a determination of
6 the number of claims submitted by health insurance
7 issuers, the amount of such claims, a comparison of
8 the amount of such claims and the amounts collected
9 to cover such claims, and the amount of reinsurance
10 payments made under this section to health insur-
11 ance issuers. The Comptroller General shall submit
12 a report on such audit to Congress not later than 3
13 months after the last date that such reinsurance
14 payments are made, but not later than July 1,
15 2016.”.

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