



The American

# Health Care Reform Act

A REPUBLICAN STUDY COMMITTEE INITIATIVE

## Bill Summary

### **Repeal of Obamacare**

This legislation fully repeals the Affordable Care Act (ACA) and health care-related provisions in the Health Care and Education Reconciliation Act, effective January 1, 2018.

### **Increasing Access to Portable, Affordable Health Insurance**

This legislation will level the playing field between those who receive insurance from an employer and those purchasing it in the individual market. It does so by converting tax deductions for employer-sponsored health insurance and insurance purchased by the self-employed into an above-the-line standard deduction for health insurance (SDHI). Those with a qualifying health plan will receive an SDHI of \$7,500 (individuals) or \$20,500 (families) which will apply to income and payroll taxes, and will be indexed for inflation at the same rate as CPI-U. The SDHI eliminates the current incentive to choose increasingly expensive plans by providing the full value of the deduction regardless of how expensive the plan is. For example, a family with a \$15,000 plan would receive an additional \$5,500 tax deduction. Based upon Kaiser Family Foundation data, the vast majority of Americans will receive a tax cut under this plan.

This tax benefit will be portable, will provide payroll tax relief to the working poor, and will give families the flexibility to choose a plan that best fits their needs.

In addition, this bill will expand access to and allowable expenses for health savings accounts (HSAs), increase the maximum allowable contribution into HSAs, and allow employers to offer a larger benefit for successful completion of a wellness program than is currently permitted.

### **Improving Access to Insurance for Vulnerable Americans**

This legislation will expand federal support for state high-risk pools to \$25 billion over 10 years, providing a federalist solution to address a segment of the population that has been unable to obtain affordable insurance. Premiums in these state high-risk pools will be capped at 200% of the average premium in the state.

The bill also guarantees that individuals with pre-existing conditions can move between health insurance markets, so long as they maintain continuous coverage. Pre-ACA, individuals purchasing insurance in the individual market were protected from pre-existing condition exclusions only if they have not had a substantial break in coverage, their previous coverage was through an employer, and they fully exhausted COBRA coverage. This provision would allow individuals to receive those same protections regardless of the source of their prior coverage and without requiring them to exhaust COBRA coverage, which is often very expensive for both employees and employers.

## **Encouraging a More Competitive Health Care Market**

AHCRA would take steps toward creating a competitive health care marketplace. This legislation would take steps to address this problem by, most notably, allowing Americans to purchase health insurance products across state lines and by permitting small businesses to pool together to negotiate better rates.

Other pro-patient reforms include providing additional health care choice for category-1 veterans and Medal of Honor recipients, amending the McCarran-Ferguson Act to ensure that federal anti-trust law applies to health insurance, making Medicare claims and payment data publicly available so that patients and taxpayers alike can better understand what they are being charged, helping states develop transparency portals with useful information on insurance plans, and stopping the federal government from denying coverage for health care services based upon comparative effectiveness data.

## **Reforming Medical Liability Law**

This legislation addresses the medical liability crisis that drives up health care costs by creating a legal safe harbor to physicians who follow evidence-based best practice guidelines by providing: (1) a voluntary right of removal to federal court so long as there is a federal payor (including Medicare and Medicaid) or a federal statute, (2) a mandatory independent medical review panel pre-discovery, and (3) an increased burden of proof for plaintiffs to overcome summary judgment from the standard of “preponderance of the evidence” to that of “clear and convincing” after a finding of non-negligence by the review panel. These provisions are designed to improve patient care and lower the cost of health care by encouraging the practice of evidence-based medicine while protecting states’ rights.

## **Other Provisions**

Provides that nothing in this act requires health plans to provide coverage of abortion services, or permits any government official to require coverage of abortion. Prohibits federal funds authorized or appropriated by this act from covering abortion, except in the case of rape, incest, or when the life of the mother is jeopardized. Ensures that no state pro-life or conscience protection laws will be preempted.

This title also includes offsets—the result of reducing non-defense discretionary caps by 1.5% for Fiscal Years 2018–2021.