



Perspective

Lobbying, Campaign Contributions, and Health Care Reform

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With health care reform in the air, interest groups are spending huge sums of money to influence the final legislation and other matters pending in Washington. Since 2006, the health

sector has spent \$1.7 billion lobbying Congress and federal agencies — more money than any other sector of the economy. Between January and September 2009, health care interests spent \$396.2 million (see Fig. 1), according to federal data collected by the Center for Responsive Politics (www.opensecrets.org), a nonpartisan organization that researches the influence of money on politics.

If current trends continue, the health sector is likely to spend more than a half-billion dollars on lobbying in 2009. Pharmaceutical and health care products companies alone are likely to spend more than \$250 million, and the insurance industry, which is part of another sector, more

than \$160 million. In all cases, these would be record annual expenditures.

The U.S. Chamber of Commerce, which represents businesses, invariably spends more on lobbying than any other single organization. Many of the other organizations whose lobbying expenditures are among the highest in the country are members of the health sector. Although some groups are spending about the same amount as in recent years, others are spending more. For example, the Pharmaceutical Research and Manufacturers of America (PhRMA), which represents pharmaceutical and biotechnology companies, has already spent \$20.2 million in the first

9 months of 2009 — just \$55,000 less than in all of 2008 — and ranked fourth among all organizations in spending on lobbying. Blue Cross Blue Shield, including the national association and local companies, ranked fifth (spending \$16.7 million during the first 9 months of 2009, about \$500,000 more than in all of 2008), and Pfizer, the pharmaceutical company, ranked sixth (spending \$16.3 million, about \$4.2 million more than last year). A spokeswoman for Pfizer said the company “wanted to make sure our voice is heard in this conversation.”

The Center for Responsive Politics notes that “a special interest’s lobbying activity may go up or down over time, depending on how much attention the federal government is giving their issues.” Of course, the billions of dollars that health care interests stand to gain or lose because of health care reform and other federal ac-

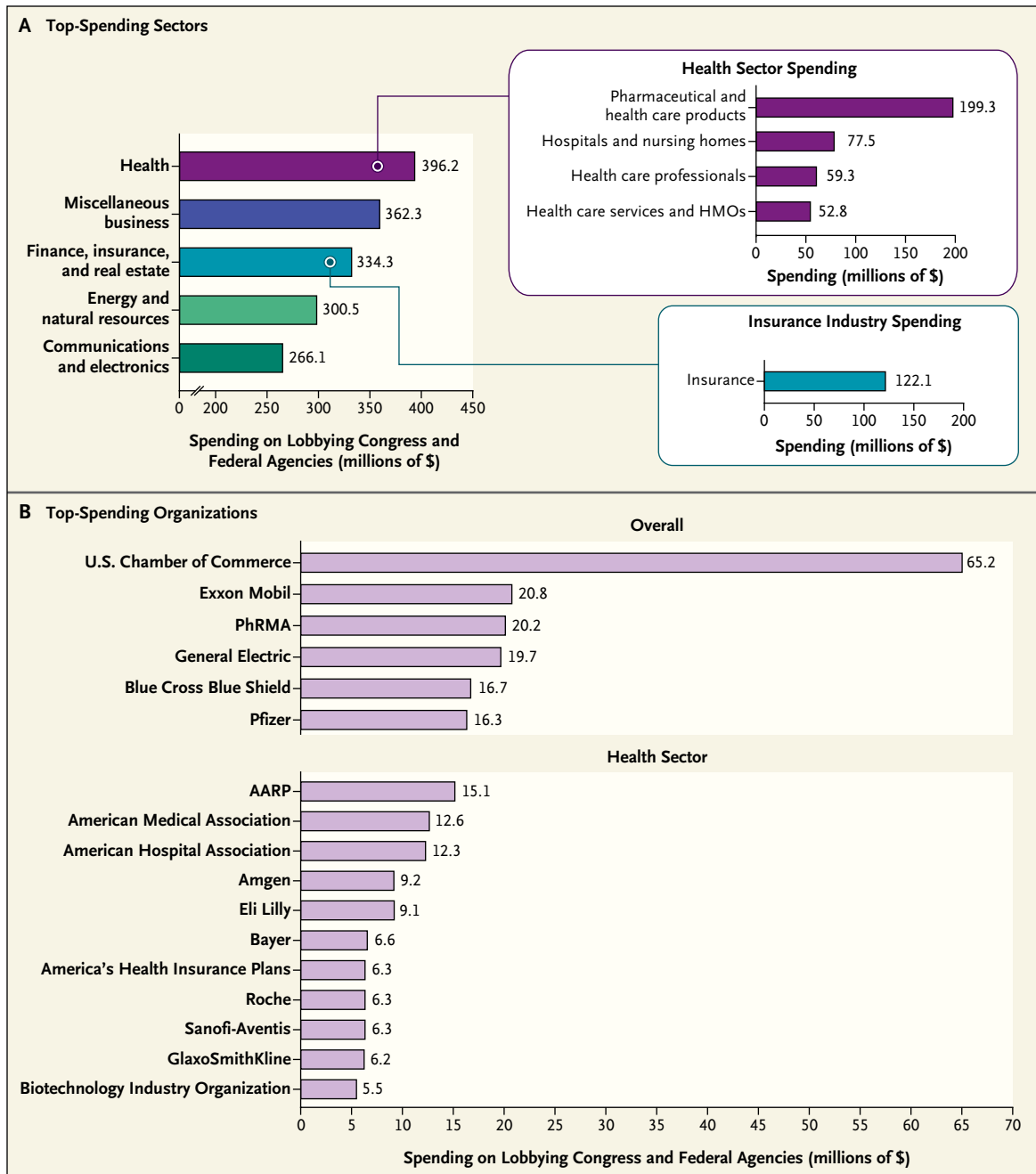


Figure 1. Top-Spending Sectors and Organizations Lobbying Congress and Federal Agencies, January to September 2009.

Panel A shows the five top-spending sectors and spending by the health sector and the insurance industry. (The breakdown in health sector spending does not include that classified as miscellaneous health.) Panel B shows the six top-spending organizations overall and additional top-spending organizations in the health sector. The total amount of money spent on lobbying Congress and federal agencies was \$2.5 billion. Data are from the Center for Responsive Politics and include all data made available by the Senate Office of Public Records through October 2009. HMO denotes health maintenance organization, and PhRMA Pharmaceutical Research and Manufacturers of America.

tions dwarf their lobbying expenditures. As the Obama administration has focused on health care, it has engaged in discus-

sions with drug and medical device companies, health insurers, physicians, hospitals, business groups, labor groups, and many

other parties. Dozens of contentious issues have kept interest groups busy, including the role of comparative-effectiveness re-

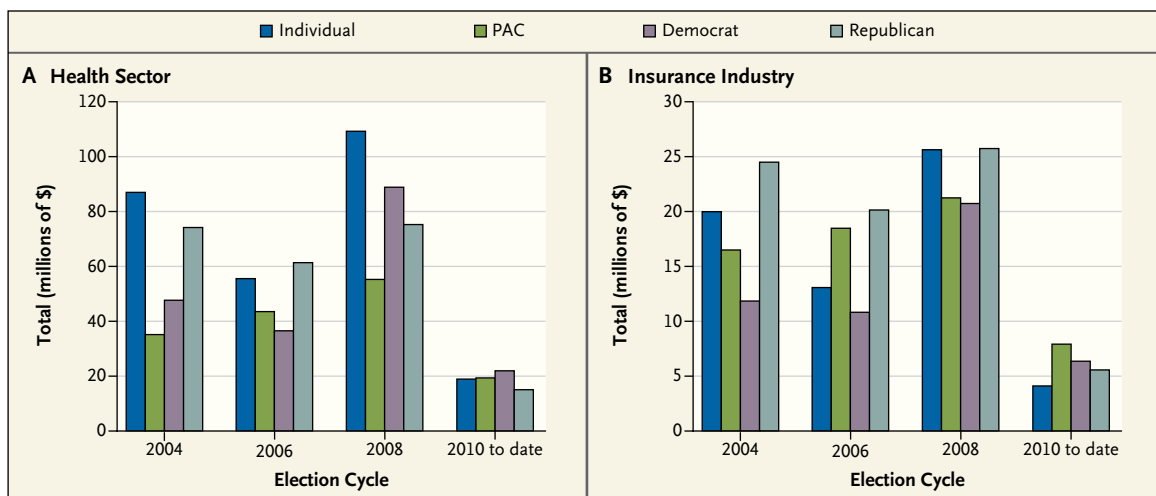


Figure 2. Contributions from the Health Sector (Panel A) and Insurance Industry (Panel B) to Federal Elections, January 2004–October 2009.

The health sector consists of health care professionals, pharmaceutical and health care product companies, hospitals and nursing homes, and health services and health maintenance organizations. Election cycles represent 2-year periods; the 2010 election cycle runs from January 1, 2009, to December 31, 2010. PAC denotes political action committee. Data are from the Center for Responsive Politics and include all data made available by the Federal Election Commission through mid-November 2009.

search in coverage decisions, government negotiation of Medicare drug prices, the targeting of additional Medicare savings, and the size of the program's payments to doctors. There has also been debate on many other topics, including mandates for obtaining health insurance, the creation of a national public health insurance plan that would compete against private carriers, coverage of abortion, other specifics of health insurance reform, the market-exclusivity period for biologic drug products, and new fees, taxes, and tax credits.

Many interest groups support some aspects of reform but not others. The Obama administration has struck deals with the drug industry and hospitals that it claims will save the federal government and Medicare beneficiaries billions of dollars over the next decade. It has pursued such strategies in order to appease critics and gain endorsements from key groups.^{1,2} AARP (formerly the American Association of Retired Persons), which

represents people 50 years of age or older, and the American Medical Association endorsed the Affordable Health Care for America Act (H.R. 3962), which was passed by the House of Representatives on November 7, 2009. America's Health Insurance Plans (the health insurers' lobbying organization), PhRMA, the Chamber of Commerce, and other employers' groups opposed it. Lobbyists for Genentech, a subsidiary of Roche, and two Washington law firms ghostwrote at least part of the statements issued by more than a dozen lawmakers; an estimated 42 House members — 22 Republicans and 20 Democrats — used some of the talking points.³

The health sector has historically spent substantially more money lobbying Congress and federal agencies than it has on campaign contributions.⁴ These expenditures complement each other; whereas lobbying is directed at government officials and often involves specific matters, campaign contributions are for elections and may be sent to any

candidate, not just incumbents. Nonetheless, as health care interests have increased their lobbying expenditures, they have also reversed their long-standing pattern of favoring Republican candidates in federal elections.⁵ During the first 9 months of the 2-year 2010 election cycle, the health sector — as well as the insurance industry — contributed more money to Democrats than to Republicans (see Fig. 2). In some races, this shift could make a difference.

Campaign contributions represent the combined total of individual contributions and those from political action committees (PACs). The federal limit for an individual is \$2,300 per candidate per election; primary and general elections are considered separate elections. The Center for Responsive Politics examines the campaign finance data reported to the Federal Election Commission and categorizes contributions of \$200 or more from individual donors or PACs into 13 sectors of the economy.

In the 2008 election cycle, the

sector comprising the finance, insurance, and real estate industries ranked first in campaign contributions, and the health sector ranked sixth. For all federal elections, the health sector donated more to Democrats (54%) than to Republicans (46%), and the insurance industry donated more to Republicans (55%) than to Democrats (45%). Before 2008, the last time that Democrats raised more than Republicans did from health care interests was 1992, when Bill Clinton was elected president, and the last time they raised more from the insurance industry was for the 1990 Congressional elections.

So far in the 2010 election cycle, the Democrats' fund-raising advantage has increased. The health sector has sent 59% of its contributions to Democrats and 41% to Republicans; the insurance industry has split its contributions 54% for Democrats and 46% for Republicans. The Democrats have a broad advantage; they have received 57% of the contributions from the pharmaceutical and health care products industries, 71% of those from hospitals and nursing homes, and 55% of those from health care professionals (including physicians and nurses).

The early data for 2010 primarily reflect donations from PACs, which account for about half of contributions from the health sector and about two thirds of contributions from insurers. Notably, the health sector has contributed more than any other sector to House Speaker Nancy Pelosi (D-CA) and to House Majority Leader Steny Hoyer (D-MD), most of which is from PACs. In the Senate, Majority Leader Harry Reid (D-NV) has been the top recipient of contributions from health care professionals as well as from hospitals and nursing homes.

There are many possible explanations for the Democrats' fund-raising advantage. They include Democratic control of the White House and Congress, the extent to which federal funding and regulation of health care and health insurance are in flux, the efforts of health care interests to maintain their access to and influence with Congressional leaders and the White House, and the health care reforms that the Obama administration has — and those that it has not — pursued. Of course, donors often hedge their bets by contributing to both parties. And the 2010 Congressional elections are a year away;

more individual contributions are likely, and the distribution between the parties could change.

Even with the House's approval of its bill, we are still early in the health care reform process, with major battles ahead. There will be ample opportunities for the health sector and health insurers to continue spending large sums for lobbying and campaign contributions. As Yogi Berra memorably observed, "It ain't over till it's over."

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This article (10.1056/NEJMp0910879) was published on November 18, 2009, at NEJM.org.

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