



H.R. 3129 – Health Care Fairness for All Act

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Frequently Asked Questions:

How would the Health Care Fairness for All Act affect individuals and families?

This bill creates an optional tax credit that can be used to buy insurance on the private market, pay for health care costs, or save in a tax-advantaged HSA. This credit would provide parity to the uninsured and the underinsured with the same tax advantage enjoyed by employers who provide health care coverage to their employees.

What would my options be for obtaining health care when this is enacted into law?

Under the Health Care Fairness for All Act, an individual may:

- Retain their employer-sponsored insurance;
- Become eligible for the health tax credit by opting out of Affordable Care Act (ACA) coverage and acquiring creditable insurance as defined by law;
- Remain in an ACA exchange plan; or
- Choose not to obtain health insurance altogether, and no longer be subjected to penalties under PPACA nor be eligible for the health care tax benefit.

How do I acquire my health care tax benefit, and what can I do with it?

The health tax credit can be used to pay health insurance premiums or be transferred to a Roth Health Savings Account (HSA). In the year of enactment, individuals would be given the option to be added immediately. You can then take advantage of the health tax credit in the tax year you are participating in, without waiting to file your taxes. Once an individual files his or her tax returns, he or she will receive their health tax credit.

If I am a lower-income employee what insurance options are available?

This plan provides for lower cost Basic Insurance plans that can be purchased with a partial health tax credit. An example of this type of insurance may be a Limited Benefit Insurance plan, Limited Benefit Insurance may contain an annual limit on the amounts payable under the provided coverage, it also may include asset protection and protection against garnishment of wages.

Would I be eligible?

Any American citizen is eligible for the health care tax benefit. To avoid fraud, the health care tax benefit is not assignable to another person outside the intended beneficiaries that filed under a family or legal dependent filing (household filing). An individual's tax benefit cannot be given to someone else for their benefit.

Section-by-section:

TITLE I - REVISIONS OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

Subtitle A - Elimination of Employer and Individual Mandates

Sec.101. Repeal of individual health insurance mandate • Repeal individual health insurance mandates.

Sec.102. Repeal of employer health insurance mandate • Repeal employer health insurance mandates and repeals the related reporting requirements.

Sec.103. Clarifying employer's ability to reimburse employee premiums for purchase of individual health insurance coverage • Clarify provisions to allow an employer to reimburse an employee for premiums spent on a privately purchased health insurance policy.

Subtitle B - Limitation on Application of PPACA Plan Requirements

Sec.121. Limiting application of requirements to consumer protections • Limit required mandates on health insurance plans while preserving popular consumer protections, such as the right of adult children to stay on their parents' health insurance until age 26. This section also retains the existing consumer protections to include: the ban on discriminating against people with pre-existing medical conditions; the requirement of guaranteed availability of coverage regardless of health status; the requirement of guaranteed coverage renewability regardless of health status; and the ban on lifetime and annual coverage limits.

Sec.122. Offering of basic health insurance; protection of assets from liability or attachment or seizure • Provide for the use of limited benefit insurance plans, and add protections for an individual's assets in the case that benefits are exhausted.

Sec.123. Ensuring Access to short-term limited duration insurance • Codify the current federal definition of a short-term health plan, does not alter the right of states to regulate such plans.

Sec.124. Making telehealth flexibilities permanent • Make permanent the temporary Medicare and HSA-related telehealth waivers that began during the pandemic.

Subtitle C – Health Care Insurance Tax Benefit

Sec.131. Health insurance tax benefit • Create an optional \$4,000 tax benefit per adult, as well as a \$2,000 tax credit per dependent child. This tax benefit is refundable, assignable, advanceable, and portable – the credit can be used to cover the costs of health coverage or placed in an HSA.

Sec.132. Application of portion of unused tax credits by States for indigent health care • Define the amount of unclaimed credit (25%) that can be reclaimed by states for indigent health care.

Sec.133. Medicaid option of enrollment under private plan and contribution to a HSA • Allow states, if they wish, to give Medicaid enrollees the option to accept Medicaid benefits in the form of a state-funded contribution to the enrollee's Roth HSA along with enrollment in a private commercial health plan.

Sec.134. Repeal of reporting requirements relating to employee health insurance premiums and health plan benefits • Repeal employer reporting requirements regarding employee health insurance premiums and health plan benefits.

Sec.135. Report • Require the HHS secretary to report annually to Congress regarding whether the amount of the universal credit remains adequate to cover the cost of health insurance purchased by credit users.

Subtitle D — Medicare Reforms

Sec. 141. Physician-owned hospitals • Repeal the ban on Medicare payments to new and expanded physician-owned hospitals.

Sec. 142. Prohibiting the use of an inpatient-only list in designating hospital outpatient services under the Medicare program • Repeal Medicare’s inpatient-only services list, which would enable patients and their doctors to choose the most appropriate site for care to be delivered – whether inpatient, outpatient, or office-based.

Sec. 143. Promoting Medicare site-neutral payments • Support payment parity across sites of service to ensure patients receive the right care in the right setting.

Sec. 144. Medicare Advantage contributions to Roth HSAs for chronically ill enrollees • Enable Medicare Advantage insurers to deposit money into the Roth HSAs of elderly and disabled enrollees.

Sec. 145. Extending acute hospital care at home waiver flexibilities • Make permanent the Medicare temporary acute care at home waiver.

TITLE II - IMPROVING HEALTH SAVINGS ACCOUNTS TO PROMOTE ACCOUNTABILITY

Sec. 201. Transition to non-deductible HSAs • Establish a Roth-style Health Savings Account (HSA), and enable any taxpayer to open and contribute to an HSA as long as they have creditable health insurance. An individual may contribute up to \$5,000 per year to his or her Roth HSA, and \$5,000 for a spouse and every dependent under his or her health insurance plan. Withdrawals from a Roth HSA for qualified medical expenses (and interest or capital gains earned by the money in the account) would not be classified as gross income and are therefore exempt from federal income and payroll tax.

Sec. 202. Elimination of medical expense deduction • Eliminate the existing tax deduction for qualified medical expenses, which is made superfluous by this bill.

Sec.203. Treatment of HSA after death of account beneficiary • Clarify that an HSA account, traditional or Roth, does not lose its tax status when it is passed by its primary user (the “account beneficiary”) to a surviving spouse or designated beneficiary.

Sec. 204. Treatment of direct patient care (DPC) arrangements • Update federal health care statutes to clarify that a patient’s subscription to a direct patient care arrangement is not a health insurance premium but a payment for medical care.

TITLE III - STATE FLEXIBILITY IN REGULATION OF HEALTH INSURANCE

Sec. 301. State flexibility in regulation of health insurance coverage • Clarify that HIPPA and ERISA statutes do not prevent an employer from offering or contributing to individual employee health insurance coverage. Expressly acknowledges states' authority, consistent with the provisions of section 121, to regulate their health insurance markets as they think best. Additionally, this section enables the creation of association health plans.

TITLE IV- MEDICAID PAYMENT REFORM

Sec. 401. Medicaid payment reform • Reform Medicaid to improve the quality and accessibility of care for patients and increase certainty and predictability for taxpayers. Medicaid would remain a joint federal-state entitlement, and a safety-net that expands during downturns, just as today. Under this section, the aggregate amount of money that the state and federal governments are obliged to contribute is shifted to a per capita cap system. This would provide stronger incentives for states to enhance the quality and accessibility of care for patients while managing the system efficiently. Every dollar of savings that the state saves by eliminating waste, fraud, or error would generate a full dollar of savings instead of pennies on the dollar under the current system.

TITLE V – PRICE TRANSPARENCY

Sec. 501. Promoting transparent hospital prices for consumers • Require hospitals in the United States to establish, update, and regularly publish a list of their standard charges for their most used items and services. This provision codifies an existing federal regulation, which took effect in 2021, and which prescribes federal fines for hospitals that fail to comply with the price-reporting requirement.

Terms to Know:

Advanceable: The ability to advance the health care tax benefit for annual distribution, divided into twelve monthly payments.

Assignable: The health care tax benefit can be directed in advance to an insurer or insurance administrator, such as an employer.

Basic Insurance: A health plan that offers with prescription drug coverage limited to generic drugs for a limited number of chronic conditions, designed for those looking for a plan with lower premiums and high deductibles. A Basic Insurance health plan meets requirements to qualify for the payment of plan premiums from a health savings account.

Health Care Tax Benefit: Every American citizen would be eligible to claim a \$4,000 tax benefit as well as a \$2,000 tax benefit per dependent minor, which is attainable upon demonstration of creditable coverage when filing taxes. A family of four can use this \$12,000 tax benefit to pay for any of their qualified medical expenses.

Limited Benefit Insurance: Individual health insurance coverage that imposes an annual limit on the amount of coverage available with respect to expenses incurred for items and services furnished in that plan year. Limited Benefit Insurance includes income and asset protection.

Refundable: The health care tax benefit is applied to one's tax liability. If the amount of the credit is greater than the amount of taxes owed, the taxpayer will receive a refund for the difference.

Transferable: The health care tax benefit can be transferred to a Health Savings Account or used to purchase health care coverage on the private market.

Portable: An individual's health care tax benefit would remain the same even when they experience a change of job, address, family status, or health status – they would still be able to purchase health care coverage on the private market.