

# HEALTH CARE REFORM ALERT



Alerting you on official legislative, regulatory or executive action

**December 4, 2017**

## **Tax Reform Bill Passes the U.S. Senate with Potential ACA Impacts**

On Dec. 2, the U.S. Senate passed an [amended version](#) of the Tax Cuts and Jobs Act by a vote of 51-49. Senate Republicans crafted the bill as their alternative to the U.S. House bill, which passed that chamber on Nov. 16. Congress is using the budget reconciliation process for tax reform, which requires a simple majority of 51 votes in the Senate.

The Senate's bill is different than what passed in the House. Of interest for health care reform, the Senate bill includes a permanent repeal of the Affordable Care Act (ACA) individual mandate, requiring individuals to purchase and maintain insurance, by zeroing out the penalty beginning in 2019. The House bill did not have any provisions related to the individual mandate.

Both the Senate and House bills also include a change to how tax provisions are indexed for inflation. All tax provisions, including the ACA "Cadillac" Tax (scheduled to take effect in 2020), would be indexed to the Chained Consumer Price Index (CPI), which tends to rise more quickly than regular CPI (the previous index metric). Therefore, it is likely that more employer-sponsored plans would trigger the tax for employers and insurers sooner.

While passage of tax reform in the Senate and House is an important milestone, additional steps are necessary since the bills were not identical. Here's what we currently know – and don't know – about the next steps to help you stay informed.

### **What's next for tax reform**

Identical versions of a bill must pass both chambers before being signed by the President and becoming law. Since the Senate passed a bill that contained differences from the bill passed in the House, there are two paths forward: 1) the House could pass the Senate bill

as is and send it to the President; or 2) a bicameral conference committee can meet to negotiate a new compromise bill. That negotiated bill would then need to be passed by both chambers before sending it to the President for signature. Congress and the Administration are seeking to pass tax reform by the end of the year, so the chosen step forward should soon be made clear.

### **Related marketplace stabilization bills**

As part of Senate Republican negotiations to pass the tax reform bill, some senators with concerns over the repeal of the individual mandate requested that two bipartisan marketplace stabilization bills be brought to the floor for a vote:

- [Alexander-Murray Bill](#)
  - Provides cost-sharing reduction payments through 2019
  - Increases state flexibility with Section 1332 State Innovation Waiver enhancements
  - Allows consumers over age 30 to buy catastrophic health plans (“copper” plans)
- [Collins-Nelson Reinsurance Bill](#)
  - Provides two years of reinsurance funds, totaling \$4.5 billion, to help lower insurance premiums by compensating insurers for their costliest patients

Republican senators have said both bills could be included in an end-of-year spending bill. Next steps for these bills have not yet been announced.

### **Staying informed**

To stay up to date on the evolving state of health care reform, visit [www.InformedonReform.com](http://www.InformedonReform.com), including the new Repeal and Replace Update webpage. This page offers a snapshot of the latest regulatory and legislative activity.

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