

## Side by Side Comparison – The Affordable Care Act and the American Health Care Act<sup>i</sup>

| Provision   | ACA  | AHCA  |
|---|--|---|
| <b>Insurance subsidies</b>                        | Individuals who purchase insurance through the health insurance exchanges and who make less than \$48,000 a year are eligible for federal subsidies that buy down the cost of insurance. Subsidies are on a sliding scale based on a person's income and the relative cost of insurance in their area. Subsidies are automatically applied to insurance bills through direct payment from federal government to insurer. | Insurance subsidies in the form of tax credits will be tied to a person's age rather than income, but will phase out for individuals making over \$75,000 a year. People under 30 are eligible for a credit of \$2000, while people over 60 would be eligible for \$4000. These subsidies will not be tied to the cost of insurance in an area, but will be directly paid to the insurer by the federal government. Additionally, a new fund is established to provide around \$85 billion in tax assistance due to high premiums for individuals age 50 to 64. |
| <b>Individual Mandate</b>                         | Unless exempted, individuals are required to obtain ACA-compliant health insurance or face an annual tax penalty.  | Tax penalty will be dropped. Instead, individuals who go for more than two months without health insurance will face a "continuous coverage" surcharge of 30% when they buy a new insurance plan.   |
| <b>Employer Mandate</b>                           | Large companies are required to provide health insurance to their employees or face financial penalties.   | This provision is repealed.   |
| <b>Young Adults</b>                               | Young people are able to stay on their parents health insurance plans until the age of 26  | This provision will remain in place   |
| <b>Essential Health Benefits</b>                  | Insurers are required to offer 10 essential health benefits in all ACA-compliant coverage.   | This provision will remain in place   |
| <b>Prohibitions on annual and lifetime limits</b> | Insurers are barred from setting a limit on how much they have to pay to cover someone.  | This provision will remain in place   |
| <b>Age-rated limit</b>                            | Insurers can charge elderly customers no more than 3 times what they charge young adults.  | Insurers are able to charge elderly customers up to 5 times what they charge young adults.  |
| <b>Preexisting condition coverage</b>             | Insurers will be unable to deny coverage to people who have preexisting medical conditions   | This provision will remain in effect for individuals that retain continuous coverage.   |
| <b>Medicaid Expansion</b>                         | States may expand Medicaid coverage for low-income individuals by expanding the eligibility cutoff to 138% of the poverty level (about \$16,640 for an individual). The federal government has taken on almost all of the cost of this expansion, which is gradually phased down to 90%. Currently, 31 states have chosen to expand Medicaid coverage.   | Medicaid expansion is discontinued in 2020. Coverage of Medicaid expansion populations would not be subject to meeting "essential health benefits" requirements. Additional states are immediately prohibited from expanding Medicaid, and Medicaid enrollment at ACA payment rates will be frozen at the end of 2019.  |
| <b>Traditional Medicaid</b>                       | Per prior legislation, Medicaid funding is based on federal matching formula (FMAP) based on the affluence of state. Federal match funding ranges from roughly 50% for affluent states to nearly 80% for the poorest states. ACA makes some changes to the Medicaid program, but does not substantially change this matching formula.  | The FMAP model of open-ended federal match funding for Medicaid will be discontinued in 2020. Instead, states will have the option of receiving a lump sum block grant payment or a per-beneficiary amount based on enrollees and costs, with an annual inflation adjustment. States will also have the option of establishing a work requirement for recipients, and are eligible for 5% upward funding adjustment to cover administrative costs of doing so.  |
| <b>Health Savings Accounts</b>                    | Currently, individuals and families can put \$3400 and \$6750, respectively, into a Health Savings Account tax-free. HSAs are only available to some consumers in the health insurance exchanges.  | These levels will be raised to \$6550 and \$13,100 beginning in 2018. All individual market consumers can purchase HSAs.  |
| <b>Tax provisions</b>                             | Insurance companies, pharmaceutical manufacturers, and medical device manufacturers all pay industry fees. Income tax on high earners. Employers with rich employer health benefits are subject to "Cadillac Tax".   | Industry fees and taxes are repealed. Cadillac Tax delayed until 2026.  |

<sup>i</sup> Sources cited:

---

H.R. 3590, [The Patient Protection and Affordable Care Act](#), 111<sup>th</sup> Congress (2009-2010)

[The American Health Care Act of 2017](#), 115<sup>th</sup> Congress (2017-2018)

[Compare Proposals to Replace The Affordable Care Act](#), *The Henry J. Kaiser Family Foundation*

Park, Haeyoun and Margot Sanger-Katz, "[The Parts of Obamacare Republicans Will Keep, Change or Discard](#)," *The New York Times*, 6 March 2017.

Levey, Noam N. and Kyle Kim, "[A side-by-side comparison of Obamacare and the GOP's replacement plan](#)," *The Los Angeles Times*, 15 March 2017.