

ACA Today

NOW WE KNOW WHAT THE REPUBLICAN OBAMACARE REPLACEMENT WILL LOOK LIKE – FORBES

It's been six-and-a-half long years of “repeal and replace” rhetoric, with only a vague notion of what the “replace” part would look like—until now. President-elect Donald Trump's decision to name Georgia Rep. Tom Price as the new secretary of [HHS] gives us a pretty good idea.... Tax credits for those without employer coverage.... A solution for those with preexisting conditions.... Price has a better idea: allow those who have had continuous coverage for 18 months to obtain coverage in the individual market without a pre-ex exclusion. If someone is uninsured, the insurer can exclude covering a preexisting condition for 18 months.... The federal government will provide block-grant funding for state-based high risk pools. Expand Health Savings Accounts. These tax-free accounts...encourage patients to become value-conscious shoppers.... But HSAs have a number of restrictions on them. Price seeks to make them available to more people under broader guidelines.

HEALTH INSURERS WILLING TO GIVE UP A KEY OBAMACARE PROVISION – BLOOMBERG

U.S. health insurers signaled Tuesday that they're willing to give up a cornerstone provision of Obamacare that requires all Americans to have insurance, replacing it with a different set of incentives less loathed by Republicans who have promised to repeal the law. “Replacing the individual mandate with strong, effective incentives, such as late enrollment penalties and waiting periods, can help expand coverage and lower costs for everyone,” AHIP said....

Insurers are asking Republicans to create strong incentives to buy insurance, and to ensure the government continues to make good on payments it owes insurers under the ACA [risk-corridor program].... AHIP...said insurers will need at least 18 months to create new products and get them approved by state regulators, if Republicans change the market.

THE US SPENT \$3.2 TRILLION ON HEALTHCARE IN 2015 – HEALTH AFFAIRS

- Total US healthcare spending increased 5.8% and reached \$3.2 trillion in 2015.
- Spending on health care increased 5% per capita, reaching \$9,990 in 2015.
- The share of GDP devoted to health care spending was 17.8% in 2015.
- Spending for private health insurance increased 7.2% in 2015.
- Hospital care spending increased 5.6% in 2015.
- Spending on physician and clinical services increased 6.3% in 2015.

HOSPITALS GEAR UP FOR MAJOR OFFENSIVE AGAINST OBAMACARE REPEAL – THE HILL

A powerful coalition of hospitals is previewing a fierce attack against GOP leaders if lawmakers follow through on their promise to repeal ObamaCare next year. The American Hospital Association and the Federation of American Hospitals on Tuesday fired off a...new report

warning that its industry stood to take a massive financial hit under the repeal of ObamaCare. The...report... showed the hospital industry would lose \$165.8 billion through cuts to Medicaid alone.... Hospitals would lose another \$289.5 billion if Republicans scrap the ObamaCare payments to hospitals with higher Medicare patients.... The study...is based on the Republican's bill aimed at dismantling the healthcare law [from] 2015.... Hospitals have seen major gains under ObamaCare, which expanded coverage to 22 million people, by decreasing the amount of "uncompensated care." These effects were...greater in the states that also opted to expand Medicaid coverage.... But Cahn said he and other healthcare leaders would be open to working with Republicans "in making a soft landing" if the law is going to unravel and eventually be replaced.

EMPLOYER PENALTIES FOR HEALTH INSURANCE MANDATE EXPECTED TO REACH \$31B FOR 2016, ACCENTURE FINDS – BUSINESS WIRE

Penalties on U.S. employers that misreport employees' coverage could reach \$10B, increasing potential penalties 50 percent over original estimates

Under the PPACA's "employer mandate," employers that fail to offer health coverage to their employees are subject to financial penalties. The Congressional Budget Office (CBO) has projected that non-compliant employers – i.e., those not offering coverage – could face \$21 billion in penalties for the 2016 tax-reporting period. However, an Accenture analysis has identified a new segment of employers, deemed "unintentionally non-compliant," whose penalty exposure could amount to an additional \$10 billion during the 2016 tax period. This group represents employers that offer compliant health coverage yet fail to meet IRS reporting requirements needed to demonstrate

compliance under the law. In total, employer penalty exposure could reach \$31 billion for 2016, compared with an estimated \$11 billion for 2015. "The challenge is that limited awareness exists on the magnitude of potential penalties," said Scott Brown, managing director of payer consulting, Accenture.

CONGRESS ENACTS LAW ALLOWING HRAS UNDER THE AFFORDABLE CARE ACT – JOURNAL OF ACCOUNTANCY

The Senate passed the 21st Century Cures Act H.R. 34.... Among other things, the bill will allow certain small businesses to use...HRAs without incurring penalties.... The bill amends Sec. 9831 to add an exception for qualified small employer HRAs. In Notices 2013-54 and 2015-17, the IRS had concluded that HRA plans are group health plans that fail to comply with the market reforms that apply to group health plans under PPACA and are therefore subject to the excise tax in Sec. 4980D.... The act overrules the IRS position by defining "group health plan" as not including "any qualified small employer health reimbursement arrangement...." The new rules apply to years beginning after Dec. 31, 2016.

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