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JANUARY 24 - 28: THIS WEEK

The Senate and House met in a joint session Tuesday, January 25, to hear President Obama's State of the Union speech.

The House will consider a resolution to reduce fiscal 2011 appropriations at least to fiscal 2008 levels. The House also considers a bill to end public financing of presidential campaigns and party nominating conventions.

House and Senate committees hold hearings on the health care overhaul. The Senate could continue debate on an overhaul of its rules, including those on filibusters, which the chamber had discussed before it recessed January 5.

Defense

House GOP leaders might attach a continuing resolution for the rest of fiscal 2011 to a Defense spending measure that would provide about \$11 billion less than the Obama administration originally requested

for the Pentagon. The potential disagreement over the amount of reductions to defense spending could lead to a battle that stretches beyond March 4, when the current continuing resolution runs out.

Education

Sen. Tom Harkin (D-Iowa) hopes to have a draft rewrite of the long-expired **Elementary and Secondary Education Act** ready by the April recess and a bill on the floor by late spring. The bill expired on September 30, 2007. The current version of the law, known as No Child Left Behind, was President George W. Bush's

signature domestic accomplishment, and it was passed with overwhelming bipartisan support. Now, Republicans and Democrats criticize it for being too restrictive and driving down standards, and members of both parties want to overhaul it.

Energy Environmental & Climate Change

The **House Energy and Commerce Committee** plans an extensive round of oversight hearings to scrutinize the environmental and energy policies of the Obama administration, according to a draft paper outlining the panel's agenda for the 112th Congress. The background paper lays out the committee's plans to stop the **Environmental**

Protection Agency from regulating greenhouse gases under the **Clean Air Act** and to demand that environmental regulators consider the economic impact of regulations. The paper also spells out opposition to renewable-electricity standards that would require utilities to use wind, solar or other alternative technologies to generate power.

Health Care

House Republicans made good on a campaign pledge by passing a bill to repeal the 2010 health care overhaul, although the measure has little chance of advancing in the Democratic Senate. After two days of bitter partisan debate, the House passed **HR 2, the Repealing the Job-Killing Health Care Law Act**, 245-189, which would overturn the health care law passed last year. No Republican opposed the measure and only three Democrats supported repeal: **Reps. Dan Boren (D-Okla.), Mike McIntyre (D-N.C.) and Mike Ross (D-Ark.)**.

Four House committee chairmen said Thursday, January 20, they plan to move quickly to oversight hearings and drafting bills to replace aspects of the health care law now that the House has voted in favor of a repeal bill. The chairmen — **Reps. Dave Camp (R-Mich.) of Ways and Means, Fred Upton (R-Mich.) of Energy and Commerce, John Kline (R-Minn.) of Education and Workforce, and Lamar Smith (R-N.J.) of Judiciary** — emphasized that legislation to replace the health care law would go through the full committee process with

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Health Care (cont'd.)

hearings and subcommittee markups. The committees were directed to develop health care reform replacement legislation by **H Res 9**, which was adopted 253-175 one day after the House voted to repeal the overhaul.

Examining and possibly reorganizing the **Department of Health and Human Services** will be a “critical component” of the **House Energy and Commerce Committee’s** agenda, according to a document apparently prepared by the panel’s majority staff.

According to the committee’s agenda, the department spends more than \$80 billion a year on programs at agencies such as the Health Resources and Services Administration, the Agency for Healthcare Research and Quality, and the Centers for Disease Control and Prevention. The committee’s agenda also suggests that about \$500 billion in Medicare cuts under the health care law will be put to other uses, notably an overhaul of the physician payment formula and reducing the deficit.

Insurance

On Monday, January 3, the **National Association of Insurance Commissioners (NAIC)** sent a letter to the **Department of Health and Human Services** to provide comments regarding the amendment to regulations governing a group health plan’s status as a grandfathered health plan. The amendment permits group health plans to change health insurance carriers after the date of enactment of the health care reform law. According to the NAIC, state regulators are concerned that this amendment will create a new marketplace for “grandfathered” plans that will be difficult to police and will become a magnet for fraudulent activities. In the letter, the NAIC asserts the amendment is also likely to compound the danger of market fragmentation by providing additional revenues for younger and healthier small group plans to opt out of the law’s single risk pool requirement, increasing premiums in the reformed small group market.

On Thursday, January 20, **House Energy and Commerce Committee Chairman Fred Upton (R-MI)** and **Oversight and Investigations Subcommittee**

Chairman-designate Cliff Stearns (R-Fla.) released a letter sent to the director of the new **Center for Consumer Information and Insurance Oversight (CCIIO)** seeking information about the office’s authority, structure, and recent decisions to grant widespread waivers of the health care law’s requirements.

The **House Ways and Means Committee** held a hearing on Wednesday, January 26, to examine the impact of taxes, regulations, and mandates contained in the health care law on economic growth and job creation. Austan Goolsbee, Chairman of the Council of Economic Advisors and Douglas Holtz-Eakin, President of the American Action Forum provided testimony.

The **Independent Insurance Agents & Brokers of America (IIABA)** and the **National Association of Health Underwriters (NAHU)** praised passage of the health care reform repeal bill (HR 2). The IIABA was actively engaged throughout the health care reform debate in 2010 and opposed passage of the Patient Protection and Affordable Care Act.

Tax

House tax writers from both parties agreed Thursday, January, 20, on the need for a dramatic overhaul of the tax code, but a hearing on the issue revealed serious differences among key lawmakers over details like the impact on federal revenue intake. Members of both parties agree that strong backing from the White House is crucial to successfully revising the nation’s tax laws, and they are looking for that push to begin with the State of the Union address. The last major

rewrite of the tax system occurred after Reagan’s State of the Union in 1986. To move an overhaul, the two parties would have to bridge major ideological differences, including whether to make the changes revenue-neutral. An actively involved White House could ease that process, but how much energy the administration plans to dedicate to the debate is an open question.

Trade

Rep. John L. Mica (R-Fla.), who will draft a new surface transportation authorization this year, says not to expect a bill that calls for more spending than the **Highway Trust Fund** can sustain. This may well mean a Mica-drafted surface transportation bill with around

\$250 billion in new budgetary authority over the next six years — less than the last law, despite growing infrastructure needs, and about half of the \$500 billion bill that Mica’s Democratic predecessor sought to pass in the last Congress.