

# E-mails detail Obama White House collusion with drug industry

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E-mails and memos recently made public by House Republicans provide new details to substantiate what the WSWS has long maintained: The Obama administration worked closely with the drug companies to draft an overhaul to the health care system favorable to corporate interests. The messages trace negotiations in 2009 between White House officials and Washington lobbyists for the Pharmaceutical Research and Manufacturers of America, or PhRMA.

The trail of messages reveals that the drug industry made minimal concessions to fund the health law's programs in exchange for avoiding policies in the Affordable Care Act that would cut into their profits. The correspondence also shows that a \$150 million advertising campaign by supposedly independent groups backing Obama's health care bill was in fact funded by the drugmakers.

Specifically, the pharmaceutical industry agreed to an estimated \$80 billion to \$125 billion in taxes, discounts and other contributions to fund the health care bill's programs in the run-up to the legislation's passage in March 2010. In exchange for these concessions, PhRMA secured an agreement with the Obama administration that other policies potentially costing the drug industry much more would not be part of the bill, including one that would have allowed importation of cheaper, brand-name drugs.

The negotiations were led by key presidential aides: Rahm Emanuel, Barack Obama's chief of staff at the time, and his deputy Jim Messina. Also closely involved was Nancy-Ann DeParle, then director of the White House Office of Health Reform. Administration officials sought a direct line of communication with PhRMA, led at the time by Billy Tauzin—the former Louisiana Democratic congressman, turned Republican, turned multimillionaire lobbyist.

A White House staffer wrote in May 2009, “Rahm’s calling Nancy-Ann and knows Billy is going to talk to Nancy-Ann tonight. Rahm will make it clear that PhRMA needs a direct line of communication, separate and apart from any coalition.”

The White House was apparently upset that the drug industry had not agreed to a joint statement supporting the health care legislation. Bryant Hall, PhRMA's lead Affordable Care Act negotiator, wrote in one e-mail, “Barack Obama is going to announce in his Saturday radio address support for rebating all of D unless we come to a deal.” “D” referred to a change to Medicare Part D financing that would detrimentally affect the industry.

As it turned out, no such public confrontation took place. Hall wrote in an e-mail to Tauzin and Jeffrey Kindler, then CEO of pharmaceutical giant Pfizer: “Latest: the President’s radio...address will not have any mention of Part D. It will contain a reference to ‘negotiating fair drug prices’ or something like that.... No mention of rebates and no mention of part D.”

The message continued: “[White House budget director Peter] Orszag is still pushing hard to have something concrete in an underlying support document—like a Part D rebate. I told Nancy-Ann [DeParle] how problematic this is for us and she knows it. She is working on Messina to call him.”

In September, Hall informed Kindler that an agreement had been reached with the White House. He wrote that Messina “is working on some very explicit language on importation to kill it in health care reform. This has to stay quiet.”

The Medicare concession by the industry was negotiated from \$100 billion down to \$80 billion. In exchange, the White House agreed to backtrack on allowing drug importation, over the public protestations

of some Senate Democrats.

In a show of appreciation for the deal, PhRMA underwrote a \$150 million advertising campaign—coordinated with the White House—in support of the health care legislation. This included \$70 million to finance two supposedly independent 501(c)(4) groups: Healthy Economy Now and Americans for Stable Quality Care.

One of the recently released memos from PhRMA notes that as part of the deal, “the industry provides the majority of financial support for positive TV ads advocating passage of health reform.” At the time, the Obama administration distanced itself from the ad campaign.

The Republicans are attempting to utilize the information exposed in the e-mails as ammunition against the Obama administration’s re-election bid, as well as to agitate ahead of an impending decision by the U.S. Supreme Court on the constitutionality of the health care legislation.

Commenting on the dealings between the Obama White House and PhRMA, Rep. Michael C. Burgess, Republican of Texas, said, “He said it was going to be the most open and honest and transparent administration ever and lobbyists won’t be drafting the bills. Then when it came time, the door closed, the lobbyists came in and the bills were written.”

That the Republican Party—with lucrative ties to the health care industry lobby—can attempt to strike a populist pose in exposing the dirty dealing behind the scenes between Obama aides and the drug lobbyists is testament to the regressive character of the health care legislation. It has been designed not to improve and expand the quality and accessibility of health services for the vast majority of Americans, but to cut government spending and boost corporate profits.

The reaction of the Obama administration to the release of the e-mails has been predictably cynical. Dan Pfeiffer, White House communications director, commented last Friday, “Throughout his campaign, President Obama was clear that he would bring every stakeholder to the table in order to pass health reform, even longtime opponents like the pharmaceutical industry.”

He added, “He understood correctly that the unwillingness to work with people on both sides of the issue was one of the reasons why it took a century to

pass health reform.”



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