



HEALTH REFORM ADVISORY PRACTICE

Weekly Legislative Update



March 31, 2017

All (Mostly) Quiet on the Eastern Front; Slight Retreat, But No Surrender

The demise of the Republican's repeal-and-replace bill late last Friday, and the angst it generated among GOP rank and file, gave way early this week to renewed optimism that the party would resurrect the bill over the coming weeks, and bring it back to the floor of the House of Representatives for a vote before summer.

GOP House members emerged from a "unity conference" Tuesday morning, announcing that the American Health Care Act (AHCA), the vehicle for repealing and replacing key parts of the Affordable Care Act (ACA), was still in play.

The balance of the week was filled with a great deal of noise: talk that the AHCA really is dead and the GOP is moving on to other things on its agenda; assurance that it's *not* dead and that talks between Republican factions continue; and tweets from the White House blaming hardline conservatives for last week's demise of the bill but reassuring Americans the ACA's problems would be addressed one way or another, later if not sooner.

Lockton comment: Almost immediately after Speaker of the House Paul Ryan (R-WI) pulled the AHCA from the House floor, President Donald Trump and Republican leadership on Capitol Hill stated or implied that the ACA's damage to the individual health insurance market would now continue until the market imploded, and then Democrats would have to work with Republicans to put it back together.

Nevertheless, many Washington insiders believe the AHCA is very much alive, that GOP House members returned to the capitol on Tuesday with "buyer's remorse" for not getting the deal done, and renewed efforts to find adequate common ground. Lockton's sources tell us serious negotiations are ongoing, away from the glare of media spotlights and under cover of work on other priorities, like approving a budget and sketching out potential aspects of comprehensive tax reform.

Fractures within the Freedom Caucus

The GOP's Freedom Caucus, a group of about three dozen hardline conservatives under the leadership of Mark Meadows (R-NC), is taking most of the blame for bringing the AHCA to a halt. Caucus members viewed the AHCA as the ACA-lite, objecting to the bill's ACA-like tax credits and fearing the bill would not do enough to hold down healthcare costs.

GOP leadership, including President Trump, put significant pressure on Caucus members over the last week, and cracks began appearing in the Caucus over the weekend and into the early part of this week. One Caucus member withdrew from the group, and there are reports that at least two other members are wavering in their support of the Caucus's opposition to the AHCA.

What's Next?

Where all this leads, and when, is still unclear. We doubt there will be a vote on the AHCA before the Easter recess, which begins at the end of next week and concludes on April 25. After that, Congress is in session four of the next five weeks. If the AHCA is going to reappear it seems likely it will do so in that window.

There remains at least *some* sense of urgency here. Reports surfaced Friday that Anthem, one of the largest health insurers still offering individual insurance policies in the ACA's online marketplaces, was contemplating pulling out of several additional states, further eroding the number of insurers still willing to offer policies in the marketplaces. It is clear to both Republicans and Democrats that the individual market needs repair, to convince insurers to re-engage there.

The AHCA could return straight to the floor of the House, where Lockton's sources tell us the bill may be amended in key ways, such as beefing up tax credits for individual health insurance policy purchasers at lower income levels and older ages. A week ago it appeared the House was looking to the Senate to make those adjustments, but now there are indications the House will tweak its own bill.

Lockton's April 11 Health Reform Webcast is Still a "Go"

Our April 11 webcast on the health reform effort is still on. Tuesday we re-titled the webcast "After the Battle," in the wake of comments by GOP leadership that Republicans were moving on to other things, but it's clear now the battle is not yet quite over.

No matter what happens over the next two weeks, we're looking forward to the webcast. We will explain the current posture of the AHCA, its main provisions and how they would affect employers and their employees, timeline for implementation if the bill clears Congress and is signed by President Trump, *other* bills that could affect employer group health plans in positive ways, and potential for federal *executive branch* action to mitigate the ACA's continued impact on employers, if the AHCA ultimately fails.

We hope you can join us on April 11. If you've not yet registered, you may do so [here](#).

Edward Fensholt, JD
Scott Behrens, JD
Lockton Compliance Services

Lockton Benefit Group | 444 West 47th Street | Suite 900 | Kansas City | MO | 64112

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