

## PACE Act Modifies Definition of Small Group Market under ACA

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Last week, President Obama signed into law the Protecting Affordable Coverage for Employees Act (the “**PACE Act**”), which amended the Affordable Care Act (“**ACA**”). Prior to passage of the PACE Act, the definition of “small employer” for purposes of state-based health insurance markets under the ACA was set to expand as of January 1, 2016 to include employers with 51 to 100 employees (from the current definition of small employer, which includes only employers with 1 to 50 employees). Under the PACE Act, this expansion will not occur under the ACA because it likely would have caused significant health insurance premium increases for mid-size employers (51 to 100 employees), due to coverage mandates and rating requirements imposed on health insurance offered in the small group market. Although no longer required under the ACA, states have the option to treat employers with 51 to 100 employees as small employers for this purpose. Importantly, the PACE Act does not modify the definition of “applicable large employer” (which generally means an employer with 50 or more full-time or full-time equivalent employees on a controlled group basis) for purposes of the employer shared responsibility payment and reporting obligations under the ACA. The PACE Act is available [here](#).