Bernie Lowe & Associates, Inc.
"Beyond the Product"

Health Care Reform Update

IMPORTANT NOTICE REGARDING HEALTHCARE REFORM

Update #67 **May, 2017**

American Health Care Act Passes the House

The House of Representatives on Thursday, May 4th passed the American Health Care Act with a 217-213 vote. Passage of this bill is the largest step to date toward replacing the Affordable Health Care Act.

The bill now heads to the Senate, which could prove to be a difficult process. Republican senators appear to be discussing a rewrite of the legislation, which could add considerable time to the process. At this point, it appears some provisions that passed the house, do not appeal to the senate members needed to win passage, i.e., the Medicaid expansion changes, rating changes for older Americans and changes made to pre-existing.

BLA will be monitoring the legislative process and keeping you up to date on changes as they take place. For the first part of that process, we have put together a side by side chart comparing the version of the American Health Care Act passed by the house to the Affordable Care Act currently in place.

The Affordable Care Act **Current Law Effective March 23, 2010**	**The American Health Care Act** **Passed by the House of Representatives May 4, 2017**
Require most U.S. citizens and legal residents to have health insurance. Create state-based health insurance exchanges through which individuals and small businesses can compare plans, apply for financial assistance, purchase coverage. Provide refundable premium tax credits, based on income and cost of coverage, for individuals/families with income between 100-400% of the federal poverty level. Impose new insurance market regulations, including requiring guaranteed issue of all non-group health plans during annual open enrollment and special enrollment periods; limiting rating variation to 4 factors: age (3 to 1 ratio), geographic rating area, family composition, and tobacco use (1.5 to 1 ratio); prohibiting pre-existing condition exclusion periods; prohibiting	Repeal ACA mandates (2016), standards for health plan actuarial values (2020), and, premium and cost sharing subsidies (2020). Modify ACA premium tax credits for 2018-2019 to increase amount for younger adults and reduce for older adults, also to apply to coverage sold outside of exchanges and to catastrophic policies. In 2020, replace ACA income-based tax credits with flat tax credits adjusted for age. Eligibility for new tax credits phases out at income levels between $75,000 and $115,000. Retain private market rules, including requirement to guarantee issue coverage, prohibition on pre-existing condition exclusions, requirement to extend dependent coverage to age 26. Modify age rating limit to permit variation of 5:1, unless states adopt different ratios, effective 2018. Retain prohibition on health status rating with state

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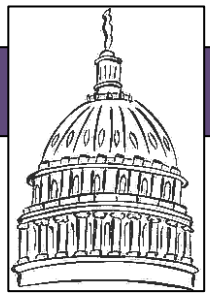
lifetime and annual limits on coverage; and extending dependent coverage to age 26. Require ten essential health benefits be covered by all individual and small group health insurance Require plans to provide no-cost preventive benefits and limit annual cost-sharing. Expand Medicaid to 138% of the federal poverty level at state option and require a single, streamlined application for tax credits, Medicaid, and CHIP. Extend CHIP funding to 2015 and increase the match rate by 23 percentage points up to 100%. Close the Medicare Part D doughnut hole and enhance coverage of preventive benefits in Medicare. Reduce Medicare spending by reducing payments for Medicare Advantage plans, hospitals, and other providers. Establish the Independent Payment Advisory Board and the Center for Medicare and Medicaid Innovation (CMMI).	option to waive for individual market applicants who have not maintained continuous coverage. Retain health insurance marketplaces, annual Open Enrollment periods (OE), and special enrollment periods (SEPs). Impose late enrollment penalty for people who don't stay continuously covered. Establish State Patient and State Stability Fund with federal funding of $130 billion over 9 years, and additional funding of $8 billion over 5 years for states that elect community rating waivers. States may use funds to provide financial help to high-risk individuals, promote access to preventive services, provide cost sharing subsidies, and for other purposes. In 2020, $15 billion of funds shall be used only for services related to maternity coverage and newborn care, and mental health and substance use disorders. For 2018-2026, $15 billion is allocated for Federal Invisible Risk Sharing Program (reinsurance) grants to states. In states that don't successfully apply for grants, funds will be used for reinsurance program. For 2018-2023, $8 billion shall only be used by states electing community rating waivers to help reduce premiums or other out of pocket costs for individuals who are subject to higher premiums because of the community rating waiver. Repeal funding for Prevention and Public Health Fund at the end of Fiscal Year 2018 and rescind any unobligated funds remaining at the end of FY2018. Provide supplemental funding for community health centers of $422 million for FY 2017



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	Encourage use of Health Savings Accounts by increasing annual tax free contribution limit and through other changes Limit enhanced FMAP for Medicaid expansion to states that adopted the expansion as of March 1, 2017, and sunset enhanced FMAP for those states as of January 1, 2020 except for those enrolled as of December 31, 2019 who do not have a break in eligibility of more than 1 month Convert federal Medicaid funding to a per capita allotment and limit growth beginning in 2020 using 2016 as a base year with state option to receive block grant for non-expansion adults and children or only non-expansion adults Add state option to require work as a condition of eligibility for nondisabled, nonelderly, nonpregnant Medicaid adults No change to Medicare benefit enhancements or provider/Medicare Advantage plan payment savings Repeal Medicare HI tax increase and other ACA revenue provisions Prohibit federal Medicaid funding for Planned Parenthood clinics