Senate Republicans have released a discussion draft of their health care overhaul bill. The bill—the Better Care Reconciliation Act of 2017 (H.R. 1628)—would repeal the individual and employer mandates and end the small business tax credit in 2019. The exclusion of abortion services also figured prominently in the bill—for example, it prohibits federal Medicaid payments to states for providers that provide for abortions, other than an abortion resulting from rape or incest or when the woman is danger of death unless an abortion is performed.

**Tax repeals.** The legislation would eliminate the following:

- the individual mandate;
- the employer mandate;
- the tax on employee health insurance premiums and health plan benefits;
- the tax on over-the-counter medications;
- the tax on health savings accounts;
- limitations on contributions to flexible spending accounts;
- the tax on prescription medications;
- the medical device excise tax;
- the health insurance tax;
- elimination of the deduction for expenses allocable to the Medicare Part D subsidy;
- the chronic care tax;
- the Medicare tax increase;
- the tanning tax; and
- the net investment tax.

**State stability.** The legislation would appropriate a combined $50 billion from 2018 to 2021 to fund arrangements with insurers to address coverage and access disruption and respond to urgent health care needs in states. It also creates a long-term stabilization fund for states, which would provide financial assistance to help high-risk individuals enroll in health insurance and provide assistance to reduce out-of-pocket costs.

**Premium tax credit.** Under section 1401 of the [ACA](https://www.accesshealth.org), the premium tax credit applies to taxpayers with incomes whose household income is between 100 and 400 percent of the federal poverty level. Section 102 of the bill would limit the applicability of the premium tax credit to those whose income is less than 350 percent of the federal poverty level.

**Medicaid expansion.** The ACA’s Medicaid expansion would be phased out over four years from 2020 through 2023. In 2020, the federal medical assistance percentage will be 90 percent; 85 percent in 2021; 80 percent in 2022; and 75 percent in 2023.

The ACA’s Medicaid expansion, beginning January 1, 2014, reimbursed states for providing Medicaid to individuals between the ages of 19 and 65 with incomes up to 133 percent who are not eligible for Medicaid under any other category and also are not eligible for or enrolled in Medicare. The bill would end eligibility for this category effective December 31, 2019, and beginning January 1, 2020, would include "expansion enrollees," defined as individuals (1) who are under age 65; (2) who are not pregnant; (3) who are not entitled to or enrolled in Medicare Parts A or B; (4) who are not described in other benefit categories; and (5) whose income does not exceed 133 percent of the poverty line.
Under new Soc. Sec. Act Sec. 1923A, a non-expansion state may adjust payments to providers that furnish health services to individuals eligible for Medicaid or have no health insurance. The federal medical assistance percentage for these providers is 100 percent for fiscal years (FYs) 2018 through 2021 and 95 percent for FY 2022.

**Medicaid costs.** The bill would eliminate the requirement that an individual found eligible for Medicaid receives assistance in or after the third month in which he or she made the application. It also provides for optional coverage of qualified inpatient psychiatric hospital services for individuals between the ages of 22 and 64. The federal matching rate for such services would be 50 percent.

**Medicaid optional work requirement.** New Soc. Sec. Act sec. 1902(oo) would allow states to condition medical assistance to a nondisabled, nonelderly, nonpregnant individual upon his or her satisfaction of a work requirement. Some exceptions apply. The federal matching percentage for the administrative costs of administering this requirement would be increased by 5 percent.

**Medicaid block grants.** States would also have the option to conduct a Medicaid Flexibility program that provides targeted assistance to program enrollees. Such states would receive block grants instead of per capita support.

**Medicaid quality incentives.** For FYs 2023 to 2026, states that have lower than expected aggregate medical assistance expenditures and submit information on quality measures will have their federal matching percentages increased.

**Waivers.** If a state has a grandfathered managed care waiver, it may, through state plan amendment, continue to implement the managed care delivery system that is the subject of the waiver without submitting a new application, as long as the state does not modify the terms and conditions of the waiver.