



## 2023 SEASIDE SUMMIT



*Where Do We Go From Here: Employee Benefits Issues To Watch*  
James Slotnick, VP, Government Relations & Sustainability, Sun Life U.S.

# Agenda

Heard on the Hill...

State activity to watch...

Countdown to November 5, 2024



# Biden Administration Accomplishments

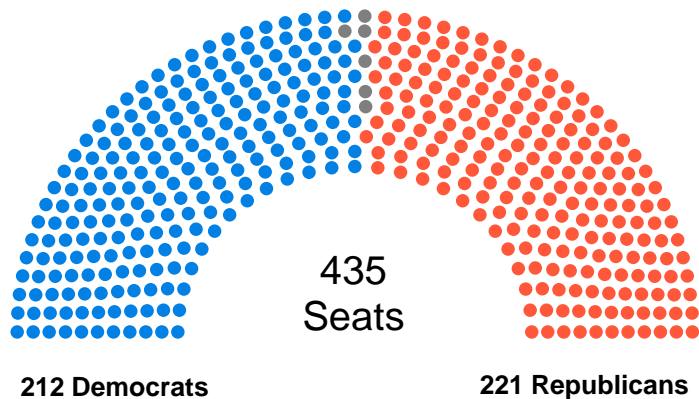
## Partisan & Bipartisan Legislation

- **American Rescue Plan (2021)**
  - Passed with only Democrat support through Budget Reconciliation
- **Infrastructure Investment and Jobs Act (2021)**
  - Bipartisan support in the House and the Senate
- **Inflation Reduction Act (2022)**
  - Passed with only Democrat support through Budget Reconciliation

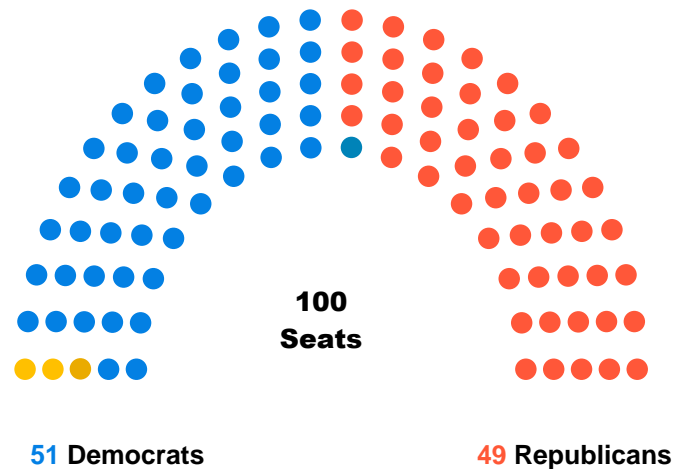
# Slim Majorities

## Composition of the 118th Congress

### HOUSE



### SENATE



# Key story lines for 118<sup>th</sup> Congress

- In the House...
  - Speaker McCarthy
    - Only 1 House Republican needed to trigger a “motion to vacate”
  - Can only lose 5 Republican votes on bills
- And yet...
  - House Republicans have generally stayed together....
  - But Democratic House votes are also important....
    - Debt Ceiling deal 314-117 – with 70 Republicans voting “no”
    - What does Impeachment Inquiry mean for bipartisanship?

# Key story lines for 118<sup>th</sup> Congress

- In the Senate...
  - 51-49 Democratic Majority
    - 3 Independents
  - Judges have been moving
    - Biden 143 to Trump 153 at the point in the Presidency

# Turbulence Ahead?

- Prescription Drug Pricing
  - Inflation Reduction Act impact on Medicare drug prices
    - Price increases cannot be higher than inflation
    - Medicare can start negotiating the price of certain high cost drugs in 2026
    - Together, by 2030, could save Medicare \$31 billion per year
    - Neither of these provisions apply to the commercial market

## Initial List

Eliquis

Jardiance

Xarelto

Januvia

Farxiga

Entresto

Enbrel

Imbruvica

Stelara

Fiasp

# Legislative Agenda

- **Government Shutdown**

- Spending bill needed by September 30
  - Short term spending bill through December?

- **PBM Reform**

- Eliminate Spread Pricing for Medicaid
- New reporting requirements from PBMs to Employers

- **Section 45S Paid Leave Tax Credit Enhancement**

- Make credit permanent
- Allow a tax credit for Short Term Disability premiums paid by employers
  - Provide coverage to all employees (full and part time)
  - Tax credit only “counts” employees making under \$90,000



# Regulatory Agenda

- Mental Health Parity
  - ERISA Advisory Council reviewing LTD Plan design flexibility
- Supplemental Health Products Proposed Rule
  - When paid with pre-tax premium, all benefit payments would be taxable
  - Increase required disclosures

# Agenda

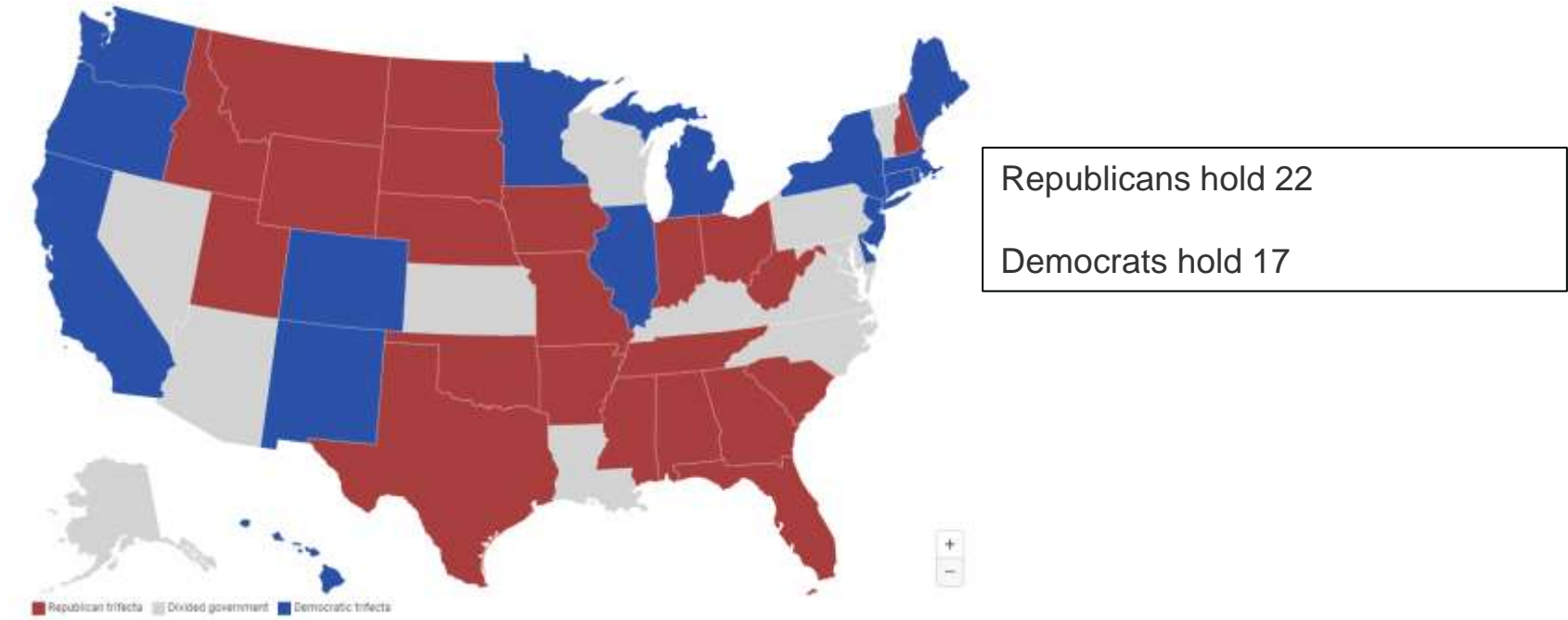
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# Most states are governed by one party



# Dental Loss Ratios

- Massachusetts becomes first state with an ACA style dental loss ratio
  - 2015: California creates dental loss ratio reporting
  - 2022: Maine creates dental loss ratio reporting
- November 8<sup>th</sup>, Massachusetts voters over-whelming supported the creation an 83% minimum dental loss ratio for fully insured plans
  - Effective for plans sold or renewed starting 1/1/24
  - Milliman anticipates rate increases by as much as 38%
- Which state is next?
  - Reporting has been the industry position
  - We anticipate this issue will continue for the foreseeable future

# Paid Family & Medical Leave / Paid Family Leave

- 13 states and DC either currently or will have a statutory PFML program:
  - CA, NY, NJ, RI, DC, WA, MA, CT, OR, CO, MD, DE, MI, and ME
    - All but DC and RI allow for a “private plan”
  - Michigan, and New Mexico are all exploring statutory PFML programs
- New Hampshire and Vermont states have created “voluntary” Paid Family Leave state programs
- Arkansas, Alabama, Florida, Tennessee, and Virginia now allow insurers to sell a fully insured Paid Family Leave product
  - Industry is looking for more states to adopt this legislation



# ESG Issues

- Fossil fuel investment restrictions
  - Four states restrict government contracts if companies “boycott” fossil fuel companies
    - Arkansas, Oklahoma, Texas, and Utah
- Gun manufacturer discrimination
  - Six states restrict government contracts if companies “discriminate” against gun manufactures
    - Arkansas, Montana, Texas, South Dakota, Utah and Wyoming

# Agenda

Heard on the Hill...

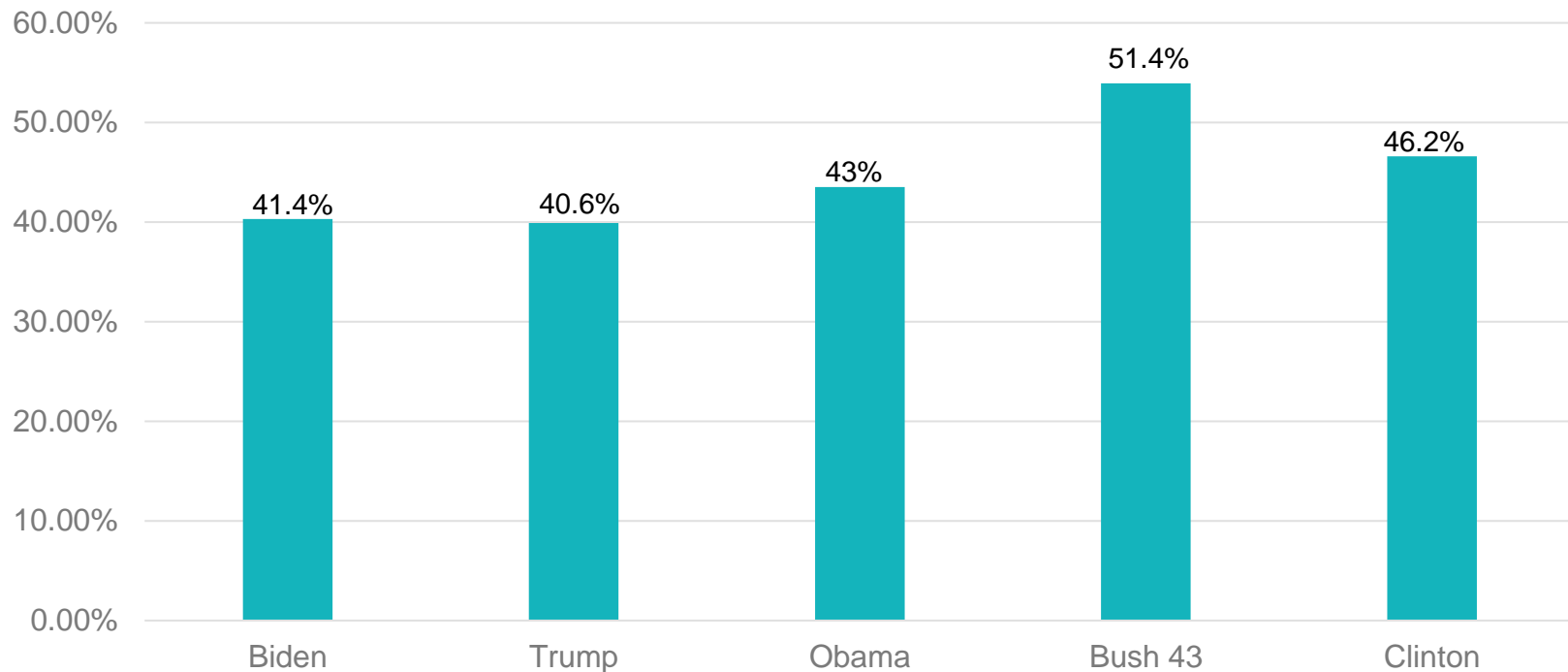
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# Favorability entering re-election....

On day 980 of their Presidency, their favorability rating was..



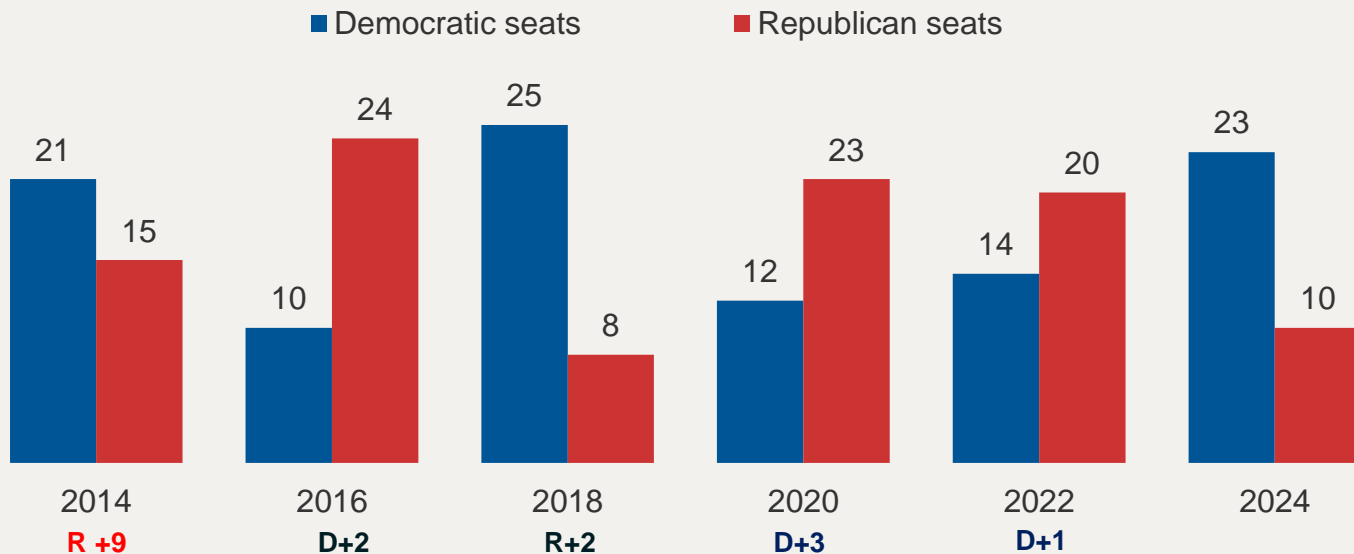


# Results from Presidents' re-election

Year	Incumbent President	Senate Result	House Result
1984	Ronald Reagan (W)	R +14	R -2
1992	George Bush (L)	R -2	No change
1996	William Clinton (W)	D -9	D -2
2004	George W. Bush (W)	R +3	R +4
2012	Barack Obama (W)	D +8	D +1
2020	Donald Trump (L)	R -6	R -2
2024	Joseph Biden	?	?

# What to watch for in midterms

Senate seats in play, by election year



# 2024 Senate elections



## 23 Democrat incumbents

Manchin (WV): Trump + 38.9%

Tester (MT): Trump +16.4%

Brown (OH): Trump +9.1%

Sinema (AZ): Biden +0.30%

Rosen (NV): Biden 2.4%



## 10 Republican incumbents

No incumbent in a state won  
by President Biden

# Summary



**Federal gridlock ahead**




**State activity important to follow**



**2024 is around the corner**

**James Slotnick**  
**james.slotnick@sunlife.com**



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