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Republicans Release Proposed Repeal & Replace Legislation

On Monday, House Republicans released long-anticipated legislation that would repeal and replace the Affordable Care Act ("ACA"). The proposed legislation comes in the form of two bills drafted by separate House Committees (Ways and Means and Energy and Commerce). Together the two bills would:

- Preserve some of the popular features of the ACA, including elimination of pre-existing condition exclusions and allowing children to remain on their parent's plan to age 26.
- Increase the age underwriting ratio from 3-1 to 5-1, and give states the ability to set their own ratio.
- Repeal the tax penalty associated with the individual and employer mandate effective back to 2016, essentially negating the mandate.
- Repeal the ACA's subsidies beginning in 2020.
- Replace the subsidies with an advanceable, refundable tax credit for individuals without access to employer coverage that can be used to purchase major medical coverage (or pay for unsubsidized COBRA coverage). The tax credit is reduced as income exceeds \$75,000/\$150,000 (for joint filers), and increases with age and the number of people in a family.
- Replace current employer reporting obligations with simplified reporting of an offer of coverage on the W-2.
- Repeal several other taxes in the ACA, including the tax on medical devices, indoor tanning services, net investment income, and health insurers.
- Increase the amount that can be contributed to HSAs, and make several small changes to the HSA rules.
- Delay imposition of the Cadillac tax until 2025.
- Provide funding to states that could be used to lower patient costs and stabilize a state's individual and small group markets through various means.
- Beginning in 2019, impose a 12-month penalty on new enrollees who have a 63-day or longer gap in coverage from 2018 forward. This provision is intended to limit adverse selection.
- Beginning in 2020, convert Medicaid funding from the ACA's entitlement program to a per capita program. However, states that took ACA's Medicaid expansion would still get the more generous entitlement funding for individuals that were enrolled in Medicaid as of December 31, 2019 and thereafter do not have more than a one month break in Medicaid eligibility. The legislation would provide non-expansion states with additional funds to subsidize hospitals and other care providers that treat poor patients.

Please visit <http://www.moreton.com/events/> for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, Moreton & Company's in-house corporate counsel who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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