

Health Insurance News



ACA/AHCA Update WHAT'S HAPPENING 'ON THE HILL'?

Will the ACA be repealed, revised or remain essentially intact?

If the ACA was to be repealed without replacement, approximately 20 million Americans would be left uninsured. The Congressional Budget Office advised that 24 million MORE Americans would be left without coverage 10 years from now. Repeal of the entire ACA program does not seem likely.

With the House passing the American Health Care Act (AHCA) on May 5, 2017, it appears that they are looking to repeal and replace portions of the ACA, adding several new amendments. The bill includes allowing states to opt out of the ACA's essential health benefits, permitting insurers under certain circumstances to charge consumers more who have pre-existing conditions and providing for additional funding for high-risk pools.

What Effect could the Employer 'Tax' Exclusion have on the AHCA?

First, let's start with what the Employer 'Tax' Exclusion actually means. As an employer who contributes to a group health insurance plan, contributions made by the employer for benefits that the employee receives, are essentially excluded from the employees compensation and payroll tax and therefore a tax free benefit to the employee. It is worth noting over 175 million Americans receive their benefits through an employer sponsored health insurance plan.

There are proposals in the Senate that would tax this benefit to the employees, resulting in what could be

the largest tax increase in history for the middle-class Americans. As a result, this could force many Americans to drop group sponsored health plans and be forced to seek individual coverage where premiums and coverages are on the rise.

What is the Cadillac / Excise Tax?

Slated to take effect in 2020, ACA imposes a 40% tax on plans with annual premiums exceeding \$10,800 for individuals and \$29,500 for families. The AHCA, as passed by the house, would only delay the tax until the year 2026. As a result, employers are and have strongly considered, paring back employee group coverages which result in lower premiums therefore eliminating or reducing the Cadillac tax.

Now that the plan is in the hands of the Senate, we will be watching closely to see how they address this possible costly tax.

The Outlook for the Next 100 Days

The Senate proposal of the AHCA may incorporate some elements of the bill passed by the House, but significant changes to that bill are likely. Many Senators feel that the House bill falls short. And, as Sen. Maj. Whip Cornyn (R-TX) said, "We're not under any deadline, so we're going to take our time."

We will continue to update you on this situation as changes come forward.



Please give us a call with any questions: Glenn Niccolai – (973) 200.4762 & Denise Heller – (973) 200.4782

65 MADISON AVENUE, SUITE 330, MORRISTOWN, NJ 07960 WWW.MADISONINSURANCE.COM