

Senate GOP Proceeds with Plan to Consider Multiple Health Care Bills

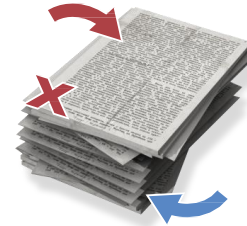
Senate Republicans voted to proceed to formal debate on bills to repeal the Affordable Care Act, jump-starting the legislative process without a clear consensus on which bill the chamber would ultimately attempt to pass.

Almost immediately, GOP leadership brought the most comprehensive Senate plan — the Better Care Reconciliation Act — up for a vote, which failed with nine Republicans voting against.

Republicans are expected to vote next on the Obamacare Repeal Reconciliation Act, a “repeal and delay” bill that is also likely to fail due to a lack of support from GOP moderates. Eventually, Majority Leader Mitch McConnell is expected to propose a “skinny repeal” bill that would only repeal a narrow slice of the Affordable Care Act: the individual mandate penalty and a few ACA taxes such as the medical device tax. If that bill fails, the GOP effort may conclude unsuccessfully in the Senate.

If the “skinny repeal” — or any other bill — passes, Republicans would have two options to pass their reform into law. House conservatives want to proceed to a conference committee, in which GOP members from each chamber would work to create a compromise bill. However, such a bill would need to be passed in its final form in both chambers. The alternative would be for the House to pass whatever bill the Senate manages to pass without changes, potentially limiting the scope of reform but enabling President Donald Trump to sign a bill into law immediately.

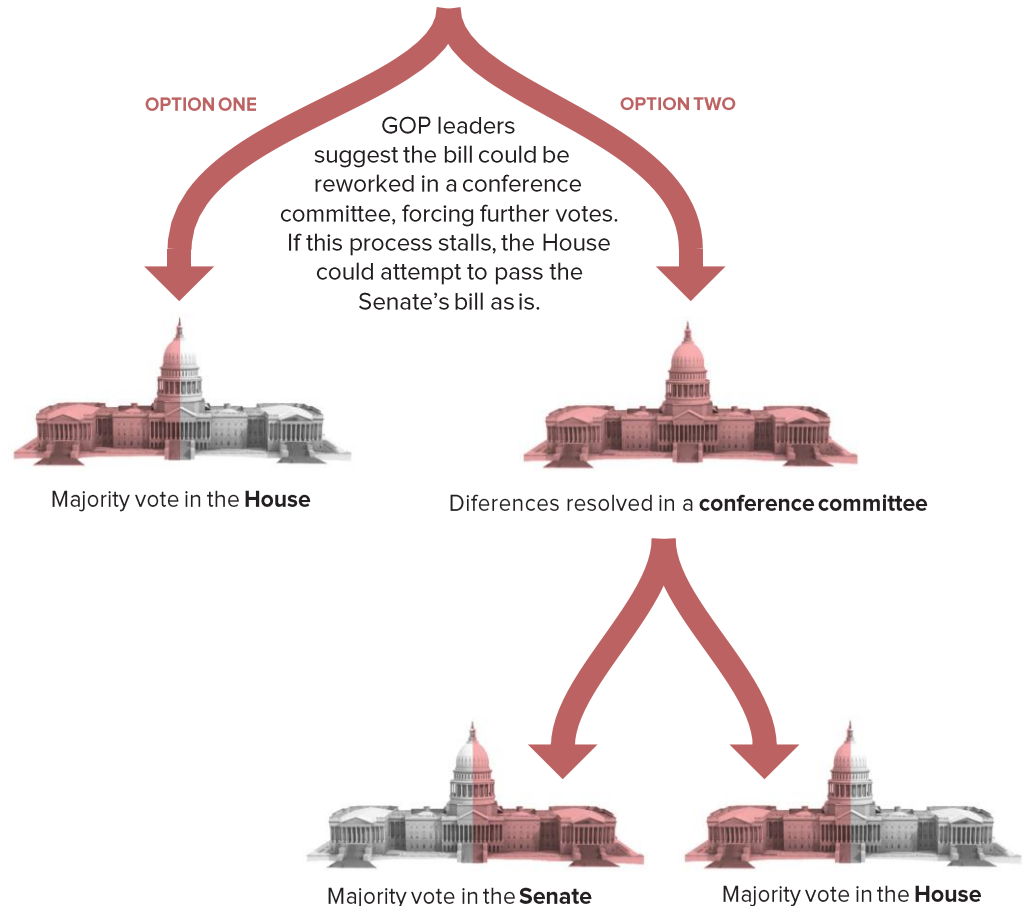
Potential legislative paths for GOP health reform effort



Senate “vote-a-rama”

Senators will vote to amend the House GOP bill, potentially replacing it with one of several Senate bills. Democrats will also have the opportunity to propose amendments.

Whichever version is agreed to last will be subject to an up-or-down Senate vote.

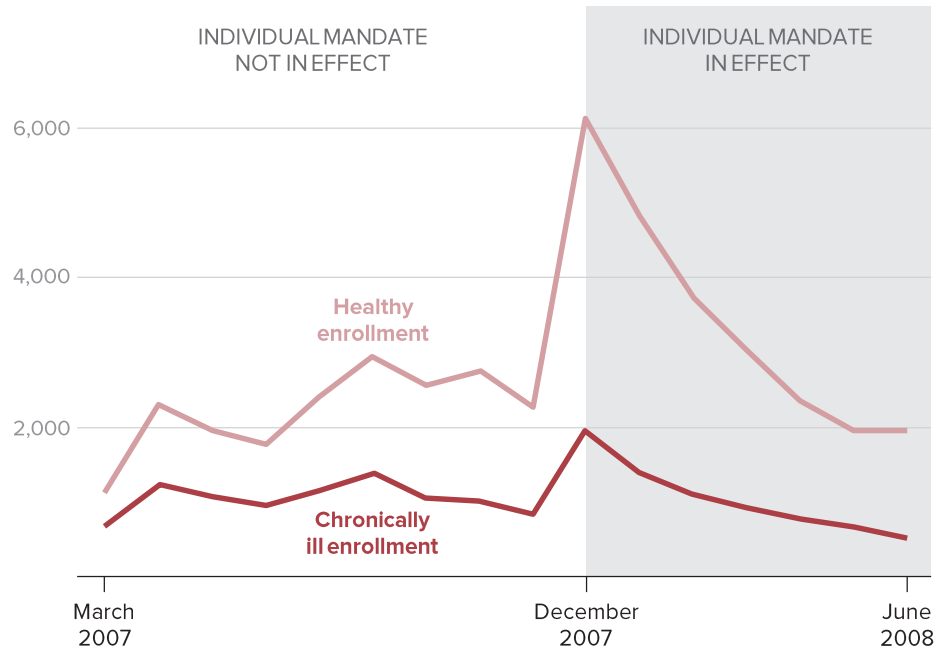


Comparison of major policy features of GOP bills to repeal the Affordable Care Act

LEGEND: COMPLETE REPEAL PARTIAL REPEAL LARGELY KEPT

	House GOP bill American Health Care Act	Senate “repeal and replace” Better Care Reconciliation Act	Senate “repeal and delay” Obamacare Repeal Reconciliation Act	Senate “skinnyrepeal” (No existing legislation)
Medicaid expansion	Ends enhanced federal funding after 2020; states can use their own funds to keep the expansion	Phases out enhanced federal funding 2021-24; states can use their own funds to keep the expansion	Ends the expansion completely after 2020	Medicaid expansion kept as is
Premium subsidies	Fixed subsidies based largely on age, for enrollees making less than \$115,000 annually	Subsidies based on age and income, less generous than ACA for poorer and older enrollees	Eliminates premium subsidies after 2020	Premium subsidies kept as is
Individual mandate	Eliminates the tax penalty; replaces mandate with a late enrollment penalty	Eliminates the tax penalty; replaces mandate with a six-month waiting period	Eliminates the tax penalty, with no replacement	Eliminates the tax penalty, with no replacement
Regulatory framework	Enables the HHS secretary to grant state waivers from ACA regulations	Enables the HHS secretary to grant state waivers, potentially allowing insurers to sell deregulated plans of exchange	Keeps insurance regulations largely as is	Keeps insurance regulations largely as is
ACA taxes	Eliminates nearly all taxes imposed by ACA, including those limited to top earners	Eliminates ACA taxes related to health care, but maintains taxes on top earners	Eliminates nearly all taxes imposed by ACA, including those limited to top earners	Repeals medical device tax, but leaves other taxes in place

Pre-ACA insurance sign-ups in Massachusetts, before and after individual mandate implementation



Prior Reforms Suggest “Skinny Repeal” Could Destabilize Markets

Prior experiences with state-level health reform suggest that a “skinny repeal” — which repeals the individual mandate but leaves other ACA provisions in place — could destabilize markets or raise premiums by encouraging healthier enrollees to forgo coverage.

Prior to the enactment of the Affordable Care Act, Massachusetts implemented its own comprehensive reform with pre-existing condition protections and subsidies to help enrollees pay insurance premiums. However, the implementation of an individual mandate to purchase insurance was delayed for one year.

Before Massachusetts implemented its individual mandate, healthier residents tended to forgo coverage, whereas sicker residents with chronic illnesses obtained coverage. Once the mandate was implemented, enrollment by healthy individuals spiked, stabilizing the market and reducing premiums. A study in *The New England Journal of Medicine* concluded that many healthy individuals would leave the market again if the mandate was repealed.

Washington state passed a major health care reform in 1993, with features similar to the ACA. When Republicans won back the state legislature the following year, they repealed many of the reform’s least popular components, including the law’s mandates. In subsequent years, premiums rose and healthy enrollees left the market, causing a classic insurance “death spiral.” By 1999, no insurers were left selling plans on the state’s individual market.

If the GOP “skinny repeal” is successful, state governments could pass their own versions of an individual mandate. However, insurers may still leave the markets or raise premiums in the interim.