



October 8, 2015

FROM: James Anderson Jr., Vice President-Government Relations
National Association of Wholesaler-Distributors

Re: NAW GOVERNMENT RELATIONS UPDATE – “PACE Act”

On October 8, 2015, President Obama signed into law the NAW-supported *Protecting Affordable Coverage for Employees Act* (“PACE Act”). The PACE Act which passed both the House of Representatives and the U.S. Senate by voice votes, amends the President’s health care law (the *Patient Protection and Affordable Care Act* (“PPACA”)) to permit the states to continue to include employers of 51-100 employees in the small group health insurance market. PPACA had mandated the January 1, 2016 expansion of the small group market to include employers of 1-100 employees, requiring the movement of employers of 51-100 employees from the large group market to the small group market.

Enactment of the PACE Act is significant for three major reasons:

***The small group and large group markets are regulated differently and groups new to the expanded small group market were looking at concomitant premium increases averaging 18%;*

***Groups served by the existing small group market were looking at premium increases as a result of expansion-generated adverse selection; and*

***Because health insurance providers in states’ small group markets are not reflective of those serving markets comprised of large groups, some groups in the larger segment of the expanded small group market would not have been able to keep their plans even in cases where employers found their current plan works well for their employees.*

In sum, for cost and access reasons, enactment of the PACE Act, one of few legislatively-generated *Affordable Care Act* reforms since Obama Care’s 2010 enactment, is a **clear victory for small and mid-sized wholesaler-distributors**. NAW is a founding member of the 50-100 Coalition which was organized for the sole purpose of repealing the PPACA-mandated expansion of the small group market and vigorously lobbied on behalf of the PACE Act.

NAW will provide updates as any further healthcare-related legislation works its way through Congress.