

Legislative Update January 2018

Tax reform

President Donald Trump signed into law on December 22 the Tax Cuts and Jobs Act. This tax reform bill makes significant changes to the federal tax code. Additionally, and notably, the bill eliminates the ACA's individual mandate effective beginning in 2019.

New IRS withholding guidance is expected in mid-January for 2018 taxes per the new law.

January Key Dates

On January 3 the new Democratic Senator from Alabama, Doug Jones was sworn into office. This brings the Republican Majority to 51-49.

Speaker Ryan and Majority Leader Mitch McConnell headed to a Camp David Summit with President Trump over the January 6-7 weekend. The agenda for the weekend was reportedly the following:

- Short-term planning leading up to the funding dealing of January 19
- Long-term planning for 2018 which includes identifying a major legislative priority. Infrastructure is a potential priority though the House may be pushing for welfare reform.
- Putting together a coordinated political plan to retain control of both the House and Senate.

There are several other key Congressional dates and deadlines in January worth noting:

1. January 11 is the deadline for Trump to re-certify the Iran Nuclear Deal.
2. January 12-17 are the deadlines for Trump to issue temporary waivers of U.S. sanctions on Iran. (these are due every 120 days).
3. January 19 is the expiration of the CR as well as FISA. This is the potential bill for the disaster relief bill and the ACA stabilization bill, though the pathway in the House is unclear for this.
4. January 30 is President Trump's State of the Union Address
5. January 31-February 2 is the House-Senate GOP retreat at the Greenbrier.

Budget/Spending/Tax Extenders

Congress is now working against a new deadline of January 19 for a spending package to avert a government shutdown. The Senate is in session this week and the House returns next week.

In December, Congress focused on tax reform and punted difficult funding decisions by passing another

short-term spending patch that funds the government through January 19. Democrats are using the next funding deadline as leverage to force President Trump to sign legislation to protect the young undocumented immigrants. The immigration fight began in September when President Trump ordered the end of the DACA program protecting almost 1 million undocumented immigrants from deportation. President Trump has stated he will not agree unless Congress consents to fund a border wall and to a broader overhaul of the immigration system. Democrats have stated they will not consent to funding a “wall”. The deadline for DACA is March 5 – this is when President Obama’s Executive Action shielding over 800,000 “dreamers” from deportation will terminate.

The tax extenders package was also punted in December.

Healthcare Items

ACA Reform

As part of the negotiations during the tax reform bill, some Republicans, most vocally Senator Susan Collins (R-ME), insisted that the next spending bill contain a plan to stabilize the ACA insurance market. Specifically, these measures include addressing the reinsurance program and funding the ACA cost-sharing reduction payments for insurance. Senator Susan Collins sought to tie the measures to the continuing resolution and was promised a vote on the bills from GOP leadership. While the Senate is likely to act on these measures, the path in the House is less certain.

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340B Drug Pricing Program

Pharmaceutical companies are concerned about the growth of the 340B Drug Pricing Program. The program mandates the sale of outpatient drugs to hospitals and other covered entities at reduced prices saving hospitals between 25 and 50 percent. Hospitals respond that 340B program savings empower them to meet HRSA’s broad goal of helping the nation’s most vulnerable patients and providing comprehensive health services. Both House and Senate committees held hearings in 2017 examining the lack of program oversight. Additionally, the CMS issued a regulation in the fall that significantly reduces many 340B hospitals’ Medicare Part B drug reimbursement. Hospitals filed a legal challenge to the regulation. Drug pricing and the 340B program is expected to be a continued policy focus both on the Hill and for the Trump Administration in 2018.

CHIP Funding

Funding for CHIP and community health centers expired on September 30. In December, as a temporary fix, Congress added \$3 billion into CHIP, keeping the program funded for three more months. HHS has indicated funding will run out in February if no action is taken.

While both the House and Senate agree on a 5-year CHIP reauthorization, the sticking point remains the House legislation includes increased Medicare premiums for wealthier seniors as a pay-for and redirects money from ACA prevention and health fund for community health centers.

Infrastructure

The Trump administration has indicated that it will release its infrastructure plan this month. On January 3, in preparation for the rolling out, National Economic Council Director Gary Cohn convened a meeting at the White House focused on infrastructure.

The infrastructure plan is expected to lay out principles intended to spur \$1 trillion in infrastructure investment from \$200 billion in federal funding. Early indications are Trump plans to divide the \$200 billion among four programs: a program for states and cities with a focus on local matching funds, block grants for rural America, existing federal loan programs, and “other transitional projects”. The White House and Trump supporters would like to push infrastructure to the forefront for legislative priorities in 2018.