

January 13, 2025

Capitol Policy Weekly: Jan. 13-17

This week starts a host of hearings on President-elect Trump's cabinet nominees (see below). The Senate is also expected to pass an immigration bill, the Laken Riley Act (S. 5), which would require the Dept. of Homeland Security (DHS) to detain illegal immigrants who have been arrested for burglary, theft, larceny or shoplifting and would allow states to sue DHS for alleged immigration enforcement failures by the federal government. The House passed their version of the bill last week by a vote of 264 to 159.

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Laken Riley Act/Immigration

- While we expect the Laken Riley Act to pass the Senate and be signed into law by President Trump, we do *not* see this as a precursor to a larger comprehensive immigration bill.
- Rather, we expect various immigration provisions to be included in the reconciliation bill anticipated later this year. The most material provision would likely be additional funds for detention beds (there are current ~40,000 beds; Trump wants to at least double that), which would benefit **Geo Group** (GEO) and **CoreCivic** (CXW).

Taxes

- Trump met with various congressional members over the weekend to discuss taxes and SALT. We highly doubt the current \$10K deduction will be raised anywhere close to the level of \$100K for single filers and \$200K for joint filers. Instead, look for maybe a doubling of the current deduction.
- Last week, moderate Democrats indicated their willingness to work with the GOP to extend some of Trump's tax cuts, but that's almost certainly not going to happen. It will be a partisan bill with really no input from congressional Democrats.

The Ways and Means Committee will hold a hearing tomorrow, Tuesday, Jan. 14 at 10 am, titled, "Hearing on The Need to Make Permanent the Trump Tax Cuts for Working Families." While we expect the Trump tax cuts to eventually get extended, the timeline is likely longer than Congress expects; probably late Q3 or Q4. See our comprehensive tax note [here](#).

Health Care

Rx Pricing Announcement? Reports indicate that Biden admin plans to release the next 15 Medicare Part D drugs to be negotiated under the IRA prior to Trump taking office on Jan. 20. We would expect the companies targeted to include **NVO** (Ozempic, Wegovy, Rybelsus), **GSK** (Trelegy, Venclexta), **ABBV** (Tagrisso, Calquence), **BHC** (Xifaxan), **GILD** (Eplclusa, Genvoya), **TEVA** (Austedo), **MRK** (Janumet), and **AMGN** (Otezla). Negotiations will take place throughout this year with the price being announced by Nov. 1, in advance of a Jan. 1, 2027, effective date.

- **PBMs Still in the FTC “Hot Seat”.** On Tuesday, the FTC, led by Chairwoman Lina Khan, will host an open meeting to consider issuing a second interim report highlighting additional findings about PBMs’ contracting practices on specialty drugs as part of its longstanding 6(b) study. The three Democrat commissioners are likely to push for release, but it is unclear how current GOP commissioner and incoming Trump-nominated FTC Chair Andrew Ferguson, who seems not to support PBMs, would vote since he had concerns about the first report.
- **Medicare Providers Payment Noise, but Who Is Listening?** On Thursday and Friday, MedPAC will vote on draft recommendations for FY/CY26 Medicare providers reimbursement changes: cuts for **home health agencies, inpatient rehab facilities, and skilled nursing facilities**; freezes for **hospices and dialysis centers**; and increases for **hospitals and physicians**. While these non-binding payment recommendations could be cited as justification for future policy changes, past patterns suggest that both Congress and CMS have been very selective in adopting the advice.

Nominations

As for the nomination hearings this week, it doesn’t appear we are going to see the most material for the market—Senate Finance Committee Chairman Mike Crapo (R-ID) stated last week that RFK Jr.’s hearing to be Secretary of HHS isn’t likely until the last week in January. We see RFK Jr getting confirmed.

The other hearings are scheduled as follows:

- **Doug Collins**, Secretary of Veterans Affairs, 9 am on Tuesday (Senate Veterans’ Affairs Committee).
- **Pete Hegseth**, Secretary of Defense, 9:30 am on Tuesday (Senate Armed Services Committee).
- **Doug Burgum**, Secretary of the Interior, 10 am, Tuesday (Senate Energy and Natural Resources Committee).
- **Kristi Noem**, to be Secretary of Homeland Security, 9 am on Wednesday (Senate Homeland Security and Govt. Affairs Committee).
- **Pam Bondi**, Attorney General, 9:30 am on Wednesday (Senate Judiciary Committee).
- **Sean Duffy**, Secretary of Transportation, 10 am, Wednesday (Senate Commerce Committee).
- **John Ratcliffe**, CIA Director, 10 am, Wednesday (Senate Intelligence Committee).
- **Marco Rubio**, Secretary of State, 10 am, Wednesday (Senate Foreign Relations Committee).
- **Chris Wright**, Secretary of Energy, 10 am, Wednesday (Senate Energy Committee).
- **Russell Vought**, Director of Office of Management and Budget, 1 pm, Wednesday (Senate Homeland Security and Government Affairs Committee).
- **Scott Turner**, Secretary of Housing and Urban Development, 10 am, Thursday (Senate Banking Committee).
- **Lee Zeldin**, EPA administrator, 10 am, Thursday (Senate Environment and Public Works Committee).
- **Scott Bessent**, Treasury Secretary, 10:30 am, Thursday (Senate Finance Committee).

We expect all the above nominees to be confirmed with Pete Hegseth facing the toughest challenge and likely the most fireworks at his hearing. The other cabinet nominees’ hearings have not been scheduled yet. The controversial FBI nominee **Kash Patel** isn’t expected to have his confirmation hearing until early February. Finally, it will likely take a couple of months to confirm all the cabinet-level nominees.

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