



# HYLANT

# New Year. New Administration.

Key Employee Benefits Trends to Watch in the Trump Era



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Sun Life U.S.

**February 26, 2025**

2:00 p.m. - 3:00 p.m.  
[www.hylant.com](http://www.hylant.com)

# Learning Agenda

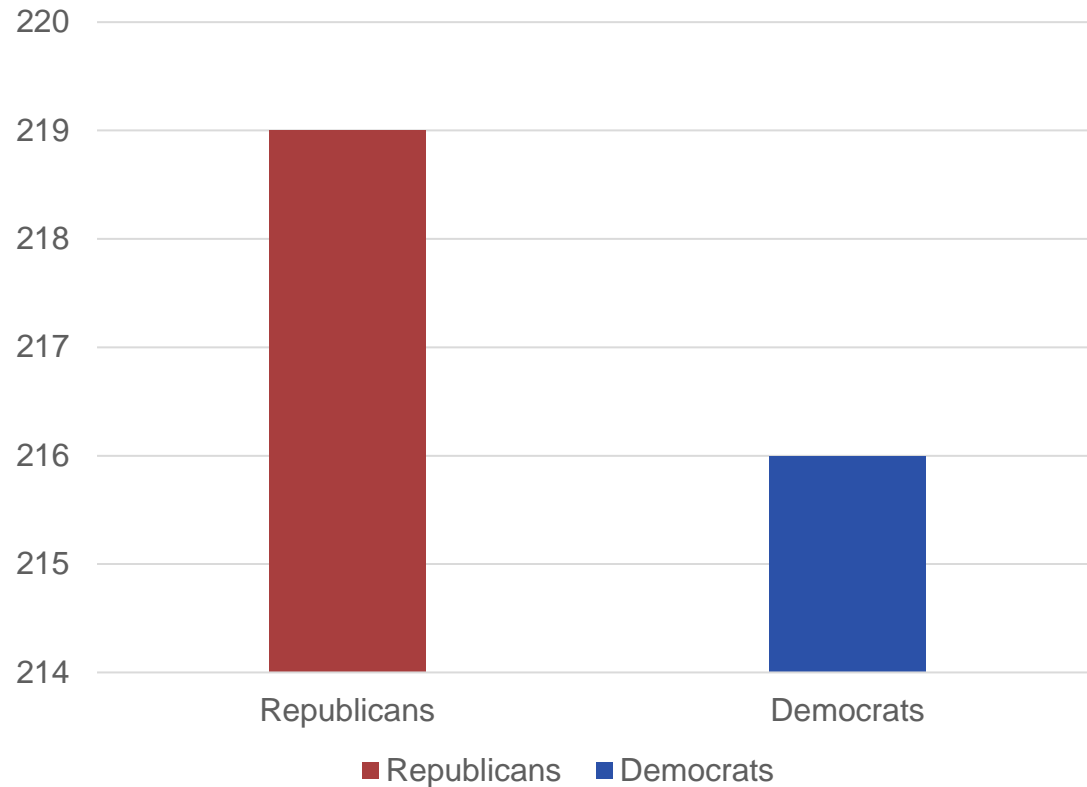
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- 1 Political Landscape
- 2 Policy Issues to Watch
- 3 Looking Towards November 3, 2026



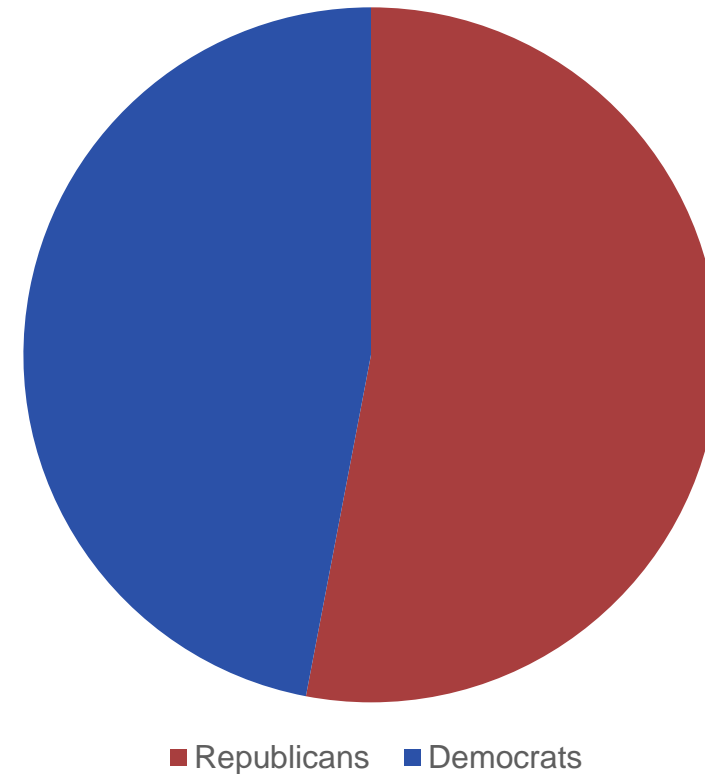
# Republicans Control Congress – But With Slim Majorities

## HOUSE OF REPRESENTATIVES



Republicans: 218/220  
Democrats: 215

## SENATE



Republicans: 53  
Democrats: 47

# Key Figures to Watch...

## In the Senate...

- Senate Majority Leader: John Thune (R-SD)
- Chairman, Senate Health, Education, Labor, and Pension Committee: Bill Cassidy (R-LA)
- Chair, Senate Finance Committee: Mike Crapo (R-ID)

## In the House...

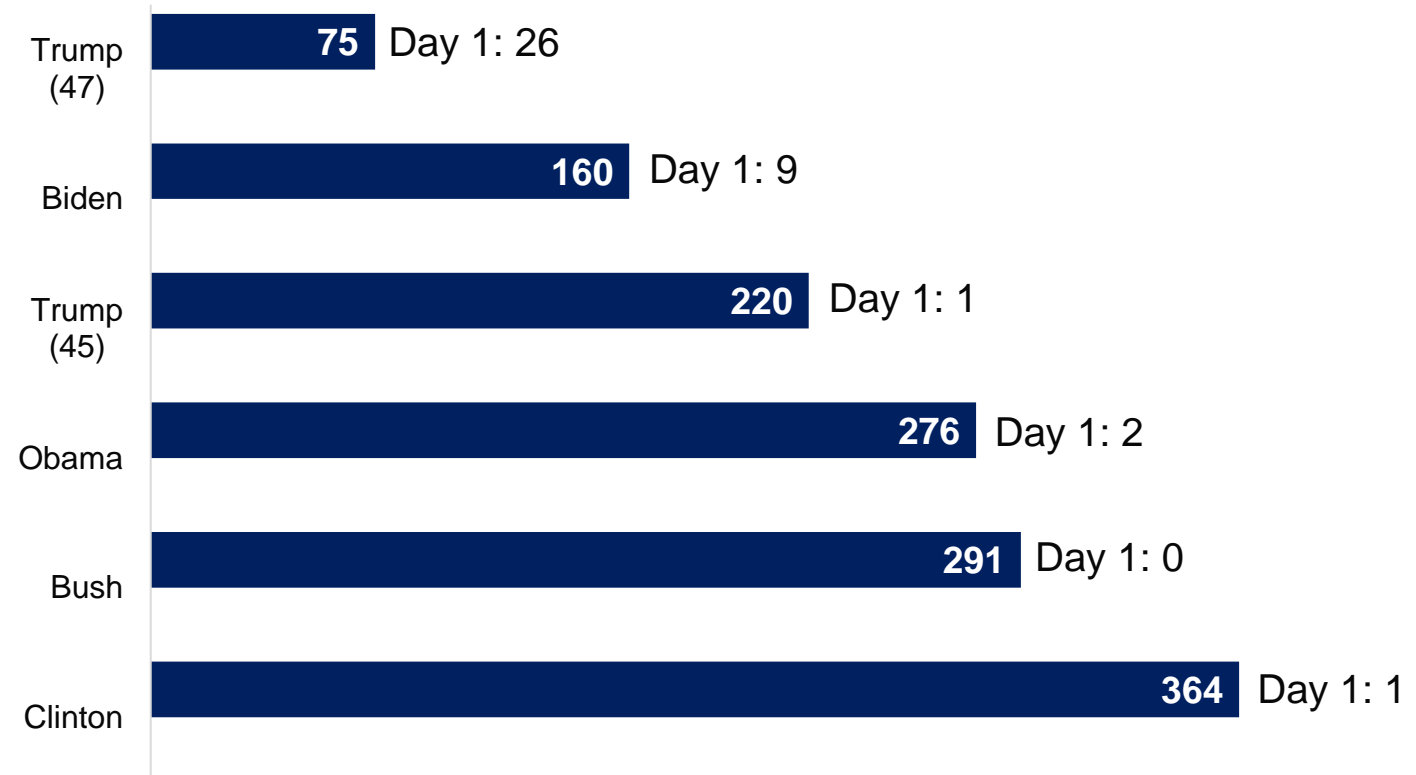
- Speaker: Mike Johnson (R-LA)
- Chair, Education & Workforce: Tim Walberg (R-MI)
- Chair, Energy & Commerce: Brett Guthrie (R-KY)
- Chair, Ways & Means: Jason Smith (R-MO)

# Dynamics to Watch...

## CABINET NOMINATIONS

- 22 Senate Cabinet positions
- Senate simple majority vote needed to appoint Cabinet and other Executive Branch Appointees
- President-elect Trump's full Cabinet appointed 41 days into his first Administration
- 17 Down, 5 Confirmations Left....
  - Education Secretary: Linda McMahon
  - Labor Secretary : Lori Chavez-DeRemer
  - SBA Administrator: Kelly Loeffler
  - UN Ambassador: Elise Stefanik
  - US Trade Representative: Jamieson Greer

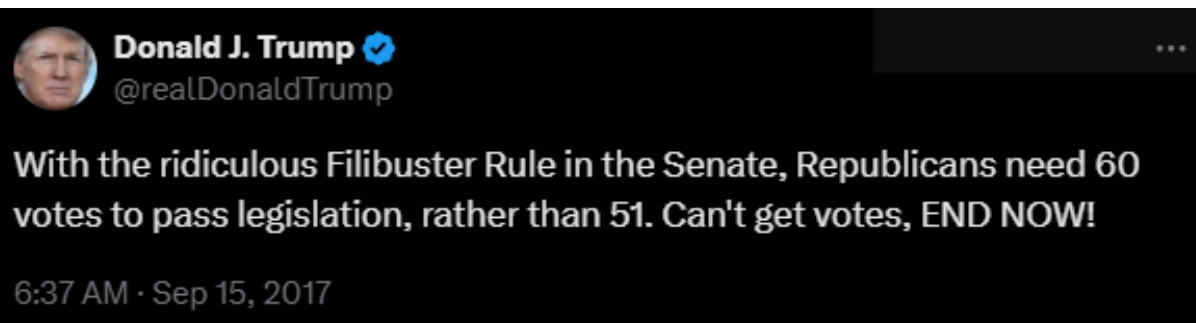
## EXECUTIVE ORDERS



# Procedural Issues to Watch

## Filibuster Reform

- Most legislation requires 60 votes in the Senate to end debate before moving to a simple majority vote for passage
- Senate could remove filibuster rules with 51 votes
- Judicial nomination process has removed the filibuster
  - 2013: Appellate Judges
  - 2017: Supreme Court Judges



Leader Thune January 3, 2025:

*“One of my priorities as leader will be to ensure that the Senate stays the Senate. **That means preserving the legislative filibuster** — the Senate rule that today has perhaps the greatest impact in preserving the Founders’ vision of the Senate.”*

# Procedural Issues to Watch (continued)

## Budget Reconciliation

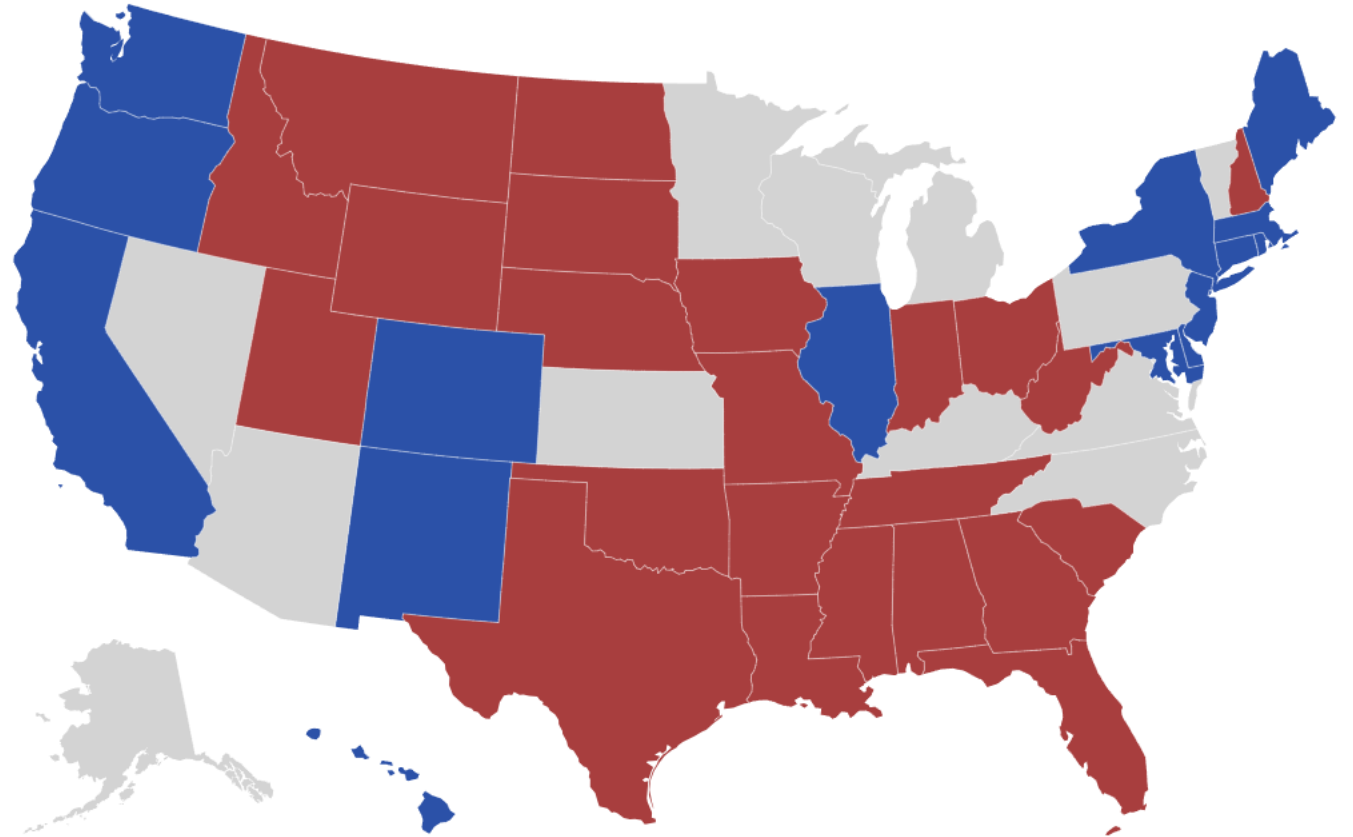
- Avoids needing 60 votes to move legislation through the Senate
- Generally speaking, can only be used for items that have a direct impact on federal spending
  - Trump Administration:
    - *Tax Cuts & Jobs Act*
  - Biden Administration:
    - *American Rescue Plan*
    - *Inflation Reduction Act*
- Could be used to:
  - Extend Tax Cuts & Jobs Act
  - Repeal portions of Inflation Reduction Act

## Congressional Review Act

- Provides Congress the ability to overturn rules generally issued within the past 60 legislative days
- Simple House and Senate majority needed
- Trump Administration – 16 CRAs
- Biden Administration – 3 CRAs

# Most States Are Governed by One Party

■ Republicans hold 23  
■ Democratic hold 15



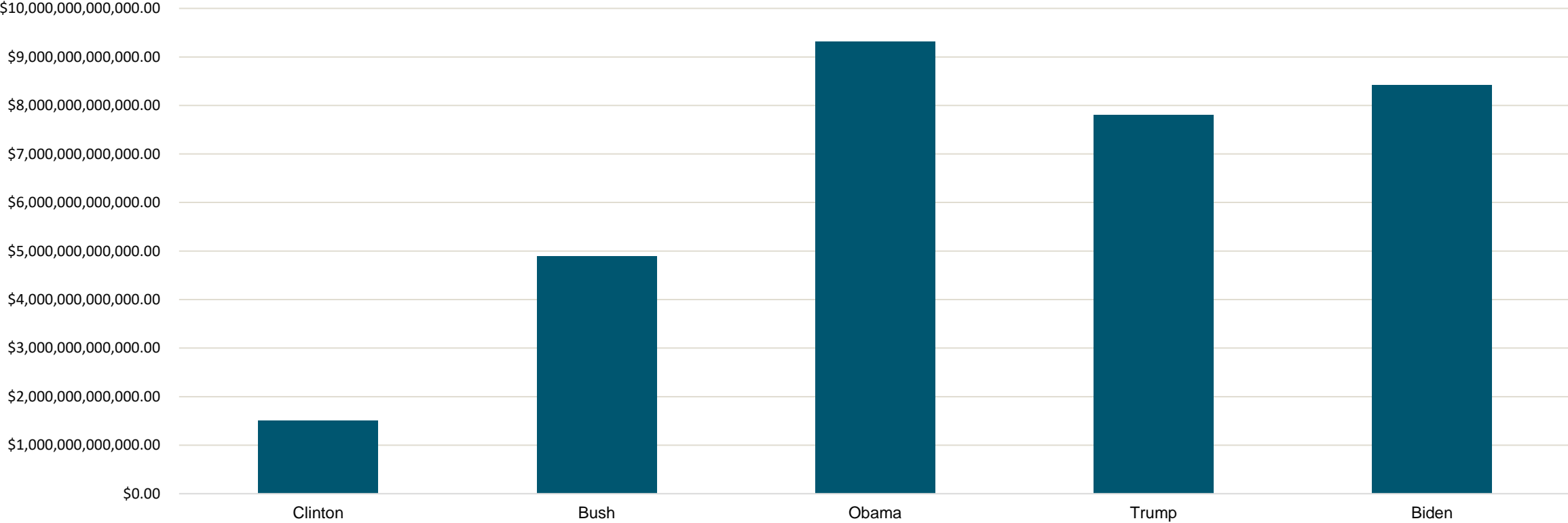




# Policy Issues to Watch

# The National Debt – \$36 Trillion and Counting

## Recent Increases to National Debt



Debt Ceiling has been reached – “X date” likely in Q1

# Superbowl of Tax – The \$5+ Trillion Question

Most of the individual tax cuts enacted in 2017 expire at the end of 2025. This looming tax cliff will force lawmakers to consider and pass major tax legislation in 2025. The details will depend on the outcome of the election.

	Expiring TCJA Provisions	In the Mix
<b>General Business</b>	<ul style="list-style-type: none"> <li>• Bonus Depreciation</li> <li>• R&amp;D Expensing</li> <li>• Foreign-Derived Intangible Income</li> <li>• Qualified Business Interest Deduction</li> <li>• PFML Tax Credit</li> </ul>	<ul style="list-style-type: none"> <li>• CAMT</li> <li>• Corporate Rate</li> <li>• Stock Buyback</li> <li>• Direct Payment Bonds/Build America Bonds</li> <li>• OECD (Global Minimum Tax)</li> <li>• IRA Energy Tax Credits</li> <li>• Executive Comp.</li> <li>• Low Income Housing Tax Credit</li> <li>• International (BEAT, GILTI)</li> </ul>
<b>Individual</b>	<ul style="list-style-type: none"> <li>• Individual Rates</li> <li>• Personal Exemptions</li> <li>• AMT</li> <li>• Standard Deduction</li> <li>• SALT</li> <li>• CTC</li> <li>• Pass-Through Deduction</li> <li>• Estate Tax</li> <li>• Opportunity Zone Capital Gains Deferral</li> </ul>	<ul style="list-style-type: none"> <li>• No tax on tips</li> <li>• No tax on overtime</li> <li>• No tax on social security</li> </ul>

## House Budget Proposal

- \$2 Trillion in spending cuts
- \$4.5 Trillion in new deficit spending
- \$4 Trillion increase in Debt Ceiling

# What's Next For Budget Reconciliation?

- Senate needs to adopt similar language to the House legislation
- Then the fun begins...
  - Committees need to propose specific items:
    - *Spending cuts*
    - *Tax provisions to extend*
    - *New tax provisions*
  - The proposed cuts generating the most news are:
    - *\$880 billion in Medicaid cuts*
    - *\$200 billion+ in SNAP benefit cuts*

“Medicare, Medicaid — none of that stuff is going to be touched.”

President Trump,  
February 19th

# Top Tax Expenditures

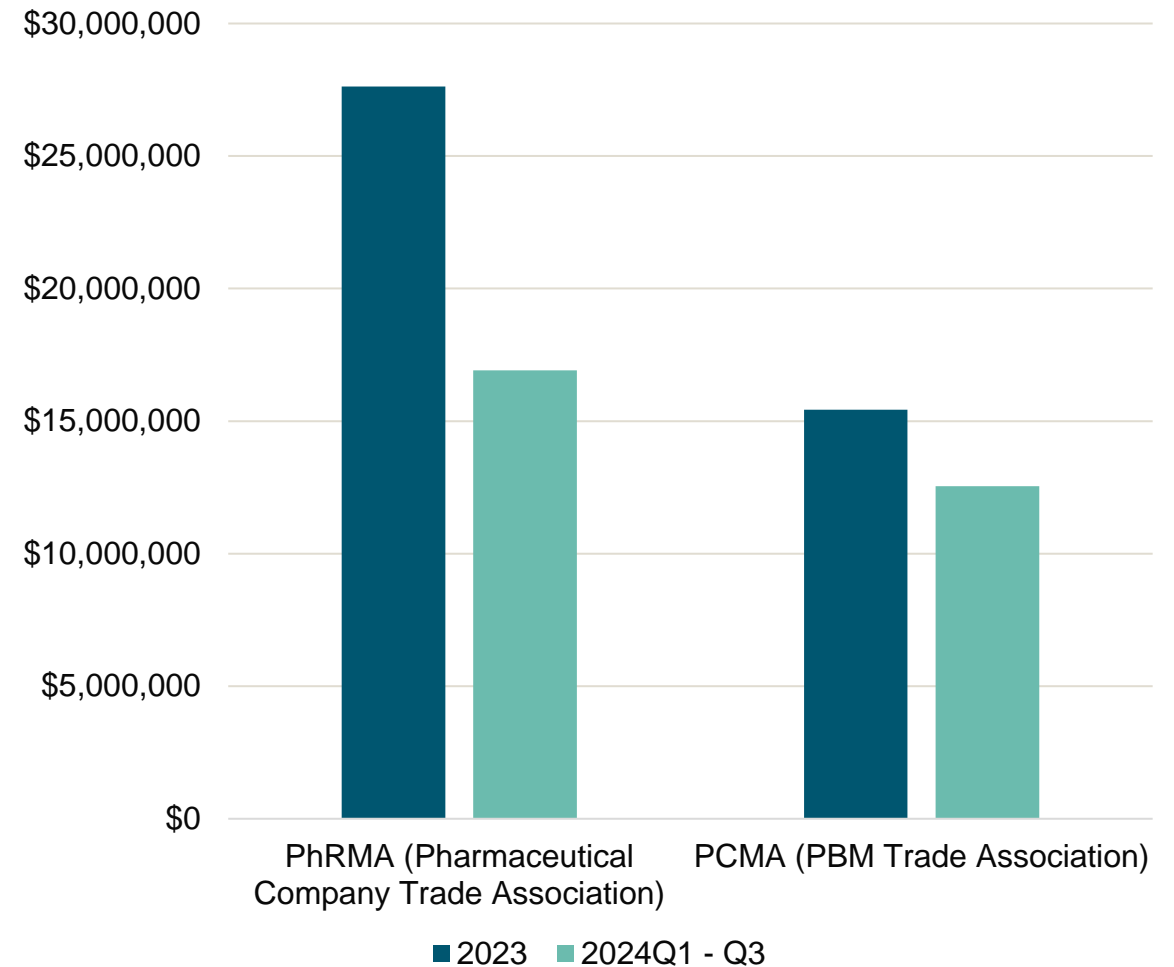
Rank		10 Year Cost
#1	Exclusion for health insurance premiums	\$3.3 trillion
#2	Exclusion for new imputed rental income	\$1.6 trillion
#3	Defined contribution employer plans	\$1.5 trillion
#4	Capital gains	\$1.5 trillion
#5	Mortgage interest	\$1 trillion
#8	Defined benefit plan	\$748 billion
#16	Individual retirement accounts	\$362 billion
#21	Life insurance proceeds	\$161 billion

# Employee Benefit Issues to Watch

## PBM Reform

- Possible in 2025
- Potential outcomes:
  - Preventing the use of spread pricing in Medicaid
  - Requiring PBMs to charge Medicare a flat fee
  - New reporting requirements for PBMs to commercial clients

## LOBBYING SPEND



# Inflation Reduction Act

## 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 10 drugs in 2026
  - Represent about 20% of Medicare drug spend
  - 2027 and 2028: can add 15 more drugs per year
- By 2030, CBO estimates these changes save Medicare about \$32 billion per year
- **Target for repeal**

Drug Name	Participating Drug Company	Commonly Treated Conditions	Agreed to Negotiated Price for 30-day Supply for CY 2026	List Price for 30-day Supply, CY 2023	Discount of Negotiated Price from 2023 List Price	Total Part D Gross Covered Prescription Drug Costs, CY 2023	Number of Medicare Part D Enrollees Who Used the Drug, CY 2023
Januvia	Merck Sharp Dohme	Diabetes	\$113.00	\$527.00	79%	\$4,091,399,000	843,000
Fiasp; Fiasp FlexTouch; Fiasp PenFill; NovoLog; NovoLog FlexPen; NovoLog PenFill	Novo Nordisk Inc	Diabetes	\$119.00	\$495.00	76%	\$2,612,719,000	785,000
Fanviga	AstraZeneca AB	Diabetes; Heart failure; Chronic kidney disease	\$178.50	\$556.00	68%	\$4,342,594,000	994,000
Enbrel	Immune Corporation	Rheumatoid arthritis; Psoriasis; Psoriatic arthritis	\$2,355.00	\$7,106.00	67%	\$2,951,778,000	48,000
Jardiance	Boehringer Ingelheim	Diabetes; Heart failure; Chronic kidney disease	\$197.00	\$573.00	66%	\$8,840,947,000	1,883,000
Stelara	Janssen Biotech, Inc.	Psoriasis; Psoriatic arthritis; Crohn's disease; Ulcerative colitis	\$4,695.00	\$13,836.00	66%	\$2,988,560,000	23,000
Xarelto	Janssen Pharms	Prevention and treatment of blood clots; Reduction of risk for patients with coronary or peripheral artery disease	\$197.00	\$517.00	62%	\$6,309,766,000	1,324,000
Eliquis	Bristol Myers Squibb	Prevention and treatment of blood clots	\$231.00	\$521.00	56%	\$18,275,108,000	3,928,000
Entresto	Novartis Pharms Corp	Heart failure	\$295.00	\$628.00	53%	\$3,430,753,000	664,000
Imbruvica	Pharmacyclics LLC	Blood cancers	\$9,319.00	\$14,934.00	38%	\$2,371,858,000	17,000

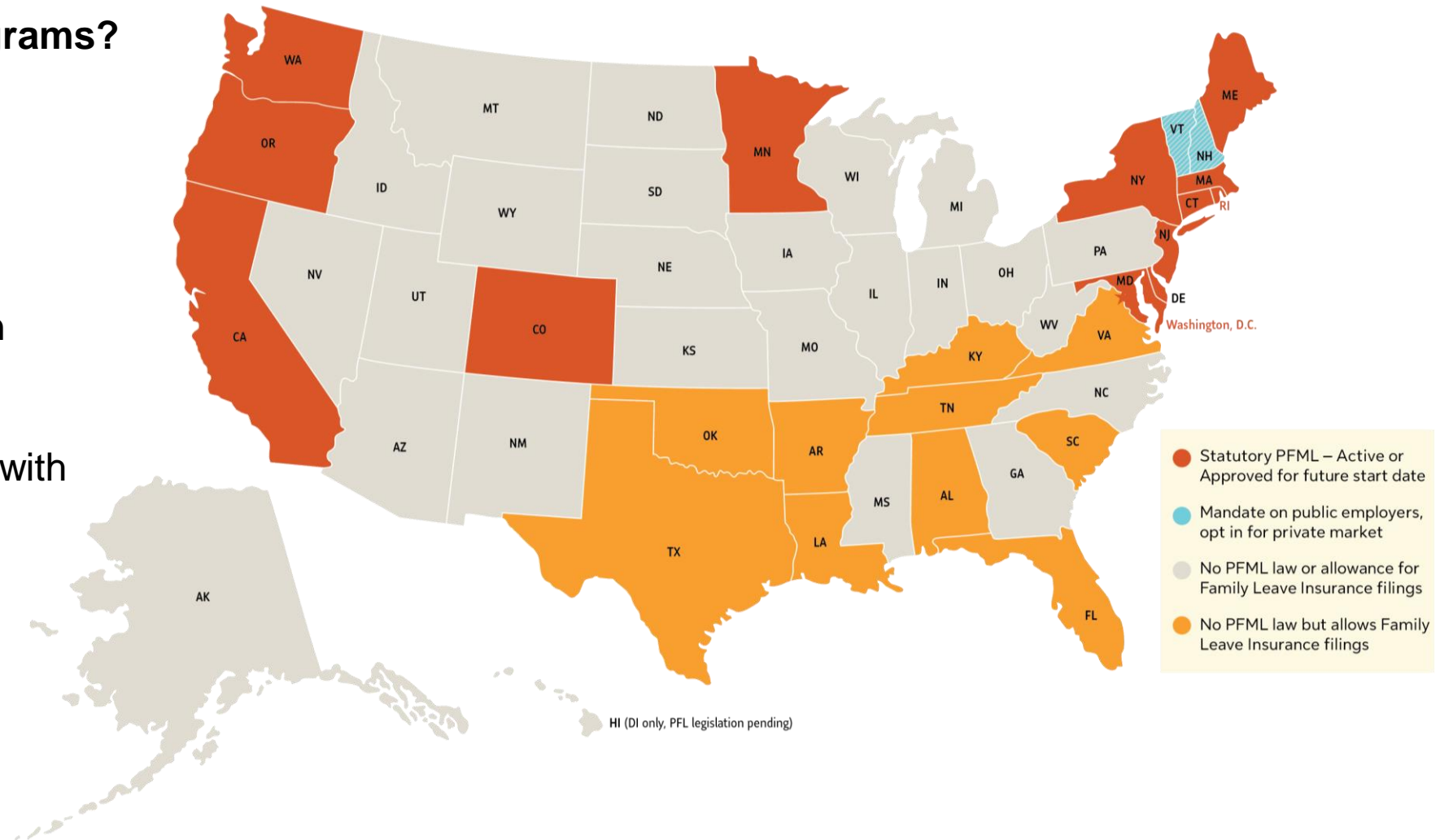
# Paid Leave National Landscape

## More Statutory State Programs?

- Hawaii and New Mexico

## Paid Leave Tax Credit

- Expires at end of 2025
- Potential Reauthorization with changes:
  - Premium tax credit
  - Available in states with statutory programs





# Long-Term Disability Mental Health Parity

## ERISA ADVISORY COUNCIL

- Encourage Congress to adopt LTD insurance parity requirements for MH/SUD and physical conditions.
- Encourage employers to consider whether exclusions and MH/SUD limitations are necessary in the current environment.
- Urge the insurance industry to present plan sponsors with coverage options without duration limits for MH/SUD conditions.
- Provide education to plan sponsors on impact of duration limitations in LTD policies.

## OTHER ACTIVITY

- **Letter to DOL** – Ed and Workforce Ranking Members sent letter to DOL on EAC recommendation.
- **Ed and Workforce Hearing** – Multiple committee members mentioned the issue at a hearing on 50<sup>th</sup> anniversary of ERISA.
- **Wall Street Journal** – “The Battle Over Disability Pay and Mental-Health Leave: Requests for paid time off for mental-health conditions are denied at a higher rate than straight medical claims, data show”

## STATE ACTIVITY

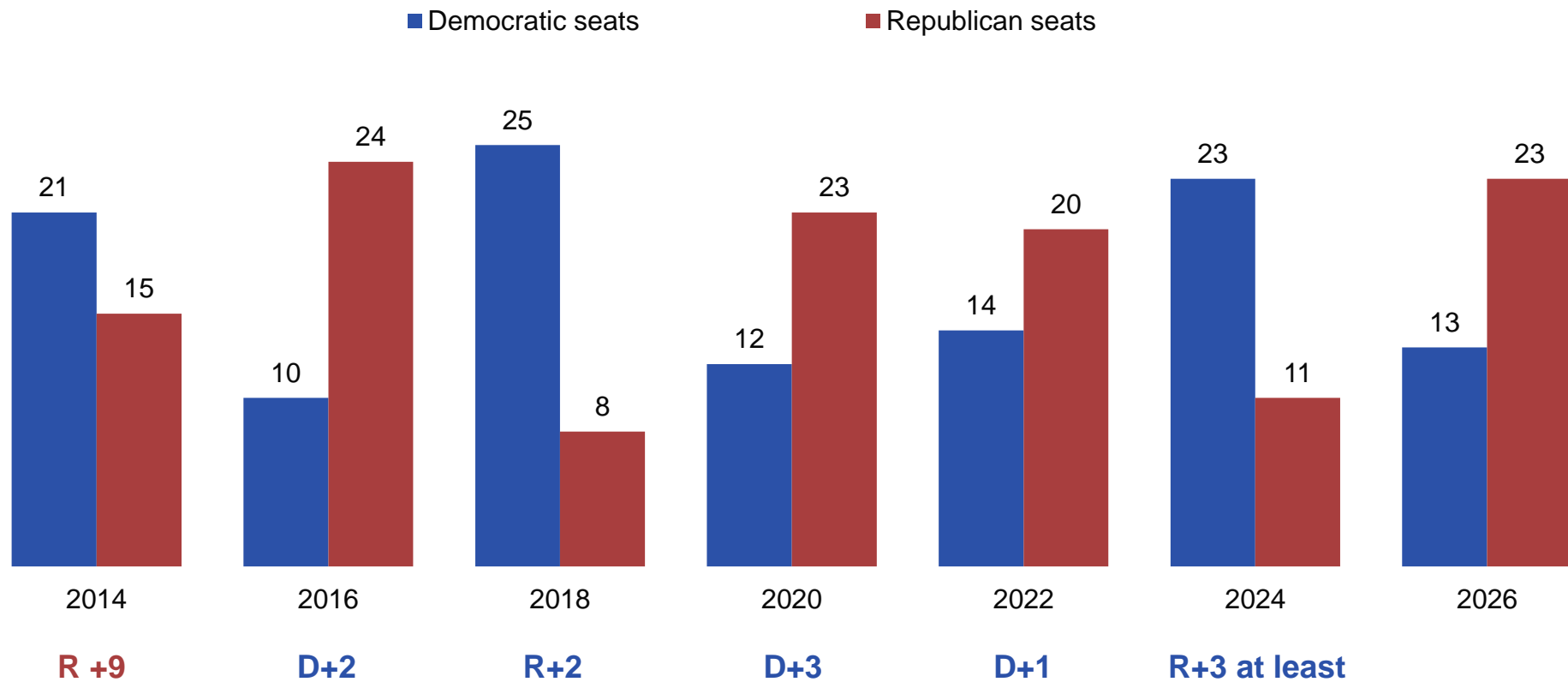
- **Illinois** – Studying number of policies and nature of disability policy MH limits.
- **Minnesota** – “a notification that the long-term disability coverage selected by the potential policyholder or plan sponsor limits the duration of coverage for mental health or substance use disorders.”



# Looking Towards November 3, 2026

# What to Watch for in 2026 Mid-Terms

Senate seats in play, by election year

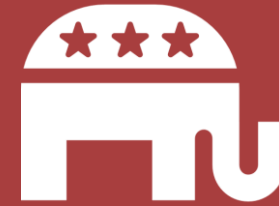


# 2024 Senate Elections



## 13 Democrat Incumbents

- Ossoff (GA)
- Open - Peters (MI)
- Shaheen (NH)
- Warner (VA)
- Open - Smith (MN)



## 23 Republican Incumbents

- Collins (ME)
- Ernst (IA)
- Tillis (NC)
- Cassidy (LA)
- Graham (SC)

# Summary

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- Activity at both the state and federal levels
- Budget Reconciliation or Bipartisanship Needed
- Less than 615 days until November 3, 2026

## Questions?





# Thank you!

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