

CAHC Calls for Quick Passage of Small-Group Deductible Fix

by CAHC | September 9, 2013 6:06 pm

Contact: Paul Hewitt
202-510-5644 or paul.hewitt@cahc.net[1]

FOR IMMEDIATE RELEASE

September 9, 2013

Obama Administration has waived unworkable health law provision

Council for Affordable Health Coverage President Joel White called on Congress to pass bipartisan House legislation to repeal the Affordable Care Act's small-group deductible limit. The limit, already waived for two years by the Obama Administration, would put small employers at a disadvantage, forcing some to drop health coverage.

ACA caps the maximum deductible for small group health plans at \$2,000 for individuals and \$4,000 for families. These limits do not apply to large employers or policies sold in the individual market. The "Unnecessary Cap Act" (HR 2995) was introduced by Congressmen Tom Reed (R-NY), Mike Thompson (D-CA) and Pat Tiberi (R-OH) and would repeal the arbitrary caps.

"Supporters and critics of the Affordable Care Act (ACA) have been reluctant to open the Act to legislative change," said White. "Yet there are some aspects of the new law both sides agree need to be changed. Lifting the law's caps on the maximum deductible for small group plans is a bipartisan, commonsense reform that could reduce extra expense for millions of small businesses and working families while generating significant taxpayer savings."

CAHC commissioned a study by the health analytics firm Avalere, which estimated that budget savings from repeal would generate \$1.2 billion in savings over ten years. Among Avalere's other findings:

- Should the limit take effect, fewer small employers will sponsor health coverage, thus forcing some 56,000 workers to seek public subsidies on the ACA's new health exchanges;
- At least 27 percent of covered workers would see their premiums rise;
- Enrollment in small group bronze plans would be 17 percent higher without an ACA deductible cap.

Joe Trauger, Vice President of Human Resources Policy at the National Association of Manufacturers (NAM) stated, "Manufacturers of all sizes believe cost is the number one issue facing them in health care. Repeal of the cap will lower costs and premiums for smaller employers who purchase coverage in the small group market. This will bolster employment and allow employers to focus on expanding jobs and the economy." NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturers employ 12 million men and women and represents more than \$1.8 trillion to the U.S. economy annually.

Legislation to repeal the cap is necessary because HHS has effectively placed the deductible cap issue in limbo – acknowledging on the one hand that the caps should not be enforced as written in the statute, while at the same time offering only a vague intention to look the other way if plans exceed the caps but are acting

“reasonably.” In addition, the HHS regulation states that the waiver flexibility will expire in three years and may be rescinded via a new regulation at any time.

Janet Trautwein, Executive Vice President and CEO of the National Association of Health Underwriters, said, “Statutory removal of the deductible cap provision would both formalize a direction HHS has already endorsed, while at the same time give plans and consumers certainty that they can fully count on the savings that deductible cap relief will provide. This is good for the market and creates stability for employers and their workers.” NAHU represents more than 100,000 licensed health insurance agents, brokers, general agents, consultants and benefit professionals through more than 200 chapters across America. NAHU members service the health insurance needs of large and small employers as well as people seeking individual health insurance coverage.

Ben Schierer, Vice President of Government Relations for Communicating for America said, “We commend Congressmen Reed, Thompson and Tiberi for this bill. We urge Congress to act quickly. Millions of farmers and small businesses need certainty about the design of their benefits as the Affordable Care Act is implemented. Considering 27 percent of covered workers could see premiums rise if the cap is imposed, this is a commonsense, bipartisan solution to hold down health costs.” Communicating for America (CA) is a non-profit, non-partisan organization made up of small business and agricultural members across America, and has long been involved in support of common-sense solutions to help the medically uninsurable access health coverage.

The Avalere study is available at: www.cahc.net/smallgroup[2]

The Council for Affordable Health Coverage is a broad-based association of organizations representing consumers, physicians, small businesses, large employers, manufacturers and retailers, franchises, insurers, brokers and agents dedicated to the principle that health coverage should be affordable for all Americans.

##

Endnotes:

1. paul.hewitt@cahc.net: <mailto:paul.hewitt@cahc.net>
2. www.cahc.net/smallgroup: <http://www.cahc.net/smallgroup>

Source URL: <http://cahc.net/cahc-calls-for-quick-passage-of-small-group-deductible-fix/>

Copyright ©2013 **The Council for Affordable Health Coverage** unless otherwise noted.