



The Republican Study Committee has led the way on a comprehensive repeal and replace strategy for Obamacare. Currently, the American Health Care Reform Act, H.R. 2653, is the most cosponsored Obamacare alternative in the House. This bill relies on conservative principles and increased state flexibility to transform our top-down health care system into one that creates competition, growth and increased access for all Americans.

Principles of the American Health Care Reform Act:

- 1. Fully Repeal Obamacare** - Obamacare cannot be reformed; it must be fully repealed. The law has destroyed competition in the marketplace, leading to an increase in consolidation in the insurance industry and fewer choices for consumers.
- 2. Increase Access to Portable, Affordable Health Insurance** – It is vital to level the playing field between those who receive insurance from an employer and those purchasing it in the individual market. A standard deduction for health insurance (SDHI) would be a portable tax benefit that would encourage work while ensuring the federal government does not create another new entitlement program. The American Health Care Reform Act creates a SDHI of \$7,500 for individuals, or \$20,500 for families, which would apply to income and payroll taxes, and would increase at the same rate as CPI-U. The SDHI eliminates the current incentive to choose increasingly expensive plans by providing the full value of the deduction regardless of how expensive the plan is.
- 3. Improve Access to Insurance for Vulnerable Americans** – Any replacement plan must provide a federalist solution to address a segment of the population that has been unable to obtain affordable insurance. We propose expanding federal support for high-risk pools, while ensuring state high-risk pools cap premiums at 200% of the average premium in the state. In addition, it must be guaranteed that individuals with pre-existing conditions can move between health insurance markets, so long as they maintain continuous coverage.
- 4. Encourage a More Competitive Health Care Market** – The current health insurance market lacks competition and transparency: instead, the high degree of industry consolidation and opacity drive up the cost of care. Any reform must allow Americans to purchase health insurance products across state lines and permit small businesses to pool together to negotiate better rates. It should also restore the application of federal anti-trust law to the business of health insurance to help ensure robust competitive markets. In addition, Medicare claims and payment data should be made publically available so that patients and taxpayers alike can better understand what they are being charged. Finally, encourage states to develop transparency portals that contain information in a user-friendly format on insurance plans.
- 5. Reforming Medical Liability Law** – Reforming medical liability laws to address runaway costs caused by frivolous lawsuits and defensive medicine. The American Health Care Reform Act addresses the medical liability crisis that drives up health-care costs by creating a legal safe harbor to physicians who follow evidence-based best practice guidelines by providing: (1) a voluntary right of removal to federal court so long as there is a federal payer (including Medicare and Medicaid) or a federal statute, (2) a mandatory independent medical review panel pre-discovery, and (3) an increased burden of proof for plaintiffs to overcome summary judgment from the standard of “preponderance of the evidence” to that of “clear and convincing” after a finding of non-negligence by the

review panel. These provisions are designed to improve patient care and lower the cost of health care by encouraging the practice of evidence-based medicine while protecting states' rights.

- 6. Supporting Medical Breakthroughs** - To prevent unsustainable increases in future federal health care spending, investments must be made now to curtail the costliest of diseases. The American Health Care Reform Act makes an investment in developing biomedical breakthroughs that could lead to cures and treatments for the deadliest diseases in the United States. In addition, free market principles would be employed to spur private innovation to create the first FDA approved cure or vaccine for Alzheimer's. This component should be the forefront of any Obamacare alternative. Our dedication must be to shirking future health care costs while ensuring the United States remains a world leader in health innovation and cures. It is time to shift the conversation away from focusing solely on coverage numbers and instead to long-term solutions that truly improve the lives of patients.
- 7. Protecting Pro-Life Priorities** – Any comprehensive reform must protect life. This includes a prohibition on any funds in a replacement package to provide coverage of abortion services. In addition, it must continue the long-standing practice of prohibiting any federal funds to be used to cover abortion, except in the case of rape, incest, or when the life of the mother is jeopardized. Finally, no state pro-life or conscience protection laws should be preempted.

Medicare

The current one-size-fits-all Medicare approach no longer provides seniors a high standard of care, and leaves them without access and choice. Current and future beneficiaries will gain from a redesigned Medicare system structured to provide greater range of choices to accommodate their changing needs. In order to accomplish this goal, Medicare reforms should include:

- 1.** Allow Medicare participants to choose among health and prescription drug plans provided on a regulated exchange. This proposal would incentivize healthcare plans and providers to deliver high quality services at a better value. This would include a standard federal contribution towards beneficiary premiums that would be based upon a competitive bidding process for health insurance companies. Enrollees would receive assistance to offset the cost of their health insurance policies. Seniors can direct this payment to the plan of their choice offered on a regulated exchange. This would include private plans, as well as Medicare's traditional fee-for-service option.
- 2.** Increased means testing for wealthier seniors while ensuring low-income seniors would receive higher health insurance subsidies.
- 3.** Combine Medicare Part A and Part B to modernize the traditional Medicare structure and prevent beneficiary confusion due to the current convoluted system of separate deductibles, copayments, and cost-sharing structure.
- 4.** Reform Medigap coverage to limit first-dollar coverage while creating a cap on out-of-pocket costs to ensure seniors have the opportunity to plan appropriately for costs they might face.
- 5.** Adjust the Medicare eligibility age to align with the normal retirement age for Social Security.

Medicaid

Medicaid is the largest federal means-tested welfare program and accounts for 40 percent of all federal means-tested spending. Despite programmatic spending that continues to climb at an unsustainable rate, Medicaid continues to fail beneficiaries. By 2026 CBO estimates that federal spending on Medicaid benefits could reach \$624 billion (increasing 5 to 6 percent per year), a total that includes \$210 billion for able-bodied adults. In order to reform Medicaid, Congress must:

1. Combine Medicaid and CHIP funding into a single, streamlined block grant that gives states budgetary certainty as well as maximum flexibility to address the unique health care needs of their vulnerable citizens.
2. Encourage states to embrace innovative reforms that transition able-bodied working adults off traditional Medicaid and into a defined benefit system giving them access to private insurance. States could then show these beneficiaries how to access the marketplace when they do become self-sufficient. This would allow Medicaid to better serve its intended population and streamline services to meet the needs of the elderly and disabled, while providing more choices to working individuals and families.
3. Establish work requirements to ensure that an able-bodied, working-age adult would only qualify for Medicaid if they are actively seeking employment or participating in an education or training program.