

GOVERNMENT RELATIONS PRACTICE GROUP  
**2006 ELECTION SUMMARY**

Decision 2006 brought change to Washington, D.C. in the form of Democratic control of both the Senate and the House of Representatives. It took until two days after the election but control of the Senate will now be in the hands of Democrats. Control of the House was decided on election night with Democrats easily picking up enough seats to gain the majority. For the first time since 1994 Democrats will control the agenda in Congress. Changes in health care and budget policy will almost certainly take shape in this new congressional environment.

**HOUSE OF REPRESENTATIVES**

Democrats needed to gain 15 seats in the House to wrestle away control from the Republicans. Eleven seats remain to close to call but Democrats have already surpassed the 15 seat threshold by gaining 28 seats. The sizable gains mean Democrats will control all House committee and leadership positions and be able to establish the legislative agenda. Here's a look at how Democratic House leadership and relevant House committees will likely be structured:

**Speaker of the House**

Congresswoman Nancy Pelosi (D-CA)

**Majority Leader**

Congressman John Murtha (D-PA)

or Congressman Steny Hoyer (D-MD)

**Committee on House Ways and Means**

Chairman - Congressman Charlie Rangel (D-NY)

**Subcommittee on Health**

Chairman - Congressman Pete Stark (D-CA)

**Committee on Appropriations**

Chairman - Dave Obey (D-WI)

**Subcommittee on Labor/HHS/ED**

Chairman undecided

**Committee on Energy and Commerce**

Chairman - John Dingell (D-MI)

**Subcommittee on Health**

Chairman - Congressman Frank Pallone (D-NJ)

**Committee on Science**

Chairman - Bart Gordon (D-TN)

These key leadership changes will be voted on by the House Democratic Caucus prior to the 110th Congress. In one of the more shocking developments of the elections, twelve-term Connecticut Republican incumbent Rep. Nancy Johnson fell to Democratic challenger Chris Murphy. Rep. Johnson, Chair of the Ways and Means Health Subcommittee was considered one of the more knowledgeable and fair members of the House when it came to health care issues.

**SENATE**

The fate of the Senate came down to a battle between incumbent Senator George Allen (R) and challenger Jim Webb (D), with Webb winning by less than 7,000 votes. With Webb's victory the Democrats grabbed a one-seat majority with a 51-49 split (two independents were elected to the Senate and will caucus with the Democrats). Democrats needed six seats to gain the majority. The election resulted in the defeat of six Republican incumbents: George Allen (R-VA), Mike DeWine (R-OH), Lincoln Chafee (R-RI), Rick Santorum (R-PA), Jim Talent (R-MO), and Conrad Burns (R-MT). Republicans were able to hold the seat vacated by Senator Bill Frist in Tennessee by electing Bob Corker (R) over Harold Ford, Jr. (D). No incumbent Democrat running for re-election lost their seat. A change in the Senate majority means a change in leadership and committee chairmanships. Here's a look at how a new Democratic Senate might be organized:

**Majority Leader**

Harry Reid (D-NV)

**Majority Whip**

Dick Durbin (D-IL)

**Committee on Appropriations**

Chairman - Robert Byrd (D-WV)

**Subcommittee on Labor/HHS/Ed**

Chairman - Tom Harkin (D-IA)

**Committee on Health, Education, Labor, and Pensions**

Chairman - Ted Kennedy (D-MA)

**Subcommittee on Health**

Chairman - Christopher Dodd (D-CT)

**Committee on Commerce, Science, and Transportation**

Chairman - Daniel Inouye (D-HI)

## BUDGET AND APPROPRIATIONS ISSUES

Democrats campaigned on fiscal responsibility in 2006, a typically Republican issue. It remains to be seen how Democrats will balance their call for reducing the federal deficit while increasing spending for domestic discretionary program. Traditionally Democrats have made spending for health, education, and social programs a priority. But these issues will now have to compete with homeland security and defense spending. Democrats have typically been more generous on federal spending for biomedical research. However, budget clashes over increased research spending seem inevitable given the Administration's lack of interest in making biomedical research a spending priority.

You may recall that the House passed legislation prior to the election that would reauthorize the National Institutes of Health (NIH) through 2009. The reauthorization bill included several structural and budget authorization changes including capping the NIH with a five percent increase each year. There is widespread speculation – but no facts – regarding the future of the reauthorization bill now that congress has changed hands. The Senate has not acted on the legislation this year and would have to do so in a lame duck session prior to January in order for it to become law. Should the Senate not act, new legislation would have to be drafted and introduced for the 110th Congress.

## HEALTH CARE

Health care issues in general will likely play a larger role in a Democratic agenda than we have seen under Republican control. Democratic control will likely focus health care policy away from a market-based approach – as we have seen under Republican control – to approaches that include a larger role for the federal government. One of the first health care priorities for Democrats will be consideration of legislation to

allow the federal government to negotiate prescription drug prices within Medicare. Also, legislation will likely be considered to allow reimportation of prescription drugs from Canada. Democrats have also signaled an interest to increase oversight of a number of free market industries. For health care, managed care and pharmaceutical companies could see themselves under the congressional microscope in the near future. Pay-for-performance issues will, for now, most likely be relegated to the backseat during congressional Medicare reform discussions. Throughout the P4P debate, Democrats have expressed concern that the type of reform P4P seeks to implement is not attainable without first seeing significant advancements in health information technology. Look for the Democrats to focus on building health IT before moving forward with mandatory P4P. However, it is likely that CMS will still continue implementing its voluntary reporting programs. Part of the Democratic agenda will also include pushing legislation to allow the federal government to fund stem cell research. You may recall, Congress passed the Stem Cell Research Enhancement Act earlier this year, but it was vetoed by the President. Look for Democrats to take another shot at loosening stem cell research restrictions in 2007.

For further information, please contact Bill Applegate in Washington, D.C. or the Armstrong Teasdale attorney with whom you normally consult.

### William H. Applegate

*Director of Government Relations*  
Armstrong Teasdale LLP  
1901 Pennsylvania Avenue, NW, Suite 601  
Washington, DC 20006  
202-258-4989  
Fax: 202-293-2889  
wapplegate@armstrongteasdale.com

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*St. Louis, MO*  
One Metropolitan Square  
St. Louis, Missouri 63102  
(314) 621-5070

*Jefferson City, MO*  
3405 West Truman Boulevard  
Jefferson City, Missouri 65109  
(573) 636-8394

*Kansas City, MO*  
2345 Grand Boulevard  
Kansas City, Missouri 64108  
(816) 221-3420

*Overland Park, KS*  
7400 West 132nd Street  
Overland Park, Kansas 66213  
(913) 814-0969

*Belleville, IL*  
23 South First Street  
Belleville, Illinois 62220  
(618) 397-4411

*Edwardsville, IL*  
241 North Main Street  
Edwardsville, Illinois 62025  
(618) 655-4004

*Las Vegas, NV*  
1635 Village Center Circle  
Las Vegas, Nevada 89134  
(702) 878-9994

*Reno, NV*  
50 West Liberty, Suite 950  
Reno, NV 89501  
(775) 322-7400

*San Francisco, CA*  
Three Embarcadero Center  
Suite 2310  
San Francisco, CA 94111  
(415) 433-1500

*Washington, DC*  
1901 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006  
(202) 293-2992

*Shanghai, China*  
1376 Nan Jing Xi Lu  
Shanghai Centre - Suite 718  
Shanghai 200040  
P.R. China  
011-8621-6279-8808