



WHAT EMPLOYERS NEED TO KNOW RIGHT NOW ABOUT HEALTH CARE REFORM

PACE Act Passes House, Senate

The U.S. Senate, following the House of Representatives, has passed [House Resolution 1624](#), the “Protecting Affordable Coverage for Employees Act” or “PACE Act” which will be sent to President Obama’s desk for signature. It is anticipated the President will sign the Act into law.

The PACE Act would amend the Patient Protection and Affordable Care Act (ACA) and would redefine small employers as those with 50 or fewer employees and would give states the option to expand the definition to include employers with up to 100 employees (or, practically speaking, those with 51 to 100 employees, also called “mid-size employers”). Currently all states define small employers as those with 1 to 50 or 2 to 50 employees, however many have already defined the group size up to 100 employees beginning in 2016. Employers should check their state statutes to determine the group size in place for January 2016.

If the PACE Act is not signed into law, beginning January 2016, the definition of small employer will change from groups of up to 50 to include groups of up to 100 employees. This could have a negative impact on mid-size employers, and they may face higher premium costs. Importantly, if the PACE Act is signed into law, mid-size employers will not be subject to modified community rating rules beginning in 2016, unless their state chooses to define small employers as those with 100 or more employees. Community rating, which affects the small group and individual market, is a policy by which personal factors used by an insurer to determine premium rates are very limited in scope. Instead, insurers follow instructions from the federal government on age curves, geographical rating, and state reporting to determine premiums.

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