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Health Care Reform Held Up; Actions by Trump and Lawmakers Might Affect Retirement Landscape

Lawmakers hit the health care reform pause button pending further analysis. The president approved legislation wiping away DOL rules and throwing into flux the future of state- and local-run IRAs for private employers. Lawmakers try again to obtain funding for retired coal miners' pension benefits.

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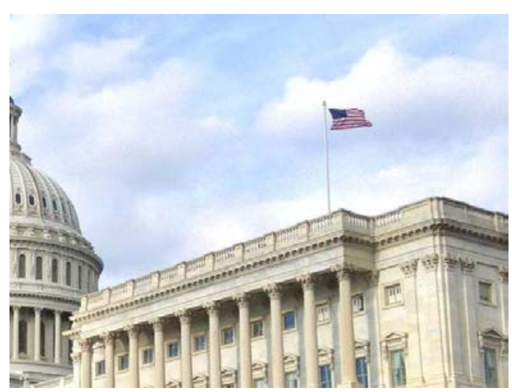
Week in Review

Lawmakers were bogged down last week with political, rather than policy, matters. Relatively little time or energy was spent on health, retirement or tax reform.

Health Care Reform

There was a bit of noise on Capitol Hill last week for the American Health Care Act (AHCA) as passed by the House. For example, Sen. Orrin Hatch, R-Utah, stated that, if necessary to garner enough support to pass health care reform, he would be open to delaying repeal of the individual mandate. However, no tangible steps were taken and none are expected until after the Congressional Budget Office (CBO) report is issued (which is expected later this week). Indeed, the House will wait to send the bill to the Senate until the report is released.



Comment. The CBO report will include an estimate of the budgetary effects of the AHCA as passed by the House. Like the CBO report issued for an earlier version of the bill, the CBO's updated analysis will be based, in part, on projections of how the bill would affect the number of individuals with and without health care coverage. If the CBO determines that the AHCA fails to satisfy the budget reconciliation rules (e.g., does not reduce the budget deficit), then more than 51 Senate votes would be needed to pass the bill and the Democrats would be able to use the filibuster to delay or block the vote. Depending on the CBO's analysis, the House might amend the bill (which would require another vote in the House) before the Senate has an opportunity to consider it. For background on the AHCA, please see our May 8 *Legislate* and our May 4 and March 8 issues of *FYI Alert*.

Retirement Savings

Access to private employer retirement plans continues to pose a challenge for many workers. In an effort to close the access gap and facilitate savings by Americans, during the Obama administration DOL issued rules to encourage state-, city- and county-run automatic retirement savings programs for employees of private employers. However, the rules were met with opposition by employers over a concern with conflicting multistate mandates. Responding to this concern, Congress rolled back the rule using their regulatory review powers. Their joint resolution was signed by President Trump last week. (For additional background on the now defunct rules, see our January 5, 2017 and August 29, 2016 issues of *For Your Information*.)

Comment. It is not safe to assume that state- and local government-run retirement programs with mandates for private employers will not be launched. Indeed, some states and cities have voiced their intent to move forward with such programs. Additionally, Democrats in both chambers have introduced legislation – the PROSPERS Act (S. 1035 and H.R. 2523) – to create a carve-out from ERISA for such IRA payroll deduction savings programs. Although advancement of these bills is unlikely, employers should be mindful that, if and when such programs are implemented, compliance might be challenging and administratively burdensome. This would be particularly true for employers that sponsor a defined contribution plan for some (but not all) of their employees and with either a footprint in more than one location (within a state or among multiple states) or with employees that live or work in more than a single location. For additional information on the potential challenges from state- and local government-run programs for private employers, please see our May 5 *For Your Information;* for more background on the newly introduced legislation, see this press release on the Senate bill, as well as this summary and press release on the House bill.

Miners' Pension Benefits

Senator Joe Manchin, D-W.Va., with 21 co-sponsors from both sides of the aisle, introduced legislation once again to shore up the United Mine Workers of America's multiemployer plan pension fund that's on the brink of insolvency. Although permanent funding for retired coal miners' health benefits was secured with the enactment of the Consolidated Appropriations Act, 2017 (H.R. 244), that omnibus funding bill did not provide relief for the retired coal miners' pension benefits. The Miners Pension Protection Act (S.1105) would provide aid by transferring assets from the Abandoned Mine Land fund to the United Mine Workers of America's multiemployer plan pension fund. (For additional background, please see this press release.) Between the new Senate bill and the existing House bill (H.R. 179) with co-sponsors added over time, more than 100 lawmakers have voiced their support for fixing this problem.

Looking Ahead

Congress is in session this week and on recess during Memorial Day week. It is likely that significant efforts to advance health care, retirement and tax reform legislation will be relegated to the sidelines until lawmakers return in June.

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