



Strategies Key Contacts

Shane Doucet
202-220-6929
sdoucet@lockelord.com

Denise Hanna
202-220-6992
dhanna@lockelord.com

Brian Heindl
202-220-6994
bheindl@lockelord.com

Harriet Miers
202-220-6925
hmiers@lockelord.com

Jim Moriarty
202-220-6915
jmoriarty@lockelord.com

Phil Rivers
202-220-6927
privers@lockelord.com

Mark Siegel
202-220-6926
msiegel@lockelord.com

www.lockelord.com

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MARCH 1 - 5: THIS WEEK

The Senate reconvened to resume consideration of HR 4213, the **Tax Extenders Act of 2009** and later this week will consider Barbara Milano Keenan's nomination to be a U.S. circuit judge. The Senate will possibly take up FAA Reauthorization legislation.

The House reconvened today to consider several suspension bills plus HR 4247, the Preventing Harmful Restraint and Seclusion in Schools Act.

Budget/Appropriations

President Obama filled out his nominations to the **National Commission on Fiscal Responsibility and Reform**, the commission he created by executive order on February 18. In addition to former Republican Senator **Alan K. Simpson** and **Erskine Bowles**, chief of staff to President Clinton, Obama named **Dave Cote**, the chief executive of technology firm Honeywell; **Ann Fudge**, a former chief executive of Young & Rubicam Brands; **Alice Rivlin**, a former Federal Reserve Board member and head of CBO and OMB; and **Andy Stern**, president of the Service Employees International Union. The remaining 12 seats on the panel will be nominated by Congressional leaders from both parties.

House and Senate Subcommittees on appropriations and authorization began hearings on President Obama's FY 2011 budget request. **Secretary of State Hillary Clinton** and **Secretary of Homeland Security Janet Napolitano** both testified before their respective subcommittees to address lawmakers questions regarding their departments budget requests. Hearings will continue this week with **Education Secretary Arne Duncan**, **Agriculture Secretary Tom Vilsack**, **Transportation Secretary Ray LaHood**, **Interior Secretary Ken Salazar**, and **U.S. Trade Representative Ron Kirk**.

Banking/Financial Services

Senate Banking Committee Chairman Dodd (D-Conn.) had delayed introducing his bill last week which would overhaul financial industry regulation, pushing the possibility of markup hearings to the second week of March at the earliest.

indicated that progress has been made on the proposed creation of a **Consumer Financial Protection Agency** which remains the key issue in the negotiations. Several Democratic members of the committee have indicated they are willing to compromise on the structure of the agency. The House passed legislation in December that would create an independent agency, which is the preference of the Obama Administration. Committee members remain divided on several other issues including the proper role of the Federal Reserve.

Ranking Member Richard Shelby (R-Ala.) resumed talks with Chairman Chris Dodd on Thursday at the urging of Senate Republican leadership, after being absent from the negotiations for almost three weeks. Sen. Shelby

Employment/Labor

On Wednesday, the Senate passed HR 2847, the **Hiring Incentives to Restore Employment Act** on a bipartisan vote of 70-28 with 13 Republicans voting in favor of the measure. The \$15 billion jobs package was a more narrow

version of the \$85 billion bipartisan deal that had previously been negotiated by **Sens. Max Baucus (D-Mont.)** and **Charles Grassley (R-Iowa)**. The bill now moves to the House for action this week.

Energy/Environment/Climate Change

On Monday, **EPA Administrator Lisa Jackson** told senators that she would delay regulation of greenhouse gas emissions by big polluters until next year at the earliest. The EPA has authority to begin regulating emissions under the **Clean Air Act** as early as next month, however the Administration continues to push for climate change

legislation to be enacted by Congress. Both Democratic and Republican Senators, including **Sen. Jay Rockefeller (D-W.Va.)** and **Sen. Lisa Murkowski (R-Ark.)**, have separately announced plans to introduce legislation to stall regulatory action.

Health Care

On Monday, President Obama released his own health care reform proposal. It includes many of the ideas in the bills already passed by the House and Senate, including an individual mandate to purchase insurance, an elimination of pre-existing conditions clauses, and creation of a health insurance exchange.

Thursday's health care summit provided little assurance that a successful bipartisan health care reform bill is possible. Republicans want to start over, while Democrats and the President want to continue with the current legislative options.

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Health Care (cont'd.)

Democratic Senators are discussing a strategy to give the House a guarantee that the Senate would make agreed-upon changes to the health care bill, if the House clears the bill to be sent to the President for signature. Using this approach, key Senators and House members would agree to a set of changes, the Senate would send

the legislative language to the House along with a letter signed by 51 Senators guaranteeing passage of the bill on the Senate floor using budget reconciliation. This approach would ease the worries of House Democrats who fear that the Senate would not act on any changes they made to the bill.

Insurance

On Wednesday, the House passed HR 4626, the **Health Insurance Industry Fair Competition Act** which repeals the health insurers' antitrust exemption. The bill passed by a vote of 406-19. All 19 nay votes were from Republicans. The Obama administration had earlier issued a statement strongly supporting the passage of HR 4626. Provisions that would impact medical professional liability insurance, as well as provisions regarding sharing of data were not included in the bill as passed. In a property-casualty industry joint statement on the passage of HR 4626, the trade associations expressed their pleasure that lawmakers acknowledged that medical professional liability insurance is not a health insurance product and was not included in the final bill.

In a statement issued by the health insurance trade association, **America's Health Insurance Plans ("AHIP")**, the Association noted its earlier letter to bill sponsors **Rep. Tom Perriello (D-Va.)** and **Rep. Betsy Markey (D-Colo.)**, in which it argued that the bill was based on a misperception of the scope and impact of the **McCarran-Ferguson Act** on health insurers and noted that a wide range of insurer activities, including mergers and many types of business practices are, and always have been, subject to federal antitrust laws and to enforcement by the Justice Department. The statement reiterated AHIP's position that real reform means containing costs. The bill now moves to the Senate where its prospects for passage are uncertain.

Tax

Last week, **Sen. Jim Bunning (R-Ky.)** blocked passage of HR 4691, the **Temporary Extensions Act of 2010**, which would extend several provisions that were set to expire on February 28, including unemployment insurance, surface transportation funding, COBRA health benefits, a fix to Medicare payments to physicians, the **National Flood Insurance Program ("NFIP")**, Small Business Administration loans, and a law governing transmission of broadcast television signals via satellite services. Despite wide Republican support in the House and Senate, Sen. Bunning objected to the bill because he wants the extensions to be paid for. Democratic leadership expects to set aside the bill and take up a long-term package of tax extensions next week.

President Obama's proposed changes to an excise tax on high-cost health insurance plans would generate 78 percent less over 10 years as compared to the Senate version. Obama's proposal, designed to placate House Democrats, would not go into effect until 2018, five years later than under the Senate bill. The core components of the bill do not change. It still places a 40 percent tax on premiums above a certain threshold and increases that threshold at a rate slower than typical health care inflation. To make up for the difference in revenue, Obama proposed retaining a payroll tax as in the Senate health care bill and imposing a new 2.9 percent tax on the unearned income of the highest-income taxpayers.

Telecommunications

Draft Senate legislation would give the President emergency powers to protect essential federal and private Web sources in the event of a massive, nationwide cyber

attack. The bill, created by **Sen. Jay Rockefeller (D-W.Va.)** and **Sen. Olympia Snowe (R-Maine)**, would establish a variety of cyber security prevention and response measures.

Trade/Tourism

On Thursday, the Senate passed the **Travel Promotion Act** by a vote of 78-18. The bill creates a non-profit entity to promote tourism to the United States by international

travelers. The House passed the bill last November, as an amendment to a bill regarding the Capitol Police.

Transportation

Toyota President Akio Toyoda testified before the **House Oversight and Government Reform Committee** on Wednesday; he told the committee that he was confident there was no design flaw in the electronic throttle control system of Toyota vehicles but rather displaced floor mats

and sticking gas pedals that have prompted complaints of unintended accelerations. However, he did pledge an overhaul in information sharing between different branches of the company and to be more responsive to customer complaints.