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House GOP puts ACA repeal and replacement on hold

By Mercer's Katharine Marshall, Dorian Z. Smith, and Geoff Manville | March 24, 2017

Republican leaders abruptly canceled a planned March 24 House vote on the proposed American Health Care Act (AHCA) after last-minute revisions failed to gain enough support. Those changes would have let states decide which essential health benefits (EHBs) to require in individual policies and small-group market plans, given states more money for maternity and newborn care and mental health and substance abuse treatment, and delayed repeal of the 0.9% additional Medicare tax on high-income individuals to 2023.

EHBs targeted by last amendment. Under the Affordable Care Act (ACA), qualified health plans sold in the individual and small-group market must cover 10 categories of EHBs. The last-minute amendment to the AHCA would have let states, beginning in 2018, determine which EHBs to include in qualified health plans. Although large employers' plans are not subject to the EHB mandate, they must comply with ACA's ban on annual or lifetime dollar limits for coverage of EHBs (as defined by an employer's selected benchmark plan). In addition, nongrandfathered large group plans must count EHBs toward the in-network annual cost-sharing limit (GRIST #US20160074, June 16, 2016).

Steep increase in uninsured still projected. Earlier changes to the original bill would have further delayed the Cadillac tax to 2026, accelerated changes for account-based plans and repeal of ACA's health industry taxes and Medicaid expansion, and introduced Medicaid block grants and work requirements for Medicaid recipients (Mercer Select Intelligence, March 22, 2017). According to the nonpartisan Congressional Budget Office (CBO), those earlier amendments would not change the bill's projected impact on the number of uninsured or premium costs but would reduce the measure's overall savings in the next 10 years. (For information on the CBO's scoring of the AHCA before any amendments, see Mercer Select Intelligence, March 17, 2017.)

Next steps unclear. House Republicans and President Trump have yet to decide on next steps, and whether the AHCA will serve as the template for future GOP health care reforms isn't clear. At a March 24 press conference, Speaker Paul Ryan, R-WI, said that the party will now "move on" to tax reform and other policy priorities, adding "We're going to be living with Obamacare for the foreseeable future."

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