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FEDERAL UPDATE: Tax Reform Bills Slam Healthcare

The House and Senate tax reform plans pose problems for non-profit hospitals in ways that might not be obvious to the general population. These concerns filter down to every community and every patient, as the delivery of care is impacted.

- The House plan eliminates the exemption for tax-exempt bonds, which allows investors to avoid paying income tax on the interest. Without this exemption, such bonds are not attractive to investors. Non-profit hospitals use tax-exempt bonds to raise capital for needed infrastructure and technology upgrades. Many hospital buildings in New York are some of the oldest in the nation. Without access to this affordable financing mechanism, upgrades and major new construction projects are rendered unaffordable. This impacts local communities because hospitals are attractive assets, sources of jobs, and offer ripple-effect economic opportunity.

- A similar concern surrounds charitable deductions to hospitals. While neither the House nor Senate versions eliminate the charitable deduction for individuals who itemize taxes, the doubling of the standard deduction, as proposed by the plans, removes the incentive for charitable giving. Hospitals rely heavily on donations to fund major capital projects, such as the construction of specialized treatment wings and purchase of cutting-edge diagnostic medical equipment.

- The House bill eliminates the deduction for medical expenses exceeding 10 percent of income; those incurring nursing home expenses are especially hard hit.

- Most recently, President Trump has called for the repeal of the individual mandate in the tax reform plans, although neither bill currently includes such a repeal. According to the Congressional Budget Office (CBO), repeal of the individual mandate would increase the ranks of the uninsured by 13 million between 2018 and 2027, five million of whom would be Medicaid beneficiaries. CBO also estimates that insurance premiums in the individual market would increase by about 10 percent in most years over the next decade. Additionally, with more uninsured, those with insurance – whether purchased independently or provided by an employer – would see their premiums rise as they unknowingly offset society's cost for treating the uninsured.

- Both tax cut plans swell the nation's debt by \$1.5 trillion. This places pressure on lawmakers to find ways to chip away at debt. Medicare and Medicaid are likely targets. This is especially troublesome at a time when baby boomers are entering retirement in unprecedented numbers – about 500,000 are added to the Medicare roles each week. The Senate Republican budget resolution calls for \$5 trillion in spending cuts over a decade, including \$473 billion in cuts to Medicare and \$1 trillion in cuts to Medicaid.

The House plans to vote on its bill before leaving for the Thanksgiving recess. The Senate is expected to tackle passage of its bill after Thanksgiving and can only lose two Republican votes to ensure passage under the reconciliation process that the chamber is using to fast track the legislation. Congress hopes to deliver a tax reform bill to the president by Christmas.

STATE UPDATE: * * *Marketplace Enrollment Underway * * *

Enrollment for year five of the Affordable Care Act's (ACA) marketplace-based insurance exchanges began November 1, 2017. **Enrollment remains open until January 31, 2018 on the New York State of Health marketplace.** On Long Island, the Nassau-Suffolk Hospital Council is one of three state-appointed navigator agencies for the region. The Hudson Valley is serviced by the Community Service Society of New York, Maternal Infant Services Network of Orange, Sullivan, and Ulster counties, and the Westchester County and Rockland County Departments of Health. The Hospital Council maintains a user-friendly, bilingual website – www.coverage4healthcare.org - that lists enrollment sites and dates and other helpful information. Shop online at www.nystateofhealth.ny.gov, call the state's customer service number at 855-355-5777, or meet with a state-certified navigator.

Northern Metropolitan Hospital Association
www.normet.org



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