



The House Passes New Version of the AHCA

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On May 4, the House of Representatives narrowly passed the American Health Care Act (AHCA). The AHCA was first introduced in the House in March, but was pulled from consideration when Republicans did not have enough votes to pass the bill. Attention will now turn to the Senate, where many members (including Republicans) have said they will essentially start over.

The Original AHCA

The original version of AHCA was billed as “repeal and replace” legislation, but it actually left in place significant parts of the Affordable Care Act (ACA). For example, the AHCA keeps ACA requirements related to lifetime limits, guaranteed renewability of coverage, coverage for children to age 26, and a cap on out-of-pocket maximums.

The AHCA did, however, eliminate almost \$900 billion in ACA taxes, and cut Medicaid funding by about \$800 billion over 10 years. It also reduced federal spending by cutting back on subsidies paid when people purchase individual health insurance through the Marketplace, and eliminated the cost-sharing payments that reduce deductibles and other cost-sharing obligations for lower income Marketplace enrollees. Of importance to employers, the AHCA removed penalties imposed on employers for failure to offer coverage to full-time employees.

For more information on the AHCA, see our earlier issue brief here:

<http://frenkelbenefits.com/frenkel2015/wp-content/uploads/Compliance-Update-3-9A.pdf>.

What Has Changed in the AHCA

Since the first version of the AHCA was introduced, a number of amendments were made to attract support from Republicans who opposed the original version of the bill.

- Amendments were introduced to gain support from the House Freedom Caucus. Those amendments would allow states to apply for waivers from some ACA requirements, including essential health benefit (EHB) rules and certain rating requirements. The changes would allow insurers to charge higher premiums for one year to individuals who have a break in coverage. Changes allowing states to obtain waivers from the EHB rules are behind many of the recent headlines, suggesting that the AHCA would allow insurers to bring back pre-existing condition rules, at least in states that apply for waivers.
- The Upton Amendment – Congressman Fred Upton (R-MI) proposed an amendment that would create an \$8 billion fund to provide financial assistance from 2018-2023 to individuals who are subject to higher premiums due to the new underwriting rules contained in the AHCA.

These changes attracted support from the Freedom Caucus and enough Republican votes to allow for the passage of the bill in the House.

Now What? All Eyes Turn to the Senate

The AHCA, as passed by the House, has a long way to go before becoming law. The bill now moves to the Senate, where substantial changes are expected. Any differences between the Senate and House versions would have to be reconciled into a single bill that can then pass in both the House and Senate. That bill would also have to survive procedural challenges in the Senate requiring that a bill passed by a simple majority may include only provisions related to the federal budget. The next significant deadline for employers to watch is the end of July, when Congress takes its summer break. If a bill has not made it through the Senate by that time, it is unlikely that Congress will have time to pass legislation that would take effect in time for employers to make the required changes to their plans this year.

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