



Better Choices for Affordable Health Care

The Patient Freedom Act (PFA) of 2017 would take power from Washington and return it to state capitols in order to increase access to affordable health insurance and improve patient choice, while preserving important consumer protections. This proposal empowers patients by eliminating costly and burdensome mandates, making enrollment easy, requiring price transparency, and restoring state authority to set rules for their health insurance markets and giving patients power to make their own health care decisions.

Repeals: This proposal repeals burdensome federal mandates imposed by the Affordable Care Act, such as the individual mandate, the employer mandate, the actuarial value requirements that force plans to fit into one of four categories, the age band requirements that drive up costs for young people, and the benefit mandates that often force Americans to pay for coverage they don't need and can't afford.

Keeps: This proposal keeps essential consumer protections, including prohibitions on annual and lifetime limits, prohibition of pre-existing condition exclusions, and prohibitions on discrimination. It also preserves guaranteed issue and guaranteed renewability and allows young adults to stay on their parents' plan until age 26, as well as preserving coverage for mental health and substance use disorders.

State Option: The bill repeals Title I of the ACA (while retaining important consumer protections), and allows states to choose one of three options:

1. **Reimplementation of the ACA:** Option 1 allows the State to reinstate Title I of the ACA, including its mandates and other requirements. The State can continue to receive federal premium tax credits, cost-sharing subsidies, and Medicaid dollars, to the extent that such subsidies do not exceed the contributions that would have been made under Option 2.
2. **Choose a New State Alternative:** Option 2 allows the State to enact a new market-based system that empowers patients while still ensuring those with pre-existing conditions are protected. The State could continue to receive funding equal to 95% of federal premium tax credits and cost-sharing subsidies, as well as the federal match for Medicaid expansion. States can choose to receive funds in the form of per beneficiary grants or advanceable, refundable tax credits, but in both cases, funds will be deposited in a Roth Health Savings Account (HSA), meaning the money will go directly to the patient.
3. **Design an Alternative Solution without Federal Assistance:** Option 3 would return power to the States to design and regulate insurance markets that work for their specific populations, without any federal assistance.

Option 2: A New State Alternative with Federal Assistance

Who is helped? This proposal provides financial assistance to legal residents of the United States not receiving health insurance through their employer or public programs like Medicare and Medicaid. The goal is to provide roughly the same federal benefit available to those who get insurance through their employer. To ensure that everyone is covered, States will be able to auto-enroll uninsured individuals in basic health care coverage unless that individual opts out.

What are the benefits? The basic health plan would provide all eligible individuals with a Roth Health Savings Account, a high deductible health plan, and a basic pharmacy plan. Americans could purchase more robust coverage if they chose, and without the ACA's restrictive mandates, the options available would not only likely be more affordable, but individuals could pick among plans to find one that best suits their specific needs. The Patient Freedom Act would also establish new protections for those who need emergency care, by placing limits on out-of-network surcharges for emergency medical services paid for with an HSA. The proposal also requires providers to publish "cash prices" for services paid for with an HSA or with cash.

How is it funded? Each State will receive the same level of funding it would have received under the ACA if 95% of those eligible for subsidies enrolled. In addition, the State will receive the money that would have been paid for a Medicaid expansion. If states have already expanded Medicaid, the State can choose to keep the Medicaid expansion or convert that funding into subsidies to help individuals purchase private insurance. To help Americans access health insurance, States will establish a method for depositing funds for each person directly into that individual's Roth HSA, meaning health care dollars will go directly to the patient.