

ACA Repeal Passes Senate, Veto Expected

On Dec. 3, 2015, the Senate voted 52 to 47 to repeal large parts of the Affordable Care Act (ACA)—marking the first time that the Senate has passed a bill that would repeal the ACA. Because the vote was taken under the congressional budget reconciliation process, it needed a simple majority vote rather than the normal three-fifths to avoid a filibuster.

The President has indicated that he will veto the budget reconciliation bill. However, if a Republican wins the White House in 2016, repeal of some or all of the ACA's provisions could be likely.

The current bill targeted particular provisions of the ACA, such as the employer and individual mandates, Exchange subsidies and the high-cost employer-sponsored health plan excise tax (Cadillac tax), along with funding for Planned Parenthood.

The Senate bill would effectively repeal the individual and employer mandate. However, Senate rules keep outright repeals from being included in a budget reconciliation bill, so the legislation amended the mandates to provide that there would be no penalty for noncompliance. However, the bill does not repeal the ACA's Section 6055 and 6056 reporting requirements, which are subject to their own penalties.

The Senate bill would also eliminate provisions that provide assistance to low- and moderate-income Americans—the premium tax credits, cost-sharing reduction payments and Medicaid expansion—in addition to the small business tax credit. Repeal of these items would not be effective until 2018.

The Senate bill would also remove current caps that limit the amount of premium tax credit overpayments that the IRS can recover from individuals who receive advance tax credits. The current caps help low-income individuals who underestimate their income for the year and must pay back excess credits.

The ACA's reinsurance program would be unable to make payments or collect contributions as of Jan. 1, 2016, under this bill. This could create problems for insurers who have already set their premiums for 2016 based on the existence of these programs. A provision to end the risk corridor program was proposed but not included in the final version of the bill.

DID YOU KNOW?

On Nov. 18, 2015, the Departments of Labor (DOL), Health and Human Services (HHS) and the Treasury (Departments) published [final regulations](#) regarding a number of the ACA's market reform requirements. These final regulations address:

- Grandfathered plans
- Pre-existing condition exclusions
- Lifetime and annual dollar limits on benefits
- Rescissions
- Dependent coverage up to age 26
- Internal and external appeals
- Patient protections

The final rules are effective Jan. 1, 2017.

Government Investigating Rising Drug Costs

A U.S. House of Representatives investigative panel plans to hold a 2016 hearing on skyrocketing drug costs. The panel is conducting an investigation into drug pricing and has reached out to drug companies to gather information.

One of the drug companies being investigated is Valeant Pharmaceuticals International. The panel is looking into allegations that the company has been involved in questionable billing practices, as well as examining the company's relationship with the specialty pharmacy, Philidor Rx Services.

Valeant first disclosed its ties to Philidor late last month, amid concerns over the pharmacy's tactics to get insurers to pay for Valeant medications. It has since severed ties with the pharmacy, saying it has lost confidence in Philidor after questions about its business practices.

Valeant is also facing investigations by prosecutors in New York and Massachusetts over its drug pricing and its programs that provide financial assistance to help patients cover out-of-pocket expenses for their medications.