FCA INTERNATIONAL LEGISLATIVE Update
Building a Better Future for Our Families

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Congressional Overview

The Senate considered two of President Trump's agency nominations last week. Jeffrey Rosen was confirmed as the deputy Transportation Secretary and Rachel Brand was confirmed as associate attorney general. The Senate also scheduled a meeting with former FBI Director James Comey and worked behind the scenes on amending the House's American Healthcare Act.

Meanwhile, the House voted on legislation that would authorize probation officers to make arrests, allow use of certain grant funds to hire veterans as career law enforcement officers, and that would add targeting, murder or attempted murder of law enforcement officers to the list of aggravating factors courts and juries use to determine whether a death sentence is justified.

Senate Republicans Working on Revising American Healthcare Act

Republicans with significant experience in healthcare convened a bipartisan group of nearly a dozen senators to write a bill overhauling the nation's healthcare system that could gain the support of members of both parties. The major hurdle remains the way lawmakers view the 2010 healthcare law. Despite their attendance at the meeting, Democrats are unlikely to support a healthcare overhaul. Their leaders want Republicans to own the chaos of the current system in the 2018 elections and vowed not to cooperate on anything that would repeal much of the 2010 law.

However, some Republican Senators stated that this is too big an issue for anyone to be off limits as far as conversations about the emerging bill. Sens. Bill Cassidy (R-LA), a physician, and Susan Collins (R-ME) co-sponsored legislation that would let states keep the 2010 healthcare law essentially intact if they choose. Otherwise, states could opt into a system with both fewer regulations and fewer federal dollars for Medicaid and consumers who buy federally subsidized marketplace insurance. The meeting comes as Senate Republican leadership is working to develop its own plan for repealing and replacing the 2010 law.

Trump Infrastructure Plan Will Incentivize Public Private Partnerships

The outline of President Trump's promised $1 trillion, 10-year infrastructure initiative is coming into clearer focus. Speaking at a May 15 Infrastructure Week kickoff event at the U.S. Chamber of Commerce in Washington, D.C., Transportation Secretary Elaine Chao provided more information about the plan. Chao said states and localities that bring their own funding and financing to the table will get priority in receiving the additional federal dollars the proposal will contain. She also confirmed earlier administration comments that the package will propose $200 billion in direct federal funding, which it hopes will trigger another $800 billion in private financing. Finally, she said officials would unveil the vision of what the infrastructure plan will look like in the coming weeks.

Per Chao, the Trump Administration wants to use the new $200 billion in federal infrastructure funds to augment, not replace, state and other nonfederal funds. Observing that the federal government accounts for less than 20 percent of all infrastructure spending, Chao said, "This administration wants to retain the primacy of state and local spending and use federal funding as leverage to increase the total amount of funding available for infrastructure."

CBO States FY 17 Omnibus Funding Bill Won't Exceed Spending Caps

The Congressional Budget Office (CBO) stated that the FY 17 omnibus funding bill will not exceed the spending caps, but the final determination is up to the White House Office of Management and Budget (OMB). The base discretionary spending in the omnibus is just under $1.070 trillion overall and exactly matches the cap limits. In its final sequestration report for FY 17, the CBO also made routine adjustments to its estimate of future discretionary spending caps, which resulted in the overall FY 18 spending limit of just under $1.065 trillion; $549 billion for defense and $515.7 billion on nondefense discretionary funding. The caps routinely are adjusted upward to accommodate the permitted amount of disaster funds as well as spending on Overseas Contingency Operations, emergencies and funding to reduce waste, fraud and abuse in mandatory spending programs.

Food and Drug Administration Drug Proposals

A proposal that would open the door for the importation of low-cost prescription drugs from Canada was defeated at a Senate markup on the reauthorization of the FDA user fee bill, but the proposal is unlikely to be gone for good. The Trump Administration appears interested in addressing the issue, with Health and Human Services Secretary Tom Price holding listening sessions and will hear from a range of organizations, including patient groups, insurers, pharmacy and hospital groups.

The proposals being pitched to Price include boosting competition through generic drug development, price transparency and more communication between regulators and government payers. Recently, the FDA has been criticized for taking too long to act on generic drug applications, but some drug applications do not live up to FDA standards, and applicants need to resubmit their applications. The legislation would provide generic drug makers with more opportunities to meet with the FDA earlier in the application cycle and receive guidance.

Some argue the FDA should adjust its rules on how drug makers communicate with insurers before a drug has received approval for a certain use, which would make it easier for companies to negotiate contracts before a drug is on the market. Some also argue that drug makers should be transparent about how they price their products, breaking down how much they spend on research compared to marketing, profits and executive compensation. Others question the efficacy of pharmacy benefit managers, who seek to negotiate lower drug prices for insurers and employers.

U.S. Shale Producers Increase Spending

North American shale drillers have plans to spend $84 billion on exploration and production in 2017, an increase of 32 percent; whereas spending on international projects will rise just 3 percent in 2017. Independent U.S. shale producers are expected to contribute $53 billion of that amount in 2017, up from $35 billion last year.