

Newest GOP plan repeals Obamacare

How Senate, House bills differ from each other, current law

Senate Republicans on Thursday released their health care bill, which would repeal the Affordable Care Act and make significant changes to the nation's health system.

The bill would cut federal Medicaid funding, repeal taxes on the rich that paid for some health insurance subsidies and require people to make less money in order to receive those subsidies.

It also bars Planned Parenthood from being reimbursed by Medicaid for nonabortion health care services it provides, such as STD treatment and cancer screening. The organization is already barred from seeking reimbursement for abortion-related health care services.

It is intended to be a compromise between the Affordable Care Act and the health bill passed by House Republicans in May.

Here's a breakdown of how the bills differ from current law and from each other.

Essential health benefits

The Affordable Care Act required insurers to cover a set of "essential benefits," including hospitalization, prescription drugs, maternity care and mental health treatment. Both bills would end that requirement, allowing states to set their own standards. The Senate bill would end the requirement in 2020.

Pre-existing conditions

Obamacare required insurers to charge people with pre-existing conditions and serious illnesses the same amount for coverage. Before that, insurers could deny very sick people coverage. It also prohibited lifetime caps on coverage for essential health benefits, meaning there is no limit to the amount an insurance company has to pay for things like cancer drugs or hospitalization.

The House bill eliminated the requirement to charge people with pre-existing conditions the same amount, and offered some money to states to set up high-risk pools where very sick people could buy coverage instead.

The Senate bill would still require insurers to charge people with pre-existing conditions the same amount. However, because essential benefits requirements would be eliminated, insurers could impose lifetime caps on nonessential services. For example, if a state waived the rule that plans have to cover prescription drugs, an insurer could choose to not cover expensive cancer drugs on its plans, or impose a cap on the amount it's willing to spend on drugs per patient.

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Mandate for insurance coverage

Both bills eliminate Obamacare's individual mandate, which required most people to buy health insurance or face penalties. They also eliminate the mandate for most employers to provide coverage for full-time employees.

Seniors and young people

Obamacare allowed young people to stay on their parents' health insurance until age 26. Both bills would keep this in place.

Current law also bars insurance companies from charging older Americans more than three times as much as they charge their youngest customers. Both the House and Senate bills would allow insurers to charge seniors up to five times as much, which would lead to much higher premiums for the elderly and likely lower premiums for young people.

Medicaid expansion

Both bills would make deep cuts to Medicaid, the federal health insurance program for low-income people. The Affordable Care Act expanded Medicaid eligibility to anyone making under 138 percent of the federal poverty line. In states that chose to accept funding, Medicaid enrollment grew dramatically.

Washington has about 1.8 million people enrolled in Medicaid, almost 600,000 of whom were added because of the expansion, according to the Kaiser Family Foundation. Federal Medicaid spending statewide is about \$7 billion per year, with about \$3 billion going to cover people from the expansion.

Right now, Medicaid is an entitlement program, meaning anyone who qualifies can enroll and get coverage. Both Republican bills would end that, instead giving states a fixed amount per person enrolled in Medicaid. The Senate bill bases that amount on historical Medicaid spending.

The difference? The Senate bill's cuts would be slower, but eventually deeper. The House bill cuts Medicaid expansion funding in 2020, while the Senate bill reduces that funding from 2021 to 2023, with the expansion ending in 2024.

Both bills tie additional Medicaid spending to a growth index, but the Senate bill uses a slower index than the House bill, meaning federal funding for the program would grow more slowly. In effect, that would reduce the size of state Medicaid programs.

Taxes

Both bills would mostly eliminate taxes enacted under the Affordable Care Act to pay for insurance subsidies. Those include taxes on income over \$200,000, some investments, prescription medications and indoor tanning. In effect, either bill would be a large tax cut for the wealthy.

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The Senate bill would leave a tax on high-cost employer health plans (often called “Cadillac plans”) established under Obamacare that has not gone into effect yet. Under the Senate bill, that tax would go into effect in 2026.

Subsidies and tax credits for insurance

Obamacare allowed people making between 138 and 400 percent of the federal poverty line to receive tax credits toward purchasing individual insurance on insurance exchanges. People making under 138 percent were eligible to enroll in Medicaid, but not all states expanded the program, leaving some poor people in a hole with no coverage options.

The House bill would provide subsidies based on age, rather than income, effectively giving a tax break to wealthy older people.

The Senate bill would extend subsidies to people under the federal poverty line, closing the hole for people in states without a Medicaid expansion. It would make the income limit for receiving subsidies 350 percent of the federal poverty line.

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