

October 25, 2017

Proposals to Stabilize ACA Individual Markets

Many employers have reason to be concerned about the troubled Affordable Care Act (ACA) individual marketplace and the Trump Administration's [recent decision](#) to stop making "cost sharing reduction" (CSR) payments on behalf of low income individuals who get their coverage from ACA exchange insurance plans. The employer-sponsored health benefit component of the nation's health insurance system is the most stable element as it covers roughly 178 million people. But most of the recent ACA drama has concerned the CSR payments and the roughly 10 million people who obtain coverage in the ACA's insurance exchanges.

Under the Obama Administration, CSR payments were made without congressional approval. Trump will now no longer send this money to insurance companies without the constitutionally-required appropriation from Congress. Many employer groups strongly support continuation of CSR payments as they contribute to a more stable individual health insurance marketplace. An unstable market could result in further cost-shifting from healthcare providers to large employer plans, and erosion of the ACA exchanges would make individual market coverage a less viable option for part time workers, early retirees, and COBRA qualified beneficiaries.

Lawmakers in the U.S. Senate and House of Representatives are considering responses to the CSR payment issue and are negotiating early drafts of budget, tax reform, and ACA legislation. The leaders of the House and Senate committees with jurisdiction over the ACA, [announced](#) a proposed agreement to pair structural ACA reforms with a temporary two-year funding extension for the CSR program. But because this proposal eliminates significant elements of the ACA, it is unlikely to attract any support from Democrats. In the wake of the Trump Administration's announcement that the CSR payments would be discontinued, bipartisan [draft legislation](#) was also unveiled that – among other things – would formally appropriate CSRs for an additional two years. Broad bipartisan support for this proposal in the Senate and U.S. House of Representatives is not assured.

Next steps with both bills remain uncertain. Committee hearings and markups are expected over the next few weeks and possible consideration of a tax package is expected by the full Congress before the end of the year. Republicans are increasingly confident that the subsidies will get rolled into a large, year-end bill to fund the government and raise the nation's debt limit. But there is no agreement on what exactly that will look like, and leadership-level negotiations on the year-end bill are weeks away.

Unless and until there is final action, all provisions of the ACA remain intact, including penalties for

noncompliance, and there is still a possibility that there may be no changes with the ACA this year. We will continue to monitor developments over the coming weeks and months, and provide details on new and revised employer obligations as they take shape over time. Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of our Legislative Updates, visit our online [Resource Center](#).



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