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American Health Care Act amendment would accelerate tax provisions

House Republicans on March 20, 2017, released manager's amendments with changes to the American Health Care Act (H.R. 1628) that would repeal tax provisions a year earlier than under the version unveiled two weeks ago, and would add an additional year of relief from the Cadillac tax.

"To provide more immediate help, the amendment accelerates repealing the Obamacare taxes to 2017, rather than 2018. This change will help ensure millions of individuals, families and businesses who paid Obamacare's penalties or taxes this year can reclaim their hard-earned dollars from the IRS," a Ways and Means Committee press release stated. "Additionally, the bill provides the maximum relief possible from the Cadillac tax, given the rules of the Senate."

The policy manager's amendment to the bill would accelerate by one year the repeal of taxes that include the following, so that repeal would be effective beginning in 2017:

- The net investment income tax
- The medical device excise tax
- The Medicare tax increase
- The tax on prescription medications
- The health insurance tax
- The tax on over-the-counter medications

See our other Affordable Care Act updates

Read about the highlights of the American Health Care Act as originally proposed by the House Ways and Means Committee here.

Download the slides from our March 7, 2017 webcast, *Affordable Care Act: Employer update and key considerations during 2017* here.

Watch a video of the March 7, 2017 webcast participant polling results here.

- **Cadillac tax.** The amendment would add an additional year of relief from the Cadillac tax, moving the implementation date from 2025 to 2026.

- **Tanning tax.** The amendment would accelerate repeal of the tanning tax by six months, so that repeal would be effective June 30, 2017. It would accelerate the repeal of remuneration from certain insurers by one year, so that repeal would be effective beginning in 2017.

- **Health savings accounts, health flexible spending accounts, medical expense deduction.** The amendment would also accelerate repeal by one year, so that it would be effective beginning in 2017 for: the increase of tax on Health Savings Accounts; limitations on contributions to Flexible Spending Accounts; elimination of the deduction for expenses allocable to the Medicare Part D Subsidy; and the medical expense deduction.

Other changes include:

— Creating funding for Senate to consider more robust tax credits for the 50-64 age group

— Changes to the effective date and federal match rate of the Medicaid expansion depending on the type of enrollee

— Voluntary work requirements for Medicaid with State incentives

— Optional Medicaid block grant for adults and children

— A new higher growth rate for the Aged and Disabled population within the per capita cap Medicaid funding formula

The proposed changes to the Affordable Care Act repeal-and-replace legislation come as the White House and House Republican leaders seek to build additional support for the bill ahead of consideration by the Rules Committee scheduled for Wednesday, March 22 at 10:00 a.m., and by the full House, likely on Thursday. The manager's amendment also makes technical changes to the bill.

During a March 20 rally in Kentucky, President Trump urged approval of the bill and acknowledged that more work would likely be necessary. "Remember, we're going to negotiate. It's going to go back and forth" before being enacted, he said. President Trump is scheduled to address House Republicans on the issue on March 22, 2017.