

# House Passes American Health Care Act: Potential Impact on Employer Plans

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Earlier this afternoon the House of Representatives passed the American Health Care Act (AHCA). While the AHCA must still get through the Senate and eventually be signed by the President before becoming law, with the passage of the AHCA employers now have a first look at how the health care landscape may change under the Trump Administration.

The most significant aspects of the AHCA relate to the individual market and government programs, such as Medicaid. There are, however, some important provisions that would affect employer plans as well.

For example, the AHCA would repeal the employer mandate that applies under current law. The employer mandate now requires Applicable Large Employers (those who regularly employ 50 or more full-time employees) to offer coverage to their full-time workers or pay a penalty. Current law also defines “full-time” to be at least 30 hours per week. With the elimination of the employer mandate, employers may welcome an easing of the administrative burden needed to track the hours worked for borderline employees by using measurement periods and stability periods, as current law requires. Employers would also no longer be at risk of penalties for failing to offer coverage to a group of employees, although various nondiscrimination rules will still apply to the coverage that employers do choose to offer. Large employers who did not expand hiring due to costs of bringing more employees on to their health insurance may also look to expand their workforces.

Next, the AHCA would allow health coverage to be more tailored than the “one size fits all” approach under current law, in an effort to reduce the cost of providing such coverage. Much of the new flexibility, however, would be dependent on state-level decisions. If a state regulatory body were to opt out of requiring certain “essential health benefits” for all insurance plans offered within that state, then employers would be able to choose an insurance product for their group health plans that would be more limited than what the employer is permitted to offer under current law. Such minimal-coverage plans briefly became popular as a way for employers who were subject to the Affordable Care Act’s employer mandate to meet the requirements of that mandate at minimal cost, before Obama Administration guidance prohibited their use. In the absence of that mandate, however, the appeal of such “skinny” plans would likely be minimal for nearly all employers.

The AHCA would keep various other aspects of current law the same, including the wellness program standards that apply under the Affordable Care Act and the requirement that employer plans offer coverage to dependents up to age 26.

If you have any questions as the AHCA works its way through the legislative process, please contact [Anthony Antognoli](#) or your regular Hinshaw & Culbertson LLP attorney

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## Topics

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