

NFIB

The Voice of Small Business®

July 8, 2015

The Honorable Brett Guthrie
U.S. House of Representatives
2434 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tony Cardenas
U.S. House of Representatives
1510 Longworth House Office Building
Washington, D.C. 20515

Dear Representatives Guthrie and Cardenas:

On behalf of the National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, I'm writing in support of H.R. 1624, the *Protecting Affordable Coverage for Employees Act*. This bipartisan legislation would prevent the federally mandated expansion of the small group health insurance market to businesses with up to 100 employees beginning in 2016, as required by the Patient Protection and Affordable Care Act (ACA). Instead, it would maintain existing state small group health insurance market definitions of 1-50 employees, and would permit states to choose whether to expand their small group health insurance market definition.

Beginning on January 1, 2016, the ACA will create a federal definition of the small group health insurance market, replacing existing state small group health insurance markets. In March, NFIB wrote a letter to Health and Human Services (HHS) Secretary Sylvia Mathews Burwell detailing potential health insurance premium increases and benefit flexibility limitations for small businesses resulting from the expansion.

A March 2015 issue brief from the American Academy of Actuaries (AAA) estimates the premium impact on current small group market enrollees (businesses with 1-50 employees) and newly eligible small group market enrollees (businesses with 51-100 employees).¹ The AAA states businesses with 51-100 would face more restrictive rating rules and additional benefit and cost-sharing requirements, which would increase premiums. Many healthy midsize businesses would be incentivized to self-insure, avoiding the new requirements. Costs would likely increase for the current small group market enrollees as less healthy midsize businesses are absorbed into the small group health insurance market outweighing any benefits of increased risk pooling, according to the brief.

Many states are taking advantage of the administration's option to allow non-ACA-compliant plans to continue through 2017, providing temporary relief for businesses with 51-100 employees from the new requirements and costs. Without further action, these businesses would be subject to lose the health insurance plans they currently enjoy in the near future. Small businesses require a more permanent solution.

This pending expansion of the small group health insurance market is tremendously concerning for small business owners and their employees. H.R. 1624 would avert these consequences for many businesses by maintaining the current state small group market definitions (1-50 employees), unless a state chooses to expand the market. We look forward to working with you in the 114th Congress on this important issue.

Sincerely,



Amanda Austin
Vice President
Public Policy

¹ Issue Brief, March 2015. American Academy of Actuaries. http://www.actuary.org/files/Small_group_def_ib_030215.pdf.