

# First Look: What The Election Results Mean For Employee Benefits

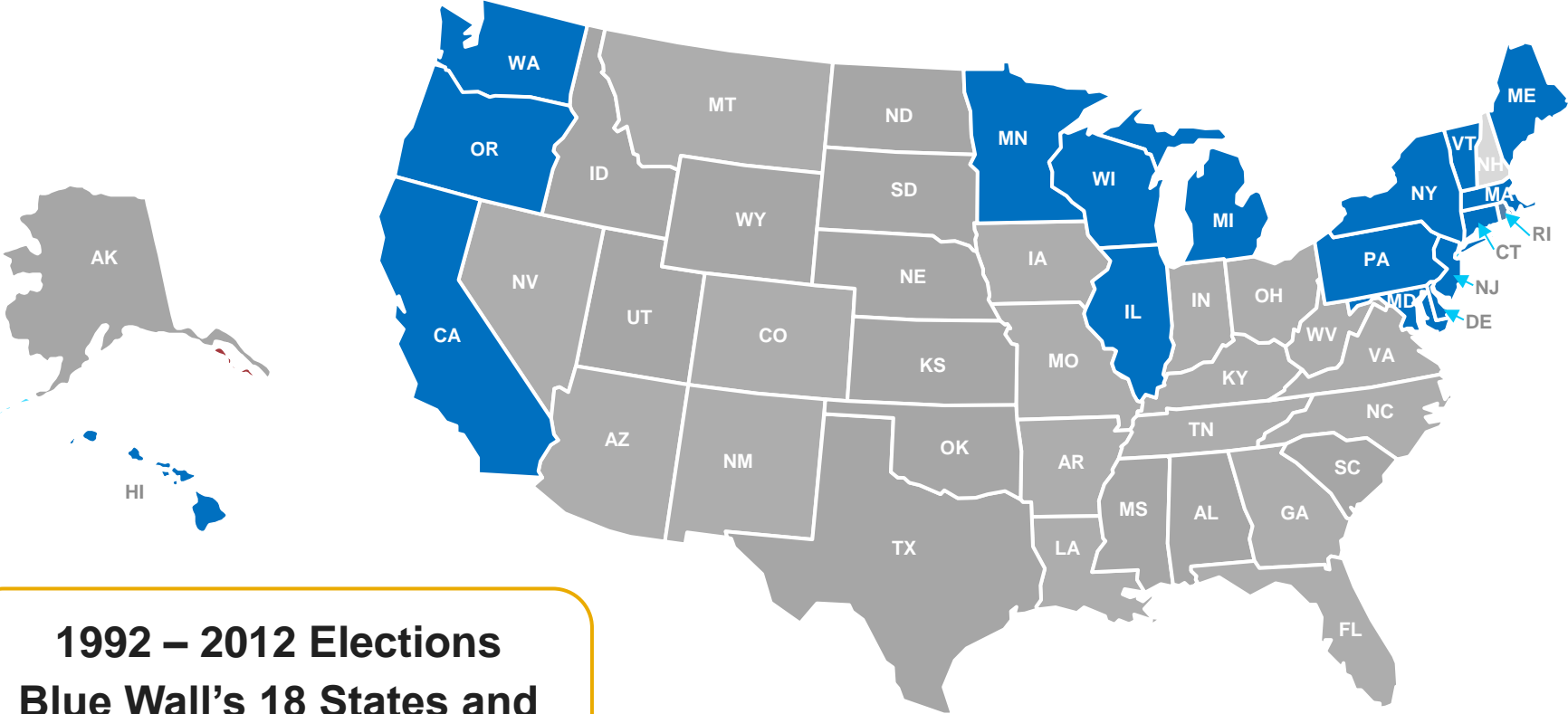
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# Trump tears down Blue Wall



**1992 – 2012 Elections  
Blue Wall's 18 States and  
DC voted in same pattern  
– representing 242  
electoral votes**

18 states and D.C. since 1992

Source: *New York Times*, [270towin.com](http://270towin.com)



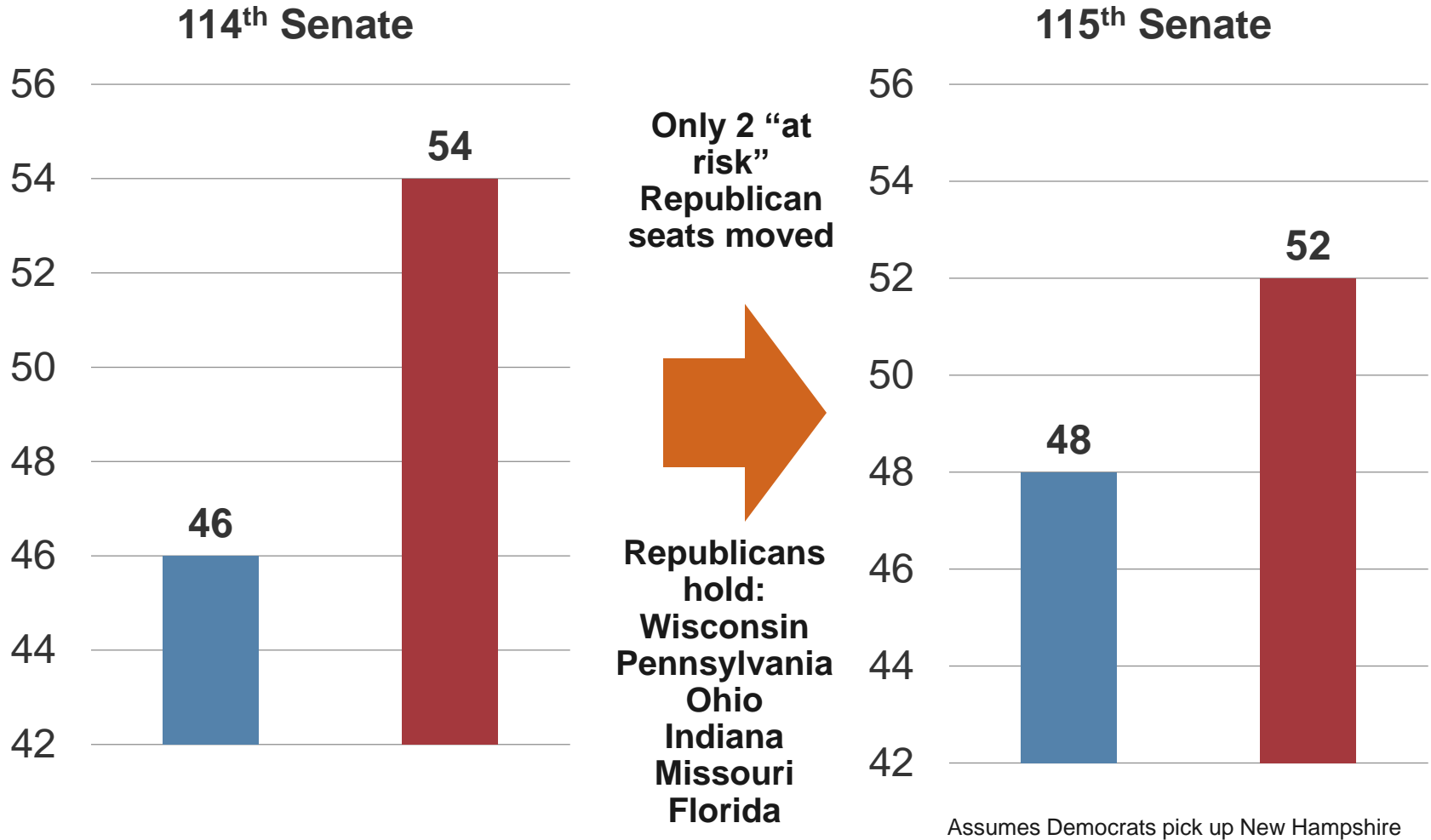


# “Reconciliation” 101

## Priorities of the Trump Administration

### Looking to 2018

# Republicans hold a 4 seat Senate majority



# Senate rules will both help and hinder change

- With a 52 seat majority in the Senate Republicans:
  - Cannot bring *most* legislation to a vote on the Senate floor because of filibuster and amendment rules
  - Generally requires 60 votes for “Cloture”
- Certain budget legislation cannot be filibustered
  - Generally speaking, this legislation can not increase federal spending or increase deficits

# Recent uses of Reconciliation

## - **Bush Tax Cuts**

- Economic Growth & Tax Relief Reconciliation Act of 2001
- Jobs & Growth Tax Relief Reconciliation Act of 2003
- Both leveraged “sunset” provisions

## - **Affordable Care Act**

- Health Care and Education Reconciliation Act of 2010



# “Reconciliation” 101

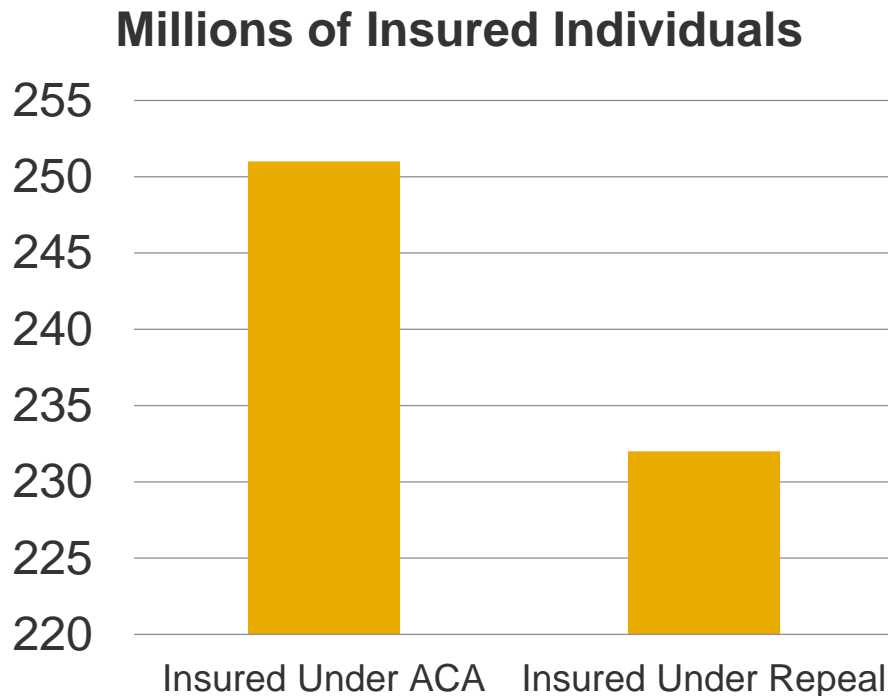
## Priorities of the Trump Administration

### Looking to 2018



# Can a President Trump repeal the ACA?

Full repeal would cause 19 million individuals to lose health insurance coverage



Source: Commonwealth Fund

**Proposal:** Repeal Affordable Care Act

**Benefit:** Eliminate individual and employer mandates, ACA insurance provisions, Cadillac Tax, Exchanges, and Medicaid expansion

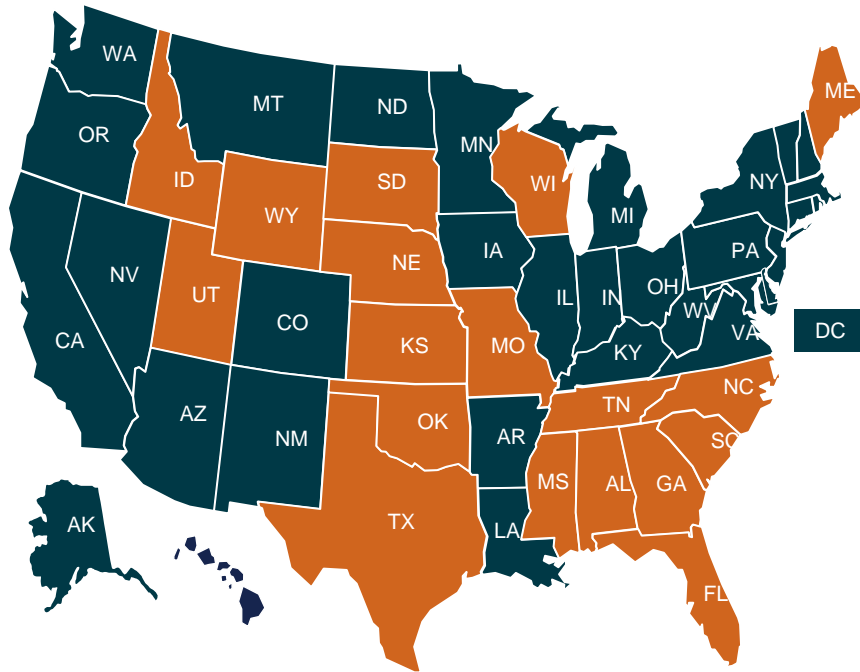
**Likelihood:** Possible, but difficult

**Reason:** A full repeal could leverage reconciliation to pass, but would significantly increase the uninsured population. A partial repeal (keeping some aspects of the ACA) may not be able to leverage reconciliation and would not have support of Democrats in Congress



# Repealing ACA impacts Medicaid expansion

## 31 States (and DC) Have Expanded Medicaid Programs



■ Adopted Expansion ■ Not Adopted Expansion

Source: Kaiser Family Foundation

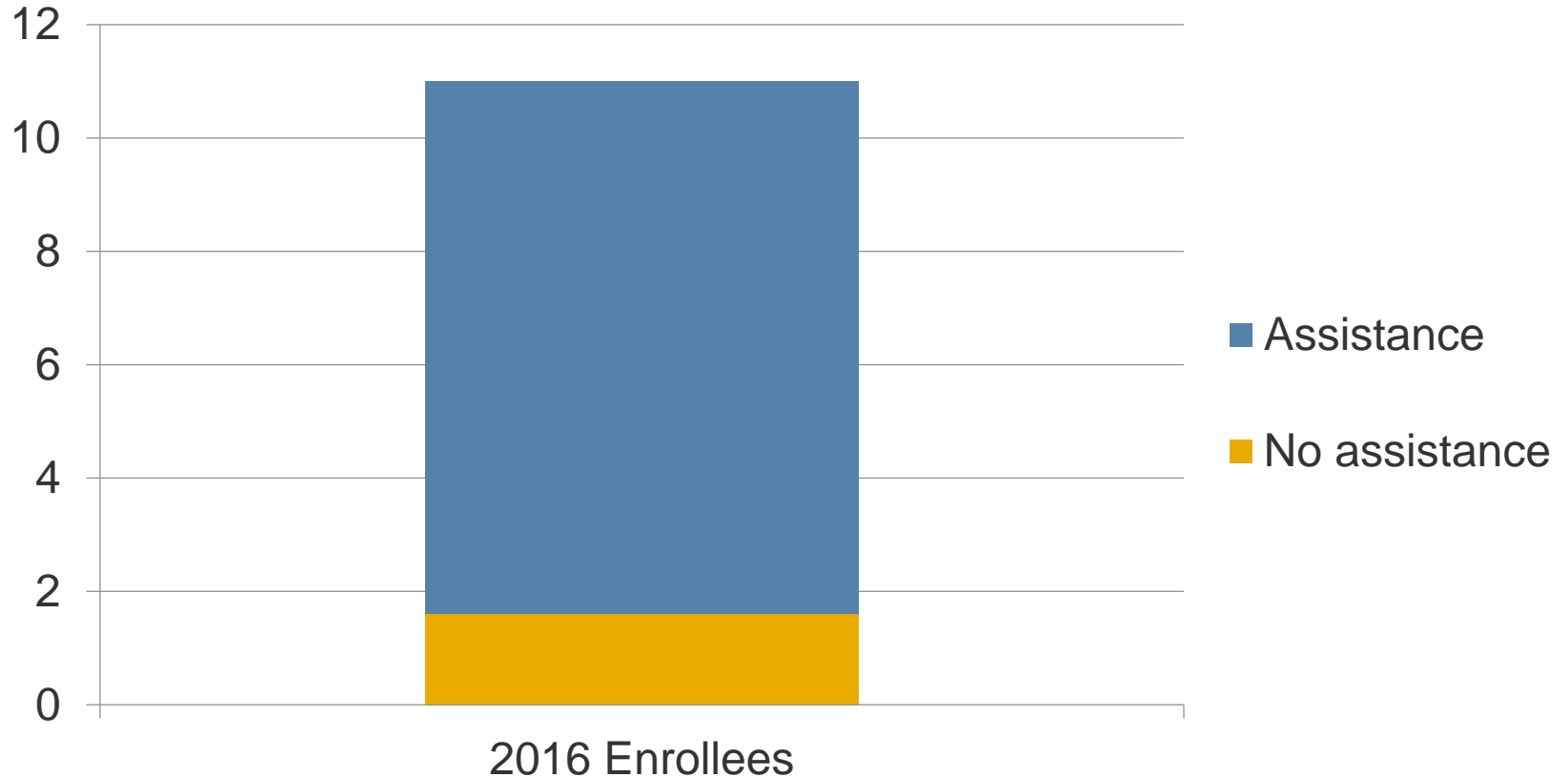
**Medicaid enrollment has increased 16 million since 2014**

- Federal government scheduled to cover 90% of expanded Medicaid costs
- ACA repeal who both eliminate funds and states' ability to offer to expanded populations



# Repealing ACA eliminates exchanges and subsidies

**Most exchange enrollees receive Government assistance**



Source: HHS, March 31, 2016 effectuated enrollment

# A “two-step” repeal and replace process?

## Step 1: Legislation repeals ACA

**How:** Leverage Reconciliation

**Benefit:** Only 50 votes needed

**Issue:** Will cause spike in uninsured rate

**Solution:** Delay reduction of funds for Medicaid and exchange subsidies for 6-18 months

## Step 2: Legislation Replaces ACA

**How:** Build bi-partisan coalition

**Benefit:** Democrats may be willing to make compromises to avoid individuals losing coverage

**Issue:** Democrats may not be willing to make compromises, individuals lose coverage when no replacement plan put forward

# Possible Replacement Highlights

## House Republican “A Better Way”

- No individual or employer mandates
- “Continuous Coverage” protections
  - National open enrollment period
- Cap on employer sponsored coverage tax exclusion
- Refundable tax credit for those without employer health coverage
- Block grant Medicaid

# Paid leave could be a bi-partisan effort

- President-elect Trump proposes:
  - 6 weeks paid maternity leave
  - Mother of child only
  - Available only at birth
- Will Democrats in Congress compromise on the issue?

# Individual Tax Proposals

Summary	Details
<b>Create simplified tax bracket structure</b>	<b>12% under \$75,000 25% from \$75,000 to \$225,000 33% more than \$225,000</b>
<b>Increase standard deduction</b>	<b>Single: \$15,000 Married: \$30,000</b>
<b>Create new childcare and eldercare deductions</b>	<b>Childcare deduction available regardless of whether or not paid care is used Eldercare deduction capped at \$5,000</b>
<b>Repeal federal estate tax and modify step up in basis rules</b>	<b>0% federal estate tax Step up in basis for \$10 million of assets</b>

# Corporate Tax Proposals

Summary	Details
Reduce corporate tax rate	15% tax rate
Allow one time repatriation of funds	10% one time tax

**Republicans in Congress could attempt to use reconciliation to pass both corporate and individual tax changes**





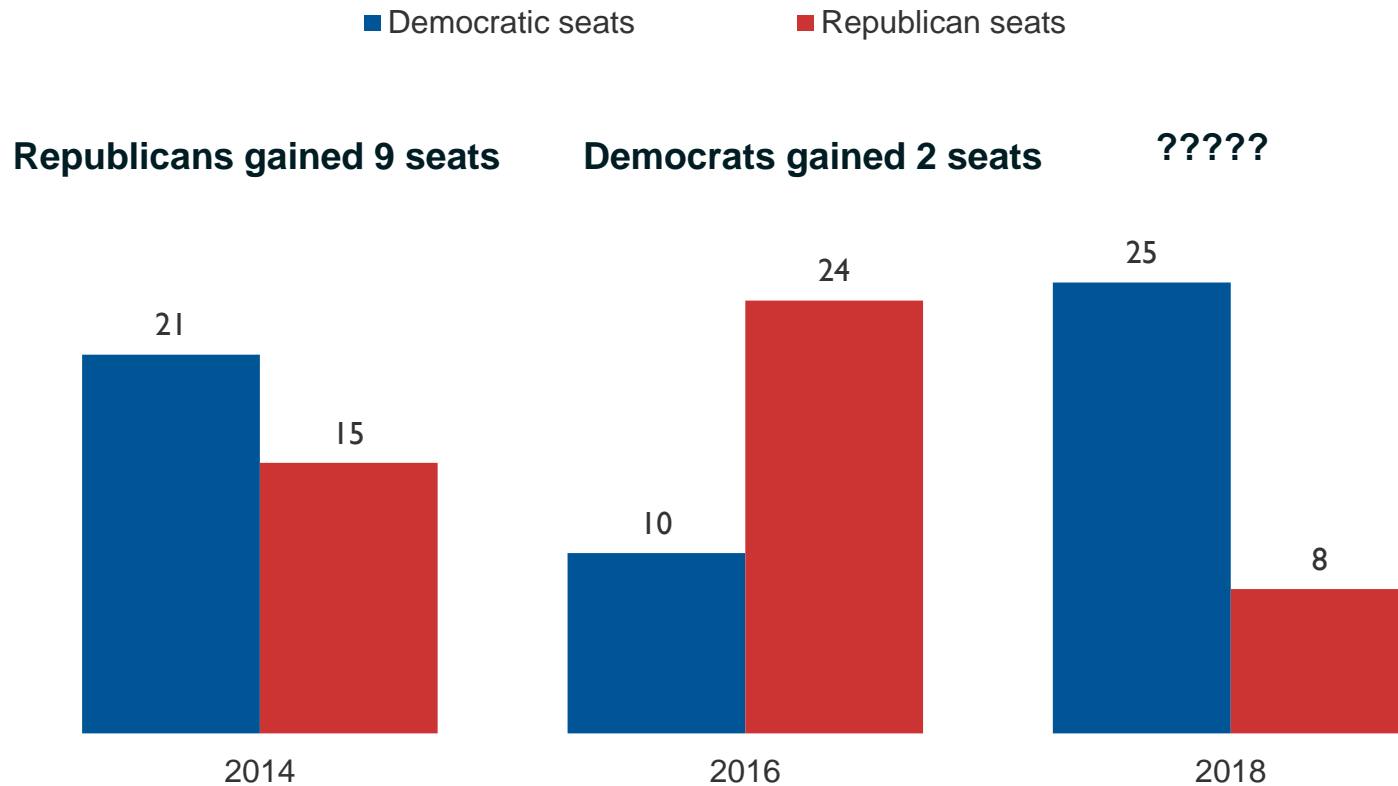
# “Reconciliation” 101

## Priorities of the Trump Administration

### Looking to 2018

# What to watch for in mid-terms

## Senate seats in play, by election year



Source: Cook Political Report.

# Democratic Seats At Risk?

State	2016 Winner
Florida	Trump
Pennsylvania	Trump
West Virginia	Trump
Ohio	Trump
North Dakota	Trump
Montana	Trump
Wisconsin	Trump
Michigan	Trump

Source: *National Journal*

# Summary

- The election is behind us....
- The real work begins
- The mid-terms are around the corner!



# Questions?

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# Thank you



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