Senate Releases Draft Health Care Bill

UPDATE – Tuesday, June 27, 2017

Yesterday the Congressional Budget Office (CBO) released their cost estimate which indicated that they expect the Better Care Reconciliation Act (BCRA) to reduce the deficit by $321 Billion over 10 years. The CBO also estimates that under the BCRA 22 million more people would be uninsured in 2026 compared to the current law. Click here to read the full CBO report.

Additionally, the Senate updated the draft bill yesterday to fill the gap due to the repeal of the individual mandate. They added language that would require an individual who had more than a 63-day gap in coverage to complete a six-month waiting period before their coverage would be reinstated.

Regarding the timing of an expected vote on tbe bill, Senate Majority Leader Mitch McConnell announced earlier this afternoon that they would delay the vote and continue the discussion around the bill until after the July 4th recess. McConnell had stated previously that the goal was to vote on the bill before the end of this week.

On Thursday, June 22, the Senate released a “Discussion Draft” of the Better Care Reconciliation Act (BCRA). Click here to view the draft. At this point, the bill is still open for amendments and awaiting a CBO score at the beginning of next week. This means that the contents of the existing draft bill will most likely change prior to an expected vote before the Senate leaves for the July 4th recess next week.

As currently written, there are many similarities with the AHCA, which was passed last month by the House, but there are some differences as well. Click here to read our review of the house bill.

The major differences from the AHCA in this draft bill are:

- No version of an individual mandate (the AHCA would allow insurers to apply a 30% surcharge to premium if an insured had a certain gap in coverage). *(The draft bill was updated on 6/26/17 to include language regarding gaps in coverage – see update at the top for details.)*

- The pullback of funding for Medicaid expansion is drawn out a little longer, but it appears that the long-term funding for Medicaid will be lower than the AHCA proposed.

- The tax credits would be different, capping out at 350% of the poverty level and being tied to a 58% actuarial value plan (the ACA credits were tied to a 70% plan and the AHCA were only age based). The BCRA does seem to correct the coverage glitch for non-Medicaid expansion states that will allow those at the low end of the poverty level not currently eligible for either Medicaid or a subsidy in the exchange to receive some assistance.

What are the business impacts of the proposed BCRA legislation?

As with the AHCA, there are really no adverse impacts to employer-sponsored plans. The employer mandate would go away, removing the requirements to offer coverage to all employees averaging more than 30 hours a week. There are enhancements to HSAs which would be favorable to those employers who offer HDHP plans and their employees are eligible for HSAs. The ACA premium subsidies would stay in place in 2018 and 2019, so many of the existing reporting requirements would most likely stay in place, at least in some capacity. Moving forward, subsidies would continue to be contingent on not having an offer of employer-sponsored coverage, so some reporting requirements will most likely remain long term.

Once the bill is finalized and we are confident about the content, we will provide additional updates in the form of blog posts and a webinar.

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