

## Summary of the Repeal and Replace of the ACA ("AHCA")

### TAX PROVISIONS:

- Collects amounts of the advance payments of the **tax subsidies** that was overpaid to individuals who may not have qualified for tax years 2018 and 2019. Tax subsidies are available to individuals who do not have an offer of other coverage and have an adjusted income of between 100-400% of the federal poverty level.
- These **tax subsidies** may only be used for the purchase of catastrophic-only qualified health plans and other plans through the Exchanges and may not be used for plans that offer elective abortion coverage.
- This **tax subsidy** is repealed beginning in 2020.
- The **small business tax credit** is repealed in 2020 and during 2018 and 2019, the tax credit is not available for a plan that offer elective abortion coverage.
- **Individual and employer mandate penalties** for enrolling in coverage and/or the offering of coverage is repealed.
- The **40% excise tax on employer sponsored health benefits** that exceed a predetermined amount will be delayed until 2025. (Current effective date is 2020; was extended last Congress from 2018 to 2020.)
- Repeals the provision that disallows **over-the-counter drugs** to be purchased with the use of tax-preferred savings accounts (Flexible Spending Accounts (FSA) and Health Savings Accounts (HSA). Also, repeals the increased 20% penalty imposed on the use of **HSA funds** for non-qualified medical expenses. Repeals the limit of contributions on **FSAs**.
- Repeals the following taxes:
  - **Medical device tax; insurance tax; prescription drug tax;**
  - Tax on the **retiree drug subsidy** for employers; and
  - **Tanning bed tax.**
- Repeals the increase in income threshold for **Medical expense deductions** (7.5% to 10% if aged 65 or older). Repeals a **Medicare Hospital Insurance (HI)** surtax based on income of 0.9% of an employee or self-employed individual.

## NEW PROVISIONS:

- Provides **refundable tax credits** for the purchase of state-approved health insurance and unsubsidized COBRA insurance (insurance purchased by individuals from their former employer). To be eligible, the individual must not have an offer of coverage from a government program or from an employer. The credits are adjusted by age: \$2,000 under age 30; \$2,500 – 30-39; \$3,000 – 40-49; \$3,500 – 50-59; over age 60: \$4,000. Cap for family coverage is \$14,000. Grows in outyears at CPI+1.
- Credit is available for individuals with incomes up to **\$75,000; \$150,000 for joint filers**.
- **Employers would be required to report** on coverage to W-2 employees.
- Contributions to **Health Savings Accounts** are increased to \$6,550 for self-only; \$13,100 for family coverage. Both spouses may elect “catch up” coverage at age 50. In 2018, under certain circumstances, medical expenses may be paid with HSAs before the HSA is established.

## PUBLIC HEALTH AND MEDICAID PROGRAMS

- Automatic appropriated funding for the **Prevention and Public Health Fund** is repealed for FY 2019 onwards. Any unobligated funds for 2018 is rescinded.
- **Community Health Centers** funding is increased.
- A freeze is imposed for one-year on providers that are non-profit; an essential community provider primarily engaged in **family planning**; provides abortions in cases that do not meet the Hyde amendment, and received over \$350 million from Medicaid in 2014.
- The following Medicaid provisions are modified or repealed: presumptive eligibility determinations are repealed; mandatory eligibility 100 percent of FPL; repeals the 6% bonus in federal match rate for community based attendant services and supports.
- Repeals Medicaid expansion; repeals the enhanced match rate for newly eligible beneficiaries on December 31, 2019. After January 1, 2020, the match would apply to newly eligible **individuals who were already enrolled**. The FMAP would then be the traditional amount with some exceptions and the transition for expansion State matching rates would be established based on certain criteria. Permits states flexible in benefit offerings for low-income families.
- **DSH cuts** for hospitals would be eliminated in 2018.

- Certain Medicaid costs imposed on States would be reduced. Coverage would be available only for individuals who are U.S. citizens or have legal immigration status. Medicaid eligibility criteria would be modified regarding home equity limits.
- **\$10 billion** over five years will be provided to States for **safety net** funding. Incentives will be provided for increased frequency of eligibility redeterminations.
- A **Per Capita Allotment** for Medical Assistance under Medicaid is established. Five caps would be established based on a specified formula for the elderly, blind and disabled, children, non-expansion adults and expansion adults.

#### **PATIENT RELIEF AND HEALTH INSURANCE MARKET STABILITY**

- Repeals the cost-sharing subsidy.
- A **Patient and State Stability Fund** may be used to lower patient costs and stabilize the insurance market in various ways: financial assistance for high-risk individuals; incentives to stabilize premiums; reducing the costs of premiums in the individual and small group market; promoting participation in the individual and small group marketplace. **\$15 billion** is appropriated for 2018 and 2019 and a formula is established for distribution to each State.
- A **continuous health insurance coverage incentive** is established that permits a 12-month lookback period to determine if the applicant was enrolled without a lapse for more than 3 days. A 30% late enrollment surcharge may be applied to the premium if an individual lacked continuous coverage.
- **Insurers will be required to label** their plans as Bronze, Silver, Gold, or Platinum. Age **rating bands of up to 1 to 5** are permitted in setting the premium.