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On Oct. 1, 2015, the U.S. Senate passed the [Protecting Affordable Coverage for Employees \(PACE\) Act](#). The PACE Act repeals the Affordable Care Act (ACA) requirement that the small group market in every state be expanded to include businesses with 51-100 employees. The PACE Act previously passed in the House. This morning, the Associated Press reports that President Obama signed this legislation "aimed at preventing premium increases that some smaller businesses were expecting next year under his signature health care law."

Our prior legislative alert, [Small Group Market Expansion](#), detailed what small group market expansion would have meant. Generally, expansion was expected to have a significant effect on mid-size businesses, requiring them to buy coverage in the small group market, which is more heavily regulated than the large group market.

Some states have already amended their state laws to adopt the expanded small group market definition. These states may take action to undo those changes, but are not required to do so. Most states, however, took advantage of transition relief, through Oct. 1, 2016, to retain their prior definition of small group market. Now, with the PACE Act, this transition relief has been made permanent. Our legislative alert below provides details on the PACE Act and its impact on employers.

[ACA Small Group Market Rule Repealed](#)

While the PACE Act provides some significant relief for many mid-sized employers, please remember that this legislation has **no effect** on the employer mandate (pay or play) under Internal Revenue Code (Code) Section 4980H, and **no effect** on employer reporting under Code Sections 6055 and 6056 using forms 1094-C and 1095-C.

This and many other health care reform resources are available on the CarePlus website at www.careplusbenefits.com under "Health Care Reform Update."



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