On May 3, the U.S. House of Representatives passed the American Health Care Act (AHCA) to replace the Affordable Care Act (ACA).

Here is a partial summary of the Kaiser Family Foundation’s analysis of the AHCA’s provisions and its potential impacts.

### Basic provisions of the AHCA

The ACA’s individual mandate and taxes would be immediately eliminated/repealed; under the AHCA, a 30 percent surcharge would be assessed to individuals who do not maintain continuous coverage, starting with special enrollment periods in 2018 and all other enrollments in 2019.

The ACA’s age rating limit of 3:1 would change to 5:1, unless states adopt different ratios, beginning in 2018. This provision limits the premiums assessed to older enrollees compared to the premiums of younger enrollees in the same plan. For 2018-19, premium tax credits would increase for young adults, but decrease for adults age 50 and older with incomes above 150 percent of the federal poverty level.

The ACA’s cost-sharing subsidies would then be repealed as of 2020. Also that year, income-based tax credits would be replaced with flat, age-based credits: $2,000 per person up to age 29; $2,500 per person for ages 30-39; $3,000 per person for ages 40-49; $3,500 per person for ages 50-59; and $4,000 per person for age 60 and older.

### Big decisions for states

Starting in 2020, states could apply for waivers to redefine essential health benefits for health insurance coverage offered in the individual and small group markets. Such state waivers could alter the limits on essential health benefits, which in turn could affect the prohibition on lifetime and annual dollar limits.

A “Patient and State Stability Fund” would be created for states to give financial help to high-risk individuals, stabilize private insurance premiums, promote access to preventive services and provide cost-sharing subsidies. The fund could also be used for maternity coverage and newborn care, mental health and substance use disorder services, and other purposes. In states that do not successfully apply for grants, funds would be used for a default reinsurance program, administered by the U.S. Centers for Medicare and Medicaid Services, that would pay 75 percent of claims between $50,000 and $350,000 (starting in 2020, the CMS could establish different reinsurance thresholds).

As part of the Patient and State Stability Fund, a new “Federal Invisible Risk Sharing Program” — essentially a reinsurance program for patients who insurers think will be high-risk — is funded at $15 billion over nine years, plus any other unallocated funds under the Patient and State Stability Fund. State matching funding does not appear to be required for FIRSP.

States using Patient Stability Fund grants for high-risk pools or reinsurance, or participating in the Federal Invisible Risk Sharing Program, can apply to waive the community rating factor for individual market participants who do not maintain continuous coverage. Instead, they can permit health status as a factor for rating variations.

FIRSP funds cannot be used to pay for any abortion or to assist in the purchase, in whole or in part, of health benefit coverage that includes coverage of abortion (except if the abortion is needed to save the life of the mother or if the pregnancy resulted from rape or incest).

### Future of Medicaid

The ACA’s state option to cover above 133 percent of the federal poverty level is eliminated after Dec. 31, 2017.
Federal payment for Medicaid expansion is limited to the 133 percent level to states that adopted expansion by March 1, 2017, and is eliminated as of Jan. 1, 2020.

Medicaid eligibility for children ages 6-19, up to 138 percent of the federal poverty level, is repealed as of Dec. 31, 2019. Medicaid funding is converted from guaranteed payments made per person to a per capita cap starting in 2020; states could opt for a block grant instead, for 10 years, starting in fiscal year 2020. States could require work as a condition for Medicaid coverage for enrollees who are not disabled, elderly or pregnant (although pregnant women are exempted only through 60 days' post-partum) as of Oct. 1, 2017.

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