

## HEALTH CARE REFORM ALERT



Alerting you on health care reform legislation and regulations

May 4, 2017

### The American Health Care Act (AHCA) Passes the U.S. House

#### AHCA Highlights

While it's likely the AHCA will be modified in the Senate, these are the current main impacts to the ACA.

- Repeals individual and employer mandate penalties
- Ends enhanced funding for Medicaid expansion
- Expands the individual market age rating band
- Replaces income-based subsidies with age-based tax credits
- Repeals most fees and taxes, but maintains the Cadillac Tax, which would be delayed until 2026

Today the U.S. House of Representatives passed an [amended version](#) of the American Health Care Act (AHCA) by a vote of 217-213. House Republicans crafted the AHCA as a budget reconciliation bill to repeal parts of the Affordable Care Act (ACA). The bill was previously debated on the House floor, but pulled before a full vote on March 24. Since that time, several amendments were added to the bill, paving the way for Republican leadership to reintroduce the bill for a successful vote.

Passage of the bill in the House marks a milestone in the Republican efforts to repeal and replace the ACA; however, the bill will face new challenges in the Senate. Here's what we currently know — and don't know — about the next steps to help you stay informed.

- Allows state waivers to:
  - Define Essential Health Benefits
  - Vary premiums by health status
  - Increase age band ratios
- Establishes a Patient and State Stability Fund

### **What's Next: AHCA Moves to the U.S. Senate**

Without bi-partisan support, Congressional Republicans cannot fully repeal the ACA in one action. By using the budget reconciliation process, only a simple majority (51 votes) is needed for passage in the Senate — and there are 52 Republican senators. Even with a Republican majority, the bill faces an unclear path forward.

The Republican leadership in the Senate will first need to decide if they want to consider and amend the House bill, or substitute their own version of a reconciliation bill, which may contain parts of the House bill.

Additionally, the Senate must follow procedural rules that don't apply in the House. Under Senate reconciliation rules, the nonpartisan Senate Parliamentarian must first review and confirm the bill and any amendments comply with the rules for reconciliation, known as the Byrd Rule. For example, insurance market reforms that are currently in the AHCA may not be allowable under the Byrd Rule, if it is determined they don't have direct spending impact.

The Parliamentarian's analysis requires a Congressional Budget Office (CBO) score (cost estimate). While the CBO scored an earlier version of the AHCA, the recent amendments require the CBO to update its cost estimate, meaning it could be a few weeks before the Senate can bring a bill to the floor for debate and an eventual vote.

Identical versions of the bill must pass both chambers before being signed by the President and becoming law. If the Senate passes a bill that isn't identical to what the House passed, there are two paths forward: 1) the House could pass the Senate bill and send it to the President; or 2) a bicameral conference committee can meet to negotiate a new compromise bill. That negotiated bill would then have to be passed by both chambers, before sending it to the President for signature. It is unclear which option might be used in this instance.

Timing is unclear for these next steps to occur, but there continues to be support from the Administration to move forward with repeal and replace of the ACA this year.

**Reminder: ACA Compliance is Required Until Official Guidance Otherwise**

As a reminder, ACA compliance is required until official guidance to the contrary is issued. The House passage of the AHCA is the first of several required steps before any official changes are enacted. For a customized timeline and more information about ongoing annual responsibilities and applicable employer deadlines under the ACA, visit [YourACARoadmap.com](http://YourACARoadmap.com).

**Staying Informed**

To stay up to date on the evolving state of health care reform, visit [www.InformedOnReform.com](http://www.InformedOnReform.com), including the new Repeal and Replace Update webpage. This page offers a snapshot of the latest regulatory and legislative activity.

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