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CBO Score and Update to Senate Healthcare Discussion Draft

On June 26, the Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation (JCT) released their scoring of the Better Care Reconciliation Act of 2017 (BCRA), the discussion draft of the Republican Senate's plan to repeal and replace the Affordable Care Act (ACA) released last week. See our Update. CBO and JCT estimate that enacting this legislation would reduce the cumulative federal deficit over the ten year period ending 2026 by $321 billion. That amount is $202 billion more than the estimated net savings estimated under the American Health Care Act recently passed by the House of Representatives. CBO and JCT also estimate that in 2018, 15 million more people would be uninsured under BCRA than under current law. After additional changes to the Medicaid program take effect and changes to the subsidies for insurance purchased in the non-group market, its estimated that the increase in the number of uninsured people would rise to 19 million in 2020 and then to 22 million in 2026.

On June 26, the Republican leadership also released the first of what is likely to be several changes to BCRA. See the updated BCRA bill and a section by section summary here. The most significant of these changes is the addition of a "continuous coverage" provision that would, beginning in 2019, require insurers to impose a six-month waiting period on anyone enrolling in coverage in the individual market if they have been uninsured for more than 63 days.

The Senate is likely to vote on the BCRA this week. Like the American Health Care Act passed by the House of Representatives, the Senate bill delays until 2026 the implementation of the 40 percent "Cadillac Tax" on employer-sponsored coverage. Many employers are urging Senators to support an amendment that would permanently repeal the Cadillac Tax. The BCRA bill will be considered under budget reconciliation rules, which allow the Senate to pass the measure with a simple majority rather than the usual 60-vote threshold. To retain this privileged status, however, the bill will need to survive a review by the Senate Parliamentarian to ensure that its provisions have a measurable revenue effect and that it does not add to the deficit outside of the ten-year budget window.

Ultimate passage in the Senate is unclear, but if the bill does pass the Senate, the next step will require that both the House and the Senate come together to vote on a joint bill before it would be sent to President Trump for signature. As of now it is unclear whether consensus can or will be reached. For now nothing changes and the ACA, including penalties for noncompliance and all employer reporting and notice requirements, will stay in place. We will continue to monitor developments over the coming weeks, and provide details on new and revised employer obligations as they take shape over time.

Should you have questions about any aspect of federal health insurance reform, please contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online Resource Center.

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877-861-3220

news@connerstrong.com

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