House Republicans Release Legislation to Repeal and Replace the ACA

Update: On March 24, 2017, House Republicans pulled the American Health Care Act (AHCA). It is unclear whether the bill might be rescheduled, and if so, when. You can expect updates in the future, but in the meantime, the failed legislation provides information about potential future Republican health care reform.

On March 6, 2017, the House Ways and Means Committee and the House Energy and Commerce Committee each released budget reconciliation bills. These pieces of legislation are part of the House Republican’s AHCA, the legislation designed to repeal and replace the Affordable Care Act (ACA). This article outlines the major changes proposed in the legislation.

Changes to the ACA
The AHCA proposes to repeal both the individual and employer mandate penalties. It would also eliminate ACA-imposed taxes on over-the-counter medications, medical devices, prescription drugs and health insurance premiums.

Changes to Tax Credits
The AHCA would repeal the ACA premium tax credits beginning in 2020 and replace them with a new age-adjusted, fixed-dollar refundable tax credit. The tax credit would be adjusted for inflation and be available only to people who are not eligible for employer- or government-sponsored health insurance.

The AHCA would also repeal the ACA small business tax credit beginning in 2020.

Changes to Health Spending Accounts
The AHCA would lower taxes on health savings account (HSA) distributions on nonqualified medical expenses to pre-ACA rates effective after Dec. 31, 2017, and allow both spouses to make catch-up contributions to one HSA beginning in 2018. The legislation would also repeal the contribution limits on flexible spending accounts (FSAs), effective for taxable years beginning after Dec. 31, 2017.

Changes to Health Insurance Markets
The AHCA would repeal the cost-sharing subsidy program. It would also establish a continuous health insurance coverage incentive and the Patient and State Stability Fund, which is designed to lower patient costs and stabilize state markets.

Other Changes
This article highlights a few key changes contained in the committee bill. You can view both bills by following the links provided above for further information.

American Health Care Act: What Won’t Change

The bills that make up the AHCA were primarily focused on what changes would be made to existing ACA rules. Here are some items that would not change under the proposal.

Pre-existing Conditions
The ACA mandate prohibiting insurers from denying or charging more for coverage to patients with pre-existing conditions would be preserved.

Coverage for Adult Children
The AHCA would preserve the ACA’s rule allowing young adult dependents to remain on their parents’ plans until they are 26.

Cost-sharing Limits
Out-of-pocket maximum limits imposed on non-grandfathered plans by the ACA would continue to apply. These limits are currently $7,150 for single and $14,300 for family coverage.

Annual and Lifetime Limits
The AHCA would retain the prohibition on annual and lifetime limits on essential health benefits.

For More Information
Visit the Ways and Means Committee and the Energy and Commerce Committee websites for more information.