

HALL RENDER'S THIS WEEK IN WASHINGTON - DECEMBER 8, 2017

CURRENT TAX REFORM PROPOSALS HAVE SIGNIFICANT IMPLICATIONS FOR HEALTH CARE INDUSTRY

As House and Senate conferees began working to reconcile the differences between the tax bills passed by their respective bodies, the health care industry waits to see what's included in the final product. After failing to repeal and replace the Affordable Care Act ("ACA") earlier this year, the Senate's tax legislation makes another attempt at reform by repealing its individual mandate. The Congressional Budget Office estimates dropping the individual mandate will result in 13 million fewer people having insurance over 10 years. It also estimates that premiums will rise 10 percent more per year since healthy people will most likely drop insurance without the mandate. In the House, Republican lawmakers have proposed eliminating the medical expense deduction and the orphan drug tax credit, which was created to encourage research for rare diseases.

While the Senate proposal preserves the tax exemption for certain private activity bonds, the House measure would eliminate the provision from the tax code. House Ways and Means Committee Chairman Kevin Brady (R-TX), author of the lower chamber's bill who was appointed to the conference committee, indicated this week that he is open to a compromise that would preserve tax-exempt private activity bonds "that help build and enhance the national infrastructure." However, the question remains as to whether hospitals would be included in the definition of infrastructure. In response to the House proposal, a coalition of 35 national organizations, including AHA, have reached out to House and Senate leadership to ask that the current federal income tax treatment of private activity bonds be maintained.

BIPARTISAN GROUP OF SENATORS URGE ELIMINATION OF 340B CUTS

A bipartisan group of six senators submitted a [letter](#) to Senate leadership this week calling for the passage of legislation to prevent a dramatic reduction in payments for hospitals participating in the 340B drug discount program. While 340B hospitals currently receive a discount of six percent on top of the drug's average sales price, starting January 1, 2018, they will receive the average sales price minus 22.5 percent, a change that will result in payment cuts of \$1.6 billion. In the House, almost 100 lawmakers from both sides of the aisle have cosponsored a measure ([H.R. 4392](#)) reversing the action taken by CMS. Additionally, hospital groups have sued in federal court to block the changes. Although the cuts are scheduled to start on January 1, some Republican lawmakers have indicated they're open to a year-long delay of the cuts while Congress takes a closer look at the program.

GOVERNMENT SHUTDOWN TEMPORARILY AVOIDED

With government funding set to expire on December 8 and a government shutdown looming, Congress approved a continuing resolution late Thursday night that temporarily funds federal agencies through December 22, 2017. Earlier in the day, members of the congressional leadership met with President Trump at the White House to discuss adoption of a broader two-year budget deal by the end of the year.

Negotiations over the temporary government funding bill passed this week have pushed back resolution of health care issues, like long-term funding for CHIP and Medicare extenders or stabilizing the ACA marketplace by re-instituting cost-sharing reduction payments that were terminated by President Trump until later this month. While this week's continuing resolution does include a provision that frees up more emergency cash for those states that are about run out of CHIP funds, lawmakers have yet to agree on how to pay for an extension of current CHIP funding. The most recent proposal would extend the current two percent Medicare sequester cuts for another two years. Despite the delay, members of the Senate leadership expressed confidence this week that resolution of the matter will be included in Congress's year-end funding bill.

HEALTH-RELATED BILLS INTRODUCED THIS WEEK

Rep. Pete Olson (R-TX) introduced [H.R. 4582](#) and Sen. Bill Cassidy (R-LA) introduced [S.2204](#) to amend Title XVIII of the Social Security Act to preserve access to rehabilitation innovation centers under the Medicare program.

Reps. Peter Roskam (R-IL) and Earl Blumenauer (D-OR) introduced [H.R. 4554](#) to establish a smart card pilot program to combat fraud, waste and abuse and to protect beneficiary identity under the Medicare program. The legislation serves to protect Medicare beneficiaries against identity theft and verify claims through smart chip technology.

Rep. Mike Gallagher (R-WI) introduced [H.R. 4552](#) to amend Title XVIII of the Social Security Act to establish rules for payment for graduate

medical education costs for hospitals that establish a new medical residency training program after hosting resident rotators for short durations.

NEXT WEEK IN WASHINGTON

Congress returns Monday, December 11 with a focus on funding the government for FY 2018 and finishing tax reform. House and Senate conferees will begin meeting to reconcile the differences between the House and Senate tax bill. Congressional leadership is hopeful to have a final version sent to the White House before Christmas. Also, the Senate HELP Committee will hold a **hearing** on prescription drug costs on December 12. On December 13, there will be Senate HELP Committee **hearing** on mental health. The House Energy and Commerce Committee will hold a **hearing** on examining concerns of patient brokering and addiction treatment fraud on December 12.

THIS WEEK IN WASHINGTON IN HISTORY

84 years ago this week, 1933 - Utah becomes the 36th state to ratify the 21st Amendment to the U.S. Constitution. This repeals the 18th Amendment and ends the national prohibition of alcohol in America. Some states continue prohibition by maintaining statewide temperance laws. Mississippi is the final holdout and remains dry until 1966.

41 years ago this week, 1976 - House Democrat Tip O'Neil is elected Speaker of the House and would remain in that position for five consecutive congresses from 1977-1987. O'Neil was elected to Congress in 1952 when he took over the seat vacated by John F. Kennedy.

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