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Proposals to Replace the Affordable Care Act – Senator Rand Paul Proposal

This summary describes Senator Rand Paul's Obamacare Replacement Act.

	Senator Rand Paul Obamacare Replacement Act (S. 222)
Date plan announced	January 24, 2017
Overall approach	• **Repeal most private market rules**, including requirement to guarantee issue and renewal of policies, prohibitions on pre-existing condition exclusion periods, lifetime and annual limits, and rescissions, essential health benefit and cost sharing standards, minimum medical loss ratio (MLR) requirements, coverage standards for out-of-network emergency care, and the right to independent external review of denied claims. Retain dependent coverage to age 26 and authority for state consumer assistance programs. • **Restore pre-ACA portability protections under HIPAA,** which required non-group insurers to offer policies on guaranteed issue basis with no pre-existing condition exclusion periods, and with no limits on rating, to eligible individuals who are leaving group health plans and have maintained continuous coverage for at least 18 months • **Retain ACA premium and cost sharing subsidies for non-group plans sold through the Marketplace.** In addition, make health insurance premiums tax deductible for individuals and families. • **Encourage use of Health Savings Accounts (HSAs)** including by eliminating the annual tax-free contribution limit to HSAs and the requirement to be enrolled in a qualified high-deductible health plan. • **Authorize association health plans** and individual membership associations through which employers and individuals can purchase coverage • **Permit sale of insurance across state lines** • **Retain Medicaid expansion and increase state flexibility to obtain waivers** • **No changes to Medicare.** Retain Medicare benefit enhancements, savings provisions, premiums for higher-income beneficiaries, taxes on high earnings, and quality, payment and delivery system provisions
Individual mandate	• No requirement for individuals to have coverage
Premium subsidies to individuals	• Retain ACA premium tax credits. • Make health insurance premiums (net of any ACA tax credit and portions funded through HSA withdrawals) tax deductible to individuals. Premium contributions by individuals to employer-sponsored health plans are also credited to the taxpayer against applicable payroll taxes paid and refunded.
Cost sharing subsidies to individuals	• Retain ACA cost sharing reductions.
Individual health insurance market rules	• Repeal requirement for policies to be offered on a guaranteed issue basis during annual open enrollment periods and special enrollment periods; delay effective date to January 1, 2019. • Restore pre-ACA requirement under HIPAA for insurers in the non-group market to offer portability protections to certain individuals. Persons leaving group health

	plans who have been continuously covered for at least 18 months must be offered at least two non-group policies that will not turn them down or impose pre-existing condition exclusion periods. No federal law limits on premiums that can be charged to HIPAA-eligible individuals • Repeal ACA single risk pool requirement and prohibition on using health status, gender, occupation, other rating factors. Repeal limits on age-rating, minimum MLR, rate review requirements, and 3-month grace period for subsidy eligible individuals in the Marketplace. • Repeal ACA prohibition on pre-existing condition exclusion periods; delay effective date to January 1, 2019. • States retain flexibility to adopt more protective standards, subject to preemption in policies sold across state lines and through associations.
Benefit design	• Repeal ACA essential health benefit standards and preventive health benefit standards. • Repeal prohibition on annual and lifetime limits. • Repeal ACA standards for out-of-pocket cost sharing. • States retain flexibility to mandate benefits, subject to preemption in policies sold across state lines and through associations. • Coverage for abortion not mentioned.
Women's health	• Repeal ACA essential health benefit standards and preventive health benefit standards including maternity care, contraception, and cancer screenings. • Repeal ban on gender rating and preexisting conditions exclusions, which historically have included pregnancy, prior C-section, and history of domestic violence. • Abortion coverage not mentioned.
Health Savings Accounts (HSAs)	• Eliminate requirement to be enrolled in high-deductible health plan in order to make tax-free contributions to HSAs; individuals enrolled in any type of health coverage, including people eligible for Medicare, VA benefits, TriCare, Indian Health Service can make tax deductible HSA contributions. • Eliminate the annual limit on tax deductible contributions to HSAs (by individuals and their employers). In addition, amounts up to $5,000 per year ($10,000 for joint returns) contributed to HSA are eligible for a tax credit. The tax credit is reduced (but not below zero) by value of the tax deduction for HSA contributions. • Expand qualified medical expenses to include over-the-counter medicine, health insurance premiums, expenses incurred during the prior tax year, and fees paid to concierge medical practices. Other expenses can be qualified medical expenses up to an annual dollar limit: expenses for physical trainers, nutrition trainers, and health coaches (up to $1,000 per year), exercise equipment (up to $250 per year), nutritional and dietary supplements (up to $1,000 per year). Dollar limits, where specified, apply to tax deduction for medical expenses, but do not apply to expenses that can be paid for with tax-free HSA distributions. • Allow tax free transfer of HSAs at death to account holder's child, parent, or grandparent in addition to surviving spouse. • Treat HSAs the same as retirement funds in bankruptcy proceedings, meaning balances up to $1.28 million are protected from creditors.
High-risk pools	• No provision
Selling insurance across state lines	• Permit non-group insurers to designate a primary state in which to be licensed and sell policies in secondary states. Policies sold in secondary states are subject to regulation by primary state with respect to the offer, sale, rating (including medical underwriting), renewal, issuance of coverage, standards for covered benefits, and claims administration
Exchanges/ Insurance through associations	• Continue ACA Exchanges, but repeal certain requirements, including requirement to display health plan MLR, standards for display of covered benefits in plans, ACA network adequacy standard. • Establish individual health pools (IHPs) to offer fully insured non-group policies. Federal private market standards apply; state laws, including stronger guaranteed

	issue and rating laws and benefit standards, are preempted for policies sold through IHPs. • Permit small employers to buy coverage through association health plans (AHPs). For fully insured small group AHPs, state rating laws and mandated benefits are preempted. Self-insured AHPs permitted; for federally certified self-funded associations with membership of at least 1,000, state regulation is preempted
Dependent coverage to age 26	• Retain ACA requirement and apply to grandfathered health plans
Other private insurance standards	• Repeal ACA minimum loss ratio standards, rebate requirements for insurers with claims expenses less than 80% of premium revenue (85% for large group policies) • Repeal ACA right to independent external appeal of denied claims; for fully insured plans sold across state lines in states that do not provide for external review, insurer would pay external reviewer to consider the appeal, subject to standards • Repeal ACA transparency standards, including requirement to offer standardized, simple summary of benefits and coverage, and requirement to report periodic data on denied claims and other insurance practices
Employer requirements and provisions	• Repeal employer mandate to offer full time employees and their dependents health plan that is affordable and has minimum value • Repeal other ACA standards for employer plans: requirement to cover preventive services, limits on out-of-pocket cost sharing, prohibition on excess waiting periods, prohibition on imposing pre-existing conditions. • Premium contributions by individuals to employer-sponsored health plans are credited to the taxpayer against applicable payroll taxes paid and refunded.
Medicaid	*Financing* • No changes *Children's Health Insurance Program (CHIP)* • No changes *Other changes to Medicaid* • Expand states' ability to obtain waivers of federal Medicaid law under Section 1115.
Medicare	*Structural Changes to Medicare* • No changes *Changes to Provider Payments* • No changes. *Changes to Medicare-related provisions in the ACA* • No changes *Other changes to Medicare* • No changes
State role	• States have flexibility to adopt more stringent insurance market rules, subject to preemption by policies sold across state lines or through association health plans
Financing	• Retain all ACA tax changes, including Medicare Health Insurance (HI) tax increases on high earnings, Cadillac tax on high-cost employer-sponsored group health plans, and taxes on health insurers, pharmaceutical manufacturers, and medical devices.
Sources of information	https://www.congress.gov/115/bills/s222/BILLS-115s222is.pdf