

Overview of the AHCA

Presented by Greg Stancil RHU, CHHC
Senior Account Executive
Director of ACA Compliance

Employee Owned



Est. 1864

Embrace Risk. Reward Performance. | scottins.com

Employee Owned



Est. 1864

Impacts of the Ways & Means Bill

(Potential impacts to employer-sponsored care are in bold)

Employee Owned



Est. 1864

American Health Care Act

Sections 01-02 – Deals with the government recapturing subsidy overpayments and allows premium tax credits to be used to purchase “catastrophic” coverage.

Section 03 – Repeals the ACA premium tax credit/subsidies beginning in 2020

Section 04 – Repeals the ACA Small Business Tax Credits

Section 05 – Repeals the Individual Mandate by reducing the penalties to \$0 for all months beginning after December 31, 2015.

Section 06 – Repeals the Employer Mandate by reducing the penalties to \$0 for all months beginning after December 31, 2015.

Section 07 – Delays the effective date of the Cadillac Tax until January 1, 2026

Employee Owned



Est. 1864

American Health Care Act

Section 08 – Allows OTC medications to be purchased through HSA, FSA, HRA and Archer MSA accounts effective in 2017.

Section 09 – Returns penalty for distribution of HSA or Archer MSA dollars for non-qualified expenses to pre-ACA levels in 2017

Section 10 – Eliminates the \$2500 (it has been increased to \$2600) limit on medical FSA accounts effective in 2017

Section 11 – Repeal of Medical Device Excise Tax in 2017

Section 12 – Reinstates employer deduction for offering retiree drug coverage

Section 13 – Repeals the increase threshold for medical expense deduction, returning it to 7.5% (5.8%)

Section 14 – Repeals the 0.9% Medicare Hospital Insurance surtax (delayed until 2022 in second amendment)

Employee Owned



Est. 1864

American Health Care Act

Section 15 – Creates new refundable tax credits for individuals who don't have access to employer or government based insurance

Section 16 – Increases the amount that can be contributed to an HSA to \$6,550 for single and \$13,100 for family beginning in 2017

Section 17 – Allows both spouses to make HSA catch-up contributions to HSA in 2017

Section 18 – Allows certain medical expenses incurred before the HSA was established to be reimbursed if HSA is established with 60 days of HDHP effective date.

Subtitle:

Section 01 – Repeal of 10% tanning tax

Section 01 – Repeal of 3.8% investment tax

Section 01 – Remuneration from certain insurers allowing deduction of certain expenses paid to an officer

Section 01 – Repeal of Tax on Pharmaceutical Manufacturers

Section 02 – Repeal of Health Insurance Tax

Employee Owned



Est. 1864

Impacts of the Energy and Commerce Bill

(Potential impacts to employer-sponsored care are in bold)

Employee Owned



Est. 1864

American Health Care Act

Section 101 – Repeals the Prevention and Public Health Fund

Section 102 – Increases funding for the Community Health Center Fund

Section 103 – One-year freeze on Planned Parenthood funding

Sections 111 – 121 – All deal with Medicaid restructuring

Section 131 – Repeals the ACA Cost Sharing subsidy in 2020

Section 132 – Establishes the Patient and State Stability Fund

Section 133 – Establishes a continuous health insurance coverage incentive in the individual and small group market of 30% increased premium if someone has anything more than a 63-day gap in coverage beginning in 2018

Employee Owned



Est. 1864

American Health Care Act

Section 134 – Eliminates the “metal tier” (i.e. platinum, gold, silver, bronze) actuarial value requirements

Section 135 – Changes the age variation allowance in premium rates from 3-1 to 5-1.

Employee Owned



Est. 1864

American Health Care Act

Initial Amendment added:

- Block grants for Medicaid
- Work requirements for Medicaid
- Acceleration of tax relief

Second Amendment added:

- Delayed Medicare Tax relief until 2022
- Added money to patient stability fund (\$15 billion) for maternity and mental health
- Gave states control of essential health benefits

Employee Owned



Est. 1864

American Health Care Act

MacArthur Amendment added:

The MacArthur Amendment:

- Reinstates Essential Health Benefits as the federal standard
- Maintains the following provisions of the AHCA:
 - o Prohibition on denying coverage due to preexisting medical conditions
 - o Prohibition on discrimination based on gender
 - o Guaranteed issue of coverage to all applicants
 - o Guaranteed renewability of coverage
 - o Coverage of dependents on parents' plan up to age 26
 - o Community Rating Rules, except for limited waivers

Limited Waiver Option

The amendment would create an option for states to obtain Limited Waivers from certain federal standards, in the interest of lowering premium costs and expanding the number of insured persons. States could seek Limited Waivers for:

- Essential Health Benefits
- Community rating rules, except for the following categories, which are **not** waivable:
 - o Gender
 - o Age (except for reductions of the 5:1 age ratio previously established)
 - o Health Status (unless the state has established a high risk pool or is participating in a federal high risk pool)

Limited Waiver Requirements

States must attest that the purpose of their requested waiver is to reduce premium costs, increase the number of persons with healthcare coverage, or advance another benefit to the public interest in the state, including the guarantee of coverage for persons with pre-existing medical conditions. The Secretary shall approve applications within 90 days of determining that an application is complete.

Employee Owned



Est. 1864

American Health Care Act

Upton Amendment added:

The Upton Amendment:

- It dedicates \$8 billion solely to reduce premiums and other out-of-pocket costs for patients in the individual market with pre-existing conditions who do not maintain continuous coverage and who live in states that receive a waiver to redesign their insurance market.
- This \$8 billion is on top of the \$130 billion available to states through the AHCA's Patient and State Stability Fund, which helps states repair their health markets damaged by Obamacare.
- States can use the funds to:
 - cut out-of-pocket costs, like premiums and deductibles
 - promote access to preventive services, like getting an annual checkup, as well as dental and vision care
 - promote participation in private health insurance or to increase the number of options available through the market