

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.

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## 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

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## 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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