



---

## American Health Care Act Suffers Defeat in the House

After weeks of debate, Republican leaders failed to garner enough votes to bring the American Health Care Act (AHCA) to the floor for a vote in the U.S. House of Representatives, a stunning defeat for President Donald Trump and Speaker Paul Ryan, R-Wisc., who made the repeal and replacement of the Affordable Care Act (ACA) a centerpiece of the Republican agenda. Speaker Ryan could lose no more than 21 Republicans to pass the legislation as all 194 House Democrats were expected to vote against the bill.

Ultimately, the result was driven by infighting between the Republican Party's conservative wing (the House Freedom Caucus) and the party's moderates, including members of the Tuesday Group, that stymied the legislation. House Freedom Caucus members continued to pressure Speaker Ryan and the White House to include conservative priorities in the legislation, including work requirements for Medicaid beneficiaries and a repeal of the ACA's essential health benefits, to secure their votes. The Freedom Caucus, composed of approximately 30 Republicans, has enough votes to block legislation in the House.

As leadership added provisions to make the bill more conservative for Freedom Caucus members and to address concerns that the original legislation did too little to lower insurance costs, it alienated some of the Republican Party's moderate members, who grew increasingly concerned about the proposed changes' effect on their constituents. A number of state governors also expressed significant concerns about the AHCA.

In the wake of the March 24 defeat, President Trump said that he would allow the ACA to fail on its own and turn to other priorities. Similarly, House Energy and Commerce Committee Chairman Greg Walden, R-Ore., said that the committee, which was responsible for drafting the AHCA along with the House Ways and Means Committee, would not rewrite the bill but instead focus on other healthcare priorities. For the foreseeable future, phase one of ACA repeal and replacement — reconciliation language — is off the table. According to House Ways and Means Committee Chairman Kevin Brady, R-Texas, tax reform will be the next priority for congressional action. Nevertheless, Speaker Ryan suggested on March 28 that Republicans may still seek to revive the repeal and replace effort, although he did not discuss details or timing.

Despite President Trump's initial comments indicating that he would let the ACA "explode," the Department of Health and Human Services (HHS) has already taken action on the second prong of repeal and

replacement, namely, regulatory and administrative action. For example, President Trump issued an executive order to reduce ACA “regulatory burdens” the day he was inaugurated. Additionally, in February, the Centers for Medicare & Medicaid Services issued a proposed market stabilization rule to support the individual and small group health insurance markets. For more information, please see the *Health Matters* updates entitled “[President Trump Issues Executive Order 13765 on the Affordable Care Act](#)” and “[Centers for Medicare & Medicaid Services Releases ‘Market Stabilization’ Proposed Rule; Comments Due March 7.](#)” Additionally, the administration is likely to face significant pressure from the insurance industry and other stakeholder groups to continue to act administratively to stabilize the insurance markets.

Phase three of ACA repeal and replacement, negotiated legislation that would require at least 60 votes in the Senate and therefore at least eight Democratic senators in order to pass, is a very distant probability. The White House and some Republicans have indicated that they may be willing to work with Democrats in light of the majority party’s inability to work together.

If you have any questions regarding this Sidley Update, please contact the Sidley lawyer with whom you usually work or

**Stephanie P. Hales**  
*Partner*  
[shales@sidley.com](mailto:shales@sidley.com)  
+1 202 736 8349

**Dora Hughes, M.D., M.P.H.**  
*Senior Policy Adviser*  
[dhughes@sidley.com](mailto:dhughes@sidley.com)  
+1 202 736 8653

**Laura R. Cohen**  
*Policy Attorney*  
[laura.cohen@sidley.com](mailto:laura.cohen@sidley.com)  
+1 202 736 8127

### Sidley Government Strategies Practice

Sidley’s Government Strategies group works at the crossroads of law and policy, helping clients develop and implement strategies that protect and further their business interests. Multiple institutions influence the development of federal law and policy – including the legislative, executive and judicial branches of government as well as the private and nonprofit sectors. The professionals in our Government Strategies practice work with our clients to assist them in understanding and managing these multiple influences in a successful manner. Our group features a 28-year veteran of the U.S. House of Representatives who chaired the Energy and Commerce Committee’s Subcommittee on Energy and Air Quality, a former Acting U.S. Attorney General, former General Counsels for the Environmental Protection Agency, the Office of Management and Budget and the Department of Agriculture, and former Counselors to the Secretary of the Department of Health and Human Services, among others who have filled high-profile posts. A number of our lawyers have had major roles in the drafting, enactment and regulatory implementation of landmark laws. This rare mix of leadership translates to an unusual level of value for our clients.

### Sidley Healthcare Practice

Our Healthcare Practice represents participants in all facets of the healthcare industry, including pharmaceutical, biotech and device companies, durable medical equipment suppliers, hospitals, skilled nursing facilities, physician-owned companies, professional associations and research institutions. Our lawyers combine a strong background in the complexities of healthcare financing and delivery, including coding, reimbursement and coverage issues, privacy and security, trade regulation and competition. We have extensive experience representing clients on enforcement and regulatory matters before federal and state enforcement agencies.

For more information and updates, please visit our [Health Matters: Navigating ACA Reform](#) website.

To receive Sidley Updates, please subscribe at [www.sidley.com/subscribe](http://www.sidley.com/subscribe).

**SIDLEY**

BEIJING · BOSTON · BRUSSELS · CENTURY CITY · CHICAGO · DALLAS · GENEVA · HONG KONG · HOUSTON · LONDON  
LOS ANGELES · MUNICH · NEW YORK · PALO ALTO · SAN FRANCISCO · SHANGHAI · SINGAPORE · SYDNEY · TOKYO ·  
WASHINGTON, D.C.