



## HEALTH REFORM ADVISORY PRACTICE

### Weekly Legislative Update



August 25, 2017

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## Republicans in Congress Continue to Sort Out Fall Agenda – Will Health Reform or Tax Reform Dominate?

A few more details about the fall legislative agenda have begun to surface as Congress's August recess winds down. A key Senate committee will focus on stabilizing the individual market in early September. Tax reform also remains a priority for Republicans in Congress; however, pressure from President Donald Trump may lead to at least one more attempt to repeal and, at least partially, replace the Affordable Care Act (ACA).

### Senate Hearings on the Individual Market May Lead to Bipartisan Bill

The Senate Committee on Health, Education, Labor and Pension will hold at least two hearings focusing on stabilizing the individual health insurance market when Congress returns to session in September. Witnesses at the hearing will include state governors and insurance commissioners. The Committee's Chairman, Lamar Alexander (R-TN), has stated the goal of the hearings is to prepare a narrow bill that can receive bipartisan support, and which focuses solely on the individual market.

**Lockton comment:** Few details about the Committee's proposed solutions have surfaced. It appears from reports, however, the Committee is considering changes to the ACA that might give states more flexibility to tax employers. The intent is to use the tax revenue to provide carriers with reinsurance – the goal being to get more carriers to offer individual coverage options through the exchanges and to lower premiums.

### President Trump Continues to Push for Comprehensive Health Reform

President Trump has been vocal over the last few weeks calling on Congress, specifically Senate Majority Leader Mitch McConnell (R-KY), to pass comprehensive health reform soon. Comments by Republican leadership in both the House and Senate suggest little appetite for

another attempt at comprehensive reform, but they may be pressured by the President to keep it on the agenda. A funding bill must be passed by the end of September to avoid a government shutdown; reports indicate the President may be willing to force a shutdown unless Congress makes commitments on key items of his agenda, including health reform.

***Lockton comment:*** The reality is it might be too late for Republican-only health reform. Sept. 30, 2017, is the last day of the 2017 fiscal year. It also marks the possible expiration of the fiscal year 2017 budget reconciliation instructions that provide Republicans an avenue to pass health reform without Democrat support. It would take a herculean effort to pass comprehensive reform through both chambers before October. If the Senate Parliamentarian rules that the instructions do expire at the end of the month, then Republicans will likely be forced to choose whether to use fiscal year 2018 budget reconciliation instructions to move on to tax reform, or scrap tax reform in favor of resurrecting health reform.

### **Tax Reform Efforts Continue to Gain Steam**

Reports indicate many GOP lawmakers are ready to move forward with tax reform. Few expect tax reform to be easy, but many in the caucus believe there is significant common ground among Republicans on tax reform, which will make it easier to tackle than health reform. A work group, including key figures in the White House and both chambers of Congress, continues to flesh out the major principles of tax reform. Though not yet publically stated by the group, we understand changes to the tax preferences for employer sponsored health insurance and retirement plans remain on the table.

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