



Mid-Year Political, Legislative and Regulatory Update



June 13, 2024

WARNER 
Pacific



S P E A K E R

Janet Trautwein

Compliance and
Government Affairs Executive

Choice for President



SOURCE: CBS News Poll | YouGov | Likely Voters



**JOE
BIDEN**

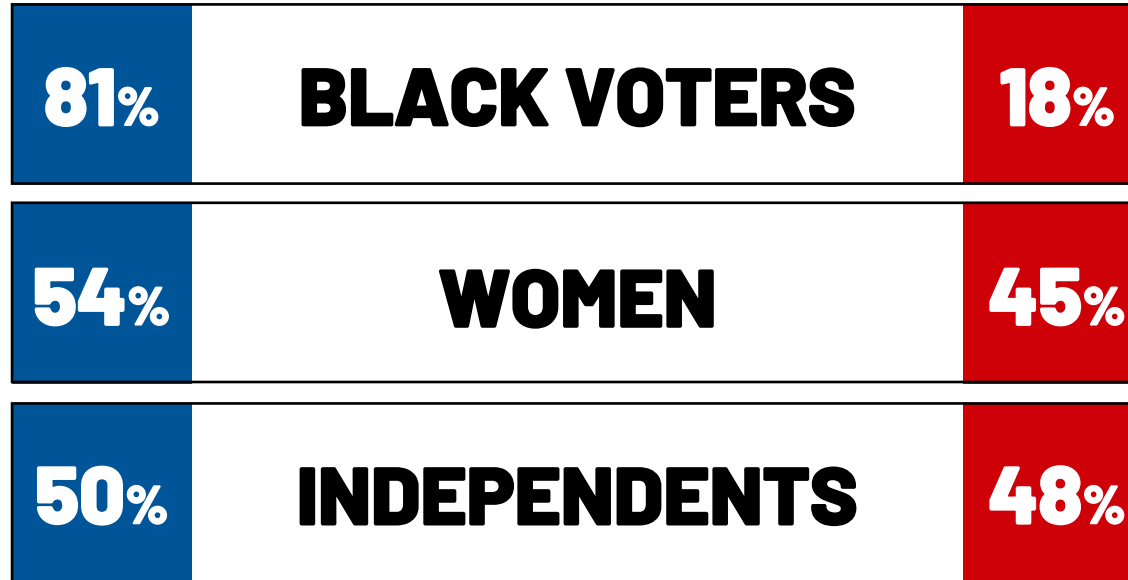


**DONALD
TRUMP**

Choice for President

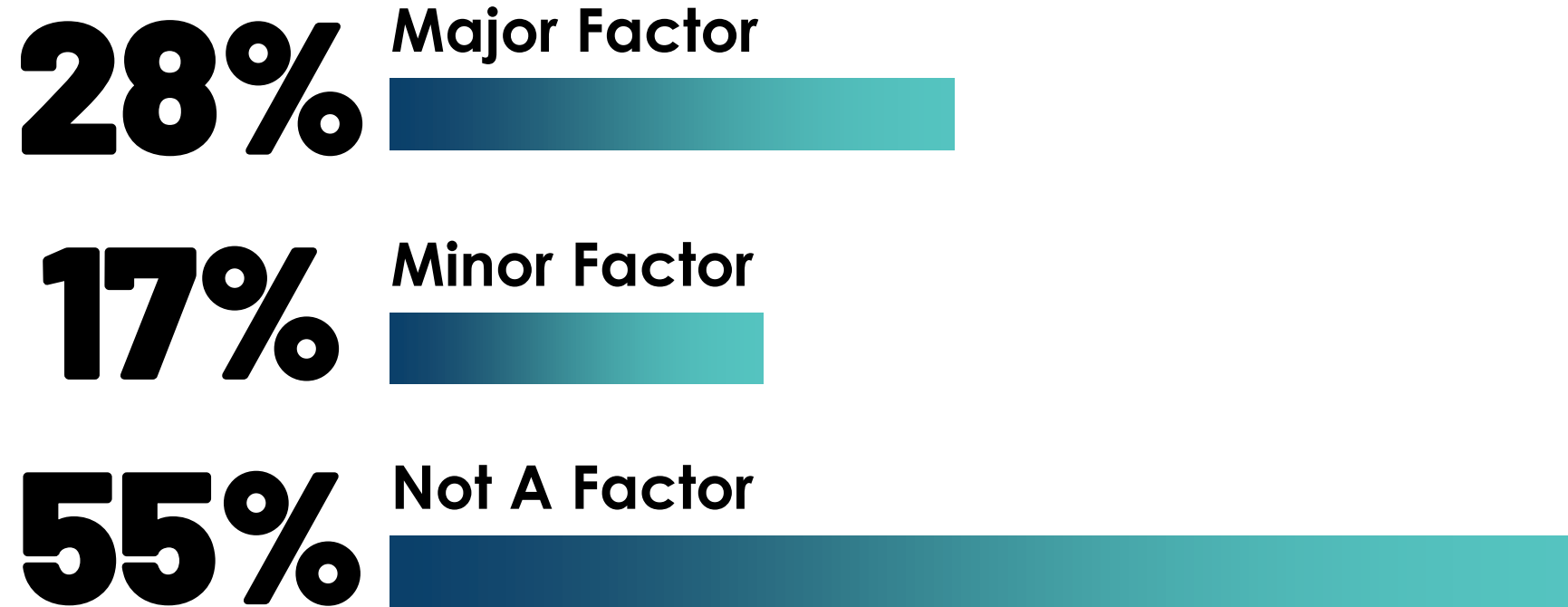


**JOE
BIDEN**



**DONALD
TRUMP**

Trump Conviction Factor In Your Vote?

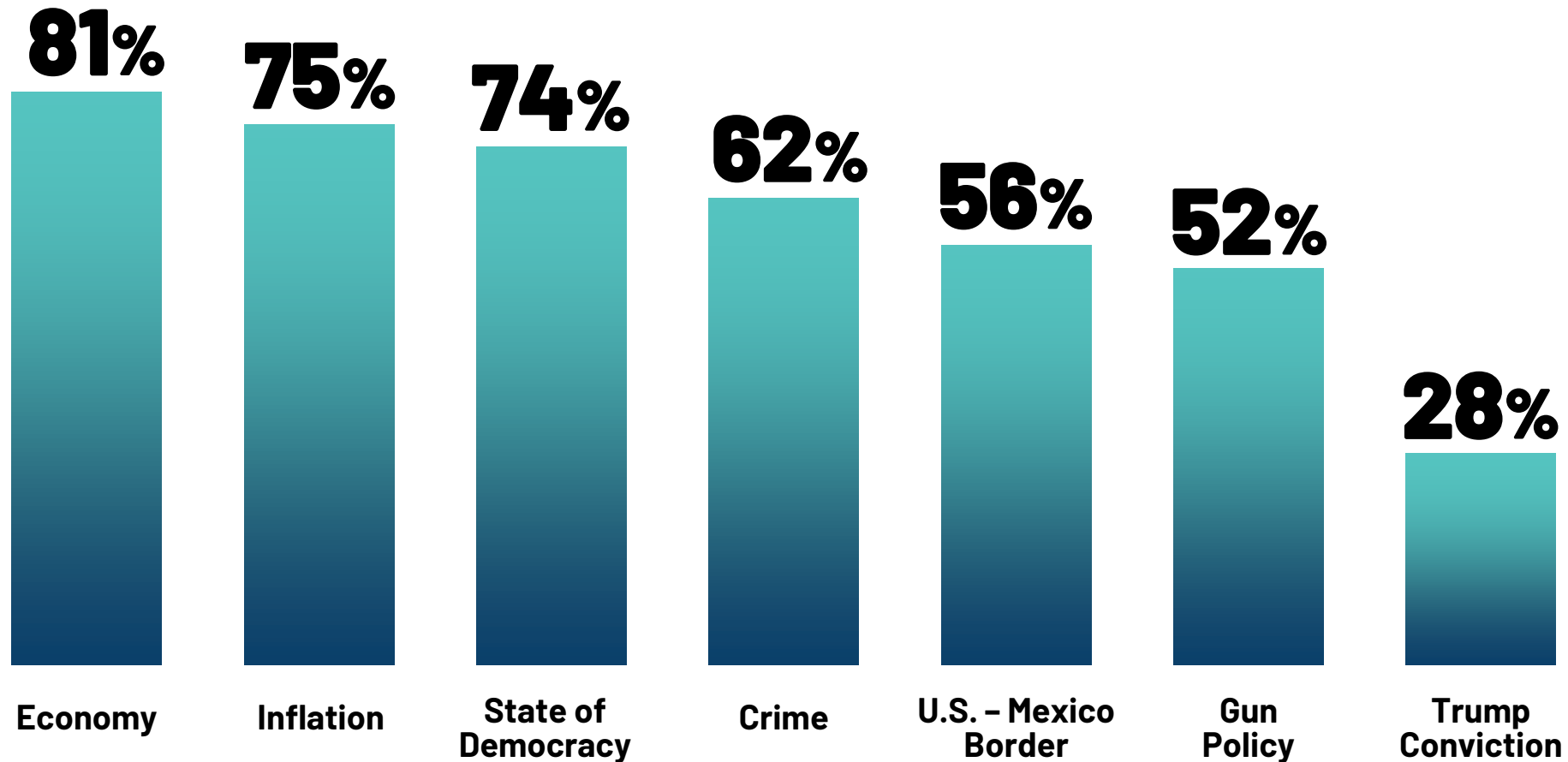


Major Factors in Vote



SOURCE: CBS News Poll | YouGov | Likely Voters

Top Answers Compared to Trump Conviction



Choice for President: If Higher Prices Have Been Hardship



SOURCE: CBS News Poll | YouGov | Likely Voters



D

JOE
BIDEN
30%

R

DONALD
TRUMP
69%



Personal Finances: Their Policies Would Make You...



SOURCE: CBS News Poll | YouGov | Registered Voters

**IF BIDEN
WINS**

**IF TRUMP
WINS**

FINANCIALLY BETTER OFF

16%

42%

FINANCIALLY WORSE OFF

48%

31%

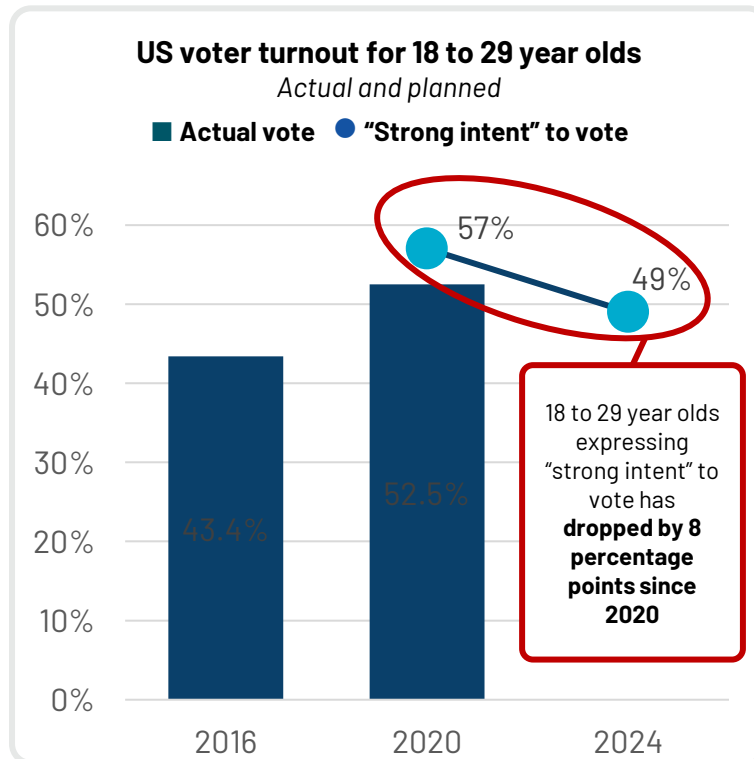
STAY ABOUT SAME

36%

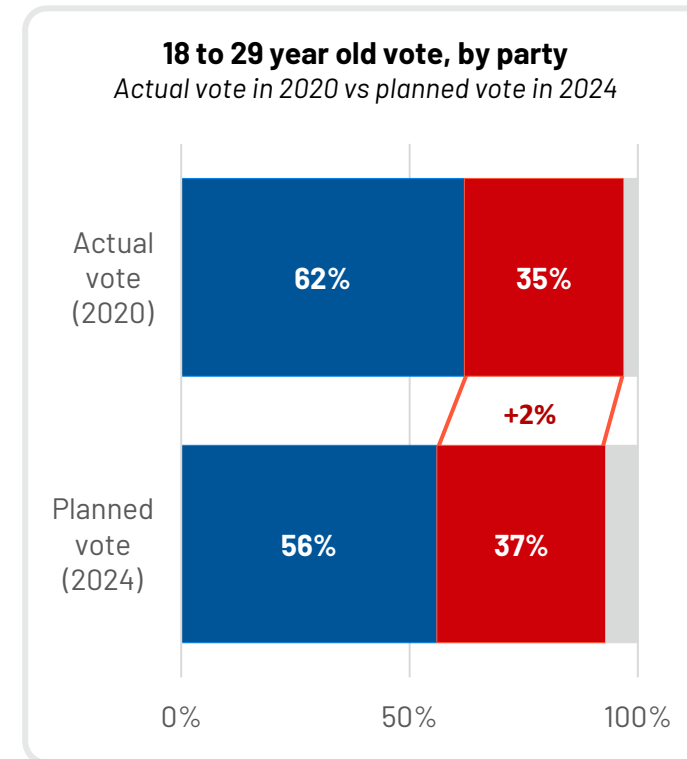
26%

Younger voters may be defecting from Biden

Young-voter turnout is likely to drop from historic highs in 2020...

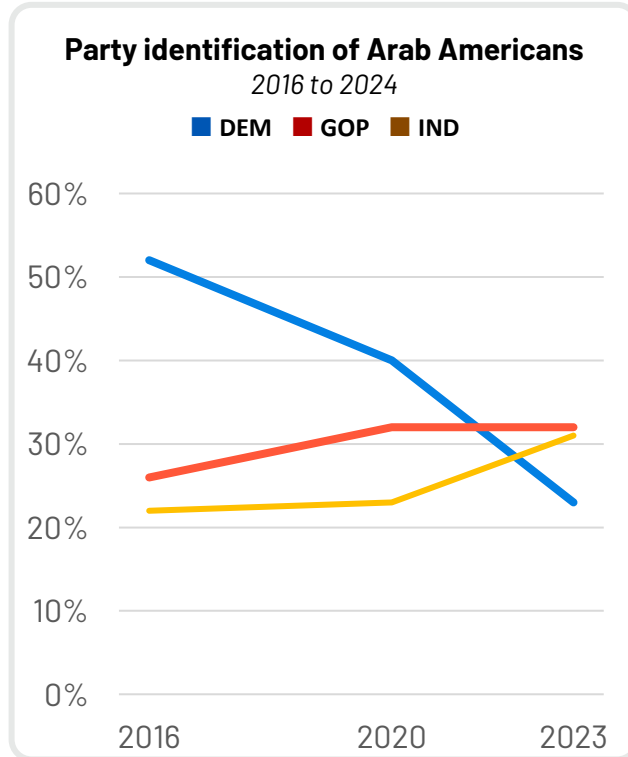


... and the Democratic lean of this age group appears to be waning

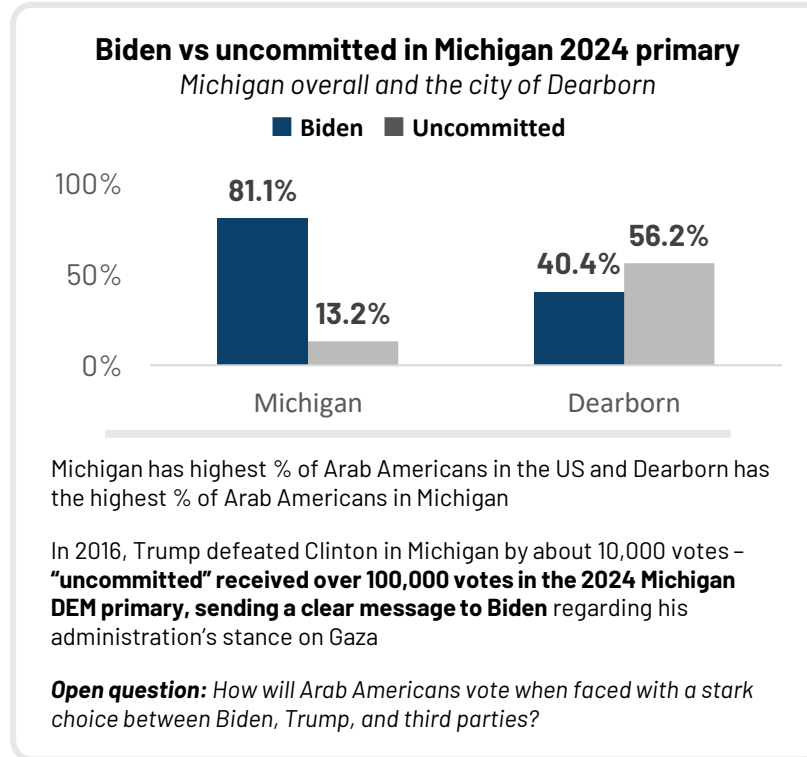


Arab American voters are unhappy with Biden

Arab Americans are shifting away from Biden and the Democratic party...



...which could hurt in Michigan, a swing state with a large Arab American population



Trump is Well Positioned to Win Key Sunbelt Swing States



Party of the presidential candidate winning each Sunbelt swing state this century

	2000	2004	2008	2012	2016	2020	2024
Arizona	R	R	R	R	R	D	+3.3
Georgia	R	R	R	R	R	D	+4.0
Nevada	R	R	D	D	D	D	+4.3



Biden was able to turn three Republicans' sunbelt strongholds in 2020

Repeating this feat in 2024 may be difficult; Biden is currently trailing Trump in Arizona, Georgia, and Nevada – states he never trailed in during the 2020 race and which he won by less than a point

While still early, **Trump is polling very well in key Sunbelt swing states**

Despite the instability of polling at this stage, his substantial lead may be difficult to overcome

Historical Patterns Suggest the Great Lakes States are a Must-Win for Biden in 2024



Party of the presidential candidate winning each Great Lakes swing state this century

	2000	2004	2008	2012	2016	2020	2024
Pennsylvania	D	D	D	D	R	D	+2.2
Michigan	D	D	D	D	R	D	+1.2
Wisconsin	D	D	D	D	R	D	+0.2



The election may very well come down to whether Biden can sweep the Great Lakes states in November

In 2016, Trump was able to surmount the Democrats' Rust Belt "blue wall" – winning by a combined 77,744 votes in those three states

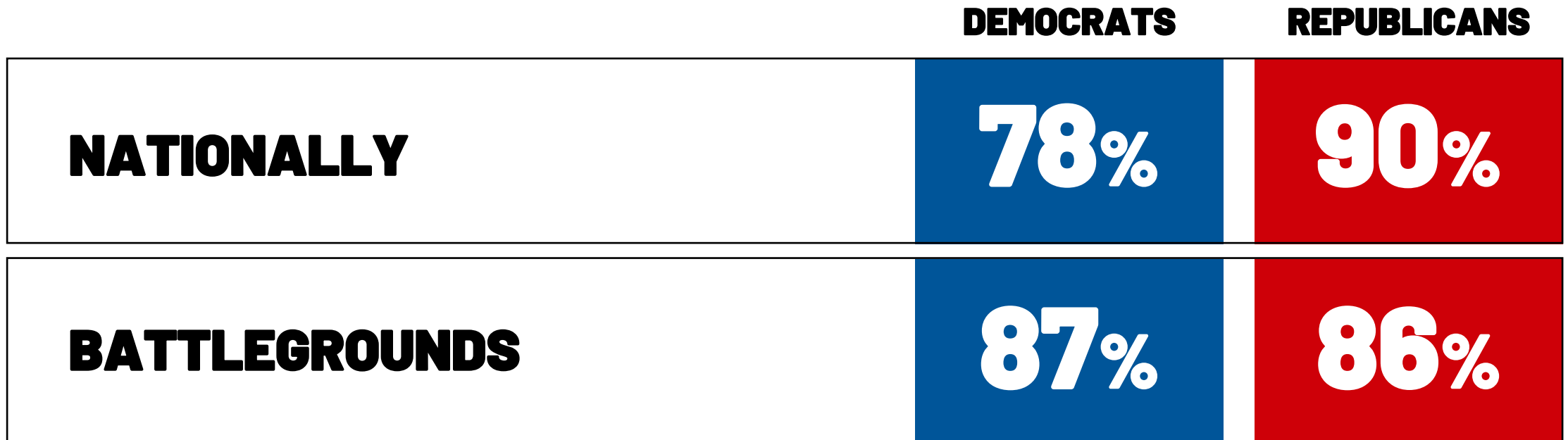
Current polling gives **Trump a slight lead in all three Great Lakes swing states**

At this point in the race, polls are often a referendum on the incumbent's performance rather than a reflection of a voter's choice in November

Say Will Definitely Vote in 2024 Election:



SOURCE: CBS News Poll | YouGov | Registered Voters



ANOTHER SCENARIO TO CONSIDER



What if Biden or Trump leaves the race?

	While primary voting is taking place APRIL TO JUNE	After primaries JUNE TO CONVENTIONS	After party conventions CONVENTIONS TO OCTOBER	After ballot printing OCTOBER TO NOVEMBER 5	After Election Day NOVEMBER 5 TO DECEMBER 17
OVERALL	<p>Remaining candidates aim to win as many remaining delegates as possible to win nomination at the convention</p> <p>Convention delegates become very powerful</p>	<p>New candidates aim to win delegate support; any candidate would have to be nominated at the party convention</p> <p>Former candidates with delegate wins have slight advantage</p>	<p>Scramble by self-appointed candidates to win delegate support; any candidate would have to be nominated at the party convention itself</p>	<p>Americans supporting 'defunct' candidate would still cast vote for that candidate; votes count for an elector to vote a particular way at the December Electoral College meeting</p>	<p>No prescribed legal or Constitutional process exists</p> <p>VP-elect does not automatically receive votes; Constitutional line of succession starts after Electoral College votes</p>
DEM	<p>Biden delegates would go into convention "uncommitted"</p> <p>Delegates would not automatically shift to Harris</p>	<p>New candidates would need at least 300 delegate signatures to be nominated</p>	<p>438 members of the DNC (including leadership of state DEM parties) would vote on new nominee</p>	<p>DNC would issue guidance to electors about whom they should vote for, advice that is likely to be accepted</p>	<p>DNC would likely signal to electors of ex-president whom they should vote for</p>
GOP	<p>Rules of each state Republican party dictate whether delegates are bound to Trump and for how many ballots</p>	<p>Candidates must submit evidence of support from a plurality of delegates in at least five states at least an hour before names placed into nomination</p>	<p>RNC committee members vote (same as Democrats)</p> <p>OR</p> <p>Reconvening of national convention</p>	<p>RNC would issue guidance to electors about whom they should vote for, advice that is likely to be accepted</p>	<p>RNC would likely signal to electors of ex-president whom they should vote for</p>



QUESTION:

**Would Biden or Trump
be better for our industry?**



The Trump and Biden Administration on Healthcare Policy



The Trump administration would repeal the Affordable Care Act and roll back gender-affirmative care

- The Trump administration previously attempted to repeal and replace the Affordable Care Act; his 2024 campaign again pledged to repeal it, though has yet to reveal a replacement policy.
- The administration also initiated price transparency regulations and protections from surprise medical bills.
- Trump has indicated he would also take action on other gender related care in his administration.



The Biden administration would strengthen aspects of the Affordable Care Act and rebuild reproductive justice protections

- Under the IRA, the Biden administration argued for negotiated prescription drug prices for Medicaid enrollees and has vowed to increase the number of drugs under negotiation.
- Biden stated a desire to cap the monthly cost of insulin at \$35 for all patients and increase federal premium subsidies
- A second term would allow the Biden administration to expand Medicaid coverage in ten states that have refused to do so.

Legislative Outlook



Headwinds:

- **Disarray in the House may allow bills to pass the House that would otherwise have bipartisan support**
- **PBM transparency has overwhelming bipartisan support. There is disagreement on the employer's role for these measures**
- **Ongoing efforts to mandate the cost of insulin to a \$35 copay to the consumer on private plans. Problematic for carriers and self-funded plans**
- **Efforts by the two largest dialysis providers to mandate that they be included as a preferred provider at the highest preference level on all plans, without any pricing assurance relative to contracted rates**
- **Most significantly, continual efforts to cap or eliminate the employer tax exclusion which would disrupt the risk balance in employer sponsored coverage**

Tailwinds:

- **Significant chance that legislation on site neutral payments could pass.**
 - Targeting Medicare payment rates
 - The estimate on savings could be as high as \$6 billion the first year after it goes into effect
- **Members of Congress on both sides of the aisle are engaged on the cost of care is a monumental achievement that has been years in the making**
 - Balanced by the desire to lower costs without instituting price controls
- **High likelihood that employer legislation to improve the employer reporting process will pass at the end of 2024**
 - Providing some relief for employers, will not relieve the responsibility to report annually
- **There is bipartisan interest in expanding access to telehealth in a number of ways which should have the effect of decreasing the cost of care**
 - This will only happen IF providers will agree that they should have a different cost basis for a virtual visit vs. an office visit

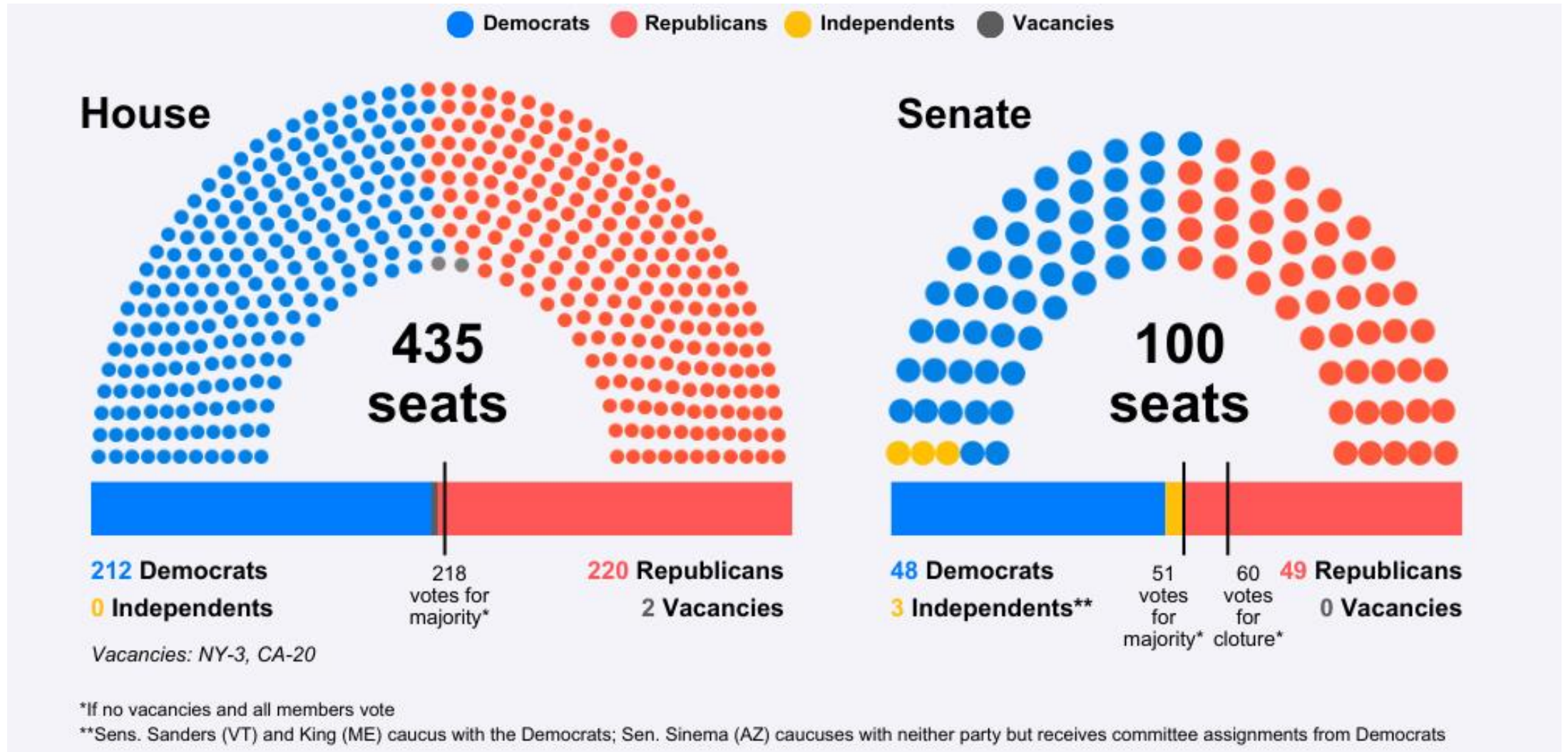


QUESTION:

**Can or Will Congress Act on
These Important Items?**



Composition of the 118th Congress



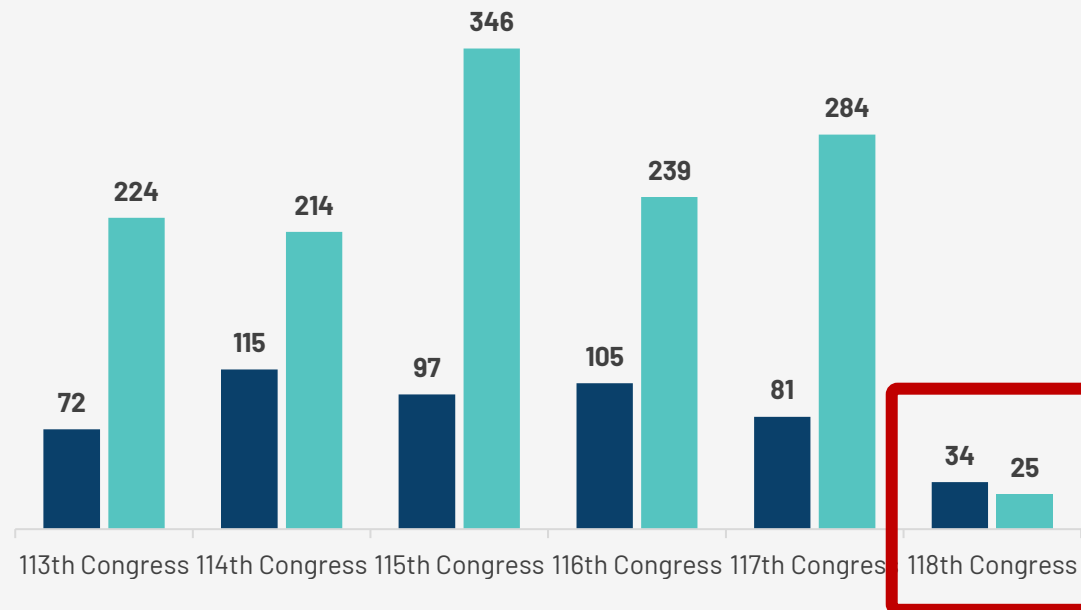
The 118th Congress is the LEAST Productive in Several Decades

ENACTED LEGISLATION

113TH – 118TH CONGRESS

■ Enacted legislation in first congressional year

■ Enacted legislation after first congressional year



LOW PRODUCTIVITY IN THIS CONGRESS IS IN PART DUE TO:

- Increased partisanship
- Slim majorities that give lots of control to small factions
- Republican infighting about leadership (including McCarthy's ouster)

OUTLOOK:

- Scheduled days remaining in the 2024 session, as of May 12:
 - House – 64 days
 - Senate – 75 days
- Congress' last day with both chambers in session for 2024 is December 19

Gridlock and acrimony are responsible for several recent retirements from Congress

COMMITTEE LEADERSHIP – KEY RETIREMENTS	
Rep. Kay Granger (R-TX-12) – Chair	House Appropriations
Rep. Cathy McMorris Rodgers (R-WA-5) – Chair	House Energy and Commerce
Rep. Patrick McHenry (R-NC-10) – Chair	House Financial Services
Rep. Blaine Luetkemeyer (R-MO-3) – Vice-chair	House Small Business
Rep. Mike Gallagher (R-WI-8) – Chair	House Select Committee on the Strategic Competition Between the US and the Chinese Communist Party
Sen. Debbie Stabenow (D-MI) – Chair	Senate Agriculture, Nutrition, and Forestry
Sen. Joe Manchin (D-WV) – Chair	Senate Energy and Natural Resources
Sen. Tom Carper (D-DE) – Chair	Senate Environment and Public Works
Sen. Ben Cardin (D-MD) – Chair	Senate Foreign Relations
Sen. Mike Braun (R-IN) – Ranking Member	Senate Special Committee on Aging



INSTITUTIONAL EFFECTIVENESS

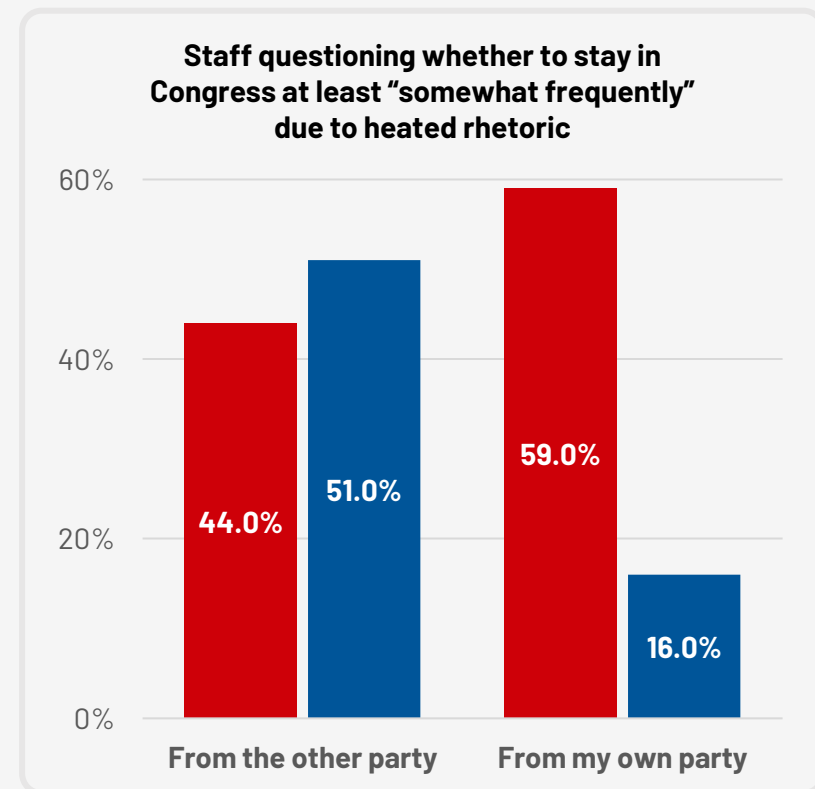
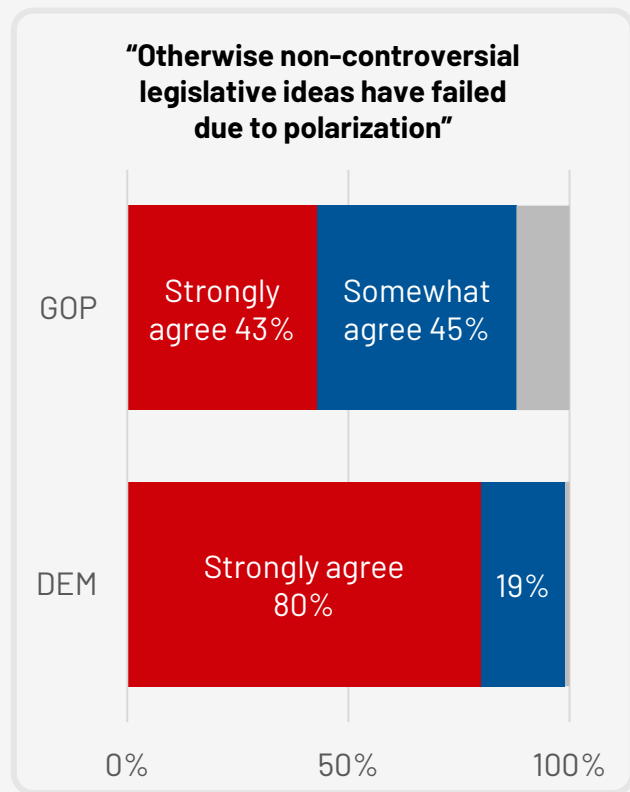
The quality of departing legislators, such as those experienced in effective governance, is notable



- Lawmakers are leaving earlier in their careers and taking institutional knowledge with them
- Departures deprive national parties of proven fundraisers and vote-getters – increasing uncertainty in elections

Gridlock and Acrimony are Also Impacting the Retention of Congressional Staffers

A 2024 poll asked Congressional staff at all levels about their sentiments toward the current state of Congress, partisanship, and their own interest in staying on the Hill



**Regulatory Issues
are Critical in a
Grid-locked Congress**



A Republican majority in Congress could undo 2024 Biden administration regulations

Congressional Review Act

The CRA is an oversight tool that allows Congress to overturn regulations issued by federal agencies

Requirements for CRA repeal

The law requires a **simple majority in both chambers and the president's signature** to overturn any regulation subject to review

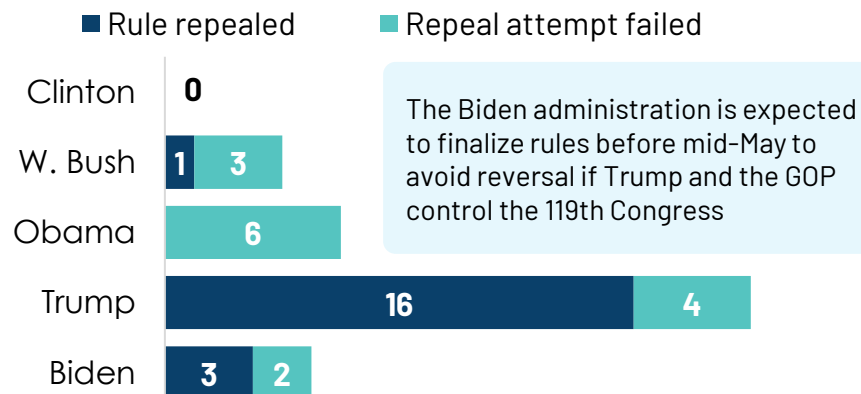
Mid to late-May "lookback" deadline

Not all regulations can be overturned – **only rules submitted within the past 60 legislative days are subject to CRA invalidation**

If Congress adjourns before the 60-day threshold is met, the review period restarts in the next congressional session

The 2024 "lookback" period deadline is fluid – **general consensus estimates a mid to late-May deadline**

Uses of the CRA since 1996



Key regulation topics to monitor

- Ban on noncompete clauses
- Climate related business disclosures
- Junk fee disclosures
- Cross-state air pollution rules
- Mental health insurance coverage
- Fuel economy standards

A Look at the Most Likely 2024 Election Outcomes



President	House	Senate	Likelihood	Policy impacts
R	D	R	High ●●●●	<p>Any spilt Congress will be characterized by legislative gridlock</p> <p>Unlike in 2016, the Trump team has identified nominees for judiciary and political positions, turning the Senate into a “nomination machine”</p> <p>If Trump’s ‘retribution’ talk is borne out, a Democratic House will likely focus heavily on investigations (akin to the January 6th Select Committee)</p>
D	D	R	High ●●●●	<p>Biden would likely emphasize regulatory priorities, as well as his legacy as international statesman; Biden led the Senate Foreign Relations Committee for many years and considers it part of his “brand”</p>
R	R	R	Medium ●●●●	<p>Trump would likely have an immediate action plan for 2025, including moves to strengthen border security, increase trade tariffs, renew tax cuts and overhaul personnel across the executive branch</p> <p>Democrats are likely to rely on courts to block legislation and executive action, but a second Trump administration will have more policy experts to bulletproof laws and regulations</p>
D	R	R	Medium ●●●●	<p>Biden would use the veto more frequently in a scenario where Republicans control both chambers of Congress; given the razor thin margins, major legislative change is unlikely</p> <p>Immigration may be the exception; bipartisan bills scrapped early in 2024 may be resurrected, albeit with changes that include more GOP priorities</p>
R	R	D	Low ●●●●	<p>Without the Senate, the Trump team would focus more proportionately on regulatory rollback and executive action at the border – and less on nominations; attempts to overhaul the Federal employment would likely take on a central focus</p>
D	R	D	Low ●●●●	<p>The Biden team would likely work on securing his legacy through judicial nominations; Sotomayor may look to retire while Democrats control the presidency and Senate to ensure a Biden Supreme Court appointment</p>

Provocative statistics to highlight important moments in government affairs, illuminate change in the political landscape, and enliven cocktail party conversations



Campaign funds spent for each vote in the 1988 presidential election: **\$5.4**

Campaign funds spent for each vote in the 2020 presidential election: **\$23.93**

Total US Public debt as a percentage of GDP:

1998: **60.4%**
2015: **100.5%**
2023: **121.7%**



Number of times in the past six presidential elections that the three Great Lakes swing states (PA, MI, WI) voted **Democratic**: **15 (out of 18)** – all three losses to Donald Trump in 2016

Number of countries with perfect AAA credit ratings in 2023: **8**

Number of countries with higher credit ratings than the United States in 2023: **9**



Vetoes issued:

George Washington: **2**
Abraham Lincoln: **7**
FDR: **635**

Ronald Reagan: **78**
Donald Trump: **10**
Joe Biden: **10**

US total health care expenditure per capita:

2002: **\$5,680**
2022: **\$13,493**



Number of times a political party held 55+ seats in the Senate:
Between 2001 and 2024: **3** Between 1980 and 2000: **7**

Americans with unfavorable views of both parties:

2002: **7%**
2023: **28%**



Number of Senate seats held by **Republicans** in states that Trump won by less than 3 points in 2020: **2 (of 2)**

Number of Senate seats held by **Democrats** in states that Biden won by less than 3 points in 2020: **11 (of 12)** – five of those DEM seats are up for reelection in 2024

Percentage of Americans who said in 1999 that they would vote for Donald Trump for president over Al Gore or George Bush: **5%**

Percentage of Americans who said in 1999 that they would vote for Heather Locklear for president over Al Gore or George Bush: **6%**



Percentage of US voters who would be more likely to vote for a 2024 presidential candidate if Taylor Swift endorsed them: **18%**

Year the US government will pay more than \$1 trillion in net interest costs per year, according to the Government Accountability Office: **2029**



QUESTIONS?







MASTER • GROW • DISCOVER




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*Thank
you*

The Warner Pacific logo is located in the bottom right corner. It features the word "WARNER" in a bold, white, sans-serif font with a double arrow pointing to the right. Below it, the word "Pacific" is written in a white, cursive script font. The logo is set against a background of a silver ribbon that curves across the page, and a blue circular seal with a white arrow pointing right is positioned above the ribbon.