Health care profiteers: A billion-dollar lobby

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A study by the Center for Responsive Politics (CRP), Northwestern University and the *Chicago Tribune*, published in the newspaper Sunday, found that health care lobbyists have spent more than $396 million this year to influence senators and congressmen engaged in passing the health care restructuring legislation, and $862 million in 2008-2009 combined.

With the frenzy of lobbying in the last quarter of 2009, the two-year total will go well beyond $1 billion.

The drug industry alone has spent $199 million on lobbying in the first nine months of the year, which CRP said was the largest such amount ever spent by any industry on any issue. The drug lobby negotiated a deal with the White House in the spring to limit to $80 billion over ten years the amount that the drug companies would have to accept in discounts and rebates as their "contribution" to paying for the health care overhaul. Efforts by some Senate and House Democrats to impose greater costs on the industry, as much as $200 billion, have been beaten back with the support of the Obama administration.

The 338 health care corporations and associations hired at least 166 former staffers and 13 former members of the nine congressional leadership offices and five committees with a role in shaping health care legislation. Another 112 former staffers worked as lobbyists on health care legislation for non-health care companies.

The value of such lobbying was demonstrated in the case of one former staffer for the late Massachusetts Senator Ted Kennedy, a leading liberal and chairman of one of the key Senate committees. Donal Nexon went to work for the trade association representing small and mid-size manufacturers of medical devices, and was able to reduce a proposed $40 billion tax over ten years to one only half as large—a $20 billion saving that dwarfs the lobbying expense.

Top staffers and former congressmen can count on tripling or quadrupling their incomes when they leave Capitol Hill for positions with major lobbying groups.

According the figures assembled by the CRP researchers, former Democratic staffers led the way in cashing in on the health care legislation, including 14 former aides to House Majority Leader Steny Hoyer and 13 former aides to Senator Max Baucus, chairman of the Finance Committee, whose draft legislation is largely intact in the bill currently going through the Senate.

The biggest single employer of insider lobbyists is the Pharmaceutical Research and Manufacturers of America, or PhRMA, which employs at least 26 former congressional aides and members. The head of PhRMA is Billy Tauzin, a Louisiana Democratic congressman who became a Republican, shepherded the Bush administration's Medicare drug benefit through the House—a huge boondoggle for the drug companies—then retired to become the top drug industry lobbyist at an annual salary of $2.5 million.

These CRP figures actually understate substantially the total cash being expended to ensure that the overhaul is tailored to various corporate interests. Insurance company lobbying is not included, as the reports filed by these companies do not distinguish between lobbying on health insurance and lobbying on other insurance issues. Nor does the report consider spending by general business lobbies like the US Chamber of Commerce, the Business Roundtable, or individual corporations like Walmart.

The insurance industry is, next to the drug companies, the biggest spender on health care lobbying. Its bribes—thinly concealed as campaign contributions and "educational" expenses—have paid big dividends. The Senate bill will require at least 30 million Americans to buy health insurance, thereby becoming forced customers of the big insurers, while there will be no public option and no expansion of Medicare to compete

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with them.

The favorite senator of the health insurance lobby, Independent Democrat Joseph Lieberman of Connecticut, was not coincidentally the key player in ditching the public option, as he threatened to join the Republican filibuster and kill the overall legislation if the public option was not withdrawn.

Other reports give a glimpse of the vast flow of money from private corporations to Capitol Hill in the course of the health care "debate." GlaxoSmithKline spent $2.3 million in the first half of 2009, Novartis $1.8 million, MetLife $1.7 million, Allstate $2.4 million. The American Medical Association spent $8.2 million in the first half of the year.

There are a total of 3,300 registered health care lobbyists, approximately six for every senator and congressman. Throughout the year, this force was increased at the rate of three new lobbyists each day.

The beneficiaries of the health care slush fund include both the leading opponents of the current Senate bill—Republican John McCain leads with $546,000 and Senate Minority Leader Mitch McConnell follows with $425,000—and the leading supporters, including Senator Baucus, with $413,000 in contributions. Baucus collected $3 million from health and insurance companies from 2003 to 2008, and his top contributors include Schering-Plough, New York Life, Amgen, Blue Cross and Blue Shield and the CEO of Merck.

The *Washington Post* described one summer meeting between Baucus and a group of health care lobbyists who included two of his former chiefs of staff: David Castagnetti, whose clients include PhRMA and America's Health Insurance Plans, and Jeffrey A. Forbes, who represents PhRMA, Amgen, Genentech, Merck and others. A third Baucus chief of staff, Jim Messina, is now deputy White House chief of staff.

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