

TOPIC	Affordable Care Act	American Health Care Act (H.R. 1628) Passed by House 5/4/17	Better Care Reconciliation Act 6/22/17 Senate Discussion Draft
Premium Subsidy	Established income-based, sliding scale premium subsidies for individuals/families making 133-400% FPL to purchase qualified health plans on exchanges; subsidies are tied to the price of second-lowest silver plan available in the areas	Beginning in 2020, replaces ACA subsidies with flat tax credit based upon age; credits range from \$2000-\$4000 and are updated annually by CPI plus one percent; subsidies can be used to purchase off-exchange plans but cannot be used to purchase plans that cover abortion (Hyde exceptions apply); subsidies phase out at income levels between \$75K and \$150K	Modifies ACA income-based subsidies or (advance) premium tax credits in a number of ways: Starting in 2020, individuals at 0-350% FPL will be eligible for (advance) refundable tax credits; premium assistance tax credits are pegged to an applicable median cost benchmark plan, which includes qualified health plans in a rating area; changes actuarial value to 58% for qualified health plans with EHB (ACA reference is 70%); household income and age would be taken into account to calculate applicable contributions to premiums resulting in lower contributions for younger people and higher contributions for older and higher income adults; any employer coverage counts as coverage.
Guaranteed Issue/Community Rating	Requires the guaranteed issue and renewal of health plans and prohibits rating variation based upon health status other than community rating for premium	Maintains guaranteed issue but allows states to waive community rating and set premiums based on health status for individuals who do not maintain continuous coverage,	Maintains guaranteed issue requirement; and does not change the ACA requirement for community rating to set premiums

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	areas	subject to some conditions, including that the state participates in a high risk pool.	
Essential Health Benefits	Beginning in 2014, mandates that non-grandfathered health plans cover a comprehensive set of essential medical benefits in 10 service categories	Beginning in 2020, allows states to apply for waivers from EHB coverage requirements	No change from ACA
Age Rating	Limits age rating to 3:1, meaning premium amounts for older individuals cannot be more than 3X the premium amounts for younger individuals	Beginning in 2018, allows rating variation of up to 5:1 or any other rating ratio the state may prefer	Beginning in January 2019, same as House provision
Dependent coverage up to age 26	Allows parents to continue to cover their children as dependents under their insurance policies up to age 26	No change from ACA	No change from ACA
Individual Mandate	Charges individuals who do not have qualified health coverage a tax penalty of the greater of \$695 or 2.5% of household income in 2017; hardship exceptions apply	Eliminates coverage penalty for individuals effective January 1, 2016, Instead, establishes a 30% late enrollment penalty for individuals in non-group market who seek to purchase insurance and who did not maintain continuous coverage	Eliminates essential coverage penalty for individuals effective January 1, 2016
Employer Mandate	Charges employers with 50 or	Eliminates penalty on large	Same as House provision

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	more employees (large employers) who do not offer qualified health coverage and have at least one full-time employee receiving a premium subsidy a fee of \$2,000 per employee	employers who do not offer health benefits as of January 1, 2016	
Cost Sharing Reductions	Provides financial assistance to health plans to help reduce co-payments and deductibles for individuals making between 100%-250% of FPL who select certain exchange plans	Eliminates cost sharing reductions effective January 1, 2020	Appropriates funds for cost sharing reduction payments through the end of 2019; eliminates cost sharing reductions effective January 1, 2020
Market Stabilization Funds	N/A	Establishes Patient and State Stability Fund including \$115 billion in funding to states over nine years for activities like offering high risk pools, cost sharing services and subsidized preventive services; also authorizes \$8 billion specifically for states seeking community rating waivers which allows states to set rates accounting for health status, which would lead to expensive plans for people with pre-existing conditions	Establishes State Stability and Innovation Program to fund arrangements with health insurers to provide market stability and address urgent state health needs; authorizes \$15 billion annually for 2018 and 2019 and \$10 billion annually for 2020 and 2021; also establishes longer term stability fund that provides states with \$62 billion through 2027 but requires state match of funds

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State Flexibility (1332)	Established Section 1332 option that allows states to waive certain ACA requirements for a state-specific insurance approach as long as their waiver request met specific guardrails including minimum coverage, comprehensiveness, affordability and deficit neutrality. Also requires Secretary of Treasury and HHS signoff.	No changes	Modifies Section 1332 to streamline the waiver process by significantly relaxing the conditions for approval, and provides \$2 billion in funding assistance to incentivize states to apply for 1332 waivers
Medicaid Expansion	Requires states to expand Medicaid coverage to all non-Medicare eligible individuals with incomes up to 133% FPL; offers enhanced match rate for states for expansion population for three years starting at 100% in 2014 and phasing down to 90% by 2020 and beyond NOTE: SCOTUS modified this to be voluntary option for states in ruling on <i>NFIB v. Sebelius</i>	Sunsets enhanced match rate for expansion population beginning in 2020; applies enhanced match to currently enrolled beneficiaries who have no lapse in coverage longer than one month; limits enhanced match for expanded population to states that expanded as of March 1, 2017; authorizes \$10 billion in safety net funding pool for non-expansion states to use from 2018-2023	Phase out of the enhanced match rate for expansion population would occur from 2020 through 2024; there is an annual 5 percentage point decrease in the match rate during this four year period; reverts to regular match rate after this time frame; allows non-expansion states to temporarily adjust Medicaid and uninsured payments to providers up to the cost of care at an enhanced match rate to reach the national per capita average in spending

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Medicaid Payment Reform	N/A	Replaces current “match” methodology with per capita cap model beginning in 2020; cap amount based on 2016 expenditures excluding supplemental payments; updated annually by medical CPI	Replace current “match” methodology with per capita cap model beginning in 2020; states can choose their base years for determining cap amounts based on eight consecutive quarters from first quarter 2014 through second quarter 2017; cap will be inflated annually by CPI-medical through 2025 for children and expansion adults and CPI-medical plus one percentage point for elderly, blind and disabled; for 2025 and beyond, cap is updated by CPI for all categories; cap excludes certain supplemental payments; from October 2017 states may choose to condition Medicaid benefits on work requirements for non-elderly, non-pregnant adults and will receive an enhanced match rate if they implement this provision
Medicaid Block Grant	N/A	Allows states to choose ten-year Medicaid block grant for children and/or non-expansion adults beginning in 2020	Establishes Medicaid Flexibility Program starting in FY 2020 to allow states to apply to operate portions of their Medicaid program under a block grant program subject to certain data, quality and

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			coverage requirements; children, the elderly, and the disabled are excluded from the block grant amount.
Device tax	Applies excise tax of 2.3% on the sale of any taxable medical device effective 2013	Eliminates tax effective January 1, 2017	Eliminates tax as of January 1, 2018
Insurer Tax	Effective 2014, applies annual fee to health insurance sector that ranges from \$8 billion to \$14.3 billion with annual increase based on premium growth amount for 2019 and beyond	Eliminates tax effective January 1, 2017	Eliminates tax effective January 1, 2018
Drug Tax	Effective 2012, applies annual fee to pharmaceutical manufacturing sector that ranges from \$2.8 to \$4.1 billion per year	Eliminates tax effective January 1, 2017	Eliminates tax effective January 1, 2018
Cadillac Tax	Effective 2018, applies an excise tax on insurers of employer-sponsored health plans that have aggregate value of greater than \$10,200 for individuals and \$27,500 for families; amount of value threshold updated annually	Suspends application of tax from 2020-2025	Delays application of tax until January 1, 2025

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	based upon CPI		
Payroll Tax on High Wage Earners	Effective 2013, increases the Medicare payroll tax by 0.9% on income greater than \$200,000 for individuals and \$250,000 for couples	Delays application of tax until January 1, 2023	Eliminates tax effective January 1, 2023
Tax on Investment Income for High Income Individuals	Effective 2013, applies a 3.8% tax on unearned income for higher-income taxpayers	Delays application of tax until January 1, 2023	Eliminates tax effective January 1, 2017
Center for Medicare and Medicaid Innovation (CMMI)	Establishes CMMI to test new delivery and payment models within Medicare and Medicaid using expanded waiver authority; authorizes \$10 billion in renewable CMMI funding for period of 10 years	No changes	No changes
Independent Payment Advisory Board (IPAB)	Establishes 15-member independent review board tasked with making legislative recommendations to reduce health care spending in years when cost growth is projected to exceed specified targets; recommendations must be implemented unless Congress acts to stop them using special process	No changes	No changes

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Planned Parenthood Funding	N/A	Prohibits Medicaid payments to Planned Parenthood for one year effective upon enactment	Prohibits Medicaid payments to Planned Parenthood for one year effective upon enactment
Medicare Provider Payment Reductions	Numerous Medicare program payment modifications, such as productivity adjustments, resulting in rate reductions across multiple sectors like hospitals, post-acute care, Medicare Advantage, etc.	No changes	No changes
Prevention and Public Health Fund	Establishes fund targeted at supporting prevention and public health and wellness activities; authorizes \$7 billion in funding for 2010-2015 and \$2 billion in funding each year thereafter	Eliminates funding effective the end of fiscal year 2018; remaining funding reverts back to Treasury	Eliminates funding effective the end of fiscal year 2017