



*Week of 6-26-17  
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### **Congressional Overview**

The week began with the Senate working on its version of a bill to “repeal and replace” the Affordable Care Act. However, Senate Majority Leader Mitch McConnell (R-KY) pulled the bill from consideration late Tuesday, and the bill will now have to wait until after the July 4 recess. Meanwhile, House Republicans continued budget negotiations this week and voted on two immigration bills that aligned with President Trump’s agenda: “Kate’s Law” and a measure dealing with sanctuary cities. The first bill, named for a woman who was shot by a man who had illegally reentered the country after being deported for a separate crime, would toughen sentences for offenders who have reentered the country illegally. The sanctuary cities bill would punish jurisdictions that refuse to comply with federal immigration authorities.

### **Senate Healthcare Legislation: CBO Report Released and Vote Postponed**

On Tuesday, Senate Republicans canceled a vote on their version of the healthcare legislation that would repeal major parts of the Affordable Care Act when they determined they would not get the votes to pass the legislation before recess. The decision to postpone debate raises questions about whether the bill can pass at all this year. However, Sen. McConnell indicated republicans think the status quo under the Affordable Care Act is unsustainable, and they would press on. The Trump Administration continued to pressure GOP senators to support the measure.

One of the deterrents that kept republicans from voting on the measure this week was the nonpartisan Congressional Budget Office (CBO) releasing its score of the bill. The CBO estimated the bill would increase the number of uninsured Americans by 22 million over a decade, which was slightly less than the House measure. Average premiums are expected to fall in 2026 after initially rising. The Senate bill would save \$321 billion over a decade, \$202 billion more than the House’s version.

Per the CBO, “Average premiums for single individuals would rise by 20 and 10 percent in 2018 and 2019. By 2026, average premiums in most of the country would drop about 20 percent.” The updated bill would also impose a six-month waiting period on individuals who buy insurance but let their coverage lapse for more than 63 days in the prior year. That provision would go into effect in 2019, and it’s an apparent response to the individual mandate, which requires Americans to have insurance or face financial penalties.

The CBO report said an estimated 15 million more people would be uninsured next year, “...primarily because the penalty for not having insurance would be eliminated. Lower spending on Medicaid than under current law and substantially smaller average subsidies in the individual market would lead to more Americans uninsured in the following years.”

The effects on coverage would start to occur quickly. In 2018, 15 million more people would be uninsured under the bill than under current law. Under the Senate bill, average premiums for single individuals would be about 20 percent higher in 2018, in large part because the penalty for not having insurance would be eliminated, so fewer healthy people would enroll. Premiums would be about 10 percent higher in 2019. Younger people would pay less for plans, but in 2020 average premiums for benchmark plans for single individuals would be about 30 percent lower than

under current law. Insurance for people who buy it on their own would cover a smaller share of benefits. The Senate bill would let states limit the requirements for essential health benefits.

The Senate bill would also reduce growth in Medicaid spending by \$772 billion over a decade compared to current law, less than the \$834 billion in Medicaid savings estimated for the House bill. A direct comparison may be misleading, as the Senate bill envisions a stricter future limit on Medicaid spending.

Republicans are still revising the Senate bill and additional changes are expected before a final vote. Changes are being made in hopes of addressing conservatives' concerns. Other changes could also be made to address the concerns of more moderate members. Per the CBO, Republicans have additional money they can use to make coverage more generous and still achieve the necessary savings required under reconciliation rules.

### **Labor Secretary Acosta Emphasizes Commitment to Apprenticeships**

During a Senate Labor-HHS-Education Appropriations Subcommittee Hearing, Labor Secretary Alexander Acosta emphasized the administration's commitment to expanding job training through apprenticeships and President Trump's recent executive order outlining initiatives to close the so-called "skills gap" in the U.S., which refers to more than 6 million available jobs, but remain unfilled. While Secretary Acosta and President Trump have touted the importance of apprenticeships in preparing workers for technical jobs, the White House's FY 18 budget would cut job training and employment services by nearly \$1.3 billion from the current funding level of \$3.3 billion. Secretary Acosta said the proposed cuts target ineffective programs.

"There are many programs intended to help Americans find or train for jobs, but some of them are duplicative, unnecessary, unproven, or ineffective," Acosta said. "The department believes that giving states more flexibility to administer department resources in a way that best suits the state's needs will ensure resources are used as efficiently and effectively as possible."

Per the Secretary, "The department proposes sensible reforms for the Pension Benefit Guaranty Corporation (PBGC) and its budget proposes premium reforms for the multiemployer insurance program that will improve the solvency of the program."

### **Senate Committee Drops Anti Davis-Bacon Provision from National Defense Authorization Bill**

This week, the Senate considered their national defense authorization bill. In its original version, the bill included language eliminating Davis-Bacon and service contract act protections for all work carried out with funds authorized in the bill. However, Sen. Joe Donnelly (D-IN) filed an amendment to strip the provision and Sen. Dan Sullivan (R-AK) was prepared to support the amendment. The committee dropped the provision once it was clear there were enough votes to strip it.

### **Republicans Working on Tax Code Overhaul**

Key provisions of Republicans' planned overhaul of the tax code were under scrutiny this week. House Speaker Paul Ryan (R-WI) set out to accelerate work on tax reform with a speech before the National Association of Manufacturers last week, describing it as a key pillar of his party's 2017 agenda. Ryan, and later two White House officials, said a tax-reform bill would be moving through Congress by the fall. However, Republican lawmakers have some big policy differences to resolve.

Ryan and House Ways and Means Committee Chairman Kevin Brady (R-TX) are speaking less and less about using a border-adjustment tax (which is a tax on certain imports) to pay for broad tax rate cuts. Dropping this tax would diminish their plans to make tax reform "revenue neutral." Ryan has also said he wants many provisions of a tax

reform bill to be permanent, a requirement not shared by some in his party, which could increase the difficulty of successfully advancing an overhaul package.

### **House Budget Committee FY 18 Budget Resolution Delayed by Internal Disputes**

The House Budget Committee will not mark up its FY 18 budget resolution until July at the earliest, delayed by internal Republican disputes over mandatory spending cuts. House Budget Chair Diane Black (R-TN) said she is still trying to build support for a budget among Republicans on the panel and continuing to negotiate budget numbers with authorizing committees that would receive reconciliation instructions to cut mandatory spending programs. Discretionary spending levels for defense and nondefense programs have been decided: \$621.5 billion designated for defense and \$511 billion for nondefense in FY 18. Questions remain over how much to demand in mandatory spending cuts in the budget reconciliation instructions and the plans for a tax overhaul that would be funneled through reconciliation.

### **Supreme Court Allows Parts of Revised Travel Ban to be Implemented**

On Monday, the Supreme Court allowed the Trump Administration to implement parts of a revised travel ban but also agreed to decide the legality of the controversial executive order later this year. The court did leave one category of foreigners protected: "Those with a credible claim of a bona fide relationship with a person or entity in the United States."

The justices will hear arguments for the case in October. Last week, President Trump said that the ban would take effect 72 hours after being cleared by courts. The ban would apply to citizens of Iran, Libya, Somalia, Sudan, Syria and Yemen. The Trump Administration said the ban was needed to allow an internal review of the screening procedures for visa applicants from those countries. That review should be complete before Oct. 2, the first day the justices could hear arguments in their new term.

### **Customs and Border Protection Narrow Bidders for Prototype of President Trump's Wall**

Customs and Border Protection has narrowed the initial set of bidders for a prototype of President Trump's border wall and expects to make a decision sometime this summer. Up to eight prototypes could be built in the San Diego sector alongside existing fencing. A decision will then be made to assess how the new barriers work alongside existing ones before deciding which designs to approve. Agency officials were asked if they had ruled out areas where a wall or other barriers cannot be built and a spokesman stated that there are about 130 miles along the southern border with Mexico with lakes, canyons and other natural barriers, which would rule out building a physical structure.

Department of Homeland Security (DHS) Secretary John Kelly has said the department does not intend to build a wall "from sea to shining sea" along the entire length of the 2,000 mile border with Mexico. The FY 17 omnibus spending bill provided nearly \$350 million to replace 40 miles of existing fencing with higher, stronger steel structures. The DHS is seeking \$2.6 billion in FY 18 to begin constructing the first 74 miles of what could ultimately become President Trump's wall: 60 miles of border and levee wall in the Rio Grande Valley of Texas and 14 miles of replacement wall near San Diego.

### **Study Finds Fracking has Limited Impact on Earthquakes**

A University of Alberta study has found that hydraulic fracturing and saltwater disposal in North America have little to no impact on seismic events. Geophysicist Mirko van der Baan, who led the study, says the majority of fracking operations are "perfectly safe," although unanswered questions remain, such as why seismicity changes in some areas because of hydraulic fracturing operations.