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The American Health Care Act (AHCA) Passes the U.S. House

Yesterday, the House of Representatives passed the American Health Care Act (AHCA). This is the same bill that was pulled before a vote in March. This version of the bill has had several amendments which helped the Republicans get the needed votes for the bill to pass.

Now, the bill moves to the Senate, however, it is likely that this bill is just the starting point for the Senate and that the final bill will have many modifications.

What's Next: AHCA Moves to the U.S. Senate

Without bi-partisan support, Senate Republicans cannot fully repeal the ACA in one action. By using the budget reconciliation process, only a simple majority (51 votes) is needed for passage in the Senate. Even with a Republican majority, the bill faces an unclear path forward.

The Republican leadership in the Senate will first need to decide if they want to consider and amend the House bill, or substitute their own version of a reconciliation bill, which may contain parts of the House bill.

Under Senate reconciliation rules, the nonpartisan Senate Parliamentarian must first review and confirm the bill and any amendments comply with the rules for reconciliation, known as the Byrd Rule. Parliamentarian procedures also require an update Congressional Budget Office (CBO) cost estimate before the Senate can start debating the bill and eventually vote on it.

Identical versions of the bill must pass both chambers before being signed by the President and becoming law. If the Senate passes a bill that isn't identical to what the House passed, there are two paths forward: 1) the House could pass the Senate bill and send it to the President; or 2) a bicameral conference committee can meet to negotiate a new compromise bill. That negotiated bill would then have to be passed by both chambers, before sending it to the President for signature. It is unclear which option might be used in this instance.

Timing is unclear for these next steps to occur, but there continues to be support from the Administration to move forward with repeal and replace of the ACA this year. As changes occur, we will continue to update.

As a reminder, the ACA is still the law and all of its provisions must still be followed.

AHCA Highlights

These are the current main impacts to the ACA.

- Repeals individual and employer mandate penalties
- Ends enhanced funding for Medicaid expansion
- Expands the individual market age rating band
- Replaces income-based subsidies with age-based tax credits
- Repeals most fees and taxes, but maintains the Cadillac Tax, which would be delayed until 2026
- Allows state waivers to:
 - Define Essential Health Benefits
 - Vary premiums by health status
 - Increase age band ratios
- Establishes a Patient and State Stability Fund
- Eliminates the FSA caps and exclusion of OTC drugs
- Expands HSA deductibility and flexibility



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