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HealthCare **PULSE** 



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6/26 Call Agenda

- Senate Bill
- Procedure
- Politics
- Things to Watch



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- **The Senate’s Better Care Reconciliation Act leaves the employer/employee “exclusion” from taxation on group health benefits untouched.**

Taxing employee premiums is a major threat during this process as Congress looks to increase revenue for the measure.

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- **The “Cadillac Tax” on high cost health plans would continue to be delayed until 2025.**

The House-passed American Health Care Act also included a provision that would delay implementation of the tax until 2025 (from the current law which would implement the tax in 2018).

The Senate goes further than the House in cutting Medicaid funding and provides less subsidies for less coverage

Highlights from the Senate Bill



Medicaid

- Medicaid expansion would be phased out over 3 years
- 90% of current federal funding would be provided in 2020 and it would decrease by 5% every year after that
- By 2023, it would be eliminated altogether
- By 2025, more Medicaid programs would be cut
- 11 million who gained insurance through Medicaid expansion would lose insurance
- Keeps House bill's per-capita cap on Medicaid spending



ACA regulations and taxes

- Keeps the Upton Amendment from the House that allows states to request waiver to opt out of Obamacare's essential health benefits
- Essential health benefits protect preexisting conditions and maternity care
- Repeals ACA 3.8% tax on investment income on people earning an annual income above \$200,000
- Ends all ACA mandates and taxes except Cadillac tax
- Repeals individual mandate



Tax credits

- ACA taxes would be in place for 2018 and 2019
- AHCA covers subsidies for individuals making up to 350% of the federal poverty level
- The ACA covers up to 400% of the poverty level
- Senate bill also proposes tax credits based on income level, age and geography like the ACA and unlike the House version of the AHCA
- Less coverage and support for middle class families



Cost-sharing reduction subsidies

- The AHCA would fund the ACA's cost-sharing reduction subsidies through 2019, then repeals them after
- Trump could cut off these subsidies at any time



Miscellaneous

- Cuts all federal funding for Planned Parenthood for 1 year
- States can impose work requirements for those on Medicaid
- High-risk pools get \$112 billion funding over 10 years

Sources: US Senate Committee on the Budget, June 22, 2017.

Deeper Dive into Employer Issues:

- Zeros out individual and employer mandates
- Modifies but keeps the individual credits; ties credits to age bands (5) and reduces eligibility to families under 350% of poverty line (from 400 before), **but** if you have access to employer coverage, you are ineligible with no requirement that the employer coverage be “affordable”
- Eliminates small business tax credit regime for health care insurance after 12/31/19 **AND** between now and then small business health plans are ineligible for the credit if they cover abortion services
- Generally repeals all of the taxes in effect after 12/31/17. The Medicare excise tax does not go away until after 12/31/2022 but net investment tax goes away effective 12/31/16.
- ACA HSA and FSA limits repealed so back to the \$5,000 caps
- Other HSA reforms are same as in AHCA – increases the maximum contribution (to be equal to the plans out of pocket limits); allows spousal and catch-up contributions; allows OTC purchases beginning in 2017; and allows expenses incurred within 60 days of establishing an HSA to be covered. Does not deal with on-site medical clinic or telemedicine issue.
- Eliminates federal MLR rebate regime after next year **but** requires each State to establish its own MLR regime with rebates
- **Most Significant Development:** allows for the establishment of association health plans as large group plans for small businesses/individuals. These plans would be exempt from the community rating and essential benefit requirements imposed on small group and individual plans.



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