

The Patient Choice, Affordability, Responsibility, and Empowerment Act

Lower Costs. More Choices.

REPEAL THE PRESIDENT'S HEALTH CARE LAW

Despite promises that Obamacare would lower health care costs, costs continue to skyrocket for patients, families, taxpayers, and businesses. Today's health care law is not the solution to the health care crisis facing our nation. An alternative approach is necessary to fulfill the promise to lower health care costs, advance patient-focused reforms, and provide needed relief from job-crushing mandates, while at the same time ensuring affordable health care for patients, families, small businesses, and taxpayers. The first step toward achieving sustainable, affordable health care that puts patients – not the government – in charge of their health decisions and pocketbooks is repealing Obamacare.

REPLACE OBAMACARE WITH SUSTAINABLE, PATIENT-FOCUSED REFORMS AND PROTECTIONS

We believe all Americans deserve access to consumer protections in health coverage. Our proposal adopts a series of common-sense measures that do not have costly mandates or put the federal government between patients and their doctors. The Patient CARE Act would:

- *Ensure no one can be denied coverage based on their pre-existing condition;*
- Prohibit insurance companies from imposing lifetime limits on a consumer;
- Adopt an age rating ratio that limits the amount an older individual will pay to no more than five times what a younger individual pays (5 to 1) as a baseline, unless a state affirmatively elects to have a different ratio;
- Require health plans to offer dependent coverage up to age 26, unless a state opts out of this provision;
- Ensure guaranteed renewability for patients to be able to renew their coverage;
- Create a new “continuous coverage protection” for individuals moving from one health plan to another—regardless of whether in the individual, small group, or large employer markets. An individual could not be medically underwritten, denied health coverage, or be forced to pay a higher premium solely because of a pre-existing condition if they were continuously enrolled in a health plan without a significant break in coverage.

EMPOWER SMALL BUSINESSES AND INDIVIDUALS

While repealing Obamacare is a crucial step in lowering costs, we believe small businesses and individuals should also be empowered with purchasing power. The Patient CARE Act not only lowers cost through structural insurance reforms, but also helps stabilize the market and encourage it to be more competitive and transparent through a targeted tax credit to certain individuals solely for the purpose of helping to buy health care.

- Individuals working for a small business with 100 or fewer employees would be eligible to receive the credit – individuals who do not work at a large employer would also be eligible for the credit.
- Individuals with an annual income up to 300% of the Federal Poverty Level (FPL) would be eligible to receive an age-adjusted, advanceable, refundable tax credit to buy health care coverage or services.
- The value of the tax credit would reduce in value as an individual's income increases between 200-300% of FPL.

EMPOWER STATES TO HELP PROVIDE COVERAGE AND REDUCE COST

States have a key role to play in extending access to coverage and helping to lower costs. As traditional regulators of health insurance, under the Patient CARE Act, states would have new tools and authorities to help citizens manage their costs.

- States could elect to auto-enroll qualified individuals into insurance plans with premiums equal to the value of the individual's tax credit, but who fail to make an affirmative choice in choosing a plan within a specified timeframe. If an individual did not like the initial default plan selected, they would be able to switch plans or opt-out of coverage altogether—no American is forced to have health insurance they don't want.
- State high-risk pools could help patients with the costliest chronic medical conditions access coverage while reducing premiums for other consumers in that state.

STRENGTHEN CONSUMER DIRECTED HEALTH CARE

Consumer directed health care accounts have been critical for empowering patients to help manage their health care costs, particularly for patients with chronic conditions. Repealing the health care law takes the critical step of restoring the ability to use funds in a Flexible Spending Account (FSA) or Health Savings Account (HSA) for the purchase of over-the-counter medications as a qualified medical expense. For the first time, under the Patient CARE Act, HSA funds could be used to pay premiums for HSA-qualified and COBRA policies. This is a significant step forward in correcting a long-time tax distortion which only allowed those with employer coverage to purchase coverage through pre-tax dollars.

MODERNIZE MEDICAID

The status quo of today's Medicaid program is unsustainable. Federal spending is on an unsustainable course, and federal mandates and bureaucracy too often restrict states' ability to make their programs more efficient, effective, and compassionate. The Patient CARE Act would empower states with the financial certainty and programmatic flexibility to implement reforms to strengthen and improve care for the low-income patients within their state. Building upon other bipartisan proposals, states would adopt a capped allotment, where federal Medicaid dollars would "follow the patient".

- The state capped allotment would be based on the patient's health status, age, and life circumstances.
- States would continue to receive taxpayer-provided pass-through health care grants for pregnant women, low-income children, and low-income families. Funding for health grants would be allocated to states based on the number of low-income individuals at or below 100% of FPL. This capped allotment would grow over time at CPI+1 and reflect demographic and population changes.
- States would receive a defined budget for long-term care services and support for low-income elderly or disabled individuals who do not avail themselves of the tax credit.
- No changes would be made to acute-care funding for low-income elderly and disabled individuals.

REDUCE DEFENSIVE MEDICINE PRACTICES

Experts agree that the practice of unnecessary defensive medicine adds billions to our nation's health care costs. Many of these costs come in the form of unnecessary medical tests, which are not based on the patient's benefit, but driven by a provider's worry about protecting themselves from costly junk lawsuits. The Patient CARE Act adopts common-sense reforms to tackle the problem of junk lawsuits and defensive medicine.

CREATE TRANSPARENCY FOR CONSUMERS AND PATIENTS

The Patient CARE Act would lower health costs while adopting new measures to increase transparency on cost, quality, and outcomes, so all consumers are empowered with better information for their health care decision-making.

REDUCE A TAX CODE DISTORTION

We recognize that employer-sponsored insurance is an important feature of our health care system that provides coverage to nearly 150 million Americans, so we scrap the job-killing employer mandate and preserve the employer deduction. However, the open-ended tax preference encourages higher costs and increased spending. Our proposal maintains the employer deduction, so employers continue to have incentive to provide quality coverage to their employees. At the same time, we institute a cap on the exclusion for employees' health coverage valued at a generous \$12,000 for an individual and \$30,000 for a family and index it at CPI+1 for perpetuity. Unlike the punitive Cadillac Plan Tax in current law which imposes an onerous excise tax of 40 percent on cost of coverage of health plans that exceed the annual limit, our proposal treats every additional dollar after the generous threshold at the individual's tax rate – a more balanced approach for middle class Americans.