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Trump's Tax Plan: Low Rate for Corporations, and for Companies Like His

President Trump plans to unveil a tax cut blueprint on Wednesday that would apply a vastly reduced, 15 percent business tax rate not only to corporations but also to companies that now pay taxes through the personal income tax code — from mom-and-pop businesses to his own real estate empire, according to several people briefed on the proposal.

The package would also increase the standard deduction for individuals, providing a modest cut for middle-income people and simplifying the process of filing tax returns, according to people briefed on its details. That proposal is opposed by home builders and real estate agents, who fear it would diminish the importance of the mortgage interest deduction. And it is likely to necessitate eliminating or curbing other popular deductions, a politically risky pursuit.

It is not clear whether the plan will include Mr. Trump's promised $1 trillion infrastructure program, but it will jettison a House Republican proposal to impose a substantial tax on imports, known as a border adjustment tax, which would have raised billions of dollars to help offset the cost of the cuts, two of the people said.

With that decision, Mr. Trump acceded to pressure from retailers and conservative advocacy groups, but the move could deepen the challenge of passing a broad tax overhaul in Congress, where concern about the swelling federal deficit runs high. His plan would put off the difficult part of a tax overhaul: closing loopholes and increasing other taxes to limit the impact of tax cuts on the budget deficit.

Republicans are likely to embrace the plan's centerpiece, substantial tax reductions for businesses large and small, even as they push back against the jettisoning of their border adjustment tax. The 15 percent rate would apply both to corporations, which now pay 35 percent, and to a broad range of firms known as pass-through entities — including hedge funds, real estate concerns like Mr. Trump's and large partnerships — that currently pay taxes at individual rates, which top off at 39.6 percent. That hews closely to the proposal Mr. Trump championed during his campaign.

But Mr. Trump's decision to extend the corporate tax cut to real estate conglomerates like his own will give Democrats a tailor-made line of attack.

"Yesterday, we learned President Trump wants to slash the corporate tax rate, even though corporations already dodge most of their tax responsibilities while making record profits," said Frank Clemente, executive director of the liberal Americans for Tax Fairness. "Today, we find out it's even worse. In trying to slash taxes for 'pass-through' business entities, Trump is seeking to dramatically reduce his own tax bill." ...**Read More**

Winners and Losers in the Trump Tax Plan

The tax plan the Trump administration released Wednesday consists (so far) of a single page of bullet points.

If this were a more rounded plan, we could wait for the tax wonks at various think tanks to run it through their models and tell with some precision how it would affect people at different income levels and who would benefit from different deductions.

Lacking that level of detail, we can know only in broad-brush strokes which Americans would win and which would lose. In a homage to the Trump plan itself, here are those winners and losers in bulleted form.

Winners

- **Businesses with high tax rates.**
- **High-income earners.**
- **People with creative accountants.**
- **People with creative accountants.**
- **People who still fill out their tax returns by hand.**
- **Retailers and other companies that feared a "border adjustment tax."**
- **Donald J. Trump and his family.**

Losers

- **Upper-middle-income people in blue states.**
- **Deficit hawks.**
- **People who want Congress to pass something.**

The new tax plan would eliminate the federal deduction for state and local income tax. If you live in a place where such taxes are high, like California and this San Francisco street, that's unwelcome news.

The plan would reduce investment and estate taxes, helping the wealthy. But administration officials said several other tax breaks that help well-to-do taxpayers would be eliminated and the plan would largely help the middle class.

The White House has yet to spell out how much of a hole the tax cuts could create in the federal budget, maintaining that the resulting economic growth would eliminate the risk of a soaring government deficit— if not actually cause the red ink to diminish.

But his ambitious plan is alarming lawmakers who worry it will balloon federal deficits.

Republicans exempt their own insurance from their latest health care proposal

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House will not vote on Affordable Care Act rewrite, smoothing way for government to stay open

Despite pressure from the White House, House GOP leaders determined Thursday night that they don't have the votes to pass a rewrite of the Affordable Care Act and will not seek to put their proposal on the floor on Friday.

A late push to act on health care had threatened the bipartisan deal to keep the government open for one week while lawmakers crafted a longer-term spending deal. Now, lawmakers are likely to approve the spending bill when it comes to the floor Friday and keep the government open past midnight.

The failure of GOP leaders to summon enough support for a renewed health-care push is evidence of just how difficult it is to overhaul Obamacare, despite seven years of GOP promises to repeal and replace the 2010 law. Conservatives and moderates have repeatedly clashed over what legislation should look like, most sharply over bringing down insurance premiums in exchange for sharply limiting what kind of coverage is required to be offered.

Up to 15 or so House Republicans have publicly said they would not support the latest draft of the measure, leaving House Speaker Paul D. Ryan (R-Wis.) and the White House an incredibly narrow path to a simple majority. If all 238 Republicans are present for a vote, Ryan can lose only 22 Republicans and still pass the bill with the barest of majorities.

GOP leader's failure to secure a health-care deal will help ensure the government stays open past midnight on Friday — at least for one week. Lawmakers agreed to the stopgap measure so they could finish negotiating a broader deal to fund the government through September. Republicans have stated that they need Democratic support to pass the long-term spending measure, which they expect to consider next week...**Read More**

Negotiating Drug Prices: Should State Agencies Band Together?

Citing budget-busting drug costs, a California lawmaker wants state health programs to band together to negotiate better prices with drug companies.

Assemblymember David Chiu (D-San Francisco) has **introduced a bill** that would strengthen intra-agency collaboration on drug cost-saving strategies. Lawmakers will consider the bill at an Assembly Health Committee hearing on Tuesday.

"Californians and Americans are frustrated with the lack of progress around drug prices," Chiu said, citing the uproar over EpiPen and hepatitis C medications.

He said state agencies should pool their efforts "so that we can leverage that consumer power and get the best deal for our money."...**Read More**

With Drug Costs In Crosshairs, Health Firms Gave Generously To Trump's Inauguration

Facing acute risks to their businesses from Washington policymakers, health companies spent more than $2 million to buy access to the incoming Trump administration via candlelight dinners, black-tie balls and other inauguration events, new filings show.

Drugmaker Pfizer gave $1 million to help finance the inauguration, according to **documents filed** with the Federal Election Commission. Amgen, another pharmaceutical company, donated $500,000. Health insurers Anthem, Centene and Aetna all gave six-figure contributions.

They joined a surge of corporate donors from multiple industries to break inauguration-finance records even as then-President-elect Donald Trump promised to "drain the swamp" of Washington influence-peddling.

But the stakes for the health industry were especially high as the new administration prepared to take power.

Two weeks before Pfizer's donation, Trump **told Time magazine**: "I'm going to bring down drug prices." At the same time, one of his top goals was repealing Obamacare — the Affordable Care Act — and its billions in subsidies for insurance companies and hospitals.

Also writing checks for the inauguration were drugmaker Abbott Laboratories, drug wholesaler Caremark, insurer MetLife and Managed Care of North America, a dental benefits manager.

Trump's inaugural committee raised $107 million, more than twice as much as for any previous presidential investiture. President Barack Obama's 2009 inauguration held the previous record of $53 million. ...**Read More**

Drugmakers Dramatically Boosted Lobbying Spending In Trump's First Quarter

Eight pharmaceutical companies more than doubled their lobbying spending in the first three months of 2017, when the Affordable Care Act was on the chopping block and high drug prices were clearly in the crosshairs of Congress and President Donald Trump.

Congressional records show those eight, including Celgene and Mylan, kicked in an extra $4.42 million versus that quarter last year. Industry giant Teva Pharmaceutical Industries spent $2.67 million, up 115 percent from a year ago as several companies embroiled in controversies raised their outlays significantly.

"It's certainly a rare event" when lobbying dollars double, noted Timothy LaPira, an associate professor of political science at James Madison University. "These spikes are usually timed when Congress in particular is going to be really hammering home on a particular issue. Right now, that's health care and taxes."

Trump has come down hard on drugmakers, stating in a press conference before his inauguration that the industry is "getting away with murder." He has promised to lower drug prices and increase competition with faster approvals and fewer regulations. Sens. Bernie Sanders (I-Vt.) and John McCain (R-Ariz.), and Rep. Elijah E. Cummings (D-Md.) have introduced bills to allow lower-cost drug imports from Canada or other countries.

Lobbyists weren't expecting much by way of big policy changes during the comparatively sleepy end of the Obama administration this time last year, but with a surprise Trump administration and a Republican-controlled House and Senate, trade groups and companies are probably "going all in," LaPira said. **Read More**

Marathon Pharmaceutical Drops Out Of PhRMA Following Drug Price Controversy

With the sale of its controversial rare-disease drug finalized, Marathon Pharmaceuticals has taken the unusual step of resigning from the powerful industry lobbying group PhRMA.

Marathon had been a member of the Pharmaceutical Research and Manufacturers of America, and Marathon's CEO, Jeffrey Aronin, had held a position on the board.

The news of Marathon's resignation comes after the company was widely **criticized** this year for the $89,000 price tag for Emflaza, a drug for Duchenne muscular dystrophy. Last month, it **sold** the drug to PTC Therapeutics.

The resignation also falls as PhRMA works on a review of its membership criteria.

"My view is that we want to represent companies that are really swinging for the fences … [companies] that are taking enormous risks in bringing breakthrough treatments to market," PhRMA President Stephen Ubl said in a recent interview with Kaiser Health News. "So we'll be looking at our membership criteria to really focus on those attributes."

An announcement about PhRMA's membership criteria is expected in the coming weeks.

Mallinckrodt Pharmaceuticals is also no longer a member of PhRMA. A company spokesperson confirmed Mallinckrodt's resignation in an email, saying "the significant financial and time commitment required" for PhRMA membership outweighed the policy value.

Mallinckrodt, like Marathon, has been in the spotlight for a high-priced drug. The company had bought the decades-old drug H.P. Acthar Gel, which is used to treat a variety of conditions, including lupus and multiple sclerosis. The drug cost $1,235 in 2005, but in 2015, it was priced at about $35,000. . ….**Read More**

CMS Reports on Quality of Care Delivered to People with Medicare Advantage

This month, the Centers for Medicare & Medicaid Services (CMS) released a **report** on the quality of the health care delivered to people with Medicare Advantage. The report shows separate results for women and men, noting that it appears that the gender of the care recipient may influence the racial and ethnic differences in health care.

Throughout the report, various measures show comparisons between men and women from Asian or Pacific Islander, Black, Hispanic, and White populations. Importantly, the report shows data both from patient responses on surveys showing their experiences and from provider data on what care they received.

For the patient responses or "patient experience measures," the report details results for eight different measures, including how easy it was for the patient to get needed care, how well their doctors communicated with them, and how well their care was coordinated, among others. For each measure, CMS identifies how the patients reported their care and compared the answers across racial and ethnic populations. As an example, for the measure "Patient Experience: Getting Appointments and Care Quickly," Asian or Pacific Islander, Black, and Hispanic women reported getting appointments and care less quickly than White women did. The same held true for Asian or Pacific Islander, Black, and Hispanic men relative to White men.

For the objective set of care measures, also called "clinical care measures," the report shows results for 24 different measures, including the percentage of Medicare enrollees ages 50 to 75 who had appropriate screening for colorectal cancer, the number of diabetics with controlled blood sugar, and how often appropriate monitoring of patients taking long-term medication occurred, among others. ...**Read More**

How Medicaid Per Capita Caps Would Affect Low-Income People with Medicare

The Kaiser Family Foundation (KFF) recently released **an issue brief** highlighting what a Medicaid per capita cap could mean for people with Medicare who have low incomes.

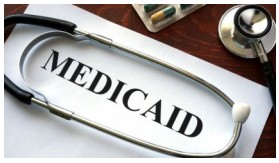
Through the American Health Care Act, some policymakers propose capping what the federal government pays for Medicaid benefits—effectively undermining the program's basic promise and guarantee.

KFF sums up the impact of a Medicaid per capita cap for low-income people with Medicare with the following key points:

- Medicaid is now jointly financed as an open-ended shared responsibility between the federal and state governments; the American Health Care Act proposes a major change in financing with a per capita cap
- The shift to per capita caps would limit federal Medicaid contributions – a change that is likely to have fiscal implications for states and enrollees, including 11 million people with both Medicare and Medicaid
- The impact on any given state will depend on a number of factors, including the growth in the share of its 85+ (highest cost) population

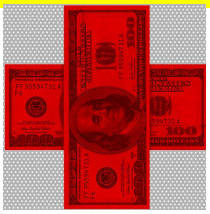
States with costs that exceed the cap for their senior or disabled enrollees would need to find other revenues to maintain coverage, or reduce costs.

The effects of a per capita cap would vary depending on the circumstances in a particular state, but experts warn of an array of negative consequences. Last week, Medicare Rights attended an event



hosted by the **National Coalition on Health Care**, on this issue. During the event, Cindi B. Jones, Director of Department of Medical Assistance Services of the Commonwealth of Virginia, expressed concern that the state of Virginia would lose $22 million the first year of proposed caps and $700 million over 10 years. Jones pointed out that states have only three ways to save money and prevent Medicaid losses: cut provider payment rates, cut services covered, or cut eligibility—making it more difficult for low-income people to enroll... **Read the Brief**

HHS, States Move To Help Insurers Defray Costs Of Sickest Patients



As congressional Republicans' efforts to repeal and replace the Affordable Care Act remain in limbo, the Trump administration and some states are taking steps to help insurers cover the cost of their sickest patients, a move that industry analysts say is critical to keeping premiums affordable for plans sold on the law's online marketplaces in 2018.

This fix is a well-known insurance industry practice called reinsurance. Claims above a certain amount would be paid by the government, reducing insurers' financial exposure and allowing them to set lower premiums.

Two states — Alaska and Minnesota — that have seen double-digit increases in ACA plan premiums this year have already moved to implement reinsurance policies, and Oklahoma is making plans to seek federal approval to set up a program. The Idaho legislature also recently passed a health care reinsurance law, and Maine is considering taking similar action.

The Trump administration has told other states they should consider doing the same. On March 13, Health and Human Services Secretary Tom **Price sent a letter** to all 50 governors soliciting proposals for reinsurance and other options to help cover the costs of consumers with expensive medical conditions….**Read More**

RI ARA HealthLink Wellness News

Sanofi sues Mylan over alleged anti-competitive marketing of EpiPen ?

In the latest flap over EpiPen, Sanofi filed a lawsuit on Monday alleging that Mylan violated antitrust law by taking several steps to thwart its rival from gaining any traction in the marketplace.

Sanofi used to sell Auvi-Q, a different type of auto-injector that provides voice instructions and resembles a deck of cards. Both EpiPen and Auvi-Q provide life-saving doses of epinephrine to individuals suffering from severe allergic reactions. However, Sanofi voluntarily withdrew its device in October 2015 over problems with dosing and the device is now sold by another company called Kaleo.

In its **lawsuit**, which was filed in federal court in New Jersey, Sanofi alleged Mylan "ran up the price" of EpiPen well before the Auvi-Q launch in January 2013. In November 2012, the list price was $219 for a package of injectors, and that rose to $461 in October 2015, according to Medi-Span and Wells Fargo data cited in the lawsuit.

Then, however, Sanofi claimed Mylan offered higher rebates to insurers, pharmacy benefit managers, and state Medicaid programs that would be "practically impossible to refuse." In doing so, Sanofi alleged that payers were enticed to bump Auvi-Q from coverage.

By undertaking these maneuvers, Mylan artificially raised Sanofi's costs to market Auvi-Q, as well as the cost for patients to buy the device, the lawsuit alleged, because the moves ensured that Auvi-Q would carry a higher co-pay than EpiPen at pharmacy counters.

Auvi-Q market share dropped nearly 50 percent from December 2013 to January 2014 after rebates took effect, the lawsuit charged.

Such an "exclusive" requirement is fair game in the cutthroat world of pharmaceutical pricing — but not when the company demanding exclusivity has a monopoly, Sanofi argued.

"Pharmaceutical companies with monopolies for a given drug product do not — and under US antitrust law, cannot — condition large rebates to block new rival drugs from key access to the market," the complaint states….**Read More**

Supreme Court to decide whether defendants are entitled to a mental-health expert on their side

The Supreme Court's liberals and conservatives seemed to disagree Monday on whether an Alabama inmate was entitled to a mental-health expert who would be on his side in fighting the state's attempt to sentence him to death.

The justices were examining James McWilliams's 1986 death sentence and an even older Supreme Court precedent. But their decision will be immediately relevant. The Arkansas Supreme Court recently stayed the execution of two men on its death row until the justices decide *McWilliams v. Dunn*.

The U.S. Supreme Court ruled previously that poor defendants whose mental health might explain their criminal actions have a right to expert evaluation. Monday's argument was about whether that expert should be on the defendant's side, not just neutral.

Atlanta lawyer Stephen B. Bright, representing McWilliams, said the intent of the Supreme Court's 1985 decision in *Ake v. Oklahoma* was clear: to ensure that poor defendants have a chance to have the kind of expert assistance that wealthy defendants and state prosecutors could afford.

"It at least gives the defense a shot, at least gives them one competent mental-health expert that they can talk to, understand what the issues are, present them as best they can," Bright said.

But conservative justices said the *Ake* opinion was not so clear that more than a neutral expert was necessary. Perhaps intentionally so, said Justice Samuel A. Alito Jr...**Read More**

Severe Shortage Of Home Health Workers Robs Thousands Of Proper Care

Acute shortages of home health aides and nursing assistants are cropping up across the country, threatening care for people with serious disabilities and vulnerable older adults.

In Minnesota and Wisconsin, nursing homes have denied admission to thousands of patients over the past year because they lack essential staff, according to local long-term care associations.

In New York, patients living in rural areas have been injured, soiled themselves and gone without meals because paid caregivers aren't available, according to testimony provided to the state Assembly's health committee in February.

In Illinois, the independence of people with severe developmental disabilities is being compromised, as agencies experience staff shortages of up to 30 percent, according to a court monitor overseeing a federal consent decree.

The emerging crisis is driven by low wages — around $10 an hour, mostly funded by state Medicaid programs — and a shrinking pool of workers willing to perform this physically and emotionally demanding work: helping people get in and out of bed, go to the bathroom, shower, eat, participate in activities, and often dealing with challenging behaviors….**Read More**

5 Things To Know About The Health Issue That Could Shut Down The Government

Congress must pass a bill this week to keep most of the government running beyond Friday, when a government spending bill runs out. It won't be easy.

The debate over a new **spending bill** focuses on an esoteric issue affecting the Affordable Care Act.

The question is whether Congress will pass — and President Donald Trump will sign — a bill that also funds subsidies for lower-income people who purchase health insurance under the law. These "cost-sharing reductions" (CSR) have become a major bargaining point in the negotiations between Republicans and Democrats, because the spending bill **will require at least some Democratic votes** to pass.

How are these subsidies different from the help people get to purchase insurance?

There are two types of financial aid for people who buy insurance from an ACA exchange. People with incomes up to four times the poverty line, or $81,680 for a family of three, are eligible for tax credits to help pay their premiums.

In addition to that help, people with incomes up to two-and-a-half times the poverty line, or $51,050 for a family of three, get additional subsidies to help pay their out-of-pocket costs, including deductibles and copayments for care, as long as they purchase a **silver-level plan**. Insurance companies are required in their contracts with the government to provide these cost-sharing reductions to eligible people, then get reimbursed by the government.

Why are cost-sharing reductions suddenly front and center?

The fight dates to 2014, when Republicans in the **House of Representatives filed suit**against the Obama administration, charging that Congress had not specifically appropriated money for the cost-sharing subsidies and therefore the administration was providing the funding illegally.

A year ago, a federal district court judge **ruled that the House was correct** and ordered the payments stopped. However, she put that ruling on hold while the Obama administration appealed. That's where things stood when Trump was inaugurated.

If the Trump administration drops the appeal, the funding would cease. However, Congress could also opt to approve funding the payments, which is what **Democrats are pushing** in the spending bill.

What would happen if these subsidies are stopped?

At the very least, ending the cost-sharing reductions in the middle of the year would cause a serious disruption in the insurance market. The payments are estimated at $7 billion this year, and $10 billion in 2018. They cover about 7 million people, about 58 percent of those purchasing coverage on the exchanges.

Many experts have predicted that if the subsidies end, some or all insurers might leave their markets entirely, leaving consumers with fewer, or possibly no, choices.

But even if they stay, the Kaiser Family Foundation **estimates** that insurers would have to raise premiums on the marketplace silver plans by an average of 19 percent in order to offset that loss of government reimbursement. (Kaiser Health News is an editorially independent program of the foundation.)

Ironically, ending the subsidies would actually cost the federal government more money. Premium increases to make up for the lost payments would in turn trigger bigger tax credits for the broader population eligible for help paying their premiums. Those larger tax credits would **cost the federal government** an estimated $2.3 billion above what it would save on the cost reduction subsidies next year, KFF projected.

Who is pushing Congress to fund the subsidies?

In addition to Democrats in Congress who support the ACA**, influential health-related groups** are urging lawmakers to fund the cost-sharing reductions.

The coalition, which includes America's Health Insurance Plans, the American Medical Association, the American Hospital Association and the U.S. Chamber of Commerce, points out that the uncertainty surrounding the future of the promised payments could not only disrupt this year's insurance market, but next year's as well.

"The window is quickly closing to properly price individual insurance products for 2018," the groups wrote to Congress on April 12. Most insurers must decide whether they will participate in the health law's market in 2018 by late June.

Most Americans don't support cutting the subsidies as part of a GOP strategy to force Democrats in Congress to help pass a new health law. A recent poll reported 60 percent of those surveyed said the president "should not use negotiating tactics that could disrupt insurance markets and cause people to lose health coverage." On the other hand, two-thirds of Republicans surveyed said Trump "should use whatever negotiating tactics necessary to win support for a replacement plan."

What does the Trump administration think about this?

Good question. Trump and senior health officials have offered conflicting positions.

On April 10, unnamed officials told the **New York Times** and other outlets that the administration "is willing to continue paying subsidies" while the lawsuit remains pending, just as the Obama administration did. The next day, however, a spokeswoman for the Department of Health and Human Services **disavowed that statement**, saying that "the administration is currently deciding its position on this matter."

The day after that, Trump himself said in an interview with the **Wall Street Journal** that he was holding back a decision on the payments as leverage. "I don't want people to get hurt," he said. "What I think should happen — and will happen — is the Democrats will start calling me and negotiating."

By the following week, administration officials were dangling the funding for the cost-sharing reductions in the spending bill as a trade for Trump's request for funding for a border wall. "We don't like those [subsidies] very much, but we have offered to open the discussions to give the Democrats something they want in order to get something we want," budget director Mick Mulvaney said on **Fox News Sunday.** "We'd offer them $1 of CSR payments for $1 of wall payments."

Democrats, however, are not buying what the administration is selling. "The White House gambit to hold hostage health care for millions of Americans, in order to force American taxpayers to foot the bill for a wall that the president said would be paid for by Mexico is a complete non-starter," Senate Minority Leader Chuck Schumer (D-N.Y.) said in a written statement.

Complicating matters further, it is far from clear that Republicans in Congress want to end the cost-sharing payments.

The subsidies are "a commitment made by the government to the insurers and the people," House Energy and Commerce Committee Chairman Greg Walden (R-Ore.) said at a town hall meeting in his district, according to **The Washington Post**. "That needs to happen."