This Is What You Need to Know About the American Health Care Act

Monday night, Congressional Republicans released two bills (here and here) which together constitute the current plan to “repeal and replace” the Affordable Care Act (aka Obamacare). Here’s what you should know about the legislation known as the “American Health Care Act.”

Does this legislation “repeal and replace” Obamacare?

Yes and no (but overall, not really).

No, the AHCA does not completely repeal Obamacare *in toto,* and it merely replaces some aspects of the current law. But yes, it does repeal certain aspects of Obamacare, and in some cases, replaces them with new mandates and requirements.

Why doesn’t the GOP put forward a bill that simply repeals and replaces all of Obamacare?

The short answer is that Republicans in Congress don’t think they could pass such a bill. They would need 60 votes in the Senate to break a filibuster by the Democrats, and they only have 52. Instead, the GOP plans to use a process called “budget reconciliation” that allows them to make changes to federal revenue and spending with only 50 votes (which they may not be able to get since some Republicans in the Senate oppose the bill). The problem with this approach, as Avik Roy notes, is that “reconciliation can only repeal Obamacare’s taxes and spending; it can’t replace most of the law’s premium-hiking insurance regulations.”

What’s actually in the bill?

Here are some key changes that are included in the bill:

- Removes the “individual mandate,” the tax under Obamacare that people had to pay if they chose not to buy health insurance. However, the bill includes a “Continuous Health Insurance Coverage Incentive” that provides a disincentive to dropping coverage and then picking it back up when a person gets ill. Those who reenroll would have to pay an “amount that is equal to 30 percent of the monthly premium rate.” (For example, if someone bought a policy that cost $6,000 a year ($500), they’d have to pay an additional $150 a month for one year before returning to the standard rate.)
- Rather than immediately repealing Obamacare’s Medicaid expansions, the bill allows them to remain in place until January 1, 2020. After that time, states will no longer be able to add new people to that program.
- Repeals almost all Obamacare-related taxes (e.g., tanning tax).
- Removes the regulation that prevented insurers from charging older enrollees more than three times as much as younger ones.
- Adds a per capita cap on states, which caps the federal funding per enrollee in the programs.
- Changes the structure of the Obamacare tax credits from being based solely on income to a means-based credit based mostly on age and partially on income.
- Prohibits almost all groups that provide abortions (e.g., Planned Parenthood) from receiving federal funds or Medicare reimbursements. Also prohibits insurance policies that pay for abortions from being eligible for tax credits.
- Almost 10 percent of the bill (seven pages) is dedicated to a provision that prevents lottery winners who win over $80,000 from getting Medicare. (This seems to be a cause championed by Rep. Joe Pitts, R-Penn.)

What major parts of Obamacare does it leave unchanged?

The two major provisions left unchanged are that parents will still be able to keep their kids on their insurance plans until the children reach age 26, and insurance companies will still be required to ensure everyone, regardless of preexisting conditions.

How much will it cost and how many people will be affected?

No one knows just yet. The Congressional Budget Office (CBO), a non-partisan independent group that provides analyses of budgetary and economic issues as it pertains to legislation, has not yet had a chance to "score" the bill. The CBO will consider the legislation and make an estimate about how much it will cost taxpayers and how many citizens will be affected by the changes.

Who opposes this bill?

Generally speaking, both liberals and conservatives. Liberals are concerned that the changes will reduce access to health insurance for the poor while cutting taxes for the wealthy. They are also concerned that it dismantles Obamacare, the most significant liberal policy victory this century. Conservatives are concerned that it will explode the deficit and leave Obamacare largely intact. "It's Obamacare in a different format," said Rep. Jim Jordan, R-Ohio.

Because of opposition from both sides of the political aisle, the AHCA is unlikely to pass the Senate in its current form. {eoa}

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