

FEDERAL LEGISLATIVE TALKING POINTS

OCTOBER 2018

FALL UPDATE

With the 115th Congress nearing its end, lawmakers have completed major legislative milestones including tax reform and opioid legislation. As November elections rapidly approach, many members of Congress – especially those in close races – are focused on campaigning for reelection. After the midterm elections, Congress will continue working on finalizing the 2018 farm bill and unfinished 2019 appropriations bills, and they may also consider a second round of tax reform. The outcome of the midterm elections will determine House and Senate priorities during the lame duck period and the new session in 2019.

SMALL BUSINESS AND TAX

- AVMA has been working on a range of exciting issues on behalf of our members and veterinary small business owners.
- **TAX:** The Internal Revenue Service (IRS) continues to implement the tax reform law enacted in December 2017. In August, IRS issued proposed rules on the qualified business income deduction for pass-through income. Under the proposed rules, the full pass-through deduction will be available to owners of all small businesses, including veterinary practices, as long as their taxable income does not exceed \$315,000 if filing jointly or \$157,500 if filing individually. The deduction then phases out over the next \$100,000 for joint filers and \$50,000 for individual filers. In October, AVMA filed comments with the IRS arguing that the upper level income caps should not apply to veterinarians.
- **HEALTH INSURANCE:** AVMA continues to work hard to support the ability for AVMA LIFE to again sponsor health insurance plans. The Department of Labor finalized regulations this summer that allow the resumption of some “association health plans” (AHP); these rules also involve oversight by state insurance commissions. AVMA LIFE is diligently working to establish a new AHP, but it will take time to work through state departments of insurance. The new AHP will not look exactly the same as the prior AVMA program because the law is different. In order to protect and promote a favorable regulatory environment, AVMA is part of the leadership in a coalition of national associations that will interact with both state insurance commissions and the federal government to ensure a successful AHP marketplace.
- **RETIREMENT SAVINGS:** Both Congress and the Administration have announced plans to promote savings and retirement security, particularly for those individuals or small business owners who may not have had access to such options in the past. Following the path used for the AHP rules, the President released an Executive Order directing government agencies to review the laws they oversee to determine whether they can support and expand the qualifications for sponsoring multiple employer benefit plans. We anticipate a publication of a proposed rule in the next few months. Meanwhile, there is bipartisan interest in Congress to enhance educational savings vehicles and to expand access to retirement savings for families. AVMA is engaged in these discussions.

HIGHER EDUCATION AND STUDENT DEBT

- **HEA REAUTHORIZATION:** The Higher Education Act (HEA) is a comprehensive package of legislation that governs higher education policy, including federal student loans and accreditation. Time has run out on efforts to reauthorize and update the HEA this year. HEA debate is expected to begin anew in the 116th Congress, beginning January 2019.
- **PROSPER ACT:** The “PROSPER Act” would eliminate Public Service Loan Forgiveness (PSLF), which forgives student debt for individuals who have worked 10 years in a qualifying nonprofit or government position and have made qualifying loan repayments, and end the GradPLUS program, which allows veterinary students to borrow the full cost of attendance. Fortunately, the AVMA and Association of American Veterinary Medical Colleges (AAVMC) advocacy teams along with the veterinary community have aggressively voiced their concerns about the PROSPER Act, resulting in insufficient support in the House. Through three campaigns, the veterinary community made nearly 7,000 contacts to Congress. And in large part because of these advocacy efforts, Congress has in fact shown their support for PSLF by providing funding to increase program outreach and to reconsider certain borrowers for loan forgiveness if they received misinformation about program eligibility.
- **VMLRPEA:** AVMA champions the Veterinary Medicine Loan Repayment Program Enhancement Act (VMLRPEA), which would exempt the 39 percent withholding tax on loan repayment awards for qualified veterinarians who practice in designated rural shortage areas. Similar awards for physicians, dentists and nurses are not taxed. Demand for VMLRP continues to outpace USDA’s ability to make awards. AVMA was successful in securing a \$1.5 million increase to the VMLRP program in FY 2018, which will allow the program to serve more veterinarians and communities when awards are made later this year.

MANDATORY PRESCRIPTION WRITING

- AVMA is aggressively opposing unnecessary federal policies interfering with the practice of veterinary medicine.
- This spring, Representatives Chris Collins (R-NY-27) and Matt Cartwright (D-PA-17), and Senators Richard Blumenthal (D-CT) and Mike Lee (R-UT) introduced prescription mandate legislation in the House and Senate, respectively. This legislation, misleadingly named the “Fairness to Pet Owners Act,” would ultimately require a veterinarian to provide a copy of each prescription for a companion animal, even if not requested by the pet owner. Details of the regulations would be left to the Federal Trade Commission, leaving room for more onerous requirements.
- This legislation is unnecessary because veterinarians routinely provide prescriptions to clients upon request for filling at a pharmacy of their choice. Prescribing practices are regulated effectively by states, and the AVMA’s Principles of Veterinary Medical Ethics require veterinarians to provide prescriptions upon a client’s request. The AVMA Internet Pharmacies guide also urges veterinarians to write a prescription in lieu of dispensing a medication when requested by the client.
- As this bill would interfere in providing optimal patient care, cause undue regulatory and administrative burdens on small business veterinary practices and potentially raise costs for pet care, the AVMA has vigorously and successfully opposed this legislation for several consecutive congressional sessions.
- Representative Collins, the primary House sponsor of the bill, was indicted in August on federal charges of securities fraud for insider trading.

THE FARM BILL

- The Farm Bill, which covers a five-year period, addresses funding for several different programs that prioritize animal health and research in addition to many other farm and nutrition related provisions.
- AVMA is working to have three significant programs included: 1) an Animal Pest, Disease, and Disaster Prevention and Response Program; 2) sustained funding for the National Animal Health Laboratory Network; and 3) a Livestock Vaccine Bank that prioritizes Foot and Mouth Disease. In addition, we are working to obtain funding for programs in the National Institute of Food and Agriculture, such as sustained funding for capacity-based animal health research grants, competitive grants for innovative tools for animal health, and renewal of the Food Animal Residue Avoidance Databank.
- House lawmakers passed a farm bill that includes our priorities this spring. The Senate has also passed a farm bill that includes authorization of AVMA's new priorities, but without the funding levels provided in the House bill. The chambers continue to hold conference committee meetings to combine their bills into one final report, and we continue to seek inclusion of these programs and to secure funding for them. The 2014 farm bill expired on Sept. 30, 2018, and lawmakers are now hoping to finalize a bill before the end of the year.

ANTIMICROBIAL RESISTANCE AND ANTIMICROBIAL USE IN FOOD ANIMALS

- AVMA works with both federal agencies and stakeholders to provide input on regulatory changes such as the implementation of the expanded Veterinary Feed Directive program, and the U.S. Food and Drug Administration's antimicrobial data collection rules. AVMA advocates for policies that align with our judicious use principles.
- In September, the U.S. Food and Drug Administration's (FDA) Center for Veterinary Medicine (CVM) released a five-year action plan for supporting antimicrobial stewardship in veterinary settings. FDA's stated goals include promoting principles of antimicrobial stewardship, enhanced monitoring, moving the remaining dosage forms of "medically important" antimicrobials for food-producing animals to be under veterinary oversight, and defining durations of use for all medically important antimicrobials used in food-producing animals. AVMA will work with the FDA as they engage with stakeholders on this issue.

OPIOIDS

- In early October, Congress passed sweeping bipartisan legislation to address the opioid crisis. The legislation primarily focuses on treating human addiction – major components include a grant program for comprehensive recovery centers and increased access to medication-assisted treatment that helps people with substance abuse disorder. This legislation should not have a significant impact on veterinary medicine.
- During the consideration of this legislation, AVMA worked to protect veterinary access to necessary opioids. We continue working to ensure veterinarians are active in the solution to the opioid crisis but are not subjected to unnecessary burdens that impact our ability to treat our patients. Veterinarians prescribe an exceedingly small percentage of opioids and in different contexts than human providers.
- In December 2017, opioid shortages were reported as a result of upgrades being made at a pharmaceutical manufacturing plant. AVMA is communicating closely with both the U.S. Food and Drug Administration and the Drug Enforcement Administration (DEA), and both agencies assure the shortage is not the result of any policy changes or quotas. We are continuing to work with federal agencies, drug manufacturers and drug distributors to advocate for the needs of veterinarians until this shortage situation is resolved. In September, AVMA submitted regulatory comments to the DEA outlining the importance of access to certain drugs for veterinarians.

ANIMAL DRUG USER FEES AND ANIMAL GENERIC DRUG USER FEES

- In August, Congress passed and President Trump signed into law the Animal Drug and Animal Generic Drug User Fee Amendments of 2018 (H.R. 5554), which reauthorizes the U.S. Food and Drug Administration's (FDA) Center for Veterinary Medicine to continue collecting fees from drug sponsors for use in the review of new animal drug and animal generic drug products, and specifies goals that ensure a predictable review process. This law will help expand veterinary access to FDA-approved drugs.
- The law also includes language to expand the FDA's conditional approval process to include certain new animal drugs intended to treat serious or life-threatening diseases, or diseases that are particularly difficult to study. Drug companies are able to market a conditionally-approved drug after proving its safety and a reasonable expectation of effectiveness, while gathering the additional efficacy data required for full approval.
- The legislation includes a requirement for FDA to submit a report identifying how the department will incorporate veterinary oversight for all medically important antimicrobial drugs administered to animals that are not yet subject to such oversight.
- In March, then AVMA President Dr. Michael Topper testified before the U.S. House of Representatives Committee on Energy and Commerce Subcommittee on Health in favor of the fees.

AVMA GOVERNMENT RELATIONS DIVISION CONTACTS

Below is the contact information for AVMA's Government Relations Division staff:

- Dr. Kent McClure, Chief Government Relations Officer, 800-321-1473 ext. 3203, kmcclure@avma.org
- Dr. Mark Lutschaunig, Director, 800-321-1473 ext. 3205, mlutschaunig@avma.org
- Dr. Lauren Stump, Assistant Director, 800-321-1473 ext. 3211, lstump@avma.org
- Ms. Alex Sands, Assistant Director, 800-321-1473 ext. 3216, asands@avma.org