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GOP Pulls AHCA Before Vote

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On Friday, March 24, 2017, the U.S. House of Representatives pulled the American Health Care Act (“AHCA”) from consideration after not receiving enough Republican support to pass the bill. The AHCA was President Trump’s first attempt to repeal and replace the Affordable Care Act (the “ACA”). The AHCA, among other things, would have eradicated the penalties associated with the individual and employer mandates, and replaced the ACA subsidies with refundable tax credits.

President Trump has stated that he is content to move on from health care reform and will now focus on tax reform. While some Republicans in the House, including Speaker Ryan, are interested in revisiting health care reform, it is not clear a second shot at “repeal and replace” will garner enough votes in a divided Republican party. On the other hand, Democrats appear willing to come to the table to address bi-partisan changes to the ACA if Republicans stop efforts to “repeal and replace” the law.

Therefore, for the foreseeable future, the ACA remains the law of the land. For now, employers must maintain compliance with all ACA mandates. ACA non-compliance penalties and taxes also remain in place. It will be interesting to see whether the regulatory agencies will issue non-enforcement or limited enforcement guidance that may relieve employers from some of the penalties and reporting requirements under the ACA.

We will be monitoring these political developments, including potential changes to the Cadillac Tax and the employee tax exclusion of health care benefits – both of which may be on the table as part of a tax reform package. In addition, we will be monitoring regulatory changes that could impact employer sponsored plans.