

Benefits

# BUZZ

Benefits tips brought to you by  
SMC Insurance Agency, Inc.

June 2017

## AHCA Passes House

The American Health Care Act (AHCA) was passed by the U.S. House of Representatives on May 4, 2017. The AHCA will move to the Senate for a vote and possible amendments.

The AHCA needed 216 votes to pass in the House. It passed on a party-line vote, with 217 Republicans and no Democrats voting in favor of the legislation. It needs a simple majority vote in the Senate to pass.

### Impact on ACA Provisions

The AHCA would reduce the penalties imposed under the Affordable Care Act's (ACA) individual and employer mandate provisions to zero beginning in 2016, effectively repealing both mandates.

While individuals would not be required to obtain health insurance, beginning with open enrollment for 2019, the AHCA would allow issuers to add a 30

percent late-enrollment surcharge for applicants that had a lapse in coverage of more than 63 days during the previous 12 months. The surcharge would be discontinued after 12 months.

The AHCA would repeal the ACA's current subsidies for low-income individuals who purchase coverage through an Exchange. The subsidies would be replaced with portable tax credits in 2020.

The ACA's rules on essential health benefits and community rating would stay in place, but states could apply for waivers from these provisions.

### HSA Enhancements

The AHCA also includes provisions to encourage the use of health savings accounts (HSAs), such as increasing the annual contribution limit.

For a more detailed overview of the AHCA and its potential impact on your organization, please contact SMC Insurance Agency, Inc..

## DID YOU KNOW?

Generally, wellness incentives are subject to the same federal tax rules as any other employee rewards or prizes.

Cash and cash equivalents (for example, a \$100 gift card for taking a health risk assessment) are **always taxable**.

Another taxable example is an employer's payment of gym or health club membership fees, unless the membership qualifies as medical care.

## Pre-existing Conditions Under the ACA

The ACA currently protects individuals from being denied coverage due to pre-existing conditions. Specifically, it prohibits both exclusions of coverage of **specific benefits** and **complete exclusions** from a plan or coverage based on a pre-existing condition.

The AHCA retains these protections. However, it would allow issuers in states that receive waivers of the community rating rules to charge higher premiums for individuals with pre-existing conditions, in some cases. The AHCA would establish a fund to provide assistance to individuals that have higher premiums due to pre-existing conditions under these circumstances.

SMC Insurance Agency, Inc. will keep you updated with any applicable legislative developments.

