

The New American Health Care Act

On March 6, 2017, the U.S. House of Representative Committee on Ways and Means proposed a list of changes to be made to the Affordable Care Act, commonly known as Obamacare. While it left many of common provisions intact, such as prohibition of denial of coverage due to pre-existing conditions, and letting young adults staying on parents' insurance plan until age 26, there are important changes. Most of the changes are funding, premium, and subsidy related.

We attempted to summarize the proposed changes below. There are sure to be changes to the legislation, so this is accurate as of March 6, 2017. Great attempts are made to be as accurate as possible.

References:

US. House of Representative Energy and Commerce Committee, bit.ly/2mIOP75

US. House of Representative Ways and Means Committee, bit.ly/2IDP5zO

WHAT INDIVIDUALS NEED TO KNOW ABOUT THE NEW PROPOSED *AMERICAN HEALTH CARE ACT*

WHAT	WHAT IT IS NOW	WHAT IT WILL BE	WHEN
PREMIUM & SUBSIDY			
Subsidy Payment	To Households with income <400% of federal poverty level	Repayment required if income > 400% during the year	Tax Years 2018 & 2019
Use of Subsidy	Exchange plans only	Exchange plans OK Non-Exchange plans OK Catastrophic plans OK	Subsidy to discontinue in 2020
Young Adults	Premium was high to subsidize older adult	Premium will be lower Can stay on parents' until 26	
Older Adults	Was paying lower	Premium will be higher	
Premium Surcharge	N/A	30% premium surcharge if has a <i>lapse</i> in insurance coverage	
Individual Penalty	Higher of \$695, or 2.5%	\$0, or 0%	Jan 1, 2016
Employer's Insurance	Required to provide MEC*	Not Required	
HSA* and FSA*			
HSA for OTC meds	Not Permitted without Rx	OK to use	Jan 1, 2018
HSA for Non-Medical Expenses	20% Penalty	Proposed to be lower	Jan 1, 2018
HSA Annual Limit		\$6,550 Self / \$14,100 Family Catch-up Contributions OK	Jan 1, 2018
HSA Effective Date	Established Date of HSA	Date of HDHP* Taking Effect	Jan 1, 2018
FSA Contribution Limit	\$2,500	No Limit	Jan 1, 2018
NEW TAX CREDIT			
New Tax Credit to Purchase Insurance (including COBRA coverage) Tax Credit proposed to be advanceable, and refundable	N/A	Eligibility: No insurance through work, or government	
		Age <30: \$2,000 Age 30-39: \$2,500 Age 40-49: \$3,000 Age 50-59: \$3,500 Age >60: \$4,000	
		Max \$14,000 per family	
		Income Limit: \$75,000 Single / \$150,000 Joint Phased out by \$100 per \$1,000 of income over above limit	
OTHER			
Medical Expense Limits for Itemized Deductions	> 7.5% for <65yo > 10% for >65yo	7.5% for all	Jan 1, 2018
Medicare Tax	Previously increased by 0.9%	Reduced by 0.9%	Jan 1, 2018
Other	Medicaid Expansion to be reduced starting in 2020		

Abbreviations: MEC (Minimum Essential Coverage), HSA (Health Savings Account), FSA (Flexible Spending Account), HDHP (High-Deductible Health Plan), COBRA (Consolidated Omnibus Budget Reconciliation Act)

Data as of March 2017