



After more than a year of planning and months of crafting, the initial draft of the long-awaited American Health Care Act<sup>1</sup> was released on March 6<sup>th</sup>. The bill was meant to deliver on President Trump's campaign promise to make replacing the Affordable Care Act, unofficially known as Obamacare, a top priority.

House Republicans announced their intention to start work on a replacement plan last January. A month later a Task Force on Health Care Reform was created with the mission "to modernize American health care with patient-centered solutions that improve access, choice, and quality, lower costs, promote innovation, and strengthen the safety net for the most vulnerable."<sup>2</sup> On January 13, 2017, one week before President Trump's inauguration, the House passed an Obamacare Repeal Resolution, giving Congress the legislative tools needed to repeal and replace the Affordable Care Act.

A draft of the plan was released in mid-February, but underwent several changes before its official introduction on March 6<sup>th</sup>. The legislation then passed through a four-committee process of review with various House committees before being presented to the full House for final vote. But on Friday, March 24, the bill was pulled from consideration in the face of concerns among many conservatives and a complete lack of support from the Democratic Party.

## What Happened?

Throughout the course of its review, the American Health Care Act was exposed to extreme criticism from both Democrats and conservative Republicans.

House Speaker Paul Ryan (R-Wisconsin) was the preeminent spokesperson for the legislation<sup>3</sup>, saying, “The American Health Care Act is a plan to drive down costs, encourage competition, and give every American access to quality, affordable health insurance.”

But many did not agree. House Democratic Leader Nancy Pelosi said, “What they are doing is very destructive...It represents the biggest shift of money to the wealthiest people in our country, the top 1 percent, at the cost of working families.”<sup>4</sup> Several hospital associations spoke out against the act as well. The American Medical Association urged senior lawmakers to reconsider drastic changes to the Medicaid expansion reform, and many others – including the American Hospital Association, America’s Essential Hospitals, and Catholic Health Association of the United States – expressed concerns about instabilities for people seeking affordable medical coverage.

Ultimately, it was conservatives within the Republican Party who pulled the plug. Many were concerned that the bill was too costly and did not do enough to roll back federal health insurance mandates.<sup>5</sup>

## What Were the Proposed Changes?

While the goal of many conservative Republicans has been to “repeal and replace” the Affordable Care Act altogether, under the American Health Care Act many of the previous law’s more popular components – including assuring that those patients with pre-existing conditions could keep their coverage and that people under the age of 26 could remain on their parents’ insurance plans – would have remained intact. Top officials also worked to assure the public that the act would offer a stable transition for those enrolled in insurance on state-run Obamacare exchanges.<sup>6</sup>

An overview of the act's major changes included the following:<sup>6</sup>

**Coverage Requirements** The proposed plan would have eliminated the individual and employer mandate requiring all Americans to have coverage or face fines and penalties. This requirement was a key component of the Affordable Care Act and is credited with greatly expanding the number of people with insurance.

**Tax Credits vs. Subsidies** Under the Affordable Care Act many people were given subsidies to buy health insurance based on income. The American Health Care Act would instead have provided tax credits that could be obtained in advance for people to buy insurance based on age. The credits would start at \$2,000 per year for individuals under age 30, and would rise to \$4,000 per year at age 60. These credits would start to be reduced for people making more than \$75,000 per year individually or \$150,000 jointly, to ensure high-income patients' insurance wasn't being federally subsidized.

**Health Savings Accounts** The act expanded the incentive to participate in health savings accounts by doubling the allowed contribution each year to more than \$6,000 per person or \$13,000 per family.

**Medicaid** When the Affordable Care Act was passed it required states to provide Medicaid coverage for all adults ages 18 to 65 with incomes up to 138% of the federal poverty level, regardless of their age, family status, or health. Under the new plan this Medicaid expansion<sup>7</sup> would be frozen as of 2020 and new people would be barred from enrolling under the income-based system. Instead, states would be allotted a set amount of federal funds for the program each year, and would implement eligibility based on population, essentially capping the number of people who could enroll.

**Taxes** Several taxes contained in the Affordable Care Act would also be released by the end of 2017, including taxes on health insurers, pharmaceutical and medical device manufacturers, and delays taxes on high-cost, employer-sponsored group health plans (aka Cadillac Plans) until 2025.

## What's Next?

"We're going to be living with Obamacare for the foreseeable future," Ryan conceded following the March 24 decision. Leading up to the final vote to pull the legislation from the House, President Trump issued an ultimatum to those in his party who opposed the bill. During negotiations he declared that he would agree to no additional changes, and Republicans must either support the bill or resign themselves to leaving the existing Affordable Care Act in place.<sup>8</sup>

Following the decision to pull the legislation for vote, President Trump explained that the vote was going to be very close, but failed due to lack of Democrat support. On the future of health care legislation he said this: "I think what will happen is that Obamacare will explode, it's going to have a very bad year," and he believes it will "cease to exist" in the near future. He has abandoned his ultimatum and instead had this to say, "I'll tell you what's going to come out of it is a better bill."<sup>9</sup>

## Sources:

<sup>1</sup>"The American Health Care Act,"  
<https://housegop.leadpages.co/healthcare/>

<sup>2</sup>"The American Health Care Act," Office of the Speaker of the House, <http://www.speaker.gov/HealthCare>

<sup>3</sup>"Statement on Introduction of the American Health Care Act," Speaker Paul Ryan, March 6, 2017, <http://www.speaker.gov/press-release/statement-introduction-american-health-care-act>

<sup>4</sup>"Medical Providers Oppose Trump-Backed Health Plan, Democrats Take Aim," Susan Cornwell and Yasmeen Abutaleb for Reuters, March 8, 2017, <http://www.reuters.com/article/us-usa-obamacare-idUSKBN16D2RC>

<sup>5</sup>"Trump Tells G.O.P. It's Now or Never, Demanding House Vote on Health Bill," Julie Hirschfeld David, Robert Pear, and Thomas Kaplan for the New York Times, March 23, 2017, [https://www.nytimes.com/2017/03/23/us/politics/health-republicans-vote.html?\\_r=0](https://www.nytimes.com/2017/03/23/us/politics/health-republicans-vote.html?_r=0)

<sup>6</sup>"Republicans Unveil Obamacare Replacement Bill That Would Scrap Individual Mandate," Leigh Ann Caldwell and Alex Moe for NBC News, March 6, 2017, <http://www.nbcnews.com/politics/congress/republicans-unveil-obamacare-replacement-bill-scrapping-individual-mandate-n729871>



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<sup>7</sup>“Medicaid Expansion & What It Means For You,” U.S. Centers for Medicare & Medicaid Services, <https://www.healthcare.gov/medicaid-chip/medicaid-expansion-and-you/>

<sup>8</sup>“In Major Defeat for Trump, Push to Repeal Health Law Fails.” Robert Pear, Thomas Kaplan, and Maggie Haberman for The New York Times, March 24, 2017, [https://www.nytimes.com/2017/03/24/us/politics/health-care-affordable-care-act.html?\\_r=0](https://www.nytimes.com/2017/03/24/us/politics/health-care-affordable-care-act.html?_r=0)

<sup>9</sup>Times Video: “Trump on Failed Health Bill: ‘We Learned a Lot About Loyalty,’” The Associated Press, March 24, 2017, <https://www.nytimes.com/video/us/politics/100000005008006/trump-health-bill-vote.html?Action=click&contentCollection=Politics&module=RelatedCoverage&region=Marginalia&pgtype=article>



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