

# US health care lobby pumps millions into Obama's cost-cutting drive

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In the maneuvering surrounding the effort in Washington to enact an overhaul of the US health care system, the health care industry is pumping in record amounts of cash to the politicians involved.

In the “debate” over health care, key figures on congressional committees are being bankrolled by health insurers, while representatives of hospitals and the pharmaceutical industry are being consulted at White House meetings.

The health care legislation taking shape reflects these interests. Through the so-called individual mandate, Americans will be required to purchase insurance, boosting the already burgeoning profits of the health insurance companies.

Any responsibility for employers to provide coverage will be marginalized, with token penalties for noncompliance. And a government-administered “public option”—if it is indeed even offered—will do nothing to alter the overall trajectory of the plan as far as ordinary Americans are concerned. It will be a cut-rate, class-based system providing inferior, rationed care based on cost-cutting “efficiencies.”

Obama has pledged that the overriding concern is to contain costs and craft “budget neutral” legislation. The administration has proposed slashing more than \$600 billion from the Medicare program. It also wants to establish a Medicare Advisory Council with the power to determine how much the medical program for the elderly and disabled pays hospitals for services.

During his presidential campaign, Obama lashed out against the influence of the drug companies in Washington. In one television ad, he criticized Billy Tauzin, one of the chief pharmaceutical lobbyists. Tauzin, a former Louisiana congressman, played a key role in preventing Medicare from negotiating lower prices for prescription drugs.

The *Los Angeles Times* reports that Tauzin has now “morphed into the president’s partner. He has been invited to the White House half a dozen times in recent months.” In an August 4 article, “Obama gives powerful drug lobby a

seat at healthcare table,” the *Times* writes that Tauzin “eventually secured an agreement that the administration wouldn’t try to overturn the very Medicare drug policy that Obama had criticized on the campaign trail.”

According to the *Times*, in return for nominally pledging \$80 billion in cost savings over 10 years, the Obama administration has promised to back off from price-setting on the Medicare Part D drug program as well as from importing cheaper drugs from Canada or Europe.

The agreement was reportedly hashed out at a White House meeting in July, a source told the *Times*. “In attendance were Tauzin, several industry chief executives—including those from Abbott Laboratories, Merck and Pfizer—White House Chief of Staff Rahm Emanuel and White House aides,” the paper notes.

White House spokesperson Linda Douglass made the spurious claim that the health care legislation would result in a significant reduction in drug prices, and the administration now felt that importing drugs from Canada or Europe would “not be necessary.”

Obama praised the pharmaceutical companies last week, calling the industry’s efforts “quite constructive in this debate.”

In the second quarter of 2009 alone, health care industry lobbying expenditures reached a record \$133 million—higher than any other sector. Pharmaceutical lobbying accounted for \$68 million of this amount.

On Capitol Hill, lobbyists are courting the key players on five House and Senate committees who are drafting various versions of the health care legislation.

During the first three months of this year, as the health care debate revved up, Democrats took in about 60 percent of money spent by the health care lobby.

In particular, the lobby has targeted what they consider conservative Republicans and moderate Democrats, figures that will play central roles in determining the details of whatever legislation emerges.

On the House Ways and Means Committee, Chairman Charles Rangel (Dem.-N.Y.) took in \$1.6 million from

health industry lobbyists and political action committees (PACs) over the past two years. Dave Camp (Mich.), the committee's ranking Republican, got nearly \$1 million. The Ways and Means Committee—along with the Energy and Commerce, and Education and Labor committees—coauthored the America's Affordable Health Choices Act presented in mid-July.

On the Senate Finance Committee, which has yet to present a health care proposal, Chairman Max Baucus (Dem.-Montana) raked in nearly \$1.5 million in 2007-2008 alone from lobbies representing hospitals, insurers and other health industry interests. Senator Chuck Grassley of Iowa, ranking Republican on the committee, has received about \$2 million since 2003.

The scope of Baucus's relationship with the health care lobby has been breathtaking. On May 26, he hosted a dinner at a San Francisco mansion, at which about 20 individuals coughed up a minimum of \$10,000 to the Democratic Senatorial Campaign Committee. The *Washington Post* reported that the senator and guests—including top executives from insurance companies and hospitals—discussed the health care legislation as protesters marched around outside.

In an effort to deflect criticism, after June 1 Baucus began to decline contributions from health care PACs. He has continued, however, to accept donations from health care lobbyists and executives.

From 2003 to 2008, the Baucus campaign committee, Friends of Max Baucus, and his Glacier PAC collected about \$3 million from the health and insurance sectors—about 20 percent of the total given.

Baucus's corporate contributors have included health care company Schering-Plough, New York Life Insurance, Amgen, Medtronic, Blue Cross and Blue Shield, and the Independent Insurance Agents and Brokers of America, and U.S. Strategies, a company representing health care firms. Individual corporate donors, such as Richard T. Clark, CEO of Merck pharmaceuticals, have contributed as well.

Following reelection to his sixth term last November, Baucus hosted his Eighth Annual Ski and Snowmobile weekend in Big Sky, Montana. Later that month he held a \$10,000-a-table dinner at a Washington hotel. In late June, for a minimum donation of \$2,500, health care executives and lobbyists could attend his fly-fishing and golfing weekend, also in Big Sky.

While the health care industry's unabashed wooing of Senator Baucus stands out, he is not alone. The health care lobby gave nearly \$170 million to Washington politicians in 2007 and 2008, with 54 percent of this going to Democrats.

The massive monetary support going to the various legislators drafting the health care "reform" measures is by itself proof of their reactionary character. The measures are

being crafted to ensure a massive windfall for the various corporate interests involved, while slashing health care for the vast majority of the population.

A lot is at stake, as far as the health care industry is concerned. According to Health Care for America NOW, in the past 13 years more than 400 corporate mergers have involved health insurers, and 94 percent of US insurance markets are now highly concentrated.

In Rhode Island, for example, the top two insurers—Blue Cross Blue Shield RI and UnitedHealth Group Inc.—control 95 percent of market share. In Massachusetts, where residents were mandated to obtain health insurance beginning three years ago, the top two companies command 67 percent of market share.

Health insurance company profits have skyrocketed, rising 428 percent from 2000 to 2007, from \$2.4 billion to \$12.9 billion, according to Securities and Exchange Commission figures. This growth has coincided with a 120 percent increase in insurance premiums from 1999 to 2007.

Chief executive income has soared as well. Aetna CEO Ronald A. Williams took home a compensation package in 2007 valued at \$23 million. In this same year, H. Edward Hanway, chief executive at CIGNA Corp., received \$25.8 million.

CEOs at the top 10 publicly traded health insurance companies collected a combined \$118.6 million in compensation in 2007. At an average of \$11.9 million each, this is about 468 times more than the average American worker made that year—\$25,434, according to the U.S. Census Bureau.



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