



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

Congressional Republicans and President-elect Trump have indicated that they will repeal the Affordable Care Act (ACA) and create a replacement to provide Americans with access to health care coverage. Since the ACA was passed in 2010, a number of Republican policymakers have developed alternative coverage plans, which may serve as a starting point for new legislation. Two of these options – A Better Way (Paul Ryan, R-WI) and the Empowering Patients First Act (Tom Price, R-GA) – are worth close consideration given the prominent role these two policymakers are expected to have in the new Congress and Administration.

Overview of Alternative Coverage Plans

A Better Way: A Better Way outlines sweeping reforms to the U.S. healthcare system, including a near total repeal of the ACA. The plan would implement age-based tax credits for all Americans, implement per-capita caps in the Medicaid program, and transition Medicare to a premium-support model. A Better Way is an outline, not legislation, and therefore lacks many details about how these policies would be operationalized.

Empowering Patients First Act: The Empowering Patients First Act would fully repeal the ACA and put in its place an age-based tax credit structure that nearly every American could use to help with the cost of insurance. Individuals would be encouraged to use health savings accounts to manage out-of-pocket expenses; Medicaid eligibility rules would revert to pre-ACA rules. Almost all populations, including Medicare, Medicaid, TRICARE, VA and individuals in employer plans, would be given the option to purchase individual coverage on the private market using the standard tax credits, among other reforms.

Summary of Major Provisions: Table of Contents

1. Major ACA Coverage Provisions	2
2. Major ACA Medicaid Provisions	4
3. Major ACA Insurance Reform Provisions	5
4. Major ACA Care Delivery and Payment Reform Provisions	6
5. Major ACA Financing Provisions	8
6. Other Major Provisions of Repeal & Replace Plans (Non-ACA)	9



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

Summary of Major Provisions¹

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Major ACA Coverage Provisions			
Individual Mandate	The ACA requires almost all Americans to have qualifying health insurance, subject to a tax penalty.	Would repeal.	Would repeal.
Individual Tax Credits (“Advanced Premium Tax Credits” or “premium subsidies”)	The ACA authorized advanced premium tax credits for individuals between 100 – 400 percent of the federal poverty level (FPL). These tax credits are “advanced” because they are made available to eligible individuals at the time of purchase of eligible health coverage, as opposed to applied at the time of tax filing.	Would provide age-based, advanced, refundable tax credits for all Americans regardless of income to put towards the cost of health care coverage.	Would provide age-based, advanced, refundable tax credits for all Americans regardless of income to put towards the cost of health care coverage.
Cost Sharing Reductions (CSR)	The ACA required insurers to reduce the amount of cost sharing for individuals with incomes between 100 and 250% FPL. The government separately reimburses insurers for the amount of the cost sharing reduction, thereby helping to keep premiums low.	Does not address but implies that these would be repealed.	Would repeal.

¹ **Indicates policy areas where the two plans diverge in significant ways.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Employer Mandate	The ACA sought to maintain and build on employer coverage by requiring that most employers offer health insurance coverage to full-time workers (>30 hours per week).	Would repeal employer mandate and remove restrictions on self-funded plans.	Would repeal employer mandate and allow employers to voluntarily transition to a defined contribution model through which the employer offers employees a pre-tax monetary benefit to put towards the purchase of coverage on the individual market; employers could also opt out of the employer contribution and have individuals use the standard tax credit instead.
Small Business Tax Credits	The ACA provides certain small businesses (<25 employees) with access to tax credits to assist in the purchase of health insurance for their employees.	Would repeal.	Would repeal.
Dependent Coverage (<26)**	The ACA required insurers to allow young adults to stay on their parents' coverage policies up to age 26.	Would maintain.	Would repeal.
Health Insurance Marketplaces (or "exchanges")	The ACA authorized and helped finance the establishment of state-based health insurance marketplaces for individuals and small businesses to shop for ACA-compliant coverage. For some states, the federal government operates the state's marketplace through www.Healthcare.Gov .	Does not explicitly address the public marketplaces; however, it would allow consumers to shop for coverage through "multiple portals, including private exchanges."	Would repeal public marketplaces; tax credits would be available through private marketplaces or direct from the insurer.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Medicaid Expansion**	The ACA expanded Medicaid eligibility to individuals up to 138% of FPL (largely single, childless adults). States that chose to expand Medicaid were provided enhanced federal funding.	Would gradually phase-down federal support for expansion population to normal federal matching levels. Expansion states would be permitted to reduce eligibility thresholds or impose enrollment freezes for the adult expansion population.	Would repeal.
Basic Health Plan	The ACA authorized the basic health plan program for individuals with incomes between 133 and 200% of the FPL who are not otherwise eligible for Medicaid as an alternative to marketplace coverage.	Does not address.	Would repeal.
Major ACA Medicaid Provisions			
Medicaid Alternative Benefit Package	The ACA established minimum benefit packages for Medicaid expansion populations linked to the ACA's Essential Health Benefits as well as federal mental health parity requirements.	Does not address.	Would repeal.
Medicaid Presumptive Eligibility	The ACA requires that state Medicaid programs allow hospitals to make presumptive eligibility determinations for the Medicaid program and receive payments for services for presumptively eligible individuals during that period.	Does not address.	Would repeal.
Increased Medicaid Federal Medical Assistance Percentage (FMAP) for Puerto Rico and U.S. Territories	The ACA increased the FMAP for Puerto Rico and the Territories from 50% to 55%.	Does not address.	Would repeal.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Enrollment and “No Wrong Door”	The ACA required that states provide a single point of entry for applying for Medicaid and/or marketplace coverage.	Does not address.	Would repeal.
Medicaid and CHIP Maintenance of Effort (MOE)	The ACA required states to maintain Medicaid and CHIP coverage and eligibility standards for children under 19 years of age until 2019. CHIP authorization expires in 2019 and funding at the end of FY 2017.	Does not address MOE requirements for Medicaid. CHIP would be continued and funding would revert to pre ACA levels.	Would repeal Medicaid MOE requirements and does not address CHIP.
Major ACA Insurance Reform Provisions			
Guarantee Issue & Pre-existing Conditions	The ACA prohibits insurers from declining to offer coverage to individuals with pre-existing conditions. Insurers are also prohibited from discontinuing coverage for an individual due to health conditions or cost.	Would continue to require insurers to issue policies to all individuals regardless of pre-existing conditions at community rates <u>if</u> the individual is continuously enrolled in coverage. Penalties for failure to maintain coverage include medical underwriting (the ability to set higher rates based on anticipated individual risk) and assignment to a high-risk pool.	Would continue to require insurers to issue policies to all individuals regardless of pre-existing conditions at community rates <u>if</u> the individual is continuously enrolled in coverage. Penalties for failure to maintain coverage include medical underwriting (the ability to set higher rates based on anticipated individual risk) and assignment to a high-risk pool.
Essential Health Benefits and Actuarial Value	The ACA requires that all qualified health plans cover a minimum set of services (essential health benefits) and meet a certain percentage of anticipated costs for those benefits (actuarial value). For example, a bronze plan must cover 60% of anticipated costs for the benefit package. Silver plans have a 70% actuarial value, and gold plans have 80% actuarial value.	Does not directly address but implies that these provisions would be repealed.	Would repeal.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Premium Rate-Setting (“Rating”)	The ACA requires that insurers set premiums based on anticipated costs for a community, not an individual. Premiums may only vary based on five factors: 1) whether coverage is for a family or individual; 2) geographic location, 3) age (insurers are limited to three age categories only and they may not charge older adults more than three times what they charge individuals under 21); 4) smoking status; and 5) coverage type (bronze, silver, gold, platinum). States can further limit how insurers set premiums.	Would change the current age rating rules from 3-1 to 5-1 but otherwise leaves oversight of rates to the states, with the exception of protections for individuals maintaining continuous coverage.	Would repeal age rating restrictions and largely leave oversight of rates to the states, with the exception of protections for individuals maintaining continuous coverage.
Annual and Lifetime Benefit and Cost Limits**	The ACA prohibits insurers from putting annual or lifetime dollar limits on most benefits.	Would maintain.	Would repeal.
Major ACA Care Delivery and Payment Reform Provisions			
Center for Medicare & Medicaid Innovation (CMMI)	The ACA established CMMI to test new care delivery and payment models, with some authority to expand/make permanent programs with demonstrated outcomes.	Would repeal CMMI beginning in 2020.	Would repeal.
Independent Payment Advisory Board (IPAB)	The IPAB is a government agency tasked with monitoring Medicare spending and directing changes to the Medicare program if necessary to achieve specific spending limits.	Would repeal.	Would repeal.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Hospital Acquired Conditions (HACs) Program	This program was established to financially incentivize hospitals to reduce HACs through payment reductions based on performance.	Does not address.	Would repeal.
Medicare Shared Savings Program (MSSP)	The MSSP program is designed to encourage providers to change how they work together to delivery care to Medicare fee-for-service beneficiaries to improve the quality of care and reduce unnecessary costs.	Does not address.	Would repeal.
Hospital Readmissions Reduction Program	This program reduces payments to IPPS hospitals with excess readmissions.	Does not address.	Would repeal.
Prevention and Wellness Fund	The ACA established the fund to provide expanded national investments in prevention and public health activities.	Does not address.	Would repeal.
Community Health Center (CHC) Funding	The ACA provided CHCs and school-based health centers additional funding to bolster and expand their capacity.	Does not address.	Would repeal.
Ban on Physician-Owned Hospitals (POH)	The ACA prohibited new POH (unless they don't participate in Medicare) and strictly limited the ability of existing, "grandfathered" POH to expand.	Would repeal.	Would repeal.
340B	The ACA expanded the types of hospitals eligible to participate in the 340B program, including critical-access hospitals, rural referral centers, sole community hospitals, and freestanding cancer centers.	Does not address.	Would repeal.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Major ACA Financing Provisions			
Productivity Adjustments to Medicare Payments to Hospitals	The ACA reduced the market basket adjustment to account for increased productivity.	Does not address.	Would repeal.
Cadillac Tax	The ACA instituted a tax for high-value employer-sponsored insurance (defined as having premiums that exceed \$10,200 for individuals or \$27,500 in 2018). The amount spent by employers above this amount is subject to a 40% excise tax.	Would repeal the Cadillac tax and instead reduce the amount of health care coverage that may be exempted from taxes (amount unspecified).	Would repeal the Cadillac tax and instead reduce the amount of health care coverage that may be exempted from taxes (\$8,000/individual and \$20,000/family).
Medicare & Medicaid Disproportionate Share Hospital Payment (DSH) Cuts	The ACA reduced the amount of Medicare and Medicaid DSH payments available to hospitals.	Would repeal the FY 2018 and 2019 Medicare DSH cuts and the FY 2018 – 2020 Medicaid DSH cuts. Beginning with 2021, a single, national uncompensated care pool would be formed to compensate DSH hospitals for charity care reported on the S-10. For state per capita cap programs, Medicaid DSH and GME would be “carved out” and funded through a separate allotment or other funding stream.	Would repeal.
Health Insurance Provider, Pharmaceutical Manufacturer and Medical Device Manufacturer Fees	The ACA implemented fees on certain classes of health-related providers and suppliers.	Would repeal.	Would repeal.
Increased Medicare Tax on High-income Taxpayers	The ACA increased the Medicare payroll tax on high-income individuals (>\$200,000) and couples (>\$250,000).	Would repeal.	Would repeal.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Other Major Provisions of Repeal & Replace Plans (Non-ACA)			
Medicaid Restructuring		Would restructure Medicaid through the establishment of per-capita caps for four population categories: aged; blind and disabled; children; and adults. States would have the option to restructure Medicaid into a block grant program.	Does not address.
Individual and Small Group Purchasing Pools		Would allow small businesses and individuals (distinctly) to come together to create a risk pool for purposes of contracting for health coverage; would preempt conflicting state laws.	Would allow small businesses and individuals (distinctly) to come together to create a risk pool for purposes of contracting for health coverage; would preempt conflicting state laws.
Health Savings Accounts (HSAs)		Would incentivize expanded use of HSAs.	Would incentivize expanded use of HSAs, including by providing a one-time \$1,000 tax credit.
High Risk Pools		Would provide states with \$25B over 10 years to establish high-risk pools for individuals who cannot otherwise obtain coverage and who are anticipated to be high-cost.	Would provide states with \$3B over 3 years to establish high-risk pools for individuals who cannot otherwise obtain coverage and who are anticipated to be high-cost.
Interstate Sale of Coverage Policies**		Would allow for states to enter into interstate compacts to purchase coverage across state lines.	Would allow insurers to sell across state lines, states would not be permitted to opt out.



**Affordable Care Act Alternatives
Comparison of Major Provisions
(Our Understanding as of January 17, 2017)**

	<u>ACA</u>	<u>A Better Way (Ryan)</u>	<u>The Empowering Patients First Act (Price)</u>
Premium Support in the Medicare Program		In 2024, would establish a “Medicare Exchange” through which beneficiaries could choose between the traditional FFS program or private plan options. Beneficiaries electing to purchase private coverage would receive a “premium support payment” to pay for (or offset) the cost of coverage. While not explicit, the plan implies that the FFS option would be limited to those at or near retirement age.	Does not address.
Medicare Structural Reforms		Would authorize a number of significant reforms to the Medicare program, including by allowing for “value-based insurance design” throughout Medicare Advantage, combining Medicare Parts A & B with a single deductible and cost-sharing, and place new limits on Medigap coverage.	Does not address.
State Innovation Grants		Would provide \$25 billion in grants to states to craft premium-reduction programs that support wellness and offer alternative health plan designs	Does not address.
Meaningful Use		Suggests that the plan would advance the use of electronic health records by removing certain legal and regulatory barriers.	Does not address.
Medicaid Waivers		Would reform and modernize waiver authority allowing more flexibility and a fast track approval process.	Does not address.