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CROSS-PRACTICE ISSUES

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U.S. House of Representatives Passes $3 Trillion Stimulus Legislation

The U.S. House of Representatives passed an additional $3 trillion stimulus package as part of the federal government's continued response to the growing impacts caused by the COVID-19 (coronavirus) pandemic. The legislation, H.R. 6800, or the *HEROES Act*, contains several additional measures to address the economic repercussions that the coronavirus continues to have on millions of Americans and businesses through extended unemployment insurance benefits, a second round of direct payments to individuals and families, new provisions for retirement and pension plans, Medicare and Medicaid provisions, in addition to other measures. The bill now moves to the Senate for consideration.

General appropriations and provisions include:

- $500 billion to state governments;
- $375 billion to local governments;
- $40 billion dollars to tribal governments and U.S. territories;
- $3.1 billion for the Department of Labor to ensure workforce protections and training;
- $1.3 billion for Federal Emergency Management Agency (FEMA);
- A second round of direct payments of $1,200 to Americans making up to $75,000, as well as $1,200 per dependent, with a maximum of three dependents. The payments would gradually phase out for higher earners with incomes greater than $75,000.
- Would provide an extension to the increased unemployment assistance, as provided by the CARES Act, of an additional $600 a week from July now through January 31, 2021, and extends full federal funding for extended unemployment compensation to 100 percent reimbursement through June 30, 2021.
- Would prohibit negative consumer credit reporting during the COVID-19 pandemic.

Appropriations and provisions related to health care include:

- $175 billion to the Public Health and Social Services Emergency Fund, including $100 billion in grants to hospitals and health providers, and $75 billion for national testing initiatives;
- $7.6 billion for approximately 1,000 federally qualified health centers;
- $2.13 billion for the Centers for Disease Control;
- A 14 percent increase in the Federal Medical Assistance Percentage (FMAP) payments to state Medicaid programs from July 1, 2020 through June 31, 2021.
- Would eliminates cost sharing for Medicaid beneficiaries for COVID-19 treatment and vaccines;
- Would establish zero cost sharing for COVID-19 treatment under Medicare Parts A and B, and Medicare Advantage;
- Would establish a risk corridor program for the individual, small, self-insured, and large group markets during 2020 and 2021;
- Would establish a similar risk corridor program included for Medicare Advantage for plan years that occur during the emergency period;
- Would create a special enrollment period for Medicare Parts A and B for eligible individuals;

- Would provide a special two-month open enrollment period for uninsured individuals through the Affordable Care Act (ACA) exchanges;
- Would provide approximately nine months of full premium subsidies to allow workers laid off due to the pandemic to maintain their employer sponsored health coverage (COBRA);
- A 6.2 percent increase in matching federal funds for state Medicaid programs.

Provisions related to retirement plans:

- 401(k)s and Individual Retirement Accounts (IRAs):
    - Further expands the 2020 required minimum distributions (RMDs) relief in the CARES Act by providing that:
        - the RMDs made for 2019 would be permitted to be rolled back to a plan or IRA without regard to the 60-day requirement if the rollover is made by November 30, 2020;
        - RMDs made for 2020 would be permitted to be rolled back to a plan or IRA without regard to the 60-day requirement if the rollover is made by November 30, 2020.
- Single-Employer Pension Plans:
    - Provide longer amortization periods of funding shortfalls from seven years to 15 years for single-employer plans, and all shortfall amortization bases for all plan years beginning before Jan. 1, 2020 would be reduced to zero;
    - Reduce the 10 percent interest rate corridor to 5 percent, effective in 2020;
    - Delay the phase-out of the 5 percent corridor until 2026, at which point the corridor would increase by five percentage points each year until it attains 30 percent in 2030;
    - Place a five percent floor on the 25-year interest rate averages.
    - Delay the phasing out of interest rates scheduled for 2021 within a 10 percent range until 2026 with a 5 percent range, and a 5 percent floor to increase predictability of contributions.
- Multiemployer Pension Plans:
    - Expands the Pension Benefit Guaranty Corporation's (PBGC) authority to partition troubled multiemployer plans as well as increasing the number of eligible plans through 2024;
    - Increases the PBGC guarantee for participants in multiemployer plans;
    - Temporarily extends funding improvement and rehabilitation periods for multiemployer pans in critical and endangered stats for 2020 or 2021by five years;
    - Repeals benefit suspensions for multiemployer plans in critical and declining status;
    - Provides a temporary delay of designation of multiemployer plans as in endangered, critical, or critical and declining status meaning a plan could retain its funding zone status as a of a plan year beginning in 2019 for plan year that begin in 2020 or 2021;
    - Adjusts funding standard account rules for investment losses on multiemployer plans.
- Life Insurance Provision:
    - Ties the interest rates of certain life insurance contracts to either a floating rate prescribed in the National Association of Insurance Commissioners' Standard Valuation Law or a floating rate based on the average applicable Federal mid-term rates over a 60-month period.

This stimulus package, which is deemed "phase 4," comes recently after the passage of the *CARES Act*, which provided $2 trillion dollars in economic relief resulting from the pandemic. For more information on this previously passed COVID-19 legislation, see the Academy alert here.

If you have any questions regarding this ***Academy Alert***, please contact Devin Boerm, deputy director of public policy, (boerm@actuary.org, 202-785-7880).