



*Week of 3-13-17
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Congressional Overview

The American Healthcare Act was at the forefront in the House and Senate this week. The confirmation process for President Trump's cabinet continues to move forward. The Senate confirmed Seema Verma as the Administrator for the Centers of Medicare and Medicaid Services (CMS) and Dan Coats as the Director of National Intelligence. The upper chamber also considered U.S. Trade Representative nominee Robert Lighthizer and Food and Drug Administrator nominee Scott Gottlieb.

Federal Judge Blocks President Trump's Revised Travel Ban

On Wednesday, a federal judge ruled to block President Trump's revised travel order from going into effect on Thursday and the state of Hawaii had sued over the ban, arguing that the travel and refugee provisions violate due process rights and religious freedom protections. It also said the policy would hinder educational institutions and tourism in the state.

Senate Committee Receives Input on Energy Infrastructure

The Senate Energy and Natural Resources Committee received input from the energy and labor communities about ways to improve the nation's energy infrastructure, especially as the White House and Congress continues to debate and craft a \$1 trillion infrastructure package. To date, it remains unclear what energy's role could play in the infrastructure plan. However, the oil-and-gas sector has been pushing for more pipeline construction under President Trump.

Senator Urges Parity Between Defense and Nondefense Spending in FY 18

Sen. Patrick Leahy (D-VT), the top Democrat on the Senate Appropriations Committee wrote to Senate Budget Committee Chairman Mike Enzi (R-WY) urging continued parity between defense and nondefense discretionary spending increases in FY 18. Sen. Leahy's plea came as a result of the upcoming budget request from the White House, which is expected to propose boosting defense by \$54 billion and reducing domestic spending by an equal amount. Sen. Leahy contends that the upcoming budget and appropriations process will be "particularly challenging" if Republicans go along with President Trump's proposal for domestic cuts, or allow for sequestration levels to return during FY 18.

Federal Debt Limit Resets

The federal debt limit was reset this week, starting the clock for lawmakers to act in the coming months to avoid a potential default on the national debt. It also presented the political opportunity to attach a debt limit increase or suspension to other legislation as a bargaining chip, particularly with a host of unresolved fiscal issues hanging over Congress. The debt ceiling was suspended through today as part of a 2015 budget law. Now, the Treasury Department will take "extraordinary measures" to avoid defaulting on the government's \$20 trillion in financial obligations, a temporary fix expected to stave off the threat of default for several months.

However, Congress will need to act this year to raise or suspend the debt ceiling, another difficult task on lawmakers' daunting agenda that already includes tax and healthcare overhauls, government funding for two different fiscal years and much more. The ultimate deadline appears to be late summer or fall, when nonpartisan analysts expect

Treasury will run out of extraordinary measures and be left with only cash on hand to make payments and avoid a catastrophic default. It's likely that an additional suspension or raising of the debt ceiling would be folded into a larger legislative package, as has been the case in recent years. The first potential vehicle may be a FY 17 appropriations package due before the end of April, when a continuing resolution expires.

CBO Analysis of American Healthcare Act

The Republican plan to repeal and replace the 2010 healthcare law could result in an additional 14 million Americans losing their current insurance coverage by next year. The nonpartisan Congressional Budget Office (CBO) analyzed the American Healthcare Act and projected the following:

- Twenty-eight million individuals would be uninsured by 2026; that number could rise to 52 million under the House GOP plan, a nearly 86 percent increase.
- The people who would be most affected would be older, lower-income people.
- The bill would increase insurance premiums by 15 to 20 percent in the individual marketplace in 2018 and 2019, but lower the average cost in the years after that compared to current law.
- By 2026, the budget office estimates premiums would be 10 percent lower than under current law.
- The bill would cut federal spending on Medicaid by \$880 billion by 2026.
- Many of the initial disruptions, in 2018 and 2019, are tied to the proposal's elimination of penalties associated with the healthcare law's individual and employer mandates.
- Some people will stop paying for their policies, because the penalties would disappear.
- With fewer healthy people left in the markets, costs would go up, causing more people to abandon their insurance plans and drops in coverage later would center on Medicaid, a federal and state partnership that currently provides health coverage to some 73 million Americans.
- The GOP proposal would slash Medicaid spending by about 25 percent by 2026, compared to what is projected under current law.
- Under the GOP plan, enrollment in the law's Medicaid expansion, which allowed states to cover individuals at or below 138 percent of the poverty line, would be capped in 2020.
- The analysis confirmed that the tax credits will be more generous than the 2010 law for many higher-income Americans and less generous for low-income and older Americans.
- The CBO agreed with Republicans that the legislation would bring younger, healthier Americans into the marketplaces.

Cadillac Tax Postponed to 2025 Under American Healthcare Act

The Cadillac Tax is postponed until 2025 under the American Healthcare Act. This postponement is a concession to Senate rules that create an incentive to keep tax increases lurking. By keeping the tax in place starting in 2025, it will generate revenue in perpetuity. The tax is a 40 percent levy on high-cost employer-sponsored health plans and many economists like the tax because it addresses a distortion in existing law; workers can get tax-free pay if they get healthcare instead of wages. Ultimately, it gives employers incentive to buy too much coverage and avoid pay increases. Those higher wages would generate income and payroll taxes, which are part of the revenue estimate. However, employers could decrease benefits to avoid the tax.

American Healthcare Act Would Replace Individual Mandate with Premium Penalty

Some polls are showing over 60 percent of voters oppose the House plan to force adults to pay a 30-percent higher premium to their insurance company if they have a gap in coverage for more than two months. Republican Senators told Trump Administration officials they would like to see substantial changes to the House healthcare bill following a harsh judgment by the Congressional Budget Office. The CBO score and conservative opposition have moderate House Republicans alarmed at the prospect of voting for such a bill.

U.S. International Trade Commission Extends Aluminum Extrusions Tariff

On March 10, the Aluminum Extruders Council commended the U.S. International Trade Commission (USITC) for their unanimous vote to extend the existing antidumping and countervailing duties orders on aluminum extrusions from China. The orders have allowed the domestic aluminum extrusion industry to increase production, market share, and employment and have truly brought the domestic industry back from near extinction prior to the orders when unfairly priced Chinese extrusions surged into the market in the depths of a down economy.

The Commission recognized that the orders have been effective but are still necessary as the domestic industry is still vulnerable to Chinese overcapacity and demonstrated efforts by Chinese producers continuing to target the U.S. market (notwithstanding the orders). Since the orders have been in place, the domestic industry has been recovering from the ravages of Chinese unfair trade. Domestic extrusion capacity, production and employment have continued to increase since the orders have been put in place. Production increased from 848,569 short tons in 2009 to over 1.3 million short tons in 2015. The number of production workers increased from 9,793 in 2009 to over 15,000 in 2015.

AFL-CIO Praises President Trump for Trade Agreements

AFL-CIO President Richard Trumka praised President Trump for promising to reopen the North American Free Trade Agreement and abandoning President Obama's proposed free-trade zone across Asia, the Trans-Pacific Partnership. On immigration, Trumka said he was, "...actually pleasantly surprised to hear him say that the system is broken...This is the first time you heard the president talk about legal immigration being used to drive down wages. We've been saying that for a long time."

President Trump's Federal Agencies Overhaul

On Monday, President Trump ordered government agencies to come up with plans to reorganize their operations and scale back unnecessary programs, aiming for a significant restructuring of the federal bureaucracy. President Trump told reporters that the executive action is to "empower" members of his Cabinet to "make their agencies as lean and effective as possible." Congress would ultimately choose whether or not to pass any proposed reorganization.

President Trump Submits FY 18 Budget Request

The Trump administration sent its FY 18 budget request to Congress this week. His budget would boost defense spending by \$54 billion while reducing nondefense spending by the same amount. Among the agencies who would face budget cuts, the EPA would face the largest with a 31.4 percent cut. Additionally, President Trump's budget request includes \$2.6 billion in funding for the wall along the U.S.-Mexican border (in addition to the \$1.5 billion he's seeking in FY 17).

U.S. Shale Oil Production Expected to Continue Climbing

Per the Energy Information Administration (EIA), U.S. shale oil production is expected to climb by 109,000 barrels per day to 4.96 million barrels per day in April, with output from the Permian Basin set to increase by 79,000 barrels per day to 2.29 million barrels per day, the highest level since 2007. U.S. natural gas production is expected to hit a record high of 49.6 billion cubic feet per day in April.

President Trump Preparing Executive Order to Undo Obama Administration's Climate Policies

President Donald Trump is reportedly preparing a wide-ranging executive order intended to undo many of the Obama administration's climate policies. The directive would reduce the role of climate change as a factor in making government decisions, drop climate change from National Environmental Policy Act reviews and reconsider limits on carbon emission from power plants.