

# Health and Human Services secretary solicits corporate funds to implement Obama health care plan

Kate Randall  
15 May 2013

Health and Human Services Secretary Kathleen Sebelius has been seeking donations from health industry officials to aid in the effort to implement the Affordable Care Act (ACA). According to a May 11 report in the *Washington Post*, for months the HHS secretary has been asking insurance companies, foundations, consumer and business groups, and others to help enroll uninsured Americans in private health insurance plans through the ACA.

News of Sebelius's fundraising efforts coincided with President Obama's kick-off at the White House last Friday of a campaign to encourage millions of uninsured Americans to sign-up for coverage through the ACA, beginning October 1. President Obama's requests for additional funds have been repeatedly rebuffed by Congress, leaving the administration cash-strapped as it works to implement the legislation.

Congressional Republicans have questioned the legality of Sebelius's actions and a House committee has initiated a probe into the fundraising activities. HHS officials claim that Sebelius is within the bounds of her authority in seeking donations.

The highly unusual move—a cabinet member going cap-in-hand to private industry to solicit funds—highlights the degree to which the health care overhaul is beholden to insurance companies and the big health care providers. Under the ACA, individuals and families will be required to purchase private health insurance on the “exchanges” set up under the legislation or pay a fine.

The exchanges will launch in October for open enrollment in advance of the full implementation of the law in January 2014. If younger, healthier people opt to forgo coverage and pay a fine—averaging \$95 the first

year—premiums are expected to skyrocket as the pools of insured will be made up of older people with more health expenses and insurance companies pass these expenses on to the insured.

Funding for the ACA included \$1 billion to go toward overall implementation of the law. However, the Congressional Budget Office projects federal agencies will require between \$5 billion and \$10 billion to set it up over the next decade. Congress rejected White House requests for \$1 billion in additional funding last year and \$1.5 billion this spring. Compounding these difficulties, 34 of 50 states have refused to set up the exchanges, leaving the federal government with the responsibility and cost of doing so.

Secretary Sebelius's efforts have centered on seeking funds for Enroll America, a nominally non-profit entity created in 2010 to support the ACA enrollment effort. Representatives of two insurance companies, Kaiser Permanente and Blue Shield of California, sit on Enroll America's board of directors. The group raised nearly \$5 million in 2010 and 2011 for the health bill implementation effort from major health companies, including Aetna, CVS Caremark, Teva Pharmaceuticals and Express Scripts, all of which stand to profit from a new influx of insured through the health care exchanges.

In phone calls and public appearances in recent weeks, Sebelius has asked various charitable foundations, businesses executives, churches and doctors to donate to Enroll America and other non-profit organizations to help implement Obama's health care overhaul.

In a statement following the *Post* report, Senator

Orrin Hatch, Republican of Utah, commented, “To solicit funds from health care executives to help pay for the implementation of the president’s \$2.6 trillion health spending law is absurd.” Federal regulations do not allow HHS officials to fundraise in their professional capacity. However, according to Justice Department regulations, cabinet members can solicit donations as private citizens “if you do not solicit funds from a subordinate or from someone who has or seeks business with the Department.”

HHS spokesman Jason Young contends that the Public Health Service Act gives Sebelius the authority to “support and encourage others to support, not-for-profits that are working to provide health information or conducting other public health activities,” according to the *Post*. Young claimed that Sebelius has not directly solicited funds from industries regulated by the HHS but has “asked them to contribute in whatever way they can.”

The Republican-led House Energy and Commerce Committee initiated a probe into the HHS fundraising. On Monday, the committee sent letters to Secretary Sebelius as well as to 11 companies related to the solicitations, including insurance groups Cigna, Kaiser Permanente, United Healthcare and Blue Shield of California. The letter addressed to Sebelius asks her to provide by May 27 the names of those contacted “in this unusual fundraising pitch” as well as phone logs and whether other agency officials were involved.

As throughout the entire debate over the health care bill, the thoroughly compromised and pro-business character of the legislation has allowed the Republicans to pose as the watchdogs of the public interest in opposition to the Obama administration’s corruption and kowtowing to “special interests.”

The Senior Republican on the Senate health panel, Senator Lamar Alexander of Tennessee, commented, “Secretary Sebelius’ fundraising for and coordinating with private entities helping to implement the new health care law may be illegal, should cease immediately and should be fully investigated by Congress.” He made the strange comparison of the HHS secretary’s actions to the Iran-Contra affair of the 1980s, when the Reagan administration facilitated arms sales to Iran to fund the Nicaraguan contra rebels.

Since the ACA’s passage in 2010, House Republicans have held dozens of votes, all

unsuccessful, to repeal all or part of the bill. House Majority Leader Eric Cantor has another vote planned for this week. Any repeal passed in the House would face all-but-certain death in the Democratic-controlled Senate.



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