

The American Health Care Act, as Compared to the Affordable Care Act

Where we are now, and where we would be if the American Health Care Act passed.

Affordable Care Act

American Health Care Act

Insurance Mandates

Affects small businesses



Individual and employer mandate

Individuals and businesses with 50+ employees must purchase or provide insurance.



No mandate

Mandate for individuals and employers no longer applies.



Lapse surcharge

Insurers can charge a 1-year, 30% surcharge on consumers with a lapse in coverage of 63 days or more.

Federal Aid for Individuals

Income-based subsidies

- Income-based subsidies apply to premiums, and there is an after-subsidy cap on cost.
- Tax credits are available for out-of-pocket expenses.
- There are annual limits on coinsurance, copays, and other costs.



Age-based subsidies

Age-based tax credits for premiums apply; however, they are phased out for higher-income individuals and families, and there are no tax credits for out-of-pocket expenses.

Federal Aid for Businesses

Affects small businesses



Tax credit for policy costs

Companies with fewer than 25 FTE employees may receive a tax credit to cover up to 50% of their insurance policy costs.



No tax credit (Eliminated)

Health Insurance Underwriting

3:1

Elderly premiums

Insurers can charge older policyholders 3x as much as younger people for coverage.



Underwriting ban

Insurers can't charge more for coverage based on health status, including pre-existing conditions.

States can opt out of the health status underwriting ban.

5:1

Elderly premiums

Insurers can charge 5x more for premiums to older policyholders, and states can apply to increase that ratio even further.

Coverage for Children 18+



Coverage to age 26

Adult children can stay on parents' coverage until age 26.



Coverage to age 26 (No change)

Pre-Existing Conditions



Guaranteed

Issue of insurance and renewability of coverage are guaranteed.



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High-risk pools

States can apply for a waiver from Congress that would allow them to implement a high-risk pool or enroll in a federal risk-sharing program.

Community Rating

Insurers can vary rates based on:



Location



Individual/family



Tobacco



Age

States can alter or suspend these requirements.

Essential Health Benefits

Essential benefits

The law requires insurers to offer 10 essential health benefits:

- Pregnancy, maternity, and newborn care
- Mental health
- Prescription drugs
- Preventive and wellness services
- More



Limit ban

There is a ban on lifetime and annual limits for essential health benefits.

States can redefine essential benefits. Limit ban continues.

Taxes

2020

40% excise tax

A 40% excise tax on high-cost group plans will go into effect in 2020.

Additional taxes

- 3.8% tax on investment income
- 0.9% tax on individuals with an income higher than \$200,000 or families with an income higher than \$250,000
- 2.3% tax on medical devices

2025

40% excise tax

The 40% excise tax on high-cost group plans is delayed until 2025.



Repeals taxes

All remaining taxes repealed.

Medicaid



Federal match

Federal government matches funds to states for qualified recipients.



Expanded eligibility

Medicaid eligibility is expanded to 138% of poverty level income.



Block grant funds

Federal funds granted on a block-grant or per-capita basis starting in 2020.

States can impose work requirements on some recipients.

Health Savings Accounts (HSAs)



Contribution limit

Contributions are limited to \$3,400 for individuals and \$6,750 for families.



Additional tax

The ACA adds 20% additional tax on nonqualified use of HSA funds.



Higher limit

Individual and family contribution limits are raised to \$6,550 and \$13,100, respectively.



Reverts tax

Taxation levels on nonqualified use of HSA funds are returned to pre-ACA levels.

Premium Tax Credit Coordination for the Small Business HRA

Affects small businesses

Participants in a Small Business HRA must first determine whether the HRA's monthly allowance counts as affordable coverage; if participants receive a premium tax credit, it is reduced by the amount of the monthly HRA allowance.

The AHCA preserves the dollar-for-dollar reduction, but eliminates the need to determine whether their HRA allowance qualifies as affordable coverage.

States requesting a waiver must demonstrate that the waiver would reduce premium costs, increase enrollment, stabilize the market, stabilize costs for individuals with pre-existing conditions, or increase the choice of policies in the state.

The federal government would have 60 days to approve the waivers. If approved, states would set up a high-risk pool or participate in a federal risk-sharing program, which reimburses insurers for covering sicker, higher-risk people.