

Health Care Reform Update

House Passes ACA 'Repeal and Replace' Bill; Senate to Begin Deliberations Soon

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In a first step toward repealing and replacing the Affordable Care Act (ACA), the U.S. House of Representatives has passed the American Health Care Act. The bill will now be sent to the U.S. Senate. **Until this legislation is passed by the U.S. Senate and signed into law by President Trump, all existing ACA requirements remain in effect, including penalties for noncompliance.**

Notable Provisions of the American Health Care Act

If signed into law, the American Health Care Act would, among other changes, make the following revisions to key features of the ACA **over the next three years**:

- **"Pay or Play"**: Penalties for noncompliance with the **"pay or play" coverage requirement** (which mandates, in general, that employers with **50 or more full-time employees** [including full-time equivalent employees] must offer affordable, minimum value coverage to their full-time employees, or pay a penalty tax) are **zeroed out**. **However, the Form 1094 & 1095 reporting requirements are unchanged by the bill.**
- **Individual Mandate**: Penalties for noncompliance with the individual mandate are **zeroed out**, effectively repealing the mandate. In its place, the bill requires issuers in the individual or small group markets to impose a **30% penalty** on the health insurance premiums of individuals who do not maintain continuous health insurance coverage.
- **HSA Contribution Limits**: Limits on contributions to health savings accounts (HSAs) are **increased** to equal the inflation-adjusted annual out-of-pocket expenses limitation imposed on high deductible health plans (currently \$6,550 (self-only coverage)/ \$13,100 (family coverage)).
- **Health FSA Contribution Limits**: Limits on contributions to health flexible spending arrangements (health FSAs) are **eliminated**.
- **Tax Credits for Individual Coverage**: Replaces the ACA's premium tax credits for individual market coverage with advanceable, refundable tax credits **adjusted for both age and income**.
- **Market Reforms**: Permits states to seek waivers from the ACA's essential health benefits and age and health status community rating requirements.
- **Medicaid**: Allows states to elect to receive federal Medicaid funding via a **block grant** or **per capita allotment**, and alters the ACA's Medicaid expansion.

[Click here](#) to read the American Health Care Act in its entirety.

For information on this subject, please log into your [HR Library account](#) which includes information on the above subject, as well as other State and Federal updates, laws and regulations concerning Employee Benefits, HR, and Reform.

Be sure to check out our [Legislation/Compliance](#) section on our website to stay on top of the latest news in Health Care Reform. If you have any questions, please feel free to reach out to your dedicated Brown & Brown broker consultant.



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