



COUNSEL TO GREAT COMPANIES

Western Pension & Benefits Council, Seattle Chapter

# ACA Roundtable

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# 2015 Federal Budget

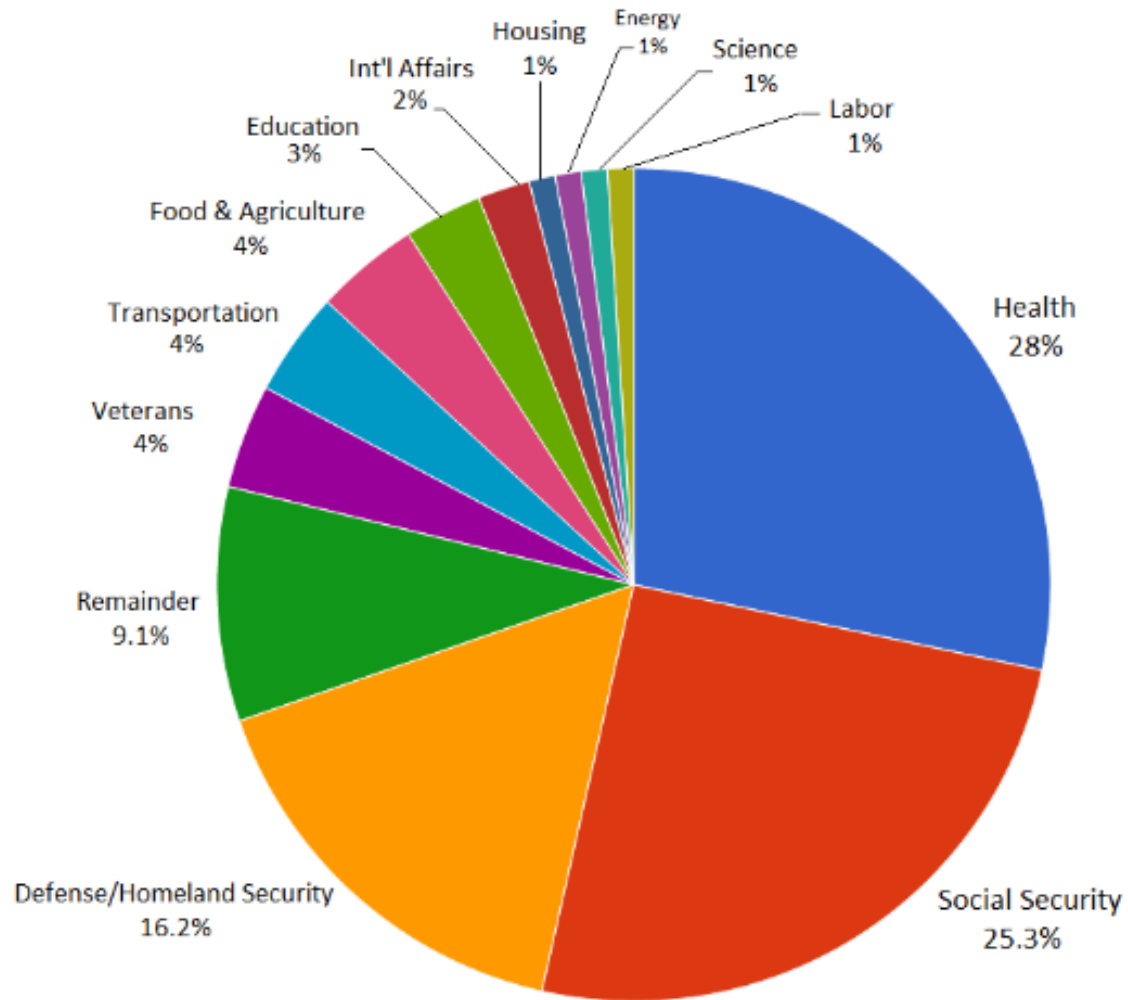
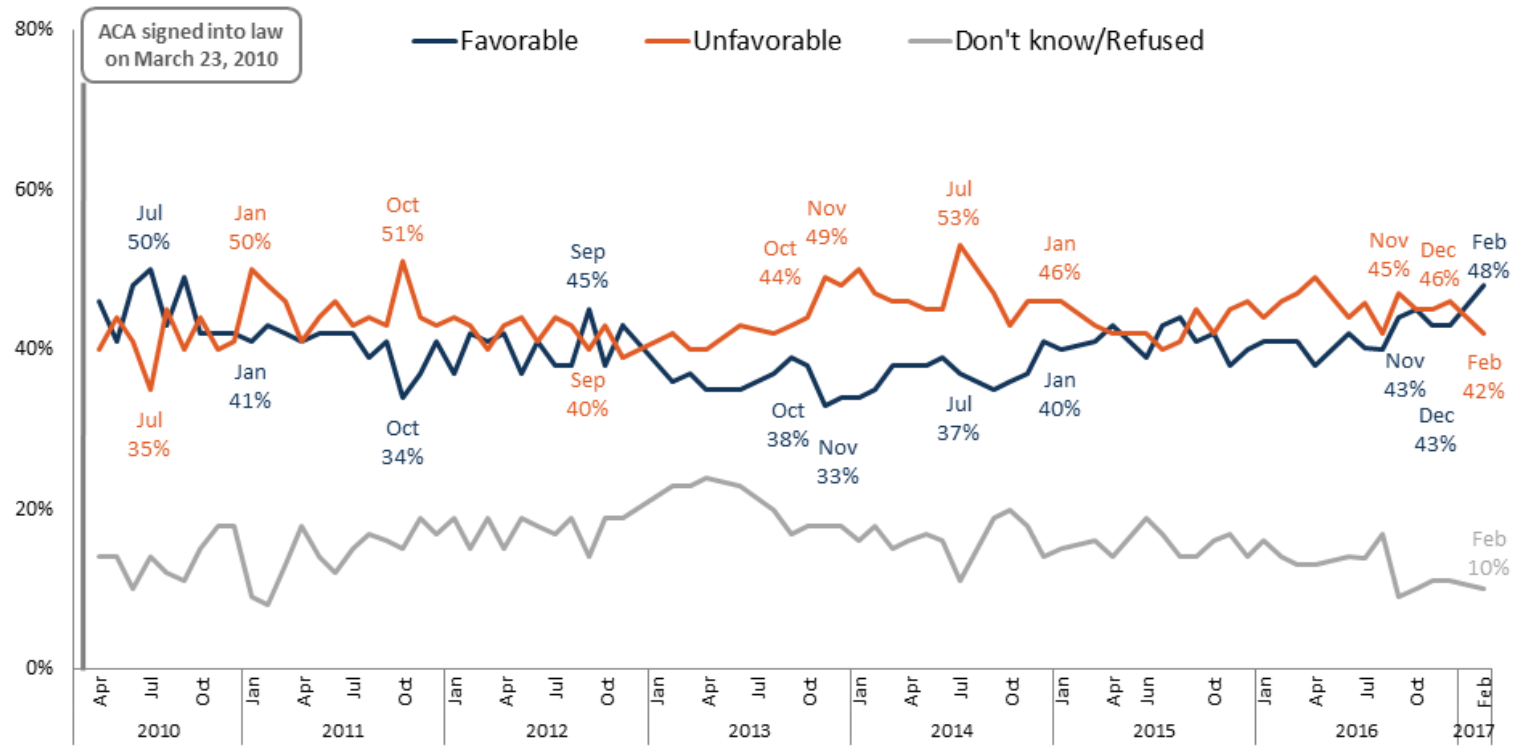


Figure 2

# More Americans Now Have a Favorable View of the Health Care Law than Have an Unfavorable View

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?



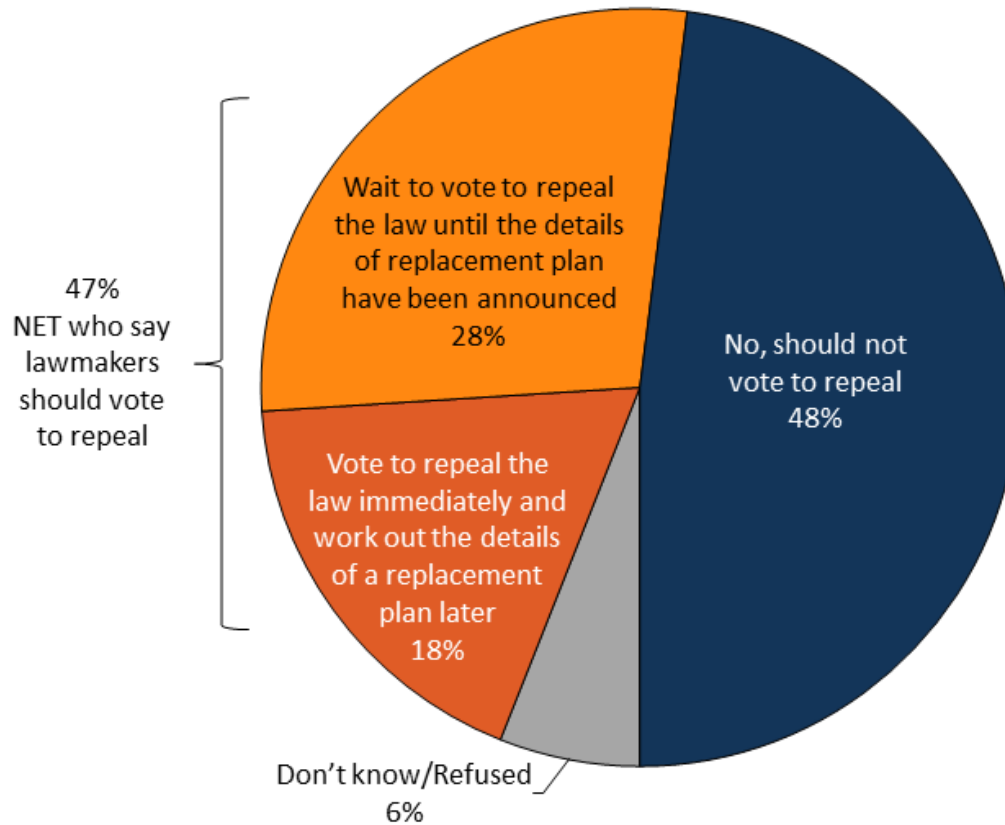
NOTE: Data not collected for Dec 2012, Jan 2013, May 2013, Jul 2013, Aug 2014, Feb 2015, May 2015, Jul 2015, May 2016, and Jan 2017.  
 SOURCE: Kaiser Family Foundation Health Tracking Polls



Figure 5

## Americans Divided on ACA Repeal and Replacement

Percent who say they would like to see lawmakers do each of the following with the 2010 health care law:

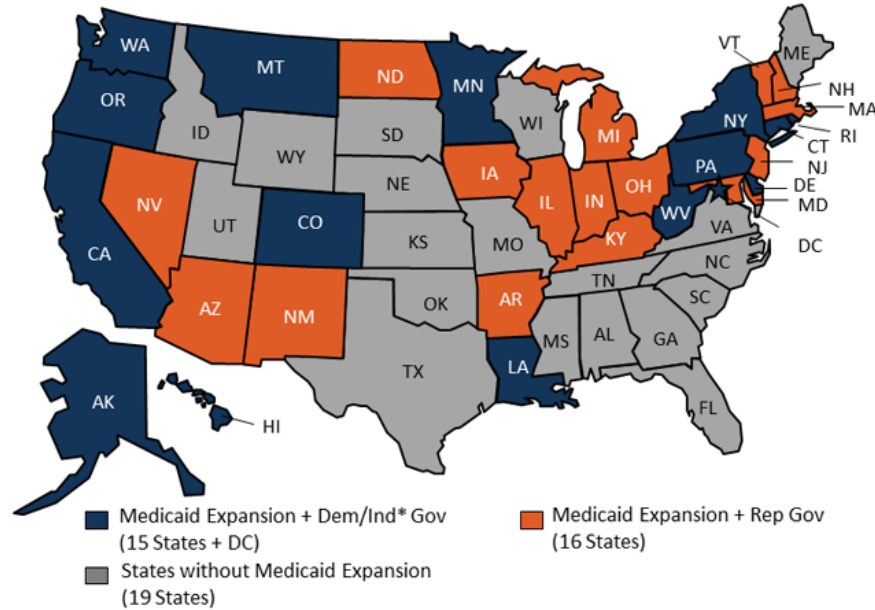


SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted February 13-19, 2017)

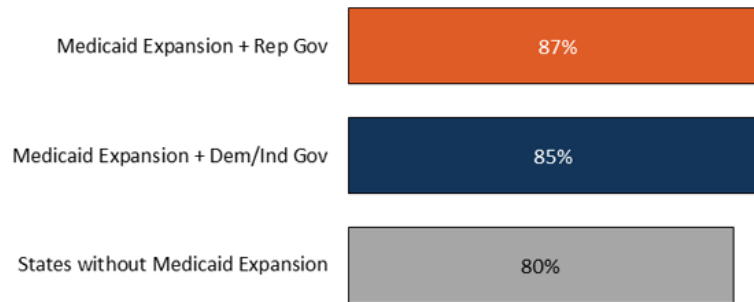


Figure 11

## Large Majorities Say Continued Funding for Medicaid Expansion Is Important



Percent who say it is either very or somewhat important that a replacement plan makes sure states that received federal funds to expand Medicaid continue to receive those funds:



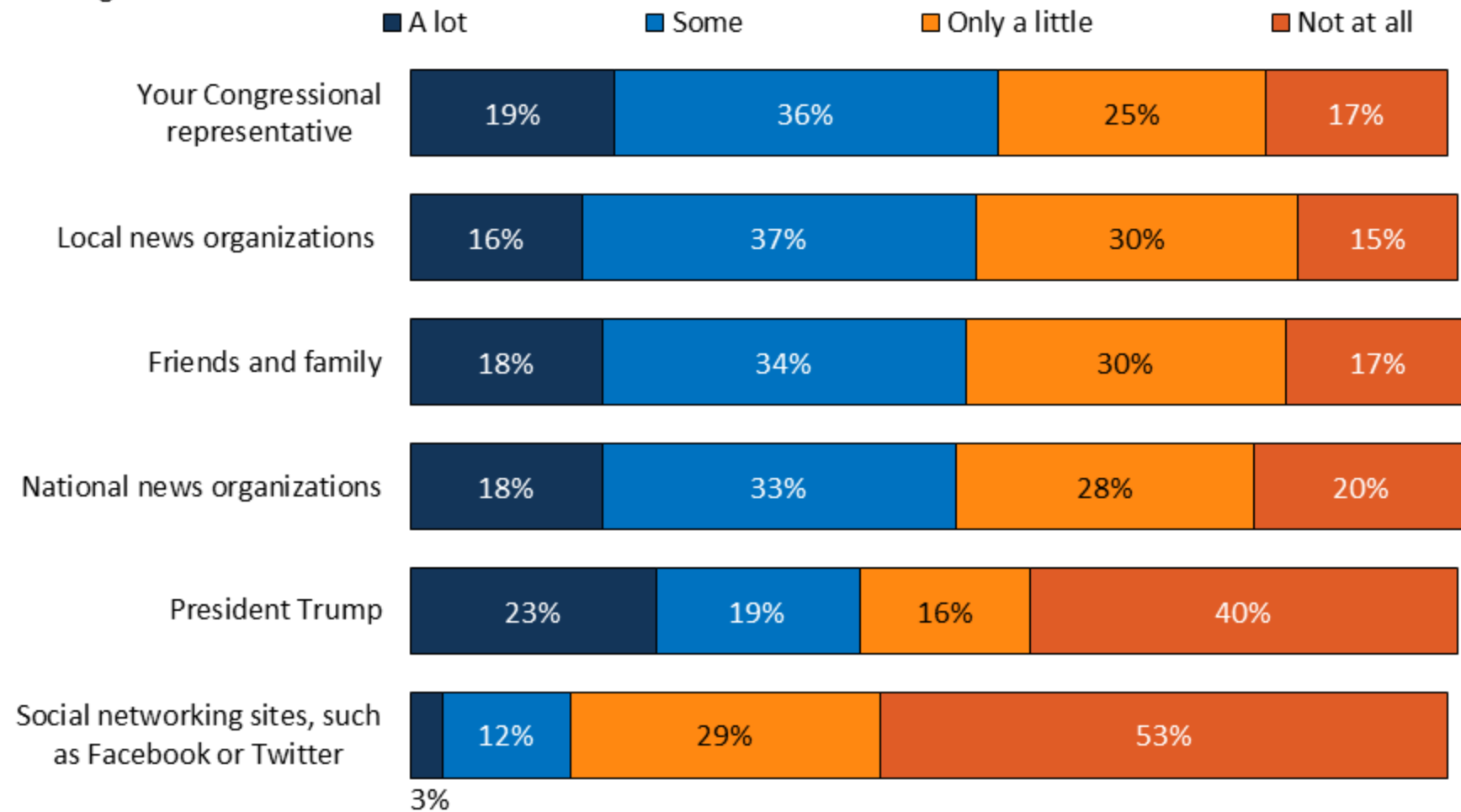
NOTE: \*AK is the only state with an independent governor  
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted February 13-19, 2017)



Figure 14

## Majority of Americans Trust Some Sources of Information on Changes to the Health Care System

How much would you trust information about the proposed changes to the U.S. health care system from each of the following?



NOTE: Don't know/Refused responses not shown.

SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted February 13-19, 2017)

# 2016 Health Coverage Report from Kaiser Family Foundation

	Employer	Non-Group	Medicaid	Medicare	Other Public	Uninsured	Total
US	155,965,800	21,816,500	62,384,500	43,308,400	6,422,300	28,965,900	318,863,400
California	17,718,300	3,444,200	10,138,100	4,080,100	752,700	2,980,600	39,114,000
Idaho	798,000	124,600	292,700	232,500	24,200	187,500	1,659,500
Oregon	1,865,600	272,400	964,200	578,600	64,800	287,300	4,032,900
Washington	3,606,400	413,700	1,548,200	1,016,400	116,800	493,200	7,194,700
	Employer	Non-Group	Medicaid	Medicare	Other Public	Uninsured	
US	48.9%	6.8%	19.6%	13.6%	2.0%	9.1%	
California	45.3%	8.8%	25.9%	10.4%	1.9%	7.6%	
Idaho	48.1%	7.5%	17.6%	14.0%	1.5%	11.3%	
Oregon	46.3%	6.8%	23.9%	14.3%	1.6%	7.1%	
Washington	50.1%	5.8%	21.5%	14.1%	1.6%	6.9%	

# The American Health Care Act – The Process

- **Republicans are using a process called budget reconciliation to pass a health care bill**
  - Requires all changes to have a direct impact on the federal budget
    - Significantly restrains what can be in a replacement plan, but it has one big advantage: Legislation passed this way cannot be filibustered in the Senate
      - Instead of 60-vote majority, Republicans only need 51 votes to pass a reconciliation bill



# The American Health Care Act – The Process

- **U.S. House of Representatives proposed two bills to “repeal and replace Obamacare”**
  - Bills from House Committees on Ways and Means and Energy and Commerce, together have been named “The American Health Care Act” (“AHCA”)
    - Passed out of both House committees on March 9, 2017
    - Passed House Budget Committee on March 16, 2017 (Budget Committee cannot make substantive changes to a bill in reconciliation, per House Rules)
    - Went to the House Committee on Rules and Manager’s Amendments (“M.A.” introduced on March 20, 2017)
    - Expected to go to House floor on Thursday, March 23, 2017

# The American Health Care Act – The Process

- If the AHCA passes the House, then it is immediately considered in the Senate
- Because it is a reconciliation bill, Republicans will need to prove that all parts of the law “directly” affect the federal budget
  - Democratic senators can challenge provisions they think do *not* directly relate to the federal budget
  - The “Byrd Rule”

# The American Health Care Act – The Substance

- **Mandates go, but some consumer protections stay**
  - Penalties for individual and employer “play-or-pay” are reduced to zero, retroactive to January 1, 2016
    - No Code Section 4980H liability for 2015 tax year
  - Continues coverage for dependent children to age 26 and the prohibitions on annual or lifetime limits
  - No repeal is proposed for the prohibition on preexisting conditions exclusions
    - “Continuous coverage incentive” begins in 2018 and a 30% premium surcharge (paid to the insurer) for coverage lapses for more than 63 days during the 12-month period preceding enrollment

# The American Health Care Act – The Substance

- **Promotion of consumer-driven healthcare**
  - Loosens restrictions and increases limits beginning in 2018 on HSAs and FSAs (2017 in M.A.)
  - Maximum contribution to HSAs could be over \$13,000 for family coverage
    - Maximum equals the sum of the annual deductible and out-of-pocket expenses under the HDHP
    - Both spouses can make catch-up contributions to the same HSA (\$1,000 each)
    - Excise tax reduced and reimbursement timing restrictions loosened
  - FSA cap on contributions (\$2,600 for 2017) repealed
  - Prohibition on use of funds for OTC medications repealed

# The American Health Care Act – The Substance

- Repeals ACA tax credits and establishes age-based refundable tax-credits for premiums to help people buy insurance with the credits
- Phase-out of the income tax credits starting at \$75,000 in income for individuals and \$150,000 for families.
- Credits will be adjusted annually based on the consumer inflation rate plus 1%.
  - Under age 30: \$2,000
  - Between 30 and 39: \$2,500
  - Between 40 and 49: \$3,000
  - Between 50 and 59: \$3,500
  - Over age 60: \$4,000

# The American Health Care Act – The Substance

- Further delays to the Cadillac Tax (ACA's 40% excise tax on high-cost, employer-sponsored coverage) to 2025 (2026 under M.A.) tax year
  - Was previously postponed to become effective in 2020
- Changes the ACA permitted premium age-based rate differential from 3:1 to 5:1
- Repeals the ACA's subsidies to reduce low income enrollees' cost-sharing in private health plans, effective at the end of 2019
- Prohibits the use of premium tax credits at the public Marketplaces to pay for any plan covering abortion services, other than services for saving the life of the woman or in cases of rape or incest
- Places a one-year freeze on federal Medicaid funding for Planned Parenthood and any other "prohibited entity" providing such abortion services

# The American Health Care Act – The Substance

- Repeal, repeal, repeal taxes that finance ACA's premium subsidies, Medicaid expansion, and Medicare enhancements, starting in 2018 (2017 under M.A.)
  - Taxes and fees on health insurance
  - Medical devices
  - Prescription drugs
  - Tanning salons
  - High income Americans (net investment tax repealed, insurance executive compensation, Medicare tax increase repealed)

# The American Health Care Act – The Substance (prior to M.A.)

- In 2020, the legislation repeals Medicaid expansion for adults with incomes above 133% of the federal poverty line
- In 2020, state Medicaid coverage would no longer be required to provide essential health benefits required by the ACA
- In 2020, converts Medicaid to a program of capped per-capita federal grants to the states
  - State per capita rate is based on 2016 spending for enrollee categories (children, disabled, non-expansion adults, and expansion adults)



# The American Health Care Act – The Substance

- **Under M.A. (examples)**
  - Terminates mandatory requirement for states to expand Medicaid for certain childless non-disabled, non-elderly, non-pregnant adults up to 133% FPL.
  - Sunsets optional ability for a State to cover adults above 133% FPL, effective December 31, 2017
  - States can institute a work requirement for non-disabled, non-elderly, non-pregnant adults as a condition of Medicaid coverage

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# CBO Report

## ▪ Democrats

- 24 million more uninsured
- \$337 billion cut from Federal deficit
- CBO non-partisan and reliable

## ▪ Republicans

- \$337 billion cut from Federal deficit
- 14 million more uninsured
- CBO doesn't know what they are doing and are never right

# QUESTIONS?

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