



Big Pharma Swamps Trump

Trump's Tough Talk on Reining in Big Pharma Price Gouging Belies Deep Industry Influence Over the Trump Administration

By Rick Claypool, a Public Citizen research director

May 11, 2018 – Trump has complained that the pharmaceutical industry, as it price-gouges patients and reaps multibillion-dollar profits, is “getting away with murder.”¹ Despite the tough talk, Big Pharma’s accomplices have swamped the Trump administration.

KEY FINDINGS, BY THE NUMBERS:

- **12:** High-ranking positions have been filled with Big Pharma revolving door insiders and lobbyists, including the heads of the Department of Health and Human Services and the Food and Drug Administration.
- **14:** Number of in-person meetings so far between President Trump and Big Pharma executives.
- **\$1.2 million:** Amount that former Novartis CEO Joe Jiminez agreed to pay a shell company controlled by Trump’s personal attorney and “fixer” Michael Cohen, for reasons that remain unclear.
- **\$62 million:** Amount Big Pharma spent to help elect or defeat candidates, mostly Republicans, in 2016, and the most it has ever spent on political campaigns.
- **\$84.7 million:** Amount Big Pharma spent on lobbying so far in 2018 – more than any other industry and more than double the spending of the runner up (insurance, which spent \$41.6 million).
- **\$279 million:** Amount Big Pharma spent lobbying the Trump administration and Congress in 2017, the most it has ever spent on lobbying.
- **\$76 billion:** Amount the 10 biggest U.S. pharmaceutical companies will save in taxes on profits the companies booked offshore, thanks to the Trump-Republican tax bill.

Trump has staffed health agencies with pharmaceutical lobbyists and industry veterans, had multiple in-person meetings with the industry’s most powerful CEOs and delivered corporate tax cuts that disproportionately benefit Big Pharma and inflate outsized CEO pay. On the electoral front, the pharmaceutical and health care industry spent more than ever during the 2016 elections, mostly to help elect Republicans.

¹ <https://www.usatoday.com/story/news/nation/2018/04/27/trumps-tough-talk-drug-prices-rhetoric-vs-reality/554485002/>

Trump Administration Pharma Conflicts

A review of Trump administration staff members found a dozen high-ranking officials with ties to the pharmaceutical industry. The list includes the administration’s highest ranking health officials, Health and Human Services (HHS) Secretary Alex Azar and the Food and Drug Administration’s Commissioner of Food and Drugs Scott Gottlieb. Azar worked for three years as president of Eli Lilly’s U.S. subsidiary. Gottlieb was a venture capitalist who served on several pharmaceutical corporate boards who accepted hundreds of thousands in consulting and speaking fees from these corporations. Daniel Best, the HHS staff member charged with directing the agency’s drug price reform efforts, spent 12 years working for Pfizer.

Out of the other nine Trump administration officials with ties to the pharmaceutical industry, eight worked as lobbyists for pharmaceutical corporations and one was a lobbyist for the Biotechnology Industry Organization (BIO), a trade group that represents the industry’s interests.

Eight of the twelve serve the Trump administration in HHS or FDA, or oversee policy that is directly related to health policy issues where the pharmaceutical industry has an interest in exerting influence.

Trump administration officials with pharmaceutical industry ties.

Name	Title	Agency	Pharma Connection
Alex Azar	Secretary of Health and Human Services	HHS	President of Eli Lilly’s U.S. subsidiary from 2012 to 2015. ²
Scott Gottlieb	Commissioner of Food and Drugs	FDA	Recipient of consulting and speaking fees from Pfizer, AstraZeneca, GlaxoSmithKline, Bristol-Myers Squibb and Valeant Pharmaceuticals. Former member of GlaxoSmithKline’s Product Investment Board. Venture capitalist with New Enterprise Associates, a firm whose investment portfolio includes biopharmaceuticals, medical devices and health care services. ³
Joe Grogan	Associate Director, Health	OMB	Lobbyist for Gilead Sciences from 2011 to 2017. ⁴
Erin Estey Hertzog	Attorney, Office of the General Council	CMS (HHS)	Director of health law and policy at the Biotechnology Industry Organization (BIO). ⁵

² <https://www.linkedin.com/in/azaralex/>

³ <https://www.citizen.org/media/press-releases/venture-capitalist-gottlieb-has-too-many-conflicts-run-fda-we-need-nominee-who>

⁴ https://www.opensecrets.org/revolving/rev_summary.php?id=77280

⁵ <https://www.linkedin.com/in/erin-estey-hertzog-12904b40/>

Lance Leggitt	Chief of Staff	HHS	Lobbyist for Baker Donelson Bearman Caldwell & Berkowitz working on behalf of health care industry clients. ⁶ Received a waiver from Trump administration lobbying rules forbidding former lobbyists from working on issues on which they recently lobbied. ⁷
Keagan Lenihan	Associate Commissioner for Strategic Initiatives	FDA	Lobbyist for McKesson from 2011 to 2016. Original role in Trump administration was as senior advisor to disgraced HHS Secretary Tom Price. Reportedly recruited to FDA by Gottlieb. ⁸
Daniel Best	Senior Advisor to the Secretary for Drug Pricing Reform	HHS	Best worked for Pfizer for 12 years and most recently served as a CVS Caremark vice president. ⁹
Timothy Clark	Senior Advisor to the Secretary (unclear if still in office post-Price)	HHS	President and Founder of Clark Strategy Group, which listed PhRMA among its clients. ¹⁰ Also represented pharmaceutical companies Eisai (2014-2018) and Sanofi (2006-2014). ¹¹
Wayne Palmer	Senior White House Advisor	DOL	Lobbied for Astrazeneca Pharmaceuticals (2008-2011) and Alliance for Healthcare Competitiveness (2014-2016).
Robert Wasinger	Senior Advisor	State	Lobbied for Inovio Pharmaceuticals for McGuireWoods Consulting in 2017.
Stein Erik	Special Advisor	Treasury	Lobbied for Eli and Lilly and Company in 2016 and 2017.
John Myers	Special Assistant	Treasury	Lobbied for Astrazeneca Pharmaceuticals LP (2014-2017), United for Medical Research (2011-2014) and Trygg Pharma (2012-2013).

Source: Public Citizen review of Lobbying Disclosure Act records and other sources noted.

Outside of the administration is the \$1.2 million Novartis paid Trump's personal attorney and "fixer" Michael Cohen.¹² The arrangement reportedly arose between former Novartis CEO Joe Jiminez and Cohen.¹³ A Novartis spokesperson said the payment was part of an

⁶ <https://www.linkedin.com/in/lance-leggitt-31284a8/>

⁷ <https://www.nytimes.com/2017/06/07/us/politics/lobbyists-ethics-waivers-trump-administration.html>

⁸ <https://www.statnews.com/2018/03/05/fda-strategic-hires/>

⁹ <https://thinkprogress.org/pharmaceutical-exec-trump-drug-pricing-reform-453f7bb6108d/>

¹⁰ <https://www.fiercehealthcare.com/healthcare/5-names-to-know-trump-s-beachhead-team-at-hhs>

¹¹ <https://www.linkedin.com/in/tim-clark-5636b56/>

¹² <https://www.cnbc.com/2018/05/09/novartis-paid-trumps-lawyer-michael-cohen-more-than-1-million-for-work-he-was-unable-to-do-company-says.html>

¹³ <https://www.statnews.com/pharmalot/2018/05/09/trumps-lawyer-cohen-fixer-novartis/>

attempt to “find an inroad into the administration,” and that “Cohen promised access to not just Trump, but also the circle around him. It was almost as if we were hiring him as a lobbyist.” The payment was not disclosed, as federal law requires lobbying fees are required to be.

Trump’s Pharma Connections

Trump met in person with groups of corporate executives representing influential industries during the first year of his presidency. These meetings, which the administration publicized, came to an abrupt halt after President Trump refused to hold neo-Nazi and white supremacist groups accountable when an anti-racist demonstrator was killed during protests in Charlottesville, Va. The more than 300 in-person meetings between Trump and corporate executives were more than triple the number of executives with whom President Obama met during his first seven years in office (the time period for which data is available).¹⁴

Big Pharma executives are well represented among those who met with Trump. A review of Politico’s Unofficial White House visitor logs database¹⁵ reveals Trump has met with at least ten pharmaceutical company executives. Eight of these executives joined Trump during a highly publicized meeting on January 31, 2017.¹⁶ After the meeting, Trump’s comments suggested a priority shift, with tax cuts and deregulation being prioritized over pricing.¹⁷

Worth noting is that Merck CEO Kenneth Frazier was the first executive to resign from the White House advisory councils over Trump’s Charlottesville remarks. After Charlottesville, the only reported meeting between Trump and a pharmaceutical executive was with Novartis’s Vas Narasimhan, with whom the president shared a dinner among other business leaders attending the World Economic Forum in Davos, Switzerland.¹⁸

¹⁴ <https://www.citizenvox.org/2017/08/24/charlottesville-300-corporate-executives-cozying-president-trump/>

¹⁵ <https://www.politico.com/interactives/databases/trump-white-house-visitor-logs-and-records/index.html>

¹⁶ <http://www.businessinsider.com/trump-meeting-with-pharma-executives-2017-1>

¹⁷ <https://www.vox.com/policy-and-politics/2017/1/31/14453740/trump-medicare-prescription-drugs>

¹⁸ <https://www.nytimes.com/2018/01/26/business/trump-davos-speech-response.html>

Pharmaceutical executives who met with President Trump.

Company	Executive	Title	Meeting Dates
Amgen	Robert Brad	CEO	1/31/17
Bayer AG	Werner Baumann	CEO	1/11/17
Celgene	Robert Hugin	Executive Chairman	1/31/17
Eli Lilly	Dave Ricks	CEO	1/31/17
Johnson & Johnson	Alex Gorsky	CEO	1/23/17, 1/31/17, 2/23/17
Johnson & Johnson	Joaquin Duato	EVP and Worldwide Chairman, Pharmaceuticals	1/31/17
Merck	Kenneth Frazier	Chairman/CEO	1/31/17, 2/23/17, 2/24/17
Novartis AG	Joe Jimenez	CEO	1/31/17
Novartis International	Vas Narasimhan	CEO	1/25/18
PhRMA	Stephen J. Ubl	CEO	1/31/2017

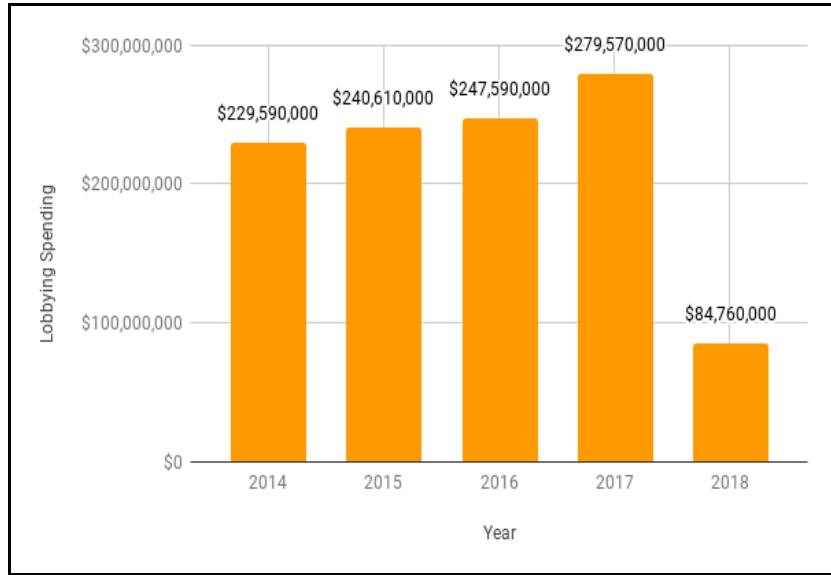
Source: Politico¹⁹

Trump’s Pharma Lobbyist Swamp

In 2017, the pharmaceutical and health products industries spent \$279 million lobbying the Trump administration and Congress, the most it has ever spent on lobbying.

¹⁹ <https://www.politico.com/interactives/databases/trump-white-house-visitor-logs-and-records/index.html>

Pharmaceutical and health products industry lobbying spending, by year.



Source: OpenSecrets.org

So far in 2018, the pharmaceutical and health products industry has spent \$84.7 million on lobbying – more than any other industry and more than double the spending of the runner up (the insurance industry, which spent \$41.6 million).²⁰

In 2017, the 20 largest Big Pharma lobbying spenders spent \$49.7 million, nearly a fifth of the \$279.57 million total.

Largest 20 pharmaceutical industry lobbying spenders.

Client/Parent	Total
Pharmaceutical Research & Manufacturers of America	\$10,073,750
Pfizer Inc	\$4,650,000
Bayer AG	\$3,620,000
Amgen Inc	\$3,310,000
Merck & Co	\$3,310,000
Novartis AG	\$3,300,000

²⁰ <https://www.opensecrets.org/lobby/top.php?indexType=i&showYear=2018>

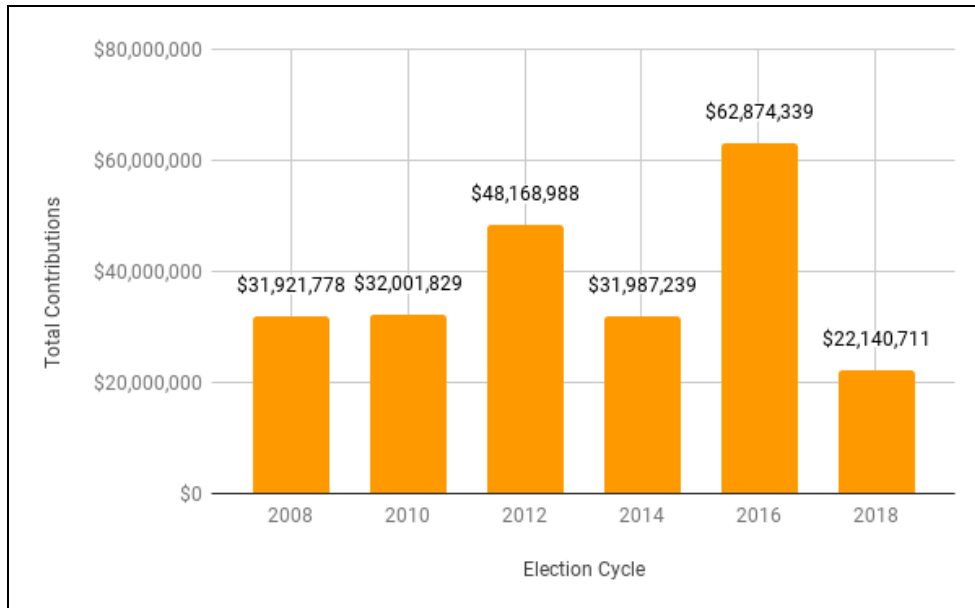
AbbVie Inc	\$2,890,000
Biotechnology Innovation Organization	\$2,370,000
Sanofi	\$2,030,000
Mylan Inc	\$1,570,000
Novo Nordisk Pharmaceuticals	\$1,460,000
Allergan plc	\$1,450,000
Johnson & Johnson	\$1,400,000
Eli Lilly & Co	\$1,380,000
Roche Holdings	\$1,372,279
Celgene Corp	\$1,220,000
Takeda Pharmaceutical Co	\$1,190,000
GlaxoSmithKline	\$1,110,000
Alkermes Plc	\$1,000,000
Horizon Pharma	\$1,000,000
TOTAL	\$49,706,029

Source: OpenSecrets.org

Trump's Pharma Contributions

The pharmaceutical industry's spends millions to influence elections. In 2016, the industry spent more than \$62 million to help elect or defeat lawmakers, more than it had ever spent before. In the 2018 election cycle, the industry so far has spent more than \$22 million.

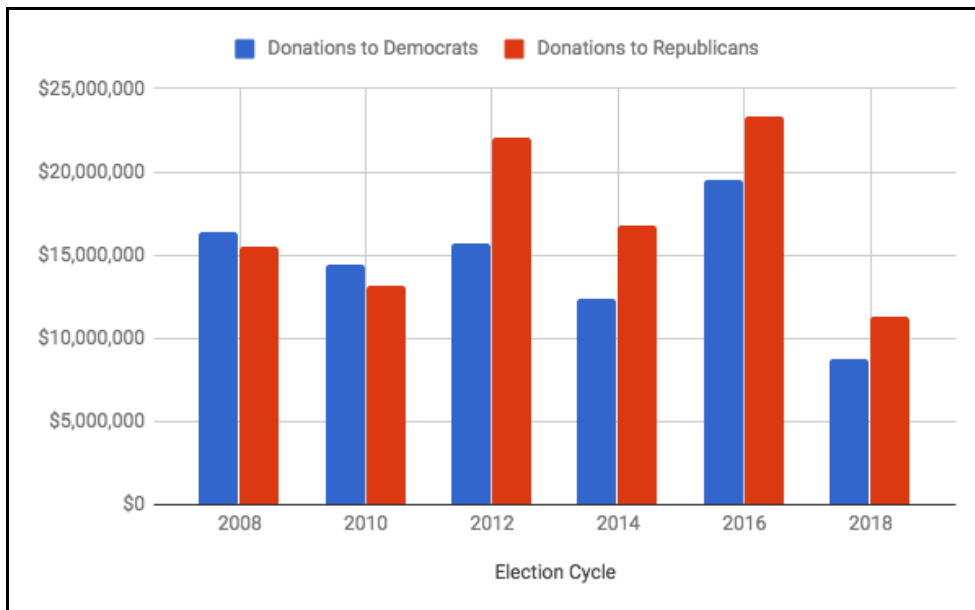
Pharmaceutical industry political spending by election cycle, 2008 through April 2018.



Source: OpenSecrets.org

Since the 2012 election cycle, the industry’s spending has favored Republicans. Spending so far in the 2018 cycle continues this trend.

Pharmaceutical industry political spending by election cycle, split by party, 2008 through April 2017.



Source: OpenSecrets.org

Trump's Tax Scam: A Multibillion-dollar Gift for Big Pharma Shareholders and Executives

The tax bill that the Republican-controlled Congress passed and which President Trump signed into law in December 2017 lowered the corporate tax rate to 21 from 35 percent. On profits booked outside the U.S., the rate was reduced even more, to 15.5 percent on cash and 8 percent if those profits are invested in on non-cash "illiquid assets" (i.e., buildings).²¹

Five top pharmaceutical corporations will save \$6.8 billion in 2018. The ten largest will save more than \$76 billion on offshore profits alone.²²

Pharmaceutical industry tax cuts on offshore profits.

Company	One-Time Tax Cut on Offshore Profits
AbbVie	\$3,881,000,000
Amgen	\$5,500,000,000
Biogen	\$1,060,400,000
Bristol-Myers Squibb	\$4,827,300,000
Celgene	\$1,953,700,000
Eli Lilly	\$4,492,000,000
Gilead Sciences	\$7,000,000,000
Johnson & Johnson	\$9,031,800,000
Merck	\$13,135,900,000
Pfizer	\$25,503,000,000
TOTAL	\$76,385,100,000

Source: Americans for Tax Fairness report, "Bad Medicine: How GOP Tax Cuts Are Enriching Drug Companies, Leaving Workers & Patients Behind"²³

Six of these large pharmaceutical corporations have announced stock buybacks totaling \$45 billion. Buybacks reduce the quantity of available shares, which raises the value of shares. Increasing share value disproportionately benefits the very wealthy, as the top ten percent of shareholders own 84 percent of all stocks.²⁴

²¹ <http://fortune.com/2017/12/29/irs-tax-rate-guidance-foreign-income/>

²² <https://americansfortaxfairness.org/wp-content/uploads/Pharma-Tax-Cut-Report-4.26.18-FINAL-.pdf>

²³ <https://americansfortaxfairness.org/wp-content/uploads/Pharma-Tax-Cut-Report-4.26.18-FINAL-.pdf>

²⁴ <http://time.com/money/5054009/stock-ownership-10-percent-richest/>

Pharmaceutical industry stock buybacks

Company	Stock Buybacks Announced Since Nov. 28, 2017
AbbVie	\$10,000,000,000
Amgen	\$10,000,000,000
Celgene	\$5,000,000,000
Merck	\$10,000,000,000
Pfizer	\$10,000,000,000
Total	\$45,000,000,000

Source: Americans for Tax Fairness report, "Bad Medicine: How GOP Tax Cuts Are Enriching Drug Companies, Leaving Workers & Patients Behind"²⁵

²⁵ <https://americansfortaxfairness.org/wp-content/uploads/Pharma-Tax-Cut-Report-4.26.18-FINAL-.pdf>