

Obama's health care plan helped by drug industry

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FILE - In this Aug. 4, 2009 file photo, Senate Finance Committee Chairman Sen. Max Baucus, D-Mont. talks to reporter after lunch with President Obama, outside the White House in Washington. (AP Photo/J. Scott Applewhite, FILE)

(AP) -- The nation's drugmakers stand ready to spend \$150 million to help President Barack Obama overhaul health care this fall, according to numerous officials, a staggering sum that could dwarf attempts to derail his chief domestic priority.

The White House and allies in Congress are well aware of the effort by Pharmaceutical Research and Manufacturers of America, a somewhat surprising political alliance, given the industry's recent history of siding

with Republicans and the Democrats' disdain for special interests.

The campaign, now in its early stages, includes television advertising under PhRMA's own name and commercials aired in conjunction with the liberal group, Families USA.

Numerous people with knowledge of PhRMA's plans said they had been told it would likely reach \$150 million and perhaps \$200 million. They spoke on condition of anonymity, saying they were not authorized to divulge details.

Additionally, the industry is the major contributor to Healthy Economy Now, which recently completed a \$12 million round of advertising nationally and in several states. The ads were made by companies with close ties to Democrats and the White House and generally reflected the administration's changing rhetoric on health care.

In an interview, Ken Johnson, senior vice president of PhRMA, said, "We will have a significant presence over the August recess, both on television and newspapers and on radio, but we have not finalized details for our fall campaign."

Ron Pollack, executive director of Families USA, said the partnership with the deep-pocketed drug industry is one of mutual self-interest, even though the two groups disagree on numerous issues. "We want to achieve coverage for everyone. For PhRMA, this would improve volume for prescription sales because everyone" would have better access to medicine, he said.

Any [health care bill](#) that makes it to Obama's desk is expected to extend health insurance to the nearly 50 million who now lack it. That would mean a huge new pool of potential customers for drug companies and other health care providers. That, in turn, has created an incentive to

offer concessions to the White House and lawmakers in hopes of shaping the bill, rather than simply opposing it.

Drugmakers were the first group to reach agreement with the White House and Senate Finance Committee Chairman Max Baucus, D-Mont., announcing several weeks ago that they would absorb \$80 billion in costs over a decade.

Even before the announcement, according to several individuals, the White House sought help from PhRMA in passing legislation.

Now, with the legislation under attack, the industry is providing key support during August as Republicans work to inflict a high-profile defeat on the president.

A significantly more ambitious advertising effort by PhRMA is expected to begin around Labor Day.

Jim Messina, a deputy White House chief of staff who is deeply involved in the administration's health care effort, brought Democratic senators up to date recently on the help PhRMA, labor unions and other outside groups are providing.

At the same time, the drugmakers are counting on the White House to block efforts by House Democrats to extract more than \$80 billion from their industry in the legislation.

The partnership is complicated because many Democrats in both the House and Senate oppose key goals of the drug industry. Liberals, in particular, favor the importation of prescription medicine from Canada and other countries. They also want the government to have authority to negotiate directly with companies for lower drug prices under Medicare.

House Speaker Nancy Pelosi, D-Calif., has been critical of drug manufacturers, and Rep. Henry Waxman, D-Calif., chairman of the House Energy and Commerce Committee, said several weeks ago the House was not bound by PhRMA and Baucus' agreement.

By the White House tally, overall advertising so far by PhRMA and other supporters of the bill has swamped efforts by opponents. Republican strategists concede it would be extremely difficult to match an effort of the size PhRMA is planning.

For comparative purposes, 2008 Republican presidential candidate John McCain was limited to spending \$84 million a year ago when he accepted government money for his fall campaign.

Independent calculations show Healthy Economy Now has spent about \$12 million on three ads that ran nationally and in 17 states and the District of Columbia.

The messages meshed with the White House's changing rhetoric. An ad that began in mid-June said patients would be able to choose their own doctors. Another, launched in mid-July, focused on consumer protections, including a ban on insurance companies denying coverage due to pre-existing medical conditions.

To make the ads, the group hired GMMB, a political consulting and advocacy advertising firm with close ties to the White House and Senate Democrats, as well as AKPD, top White House strategist David Axelrod's former firm.

Jeremy Van Ess, a spokesman for Health Economy Now, said the decisions were made by the organization, and not at the White House's request.

"Absolutely not. ... It's no secret in Washington that these two firms we had are the best out there," he said.

PhRMA/Families USA spent about \$5.7 million in nationwide advertising for the two months ending Aug. 9, according to information compiled by a different organization.

Two weeks ago, the drug industry added another weapon to its arsenal, launching a series of ads under its own name in a few key states at a cost of about \$1 million so far.

Among them is Nevada, where the industry has purchased time through Labor Day to air commercials thanking Senate Majority Leader Harry Reid for his efforts to pass health care reform. Reid's public approval is weak in the state, although he does not yet have a Republican opponent for 2010.

While the White House and Democrats benefit from PhRMA's help, they seem reluctant to discuss it openly.

When PhRMA became the first big [health care](#) provider to agree to accept reductions as part of legislation, Obama made the announcement at the [White House](#) with the head of AARP in attendance. Billy Tauzin, the former Republican congressman who is head of PhRMA, was not invited.

More recently, Reid omitted the drugmakers from a list of outside interests trying to help pass legislation.

The drug industry's campaign is the culmination of a broader shift it has undertaken. A few years ago, the industry hired Steve McMahon, a longtime Democratic strategist, to oversee its political advertising.

Drugmakers have also funneled more money to Democrats in recent years, a trend that began soon after they gained control of Congress.

On the Net:

PhRMA: <http://www.phrma.org/>

Healthy Economy Now: <http://healthyeconomynow.org/>

Families USA: <http://www.familiesusa.org/>

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