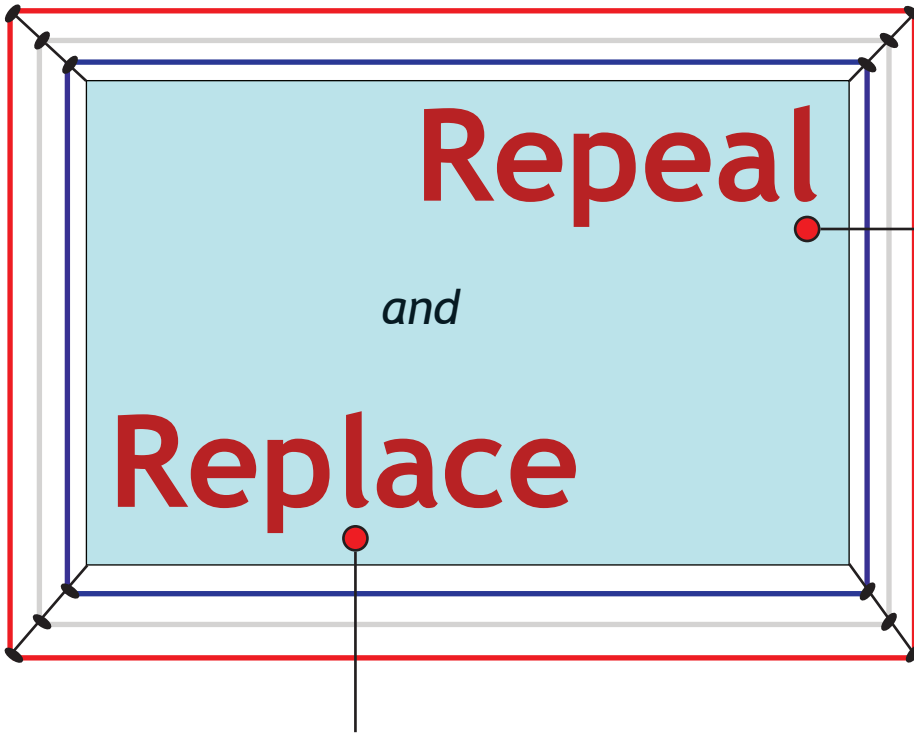




Potential GOP Approaches to the Affordable Care Act



President-elect Donald Trump and Republicans' proposals to replace the ACA have not been fully detailed. Republicans have made multiple repeal attempts, but have not yet coalesced around a single replacement proposal.

Trump's plan could:

- Allow insurance to be sold across state lines
- Make premiums tax deductible
- Establish high risk pools
- Reduce Medicaid funding and use block grants
- Allow the importation of drugs

House Republicans' "A Better Way" proposal could:

- Retain ability for young adults to stay on parents' plans until age 26
- Retain protections for individuals with pre-existing conditions
- Prevent insurers from dropping individual's coverage if they get sick
- Provide refundable, age-adjusted tax credits to people purchasing coverage on the individual market
- Expand the use of health savings accounts
- Eliminate the expansion of Medicaid and health insurance exchanges
- Shift Medicaid to a block grant

Repealing the entire ACA would be extremely complex because the law is sweeping and includes many provisions that go beyond health insurance coverage issues.

Repeal would require 60 votes in the Senate to overcome a likely Democratic filibuster. Republicans will retain the majority in the Senate, but will not gain enough seats to pass that 60-vote threshold. Regulations and guidance would need to be changed if a full repeal is pursued.

Repeal of parts of the law could take place through the budget reconciliation process only to the extent that the provisions have budgetary impact. Reconciliation requires a simple majority in both chambers and cannot be filibustered. A 2015 House bill included¹:

- Advance premium tax credits for individual Marketplace coverage
- Small business tax credit
- Individual mandate
- Employer mandate
- Presumptive eligibility
- Maintenance of effort
- Benchmark plans for Medicaid
- Medicaid expansion
- ACA taxes:
 - Medical device tax
 - "Cadillac" tax
 - Insurer fee
 - Increase in Medicare payroll taxes for households making over \$200,000/year

Examples of things that could not be repealed through budget reconciliation include:

- Ban on pre-existing condition exclusions
- Caps on annual and lifetime limits
- Actuarial value requirements
- Age underwriting restrictions
- Medical-loss ratio requirements
- The ability for young adults to remain on their parents' insurance plans until age 26

However, many of these provisions (especially the ban on pre-existing conditions) would become unstable if the ACA's structural provisions, such as the individual mandate, were repealed.

Operational functioning of the law could also be significantly affected through the regulatory or enforcement process of the administration or actions by private payers who might leave the Exchange markets if they sense they will become more unstable.

Suggested Citation: Foster Friedman, Megan; Udow-Phillips, Marianne. *Potential GOP Approaches to the Affordable Care Act*. (Ann Arbor, MI: Center for Healthcare Research & Transformation, 2016)

¹ In 2015, the House and Senate passed legislation that used the budget reconciliation process to repeal many aspects of the law. President Obama vetoed this legislation, but it would likely have the support of President-elect Trump. This legislation may be a model for Congressional Republicans to use the reconciliation process to repeal the law in 2017. The 2015 bill would have taken effect two years after its passage, so the repeal of these programs would likely not occur immediately. But it's unknown if a future version of this legislation would include a similar transition period.