

American Health Care Act (AHCA) – Republicans’ ACA Repeal & Replace

What’s in the AHCA?

The AHCA is a budget bill, so it can only have provisions that relate to revenue and spending for the federal government. The AHCA:

Removes all of the taxes on the very rich and on corporations that were included in the ACA, giving the 400 highest-income households an average tax cut of about \$7 million each;

- Retains only the Cadillac tax on the middle class but delays it until 2025;
- Eliminates both the employer and individual mandates for insurance;
- Allows insurers to charge older Americans as much as 5 times what they charge younger Americans;
- Increases the allowed contributions to health savings account (often seen as a tax haven for the wealthy);
- Provides for a tax credit worth between \$2000 and \$4000, depending on age, to those without workplace coverage so they can buy insurance on their own; and
- Cuts and caps Medicaid, which the ACA expanded for low-income Americans, including many elderly who are in nursing homes.

Impacts of the Bill (from the CBO score)

- The AHCA will cause 24 million Americans to lose health care coverage over the next 10 years. Of those, 14 million are now covered by Medicaid and 7 million have employment-based coverage.
- Employers’ incentives to offer coverage would change with the elimination of the employer mandate and the continued looming of the Cadillac tax.
- Replaces the individual mandate with a continuous coverage requirement that allows insurers to charge a 30% penalty if someone has a lapse in coverage;
- In the individual market, premiums would initially jump 15-20% in the next two years, followed by a decline. The average tax credit available would be about 50% less than the ACA subsidies by 2026 because they are not designed to keep up with premium growth.
 - For example, Americans between 41 and 64 years old at 175% of the federal poverty level will be hit with big premium increases due to the reduction in subsidies. In contrast, those at 450% of the federal poverty line would see reductions in their premiums because they would now be eligible for tax credits and weren’t under ACA.
- AHCA is expected to reduce the federal deficit by cutting federal government spending on health. The burden for health spending will shift to individuals and to the states under federal Medicaid cuts.
- Federal Medicaid spending will drop by \$880 billion, which will require each state to decide if they will increase state resources, reduce provider payments, eliminate services, or restrict eligibility.
- Repeal of additional Medicare taxes included in the ACA reduces the solvency of the Medicare trust fund by 3 years.

Impacts on Health Care Jobs

Health care employers often run close margins. There has been an increase in employment in the health care sector since the passage of the Affordable Care Act. Providers are very concerned about the costs of uncompensated care that will arise when millions of Americans lose insurance and about reductions in payments from state Medicaid programs due to the federal cuts. Early estimates projected that 2 to 3 million jobs would be lost if the ACA is repealed.

Politics

In the House, Speaker Ryan is working hard to push this bill through, although he has admitted it may need changes. Members of the Freedom Caucus are opposed to the bill because it is “Obamacare lite” and doesn’t go far enough to repeal the ACA. The House is expected to consider the bill on the floor during the week of March 20th despite the opposition.

At least a dozen Republican Senators have questioned the bill and have spoken out against it. Both Democrats and Republican Senators have asked to hold hearings and committee markups to make changes rather than rush the bill through on the Senate floor. As of now, Leader McConnell is committed to voting on the bill prior to the April recess.

The Trump Administration has supported the bill. However, the provisions in the AHCA are contrary to promises both candidate and president-elect Trump made over the last year.

Messaging

- AHCA is an attack on everyone’s health benefits – workplace plans, Medicare, Medicaid, and individual insurance.
- AHCA is a giveaway to the wealthy and to health insurance executives at the expense of working people. It repeals all Obamacare taxes except one: The Cadillac tax. Union members will be directly paying for tax cuts for the wealthy.
- 24 million Americans will lose health insurance under this bill, including 7 million with workplace coverage. Deductibles and premiums will rise, making health insurance less accessible and less affordable.
- Workplace coverage shouldn’t be gutted while the wealthy get tax breaks.
- The AHCA threatens the solvency of Medicare.
- The AHCA includes major cuts to Medicaid, that helps the poor and elderly who desperately need it. This includes long-term care for seniors and more than one-third of American children.
- The AHCA will hit older people the hardest by reducing premium assistance and allowing insurance companies to charge them more.
- People who have a lapse in coverage will be forced to pay insurers 30% more, which is a direct give-away to insurance corporations.
- Republicans and Democrats have raised concerns with the bill.