



PAACC FEDERAL UPDATE

OCTOBER 15, 2018

Major Washington News

Brett Kavanaugh Confirmed to the Supreme Court

On October 6, 2018, Brett Kavanaugh was confirmed to the United States Supreme Court by a vote of 50-48 in the Senate. The confirmation came after weeks of partisan fighting within the Senate resulting from allegations of sexual assault against the nominee. Justice Kavanaugh was sworn into the Court hours after the confirmation vote concluded.

Appropriations Update

In late August, the Senate passed the Defense and Labor, HHS, and Education funding bills by a vote of 85-7. The bill represents a majority of the federal government's spending at a combined \$786 billion. The House also passed a mini-bus spending bill on Thursday, September 13 that includes bills for military construction and veterans' affairs, the legislative branch and energy and water. The \$147 billion bill was sent to President Trump, who has indicated that he will sign it. Finally, the House and Senate also announced on Thursday, September 13 that they reached a deal on the remaining spending bills that includes a continuing resolution (CR) to fund the government through December 7, as part of the Defense and Labor-HHS-Ed appropriations package. President Trump signed the Labor-HHS-Ed bill into law on Sept. 28 and the mini-bus into law on Sept. 21.

SUPPORT For Patients and Communities Act

On Sept. 17, the Senate passed its version of H.R. 6, Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT for Patients and Communities Act) by a vote of 99-1. This bill makes several changes to state Medicaid programs to address opioid and substance use disorders. Specifically, the bill:

- modifies provisions related to coverage for juvenile inmates and former foster care youth,
- establishes a demonstration project to increase provider treatment capacity for substance use disorders,
- requires the establishment of drug management programs for at-risk beneficiaries,

- establishes drug review and utilization requirements,
- extends the enhanced federal matching rate for expenditures regarding substance use disorder health home services, and
- temporarily requires coverage of medication-assisted treatment.

The bill also alters Medicare requirements to address opioid use. Specifically, the bill:

- exempts substance use disorder telehealth services from specified requirements,
- requires the initial examination for new enrollees to include an opioid use disorder screening,
- modifies provisions regarding electronic prescriptions and post-surgical pain management,
- requires prescription drug plan sponsors to establish drug management programs for at-risk beneficiaries, and
- requires coverage for services provided by certified opioid treatment programs.

The bill also addresses other opioid-related issues. Specifically, the bill:

- establishes and expands programs to support increased detection and monitoring of fentanyl and other synthetic opioids, and
- increases the maximum number of patients that health care practitioners may initially treat with medication-assisted treatment (i.e., under a buprenorphine waiver).

Additionally, the bill temporarily eliminates the enhanced federal matching rate for Medicaid expenditures regarding specified medical services provided by certain managed care organizations.

The bill is now in conference to resolve the differences between the House and Senate versions. Most recently, on Sept. 28 and Oct. 3, the House vote to accept the Senate's amendments and the Senate concurred, respectively.

Business & Industry

Tax Reform 2.0

Known as Tax Reform 2.0, the Protecting Family and Small Business Tax Cuts Act of 2018 was passed by the House on Sept. 28 with a vote of 220-191.

This bill amends the Internal Revenue Code to make permanent several tax provisions that were enacted in 2017 and are scheduled to expire at the end of 2025.

The bill makes permanent provisions that:

- reduce individual tax rates,
- modify the taxation of the unearned income of children,
- allow a deduction for qualified business income of pass-through entities,
- increase the standard deduction,
- increase and modify the child tax credit,
- increase the limitation for certain charitable contributions,

- allow additional contributions to ABLE accounts (tax-favored accounts designed to enable individuals with disabilities to save for and pay for disability-related expenses),
- allow certain members of the Armed Forces in the Sinai Peninsula of Egypt to receive combat zone tax benefits,
- exclude from gross income discharges of student loan debt due to the death or disability of the student,
- repeal the deduction for personal exemptions,
- limit individual deductions for state and local taxes,
- limit the mortgage interest deduction,
- double the estate and gift tax exemption amount,
- increase the alternative minimum tax exemption amount for individuals, and
- repeal or limit several other deductions and exclusions.

The bill also:

- extends through 2020 the reduction in the adjusted gross income threshold for the medical expense deduction,
- modifies the capital gains tax brackets, and
- modifies tax filing requirements for married taxpayers.

The bill was received in the Senate on Oct 1 and was sent to the Senate Committee on Finance. However, it likely won't go anywhere in the Senate because it would need 60 votes to pass.

American Innovation Act of 2018

On Sept. 27, H.R.6756, known as the American Innovation Act of 2018, passed the House by a vote of 260-156. The bill improves the way Net Operating Losses (NOLs) can be treated in the valuation of a startup. Currently, NOLs cannot be passed to new ownership, which makes startups that operate in the red less attractive for acquisition. The American Innovation Act would allow NOLs and Research and Development tax credits accrued during the first three years of business to transfer to new ownership, making the startups more attractive to a potential buyer. The bill was received in the Senate on Sept. 28 and sent to the Senate Committee on Finance.

Family Savings Act of 2018

On Sept. 27, the House passed H.R. 6757, the Family Savings Act of 2018, by a vote of 240-177. The bill was introduced in the House on Sept. 10 after the President issued an executive order regarding retirement savings this summer.

The Family Savings Act utilizes pieces of the Senate's Retirement Enhancement and Savings Act of 2018 (RESA) introduced earlier this year. Like RESA, the Family Savings Act builds upon President Trump's executive order making it easier for small employers in different industries to partner together and create multiple-employer plans (MEP). The bill also protects employers in an MEP from the actions of one non-compliant employer in the plan.

The Family Savings Act would also¹:

- Excuse employees over the age of 70½ from having to take required minimum distributions (RMDs) from qualified retirement plans.
- Allow families to access their 401(k) and similar accounts to pay expenses related to a new child
- Expand Section 529 education accounts to pay for apprenticeship fees to learn a trade, cover the cost of home schooling and help pay off student debt.
- Allow employees who have an annuity in a 401(k) or similar plan to transfer it to an IRA without paying taxes on the transferred amount.
- Provide a safe harbor for selecting annuity providers.
- Create a new universal savings account, in which participants could make annual contributions up to \$2,500 of after-tax money.

North American Free Trade Agreement (NAFTA)

On Oct. 1, the United States and Canada reached an agreement regarding an updated NAFTA. Canada now joins the deal the United States had reached with Mexico in late August. The leaders of the three countries – President Trump, Canadian Prime Minister Justin Trudeau and Mexican President Enrique Peña Nieto – plan to hold a signing ceremony in late November. The new agreement will officially be called the U.S.-Mexico-Canada Agreement, or USMCA. The deal makes changes to the trade in the auto industry, requiring more vehicles to be made in the U.S. and Canada. It also creates rules for financial services and digital companies and reduces protections for Canada's dairy industry. Congress must approve any changes to NAFTA.

Aviation

FAA Reauthorization

On Sept. 26, the House passed the Federal Aviation Administration Reauthorization which renews funding to the FAA for five years. The bill also reauthorizes the National Transportation Safety Board, sets minimum rules for legroom on planes, establishes new conditions for recreational use of drones, and immediately repeals the Special Rule for Model Aircraft.. The Senate subsequently passed the reauthorization ahead of the Sept. 30 deadline and President Trump signed it into law on Oct. 5.

1 [House Passes Family Savings Act to Ease Retirement Plan Rules](#), www.shrm.org, Oct 1, 2018

Congressional Schedule

October

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 House & Senate in Session	2 House & Senate in Session	3 House & Senate in Session	4 House & Senate in Session	5 Senate in Session	6
7	8	9 House & Senate in Session	10 House & Senate in Session	11 House & Senate in Session	12 House & Senate in Session	13
14	15 Senate in Session	16 Senate in Session	17 Senate in Session	18 Senate in Session	19 Senate in Session	20
21	22 Senate in Session	23 Senate in Session	24 Senate in Session	25 Senate in Session	26 Senate in Session	27
28	29	30	31			

November

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13 House & Senate in Session	14 House & Senate in Session	15 House & Senate in Session	16 House & Senate in Session	17
18	19	20	21	22	23	24
25	26 Senate in Session	27 House & Senate in Session	28 House & Senate in Session	29 House & Senate in Session	30 House & Senate in Session	