



American Health Care Act of 2017

On Thursday, the US House of Representatives passed a bill aimed at repealing and replacing the Affordable Care Act (ACA) and fulfilling one of the platforms of the GOP during the last election. Entitled the American Health Care Act (ACHA), the plan passed 217-213 with 20 Republicans and all 193 Democrats voting against the bill.

The bill repeals core elements of the ACA including expansion of Medicaid, subsidies to help low-income people get insurance coverage, taxes and mandates for coverage. The ACHA does provide a new tax credit aimed at helping people buy insurance, but it will provide less help than the ACA to low-income people.

The original ACHA bill was brought up for a vote in March but ultimately pulled when it became apparent the GOP did not have enough votes to pass it. At that time the Congressional Budget Office (CBO) estimated that 24 million more people will become uninsured over the next decade because of the bill. The current bill was brought up for a vote without analysis from the CBO, which means lawmakers did not have the full nonpartisan analysis of what the bill will do.

Under the AHCA, benefits could vary greatly from state to state. States are eligible to seek waivers, and for those states that receive waivers some parts of the ACA could be changed:

- While coverage could not be denied, premiums could be higher for 12 months for people with both pre-existing conditions and a gap in coverage
- Services that are considered essential health benefits could be redefined. This would impact the prohibition on lifetime and annual benefit maximums for essential health benefits, as well as the requirement to cover essential health benefits and limits on annual in-network out-of-pocket costs for those benefits

Other changes include:

- The tax penalty for failing to have health insurance would be eliminated. However, if the applicant had a gap of at least 63 days in the previous year, insurers could charge higher premiums based on the medical history of the applicant
- For those states that do not seek a waiver, premiums would be 30 percent higher for 12 months for anyone with a gap in coverage, regardless of medical history
- Premiums for older enrollees could be up to five times higher than those of younger enrollees, and states can seek a waiver to increase the ratio
- Elimination of the employer mandate and individual mandate penalty

- A new tax credit system that is available for individuals with an income of up to \$75,000, and couples with an income of up to \$150,000. Credits are available independent of income, and would not be larger for those in higher cost areas or those with lower incomes
- People who enroll in an individual market plan following a gap in coverage of at least 63 days within the past year would be subject to a 30 percent premium increase for the duration of the plan year

States could apply for a waiver to exempt insurance plans from including maternal care, prescription coverage and mental health care in their plans. To qualify for the waiver they would have to prove they could either increase the number of people covered by insurance, or lower the cost of health care for people.

The original ACHA bill put \$130 billion over 10 years into a state stability fund. While the fund wasn't explicitly earmarked for high-risk pools, it was a function for which the states could use the money. An amendment by Rep. Upton added another \$8 billion over five years to the bill. While Speaker Ryan and others have cited state high-risk pools as a model for the AHCA, according to the Kaiser Family Foundation these high-risk pools were woefully underfunded, prohibitively expensive and few people signed up for them. Multiple analysts have asserted that the funding allotted to the stability fund will grossly underfund the operation of functional high-risk pools in all 50 states.

There are also changes to the Medicaid expansion provided for in the ACA. Under the ACHA Medicaid expansion funding, which allows those making between 100 and 133 percent of the federal poverty level to be covered by Medicaid, would continue through the end of 2019. After that no new enrollments at the higher federal match would be allowed, and people enrolled would only continue to be funded at the ACA level if they remained continuously enrolled. Those previously on the program could get back in; however states would be reimbursed at a reduced cost. According to the *New York Times*, the plan also caps how much the federal government gives each state per Medicaid enrollee, based on how much the state was spending on the program in 2016. These provisions would mean the end of the state's Healthy Michigan program, which currently has more than 600,000 Michiganders enrolled.

The plan also calls for a freeze in funding for Planned Parenthood for a year.

The American Medical Association, AARP, American Hospital Association & Federation of American Hospitals, associations focusing on specific diseases and insurers have all come out in opposition to the law as written.

The Senate has said they are not passing the House bill, but will instead write their own. Senate Republicans said they will take time to understand the House bill's ramifications, and will wait for a score from the CBO before voting on any bill. Senate Republicans are considering changes to the proposed Medicaid repeal, strengthening protections for pre-existing conditions and making the tax credits more generous.