

The Medicare Drug War:

**An Army of Nearly 1,000 Lobbyists Pushes a
Medicare Law that Puts Drug Company and HMO
Profits Ahead of Patients and Taxpayers**



**Congress Watch
June 2004**

Acknowledgments

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Executive Summary

To help push through Medicare prescription drug legislation that will safeguard their bottom lines at the expense of America's taxpayers, the pharmaceutical industry, HMOs and related interests spent nearly \$141 million on Washington lobbying in 2003. Drug companies, HMOs, their trade associations and industry-funded advocacy groups deployed at least 952 lobbyists to do their bidding on Capitol Hill and at the White House.

Public Citizen has conducted an annual study of Washington lobbying by the pharmaceutical industry since 1997. The extent of the pharmaceutical industry's latest lobbying blitz recently became clear with the release of federal lobbying disclosure records for 2003. Public Citizen's analysis of these documents shows:

- In 2003, the drug industry – broadly defined as brand-name, generic and biotech drugmakers, select biomedical device makers, pharmacy benefit managers and distributors, and related advocacy groups – spent a record \$108.6 million on federal lobbying activities.
- The drug industry hired 824 individual lobbyists in 2003 – an all-time high. That's more than eight lobbyists for each member of the U.S. Senate. In 2002, based on a more narrowly defined survey, the drug industry spent \$91.4 million and hired 675 lobbyists.
- The Pharmaceutical Research & Manufacturers of America (PhRMA), which represents more than 40 brand-name drug companies, shelled out more than \$16 million last year, a 12.5 percent increase from the year before. PhRMA alone hired 136 lobbyists, 24 more than in 2002.

The drug companies weren't the only big winners from the Medicare bill. HMOs and other managed-care health plans have plenty of reasons to cheer the new law, which may increase their revenues by as much as \$531.5 billion, according to the Medicare actuary. Passage of the bill was preceded by intense industry lobbying in Washington. Public Citizen's analysis of lobbying disclosure records for HMOs and health plans found:

- Managed care companies that lobbied on the Medicare bill spent \$32.3 million on federal lobbying in 2003.
- HMOs and health plans hired 222 lobbyists to lobby on the Medicare bill last year – 42 percent of whom also represented the drug industry.
- The Blue Cross Blue Shield Association spent more on lobbying than any other health plan in 2003, shelling out \$8.1 million. The two major industry trade associations – the American Association of Health Plans (AAHP) and the Health Insurance Association of America (HIAA), which merged in October 2003 – spent a combined \$8.3 million last year. Five other HMOs spent at least \$1 million each on lobbying.

Both the pharmaceutical and managed care industries relied heavily on lobbyists with “revolving door” connections to Congress, the White House and the executive branch. Close to half of all the lobbyists hired by drug companies, HMOs and related interests previously worked for the federal government:

- In all, 431 lobbyists working for the drug industry or HMOs – or 45 percent of all their lobbyists – have spun through the “revolving door” between K Street and the federal government, leaving their government jobs for lucrative lobbying positions.
- Among those lobbyists were 30 former U.S. senators and representatives – 18 Republicans and 12 Democrats.

Passage of the Medicare bill set in motion an exodus from the Bush administration. At least four key officials appointed by the president have left the administration to help their new industry clients benefit from the Medicare bill that they wrote or promoted:

- **Tom Scully**, chief administrator for the Centers for Medicare and Medicaid Services (CMS) – and Bush’s lead negotiator on the prescription drug bill – began negotiating with half a dozen potential employers while still haggling with Congress over the Medicare legislation. Scully eventually accepted jobs from both the lobbying firm Alston & Bird and the private equity investment firm Welsh, Carson, Anderson & Stowe. Since Scully came on board, Alston & Bird has signed up at least a dozen new health care clients, including Abbott Laboratories and Aventis Pharmaceuticals.
- Just a day after the Medicare bill was signed into law, **Thomas Grissom**, director of the Center for Medicare Management, jumped ship to become the top lobbyist for medical device maker Boston Scientific. As a top official at CMS, Grissom was in charge of developing reimbursement policies and regulations for the Medicare fee-for-service program and overseeing Medicare’s \$240 billion contractor budget.
- In January 2004, **Dallas “Rob” Sweezy**, director of public and intergovernmental affairs at CMS, joined National Media Inc. – the advertising firm hired by the Bush administration to produce television ads touting the new Medicare law. In May, Sweezy moved over to the lobbying firm Loeffler Jonas and Tuggey, which represents Bristol-Myers Squibb, Purdue Pharma, First Health and PacifiCare.
- **James C. Capretta**, the top official on Medicare policy development at the Office of Management and Budget (OMB), left the White House in mid-June 2004 to join Wexler & Walker Public Policy Associates. Amgen, Hoffman-LaRoche, PacifiCare and Wyeth are among the firm’s clients.

At least 11 top staffers who earlier had left the Bush administration lobbied for the drug industry and HMOs in 2003. White House and administration insiders now working as lobbyists include:

- **Jack Howard**, a former deputy director of legislative affairs for President Bush, who now works at Wexler & Walker Public Policy Associates. From 2001 to 2003, Howard

promoted the president's agenda in Congress as the second-ranking member of the White House legislative affairs operation. Howard's current clients include Amgen, PacifiCare and Wyeth.

- As a special assistant to the president for legislative affairs, **Dirksen Lehman** served as the chief White House liaison to the Senate for Medicare, Medicaid and other health care regulations. Lehman became a lobbyist for Clark & Weinstock in May 2003. During the Medicare debate, he focused on key Senate committees on behalf of clients such as Aventis Pharmaceuticals, Novartis and PhRMA.
- **Robert Marsh**, another White House legislative affairs staffer, has been connected to White House Chief of Staff Andrew Card since George H.W. Bush's first presidential run in 1979. Marsh left the White House in 2003 to join the OB-C Group, where he has represented the Blue Cross Blue Shield Association and WellPoint.
- As deputy director of the White House Office of Public Liaison, **Kirk Blalock** regularly strategized with Karl Rove and rallied business support for the president's tax cuts and other issues. Among his clients at Fierce, Isakowitz & Blalock – the firm he joined in 2002 – are the Generic Pharmaceutical Association and the Health Insurance Association of America. Blalock is also a leading fundraiser for President Bush.
- Barbour, Griffith & Rogers hired **Robert Wood**, former chief of staff for HHS Secretary Tommy Thompson, in June 2003. Wood directs state affairs at Barbour Griffith, but lobbied Congress on behalf of Bristol-Myers Squibb, GlaxoSmithKline, Pfizer, PhRMA and the United Health Group.

Another six top congressional staffers at the center of negotiations over the Medicare bill also have cashed in on K Street:

- As the lead Senate staff member for the Medicare conference committee, **Linda Fishman** briefed House and Senate members and staff on a daily basis and worked closely with leadership in both chambers on the prescription drug legislation. She since has joined Hogan & Hartson, whose clients include GlaxoSmithKline and PhRMA, as a health policy adviser.
- Just three days after the signing of the Medicare law, for which he was one of the lead Senate negotiators, **Colin Roskey** left his job as health policy adviser and counsel for the Senate Finance Committee to take a position with Alston & Bird – the same firm that hired former Medicare chief Tom Scully.
- As staff director of the House Ways and Means Committee's health subcommittee, **John McManus** was one of the key architects of the Medicare legislation. However, just two months after the Medicare bill became law, McManus started his own health care consulting firm, the McManus Group. His new clients include PhRMA and Genentech.

- **Patrick Morrissey**, who served as the deputy staff director and chief health counsel for the House Energy and Commerce Committee under Rep. Billy Tauzin (R-La.), was hired in March 2004 by Sidley Austin Brown & Wood, a lobbying firm that represents PhRMA, Genentech and the Biotechnology Industry Organization (BIO). Morrissey's colleague **James White** left his position as Tauzin's legislative director to join Abbott Laboratories in January.
- **Sarah Walter** departed from her position as legislative director and chief health policy adviser for Sen. John Breaux (D-La.), one of the two Democrats who participated in negotiations over the Medicare bill, to take a position with Venn Strategies – whose clients include Eli Lilly.

But the revolving door spins both ways. Several prominent drug industry and HMO lobbyists have moved into the Bush administration where they are in a position to promote the interests of their former employers:

- **Doug Badger** became Bush's top health policy adviser after helping to bring in more than \$1 million for Washington Council Ernst & Young in 2002 from clients like Aventis Pharmaceuticals, Baxter Healthcare, Biogen, Eli Lilly, Johnson & Johnson and Pfizer.
- **Julie Goon**, a former lobbyist for the AAHP, was hired by HHS in January 2004 as first special assistant to Secretary Thompson. As director of Medicare outreach, Goon is leading the agency's PR efforts touting the benefits of the new prescription drug benefit.
- The October 2003 merger of AAHP and HIAA left **Don Young**, HIAA's president, out in the cold. But Young wasn't unemployed for long. He soon joined HHS as a deputy assistant secretary in charge of the Office of Health Policy.
- **Ann-Marie Lynch**, the principal assistant deputy secretary for planning and evaluation at HHS, is a former lobbyist for PhRMA.

Drug industry and HMO executives and lobbyists also ranked among the elite fundraisers in federal elections.

- Twenty-one executives and lobbyists achieved "Ranger" or "Pioneer" status by raising at least \$200,000 or \$100,000, respectively, for President Bush in the 2000 or 2004 campaigns. These Rangers and Pioneers have collected at least \$3.4 million for Bush.
- The Rangers and Pioneers include five executives from brand-name drug companies, six officials from HMOs or managed care plans, the CEO of a pharmacy services company that runs a PBM, the head of a direct-mail pharmacy, and eight prominent Washington lobbyists who represent drug companies and HMOs.
- In addition, two of presumptive Democratic nominee John Kerry's biggest backers were lobbyists on the drug industry payroll in 2003.

Medicare Profiteers

The massive Medicare prescription drug legislation passed by Congress and signed into law by President Bush last December started out as a benefit for seniors and people with disabilities when the drive for it began back in the 1990s. But it has ended up being a bust for most Medicare beneficiaries and a boon to special interests.

The average senior will have about \$3,160 in total drug costs in 2006 when the program kicks in.¹ Under the new Medicare law, the average senior will have to pay 66 percent of that amount, or \$2,080. This is because most seniors will have to pay the \$420 annual premium, a yearly deductible of \$250, and the co-payments on drugs purchased. Co-payments are 25 percent on the first \$2,250 in expenses but 100 percent on drug costs from \$2,251 to \$5,100.² This is the “doughnut hole” in the benefit. Only low-income seniors – about one-third of the Medicare population – will be spared these substantial costs.³

The undisputed winners from this boondoggle were pharmaceutical and managed care companies. The drugmakers – among the nation’s most profitable industries – secured billions in additional prescription drug spending and ensured that the new drug benefit will be provided through private insurance companies rather than under the traditional Medicare program, as most hospital and physician coverage is now provided. The bill prohibits the government from using its bargaining clout to negotiate lower prices. It also effectively prevents the importation of prescription drugs from Canada, where drugs often cost half the U.S. price.⁴ [See Figure 1]

The new Medicare law could provide hundreds of billions more to health maintenance organizations (HMOs) and other managed care companies as well as private indemnity plans offering drug-only coverage. What began as an effort to provide drug coverage has turned out to be a major recruitment tool for HMOs. The law is larded with financial incentives to encourage HMOs and other managed care entities to lure Medicare beneficiaries away from the traditional program, thereby more deeply privatizing the program.⁵ Among other things, at least in the early years, managed care companies will be paid another 7 percent more per beneficiary than government analysts calculate they should be paid, because they primarily recruit younger and healthier seniors who cost less to cover.⁶

Figure 1
What Special Interests Got in the Medicare Drug Law

	What Special Interests Got	Value
Drug Industry	Drug coverage is provided through private insurance companies not the traditional Medicare program, eliminating government authority to negotiate lower drug prices.	
	Expanded markets for drugs as more Medicare beneficiaries will have some drug coverage.	No estimate available on net new drug spending
	Medicare is prohibited from using its bargaining clout on behalf of 41 million beneficiaries to directly negotiate deep drug price discounts. ^a	No estimate available
	An effective ban on the reimportation of prescription drugs from Canada and other industrialized countries, where drugs cost about 45% less than in the U.S. ^b	\$40 billion over 10 years ^c
HMOs & Private Insurance Companies	Drug coverage is provided through HMOs and private insurance companies not the traditional Medicare program.	
	Enrollment in managed care plans (Medicare Advantage) is expected to climb from 12% in 2004 to 32% in 2009, according to the Medicare actuary. ^d	\$531.5 billion increase in company revenues (2004-2013) over the old Medicare + Choice program, according to the Medicare actuary. ^g
	Managed care plans will get a windfall “due to the higher payment rates starting in 2004 and the restructured payment formula in 2006 and later.” ^e These changes were made to expand participation in HMOs despite the fact that they are already overpaid compared to the cost of delivering care under the traditional Medicare fee-for-service program.	\$34 billion ^h
	Subsidies are provided to Preferred Provider Organizations (PPOs) to encourage them to establish plans in areas of low managed care enrollment. ^f	\$12 billion ⁱ

^a New 42 U.S.C. 1860D-11(i) as added by Sec. 101 of H.R. 1.

^b New 21 U.S.C. 804(l)(1)(a) as added by Sec. 1121 of H.R. 1; Congressional Budget Office, “Would Prescription Drug Importation Reduce U.S. Drug Spending?” p. 4, April 29, 2004.

^c CBO, p. 5, April 29, 2004; estimates range from 35 percent to 55 percent.

^d Statement of Rick Foster, Chief Actuary, Centers for Medicare and Medicaid Services, Testimony Before the House Committee on Ways and Means, March 24, 2004, p. 11.

^e Foster Ways and Means Committee testimony, March 24, 2004, p. 11.

^f New 42 U.S.C. 1858(e) as added by Sec. 221 of H.R. 1.

^g Data provided by Centers for Medicare and Medicaid Services, Office of the Actuary, June 23, 2004. Baseline spending for Medicare+Choice was projected at \$387.8 billion from 2004-2013. Projected spending for Medicare Advantage is \$919.3 billion over the same period.

^h Foster Ways and Means Committee testimony, March 24, 2004, p. 11.

What's the secret of their success in Washington? In a word: money. The drug industry and HMOs spent nearly \$141 million on lobbying in Washington last year, unleashing a swarm of 952 lobbyists to do their bidding on the Medicare bill and other key legislation. [See Figure 2]

However, these figures represent only a portion of what the drug industry and HMOs actually spent on efforts to influence the government. These companies and trade associations are required to report only their expenditures on lobbying Congress, the White House and the rest of the executive branch.

Uncounted are the millions more these firms spent on public relations, print and television advertising, campaign contributions, direct-mail efforts, state-level lobbying, opposition research and other undisclosed advocacy efforts.

Last year saw an 18.8 percent increase in drug industry lobbying expenditures from \$91.5 million in 2002 to \$108.6 million in 2003. The number of lobbyists hired by the drug industry increased 22.1 percent from 675 in 2002 to 824 in 2003.

These increases can be partly explained by a revised methodology – designed to provide a fuller account of the drug industry's Washington lobbying activities – which uncovered 17 companies and advocacy groups whose earlier lobbying expenditures were not included in previous editions of this study.⁷ However, even excluding these new additions, the entire industry increased spending on Washington lobbying by nearly 8 percent in 2003 and hired more lobbyists than ever before.

Figure 2
Drug Industry and HMO Lobbying, 2003

Industry Category	Lobbying Expenditures	Number of Lobbyists
Drug Industry	\$108,576,347	824
HMOs and Managed Care Plans ⁱ	\$32,313,304	222
Total	\$140,889,651	952^k

Source: Public Citizen analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House.

ⁱ Foster Ways and Means testimony, March 24, 2004, p. 11.

^j Figures include only companies and trade associations that lobbied on Medicare.

^k Sum of lobbyists exceeds 952 because many worked for both the drug industry and HMOs.

Big Pharma's Big Bucks

Public Citizen defines the drug industry broadly as brand-name, generic and biotech drugmakers and their trade associations, select medical device makers with similar lobbying agendas, pharmacy benefit managers (PBMs), pharmacy distributors, and drug industry funded advocacy groups.

Brand-name pharmaceutical companies were responsible for nearly 73 percent of total drug industry spending on lobbying. PhRMA and its members spent nearly 20 times as much as their generic counterparts on efforts to influence Washington policy-makers. Brand-name companies employed almost seven lobbyists for every one employed by generic firms. [See Figure 3]

PhRMA, which represents more than 40 brand-name drug companies, shelled out more than \$16 million on lobbying last year, a 12.5 percent increase from the year before. PhRMA alone hired 136 lobbyists, 24 more than the previous year.

Figure 3
Drug Industry Lobbying By Industry Category, 2003

Industry Category	Lobbying Expenditures	% of Total Spending	Number of Lobbyists
Brand-Name Pharmaceutical Makers ^a	\$79,201,702	72.9%	526
Biotechnology Companies ^b	\$10,499,080	9.7%	224
Other Drug-Related Interests ^c	\$7,187,838	6.6%	33
Select Biomedical Device Makers ^d	\$5,088,165	4.7%	69
Generic Pharmaceutical Makers ^e	\$4,401,000	4.1%	80
Pharmacy Benefit Managers and Distributors ^f	\$2,198,562	2.0%	49
Total	\$108,576,347	100%	824^g

Source: Public Citizen analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House. [See Appendix A.]

^a The Pharmaceutical Research & Manufacturers of America (PhRMA) and its members.

^b Biotechnology Industry Organization (BIO) and its members that specialize in pharmaceuticals.

^c Drug industry coalitions and industry-funded groups that lobbied on prescription drug issues. Includes the Consumer Healthcare Products Association, Healthcare Leadership Council, Seniors Coalition, 60 Plus Association and United Seniors Association.

^d Biomedical device makers with a lobbying agenda resembling that of biotechnology and pharmaceutical companies.

^e Generic Pharmaceutical Association (GPhA) and its members.

^f Includes members of the Pharmaceutical Care Management Association, which represents pharmacy benefit managers (PBMs), and the Healthcare Distribution Management Association, which represents wholesale pharmacy distributors.

^g Sum of number of lobbyists exceeds 824 because many worked for clients in different industry categories.

The top 10 pharmaceutical companies, trade associations and advocacy groups spent \$59.8 million on lobbying in 2003, accounting for 55 percent of the industry's total lobbying expenditures. Twenty-six drug companies, trade associations and advocacy groups spent at least \$1 million on lobbying in 2003. [See Figure 4]

The Biotechnology Industry Organization and its members that specialize in pharmaceuticals are included in the study because they pursue similar agendas as the brand-name drugmakers on intellectual property, drug pricing and Medicare reimbursement issues. In addition, a select group of biomedical device makers – which specialize in invasive cardiovascular products and drug-delivery systems – have been included because their lobbying on Medicare and other issues paralleled the agendas of the biotech and pharmaceutical companies.

For a complete list of all drug industry companies and allied groups that spent \$10,000 or more on lobbying from 1998 to 2003, see Appendix A.

For the first time, this year's study also includes the lobbying expenditures of PBMs, the firms that negotiate with drug companies on behalf of HMOs and health insurers and process prescription drug claims. The PBMs – major beneficiaries of the new law – will not only play a central role in managing the prescription drug benefit, but also will administer many of the drug discount cards being issued until the Medicare drug benefit takes effect in 2006. The largest pharmacy distributors – wholesalers who sell prescription drugs to pharmacies, hospitals and doctors – also stand to profit from the new drug benefit and have played a leading role in opposing the “reimportation” of prescription drugs from Canada.

Several other drug-related interest groups also have been added to this year's survey for the first time. They include the Healthcare Leadership Council, an alliance of pharmaceutical company and other healthcare industry CEOs that spent \$1.1 million on Washington lobbying last year, as well as three advocacy groups – the Seniors Coalition, 60 Plus Association, and the United Seniors Association – which appear to accept substantial funding from PhRMA that they spend to promote the drug industry's legislative agenda.⁸

Those three groups all share connections to conservative direct mail guru Richard Viguerie and may be best known for their election season advertising and direct mail efforts aimed at boosting mostly Republican congressional candidates and defeating Democrats deemed hostile to the drug industry.⁹ But they've also directly lobbied Congress, the White House and the Department of Health and Human Services on Medicare and other issues.¹⁰ The Seniors Coalition spent nearly \$5.3 million on lobbying in 2003 – more than all the drug companies and trade groups except for PhRMA, Merck and Bristol-Myers Squibb.¹¹

Figure 4
Federal Lobbying Expenditures and Number of Lobbyists for Drug Industry, 2003 vs. 2002

Company/Association	2003		2002		Changes 2003 vs. 2002	
	# of Lobbyists	Amount	# of Lobbyists	Amount	% Change in # of Lobbyists from 2002	% Change in Amount from 2002
PhRMA	136	\$16,040,000	112	\$14,260,000	21.4%	12.5%
Merck & Co.	25	7,460,000	26	7,330,294	-3.8%	1.8%
Bristol-Myers Squibb	72	5,320,000	58	4,900,000	24.1%	8.6%
Seniors Coalition†	5	5,270,000	--	--	--	--
GlaxoSmithKline	35	4,950,000	33	4,100,000	6.1%	20.7%
Eli Lilly and Co.	49	4,760,000	64	6,800,000	-23.4%	-30.0%
Johnson & Johnson	51	4,340,000	56	3,723,160	-8.9%	16.6%
Biotechnology Industry Organization (BIO)	67	4,260,000	46	3,540,000	45.7%	20.3%
Pfizer	84	3,720,000	94	3,600,000	-10.6%	3.3%
Abbott Laboratories	33	3,720,000	27	2,600,000	22.2%	43.1%
Top 10 Subtotal	--	\$59,840,000	--	\$50,853,454	--	17.7%
Hoffmann-La Roche	24	3,201,693	20	2,569,810	20.0%	24.6%
Wyeth	38	3,000,000	50	4,134,375	-24.0%	-27.4%
Novartis Pharmaceuticals	30	2,953,706	39	3,440,000	-23.1%	-14.1%
Procter & Gamble	16	2,792,611	14	2,823,472	14.3%	-1.1%
Amgen	40	2,740,000	47	2,940,000	-14.9%	-6.8%
Aventis Pharmaceuticals	20	2,570,712	34	2,440,000	-41.2%	5.6%
Baxter International	17	2,100,000	31	1,882,209	-45.2%	11.6%
Schering-Plough	12	1,850,000	13	1,840,000	-7.7%	0.5%
Bayer Corp.‡	13	1,600,000	4	1,582,067	225.0%	1.1%
AstraZeneca	11	1,520,000	8	1,160,000	37.5%	31.0%
Genzyme	22	1,500,000	29	1,120,000	-24.1%	33.9%
Teva Pharmaceuticals	2	1,140,000	2	620,000	0.0%	83.9%
Purdue Pharma	19	1,100,000	11	630,000	72.7%	74.6%
Genentech	25	1,180,000	33	1,460,000	-24.2%	-19.2%
Healthcare Leadership Council†	17	1,080,000	--	--	--	--
Top 25 Subtotal	--	\$90,168,722	--	\$79,495,387	--	13.4%
Other firms and associations	--	\$18,407,625	--	\$10,934,636	--	68.3%
TOTAL	824^a	\$108,576,347	675	\$91,392,932	22.1%	18.8%

Source: Public Citizen analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House.

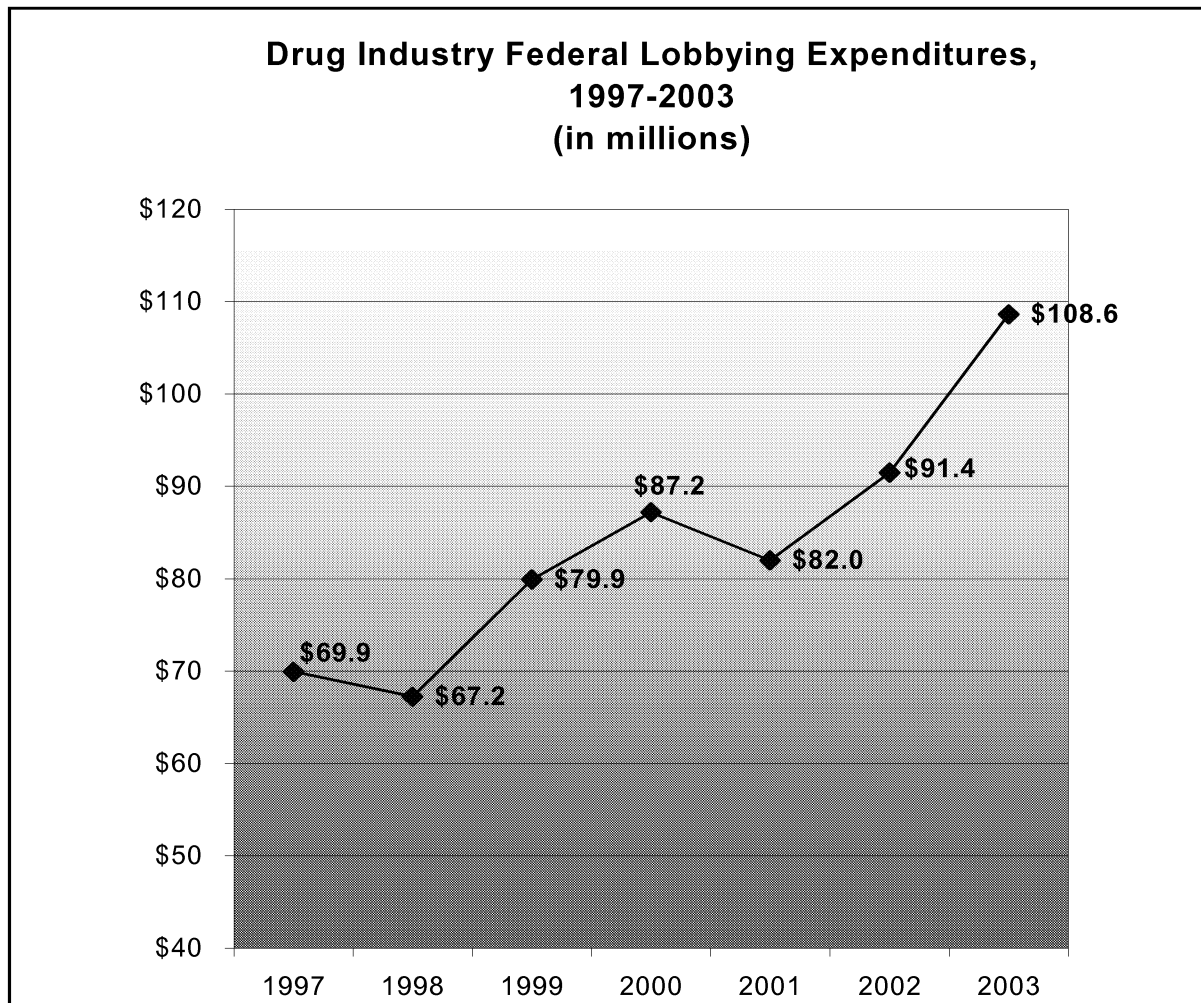
† Organization not included in previous editions of Public Citizen's *The Other Drug War*.

‡ Total spending based on an estimate because firm's complete report(s) for the second half of 2003 has not yet been posted by the U.S. Senate Office of Public Records (<http://sopr.senate.gov/>).

^a Sum of number of lobbyists does not equal 824 because many worked for more than one client.

Overall, the pharmaceutical industry reached all-time highs last year in lobbying expenditures and the number of lobbyists hired. Since Public Citizen began tracking the drug lobby in 1997, the drug industry has spent nearly \$600 million on federal lobbying in Washington. [See Figure 5]

Figure 5



Source: Public Citizen analysis of lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House, 1997-2003.

HMO and Managed Care Company Lobbying

Public Citizen further expanded its annual study on drug industry lobbying this year by tracking the lobbying expenditures of HMOs and other managed care plans that lobbied on the Medicare bill. Analyzing lobby disclosure reports filed with Congress, Public Citizen found that managed care companies that lobbied on the Medicare bill spent \$32.3 million on federal lobbying in 2003.

Public Citizen focused its study on the members of America's Health Insurance Plans (AHIP) – a new trade association created from the October 2003 merger of the American Association of Health Plans (AAHP) and the Health Insurance Association of America (HIAA). The two trade associations and 30 different managed-care companies hired 222 lobbyists last year to work on the Medicare bill.

For a complete list of the managed care companies that lobbied on the Medicare bill, see Appendix B.

The Blue Cross Blue Shield Association spent more on lobbying than any other health plan in 2003, shelling out \$8.1 million. Combined, the AAHP and HIAA spent a total of \$8.3 million. Another five companies spent at least \$1 million. [See Figure 6]

Figure 6
Federal Lobbying Expenditures and Number of Lobbyists for HMOs and Managed Care Plans Working on the Medicare Bill in 2003

Company/Association	Number of Medicare Lobbyists	Total Lobbying Amount
Blue Cross Blue Shield Association	34	\$8,140,000
American Association of Health Plans	46	5,840,000
Aetna	15	2,923,839
Health Insurance Association of America	24	2,490,000
Cigna	8	1,980,000
WellPoint	10	1,470,000
PacifiCare	24	1,425,000
United Health Group	7	1,320,000
Kaiser Foundation Health Plan	11	780,000
Blue Cross Blue Shield of Florida	9	620,000
Top 10 Subtotal	--	\$26,988,839
Assurant	3	620,000
First Health	10	550,000
Anthem Blue Cross Blue Shield	9	520,000
Humana	9	440,000
UPMC Health System	1	400,000
SCAN Health Plan	2	360,000
Aegon	1	320,000
Oxford Health Plans	3	254,365
Conseco	1	200,000
Health Net	7	200,000
Top 20 Subtotal	--	\$30,853,204
Other firms	--	\$1,460,100
TOTAL	222^a	\$32,313,304

Source: Public Citizen analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House.

^a Sum of number of lobbyists does not equal 222 because many worked for more than one client.

Revolving Doors

Forty-five percent of the 952 lobbyists on the payroll of the drug and managed care industries previously worked in Congress, at the White House, or in other sections of the executive branch. In all, 431 lobbyists left the federal government for K Street. The “revolving door” roster includes 332 drug industry lobbyists, 26 who worked for managed care companies, and 73 who represented both industries.

For a complete list of revolving-door connections among drug industry and HMO lobbyists, see Appendix C. For a list of all drug industry and HMO lobbyists and their clients, see Appendix D.

Capitol Hill to K Street

The drug and HMO lobby boasts 30 former members of Congress. The new faces on the 2003 list include former Sens. Dale Bumpers (D-Ark.), Rod Grams (R-Minn.) and Walter D. Huddleston (D-Ky.) as well as former House Minority Leader Robert Michel (R-Ill.) and ex-Rep. Bill McCollum (R-Fla.), who’s now running for the Senate in Florida. [See Figure 7]

Among the former members of Congress lobbying for the drug industry and HMOs, there are 18 Republicans and 12 Democrats. Twenty-four of the lobbyists served exclusively in the House; three of the six senators – Grams, Connie Mack (R-Fla.) and Steve Symms (R-Idaho) – were elected to both chambers.

Other notables include Reps. Bill Archer (R-Texas) and Thomas Bliley Jr. (R-Va.), former chairmen, respectively, of the House Ways and Means and House Commerce committees, which have jurisdiction over Medicare legislation; Sen. Dennis DeConcini (D-Ariz.), who now partners with Symms; another bipartisan duo, former Reps. Vic Fazio (D-Calif.) and Vin Weber (R-Minn.), who run the Washington lobby shop of Clark & Weinstock; and the husband-and-wife team of ex-Reps. Bill Paxon (R-N.Y.) and Susan Molinari (R-N.Y.).

Three former congressmen lobbying for the drug industry – Fazio, Rep. Tom Loeffler (R-Texas) and Rep. Robert Walker (R-Pa.) – also represented HMOs. Former Rep. L.F. Payne (D-Va.) lobbied for Anthem Blue Cross Blue Shield.

Figure 7
Former Members of Congress Lobbying for the Drug Industry and HMOs, 2003

Lobbyist	Firm	Offices Held	Clients
Bill Archer	PriceWaterhouse Coopers	U.S. Representative (R-Texas), 1971-2000	Schering-Plough
Ed Bethune	Bracewell & Patterson	U.S. Representative (R-Ark.), 1979-1984	Hollis Eden Pharmaceuticals
Thomas Bliley Jr.	Collier Shannon Scott	U.S. Representative (R-Va.), 1981-2000	Pharmacia

Lobbyist	Firm	Offices Held	Clients
Bill Brewster	Capitol Hill Group	U.S. Representative (D-Okla.), 1991-1996	Abbott Labs, Millennium Pharmaceuticals, Novartis, Purdue Pharma
Dale Bumpers	Arent Fox Kitner Plotkin & Kahn	U.S. Senator (D-Ark.), 1975-1998	Aventis Pasteur, GlaxoSmithKline, Merck, Wyeth
Jim Chapman	Bracewell & Patterson	U.S. Representative (D-Texas), 1985-1996	Hollis Eden Pharmaceuticals
Dennis DeConcini	Parry Romani DeConcini & Symms	U.S. Senator (D-Ariz.), 1977-1994	Aventis Pharmaceuticals, Pfizer, Pharmacia
Tom Downey	Downey McGrath Group	U.S. Representative (D-N.Y.), 1977-1992	Merck
Vic Fazio*	Clark & Weinstock	U.S. Representative (D-Calif.), 1979-1998	BIO, Guidant Corp., Health Net, Novartis, PhRMA
Jack Fields	Twenty-First Century Group	U.S. Representative (R-Texas), 1981-1996	Schering-Plough
Rod Grams	Hecht Spencer & Associates	U.S. Senator (R-Minn.), 1995-2000; U.S. Representative (R-Minn.), 1993-1994	Theragenics
Walter D. Huddleston	Hecht Spencer & Associates	U.S. Senator (D-Ky.), 1973-1984	Theragenics
Ed Jenkins	Palmetto Group	U.S. Representative (D-Ga.), 1977-1992	Pfizer
Lawrence LaRocco	Fleishman-Hillard Inc.	U.S. Representative (D-Idaho), 1991-1994	Abbott Labs
Norman Lent	Lent Scrivner & Roth	U.S. Representative (R-N.Y.), 1971-1992	Pfizer
Tom Loeffler*	Loeffler Jonas & Tuggey	U.S. Representative (R-Texas), 1979-1986	Bristol-Myers Squibb, First Health, PacifiCare, Purdue Pharma
Connie Mack	Shaw Pittman	U.S. Senator (R-Fla.), 1989-2000; U.S. Representative (R-Fla.), 1983-1988	BIO
Bill McCollum	Baker & Hostetler	U.S. Representative (R-Fla.), 1981-2000	AstraZeneca
Ray McGrath	Downey McGrath Group	U.S. Representative (R-N.Y.), 1981-1992	Merck
David McIntosh	Mayer, Brown, Rowe & Maw	U.S. Representative (R-Ind.), 1995-2000	Pfizer
Robert H. Michel	Hogan & Hartson	U.S. Representative (R-Ill.), 1957-1994	Amgen
Susan Molinari	Washington Group	U.S. Representative (R-N.Y.), 1989-1998	IVAX

Lobbyist	Firm	Offices Held	Clients
Bill Paxton	Akin Gump Strauss Hauer & Feld	U.S. Representative (R-N.Y.), 1989-1998	Abbott Labs, Johnson & Johnson, Pfizer, PhRMA
L.F. Payne†	McGuire Woods Consulting	U.S. Representative (D-Va.), 1987-1996	Anthem Blue Cross Blue Shield
Martin Russo	Cassidy & Associates	U.S. Representative (D-Ill.), 1975-1992	Johnson & Johnson
Steve Symms	Parry Romani DeConcini & Symms	U.S. Senator (R-Idaho), 1981-1992; U.S. Representative (R-Idaho), 1973-1980	Aventis Pharmaceuticals, Pfizer, Pharmacia
Robert Walker*	Wexler & Walker Public Policy Associates	U.S. Representative (R-Pa.), 1977-1996	IMS Health, PacifiCare, Wyeth
Vin Weber	Clark & Weinstock	U.S. Representative (R-Minn.), 1981-1992	Novartis
Alan Wheat	Wheat & Associates	U.S. Representative (D-Mo.), 1983-1994	GlaxoSmithKline, Wyeth
Roger Zion	60 Plus Association	U.S. Representative (R-Ind.), 1967-1974	60 Plus Association

Source: Public Citizen research and analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House.

* Lobbied for both the drug industry and HMOs.

† Lobbied for HMOs only.

Congressional Staff Defections

Rep. Billy Tauzin (R-La.), then chairman of the House Energy and Commerce Committee, made headlines in January 2004 when he reportedly was offered as much as \$2 million a year to become the new head of PhRMA.¹² Tauzin had played a key role in crafting the Medicare prescription drug bill and made clear his plans to retire from Congress. Facing calls for an investigation into whether he violated House ethics rules – but citing health problems – Tauzin eventually took his name out of the running.¹³

At the same time – but with much less public scrutiny – a throng of congressional staffers at the center of negotiations over the Medicare bill haven’t hesitated to cash in on K Street.

- **Linda Fishman** has worked on health policy for nearly 20 years, most recently as chief aide to Senate Finance Committee Chairman Charles Grassley (R-Iowa). As the lead Senate staff member for the Medicare conference committee, Fishman briefed House and Senate members and staff on a daily basis and worked closely with leadership in both chambers on the prescription drug legislation.¹⁴ She since has joined Hogan & Hartson, whose clients include GlaxoSmithKline and PhRMA, as a health policy adviser.¹⁵ Fishman previously worked as a senior policy adviser to the CMS administrator and on the staff of the House Ways and Means Health Subcommittee.¹⁶

- Just three days after the signing of the Medicare law, for which he was one of the lead Senate negotiators, **Colin Roskey** left his job as health policy adviser and counsel for the Senate Finance Committee to take a position with Alston & Bird – the same firm that hired former Medicare chief Tom Scully.¹⁷ Roskey’s primary responsibilities on the Finance Committee were Part B and Part C of the Medicare program, which concern outpatient healthcare and recordkeeping.¹⁸ Roskey also worked on a range of insurance issues. Roskey “knows the intricacies of the new Medicare model inside and out,” bragged his new employers. “He will help us better understand and implement the nuances of this very complicated legislation and, in doing so, better serve out clients.”¹⁹
- **Sarah Walter** departed from her position as legislative director and chief health policy adviser for Sen. John Breaux (D-La.), one of the two Democrats who participated in negotiations over the Medicare bill, to take a position with Venn Strategies.²⁰ Walter spent nearly a decade on Breaux’s staff, primarily working Medicare prescription drug legislation.²¹ In 2003, Venn Strategies lobbied on the Medicare bill for Eli Lilly – but the firm is counting on Walter to help in “dramatically expanding [its] reach within the health care community.”²²
- As staff director of the House Ways and Means Committee’s health subcommittee, **John McManus** was one of the key architects of the Medicare legislation. However, just two months after the Medicare bill became law, McManus left the House to start his own health care consulting firm, the McManus Group. McManus – who worked as a lobbyist for Eli Lilly from 1994 to 1998 – already has lined up an impressive number of big-name clients from throughout the healthcare industry, including PhRMA and Genentech.²³
- **Patrick Morrissey**, who served as the deputy staff director and chief health counsel for the House Energy and Commerce Committee, chaired by Tauzin, was hired in March 2004 by Sidley Austin Brown & Wood, a lobbying firm that represents PhRMA, Genentech and the Biotechnology Industry Organization (BIO).²⁴ Morrissey was a lead staffer of the Medicare bill. He regularly advised Tauzin and other congressmen on policy and served as the committee’s lead negotiator with the White House, CMS, FDA, the House Ways and Means Committee and the Senate. In addition to Tauzin, Morrissey previously worked for former Reps. Bill Paxon (R-N.Y.) and Thomas Bliley (R-Va.) – both of whom are now lobbyists for the pharmaceutical industry – as well as Governor Christine Todd Whitman (R-N.J.). Prior to joining the Energy and Commerce Committee in 1999, Morrissey was a lobbyist for the firm Arent Fox.²⁵
- Morrissey’s colleague **James White** left his position as Tauzin’s legislative director to join Abbott Laboratories as director of federal government affairs in January.²⁶ Abbott, the Chicago-based manufacturer of Prevacid, Norvir and other brand-name drugs, spent \$3.7 million to lobby the federal government last year.

These new arrivals on K Street joined at least three dozen former congressional chiefs of staff already lobbying for the drug and managed care industries in 2003. The list includes Cathy Abernathy, former chief of staff for Rep. Bill Thomas (R-Calif.); Alex Albert, who worked for Sen. Zell Miller (D-Ga.); two former top staffers for House Majority Whip Tom DeLay (R-

Texas), Edwin Buckham and Susan B. Hirshmann; David Castagnetti, who headed the office of Sen. Max Baucus (D-Mont.), the ranking Democrat on the Senate Finance Committee; Dave Gribbin, a former chief of staff for Sen. Dan Coats (R-Ind.) who worked for Dick Cheney when he was a Wyoming congressman; and Daniel Meyer, the ex-chief of staff for former House Speaker Newt Gingrich (R-Ga.).

Bush Administration Alumni

Although President Bush hasn't yet completed his first term, the revolving door is already spinning. Passage of the Medicare bill set in motion an exodus from the Bush administration.

- **Tom Scully**, chief administrator for the Centers for Medicare and Medicaid Services (CMS) – and Bush's lead negotiator on the prescription drug bill – began negotiating with half a dozen potential employers while still haggling with Congress over the Medicare legislation. Secretary of Health and Human Services Tommy Thompson signed an ethics waiver in May 2003 allowing him to conduct his job search – but Scully never informed legislators about the arrangement.²⁷ Neither did he tell them about Medicare actuary Richard Foster's cost estimates for the Medicare bill, which were more than \$100 billion higher than those given to Congress. In fact, Scully threatened to fire Foster if he didn't keep quiet about the figures.²⁸ Days after the bill passed, Scully told reporters he had been negotiating future employment with three lobbying firms and two investment companies. A Public Citizen investigation found that those companies represent or have major stakes in 41 companies that would be affected by the new law.²⁹ Scully eventually accepted jobs from two of those companies – with the lobbying firm Alston & Bird and the private equity investment firm Welsh, Carson, Anderson & Stowe.³⁰ Since Scully came on board, Alston & Bird has signed up at least a dozen new health care clients, including pharmaceutical giants Abbott Laboratories and Aventis Pharmaceuticals.³¹
- Just a day after the Medicare bill was signed into law, **Thomas Grissom**, director of the Center for Medicare Management, jumped ship to become the top lobbyist for medical device maker Boston Scientific.³² A top official at CMS, Grissom was in charge of developing reimbursement policies and regulations for the Medicare fee-for-service program and overseeing Medicare's \$240 billion contractor budget.³³ Before joining CMS, Grissom had been a lobbyist for the nursing home company Kindred Healthcare.³⁴
- In January 2004, **Dallas "Rob" Sweezy**, director of public and intergovernmental affairs at CMS, joined National Media Inc. – the advertising firm hired by the Bush administration to produce television ads touting the new Medicare law.³⁵ National Media and its partner Alex Castellanos also served as media consultants to both of George W. Bush's presidential campaigns and have earned large sums from drugmakers to produce ads for the pharmaceutical industry front group Citizens for Better Medicare.³⁶ In May, Sweezy moved over to the lobbying firm Loeffler Jonas and Tuggey, which represents Bristol-Myers Squibb, Purdue Pharma, First Health and PacifiCare.³⁷
- **James C. Capretta**, the top official on Medicare policy development at the Office of Management and Budget (OMB), left the White House in mid-June 2004 to join Wexler

& Walker Public Policy Associates.³⁸ Capretta was one of three officials, along with Scully and White House health policy adviser Doug Badger (see below), to whom Medicare actuary Richard Foster showed his cost estimates for the Medicare bill. Those figures – which were kept secret from Congress – predicted the prescription drug legislation would cost far more than the administration had advertised.³⁹ Capretta previously served for nearly a decade as a senior policy analyst for the Senate Budget Committee. At Wexler & Walker, Capretta may represent clients of the firm such as Amgen, Hoffman-LaRoche, PacifiCare and Wyeth.⁴⁰

A host of former Bush White House officials had left earlier to become lobbyists for the pharmaceutical industry and HMOs during the 2003 battle over Medicare.

- Wexler & Walker also employs **Jack Howard**, a former deputy director of legislative affairs for President Bush. From 2001 to 2003, Howard promoted the president's agenda in Congress as the second-ranking member of the White House legislative affairs operation. Howard also has worked in senior positions for some of the most influential members of the Republican leadership, including Speakers of the House Dennis Hastert (R-Ill.) and Newt Gingrich (R-Ga.) as well as former Senate Majority Leader Trent Lott (R-Miss.). These credentials, as well as stints in the first Bush administration as a special assistant for legislative affairs and on the staff of the House Republican Leadership, made him a valuable addition to the lobby shop run by another of his former bosses – ex-Pennsylvania Rep. Robert Walker.⁴¹ Howard's 2003 clients included Amgen, PacifiCare and Wyeth.⁴²
- As a special assistant to the president for legislative affairs, **Dirksen Lehman** served as the chief White House liaison to the Senate for Medicare, Medicaid and other health care regulations. He came to the Bush White House from a job as health counsel for the Senate Committee on Health, Education, Labor and Pensions – whose jurisdiction included Medicare and prescription drug pricing and safety.⁴³ Before working in the Senate, Lehman was a lobbyist for Williams & Jensen, where his clients included Genzyme, GlaxoSmithKline and PhRMA.⁴⁴ Lehman left the Bush administration and returned to the private sector in May 2003 as a lobbyist for Clark & Weinstock. During the Medicare debate, he focused on key Senate committees on behalf of clients such as Aventis Pharmaceuticals, Novartis and PhRMA.⁴⁵
- **Robert Marsh**, another White House legislative affairs staffer, has been connected to White House Chief of Staff Andrew Card since George H.W. Bush's first presidential run in 1979. Marsh went on to work as a special assistant during Card's tenure as Transportation Secretary and lobbied alongside Card at the American Automobile Manufacturers Association and General Motors.⁴⁶ Marsh – who, like Card, once served in the Massachusetts state legislature – left the White House in 2003 to join the OB-C Group, where he has represented the Blue Cross Blue Shield Association and WellPoint Health Networks.⁴⁷
- **Kirk Blalock** served as the Bush administration's top liaison to the business community for two years before joining the lobbying firm of Fierce & Isakowitz (now known as

Fierce, Isakowitz & Blalock). As a special assistant to the president and deputy director of the White House Office of Public Liaison, Blalock regularly strategized with Karl Rove and rallied business support for the president's tax cuts and other issues.⁴⁸ Blalock previously worked as a lobbyist for Phillip Morris and an aide to then RNC Chairman Haley Barbour and former Education Secretary Lamar Alexander.⁴⁹ Among his new clients are the Generic Pharmaceutical Association, Medco and the Health Insurance Association of America (HIAA).⁵⁰ Blalock also has become a leading fundraiser for the president, achieving "Pioneer" status by raising \$100,000 for the Bush-Cheney re-election campaign.⁵¹

- Before **Timothy Morrison** joined Clark & Weinstock in March 2001, he helped vet Bush appointees and guide them through the confirmation process as associate director of presidential personnel. Morrison previously worked as research director on the 2000 Bush-Cheney campaign, where he developed policy and communications strategy. Before joining the Bush campaign, Morrison was a "strategic and crisis communications consultant" to the managed care industry.⁵² At Clark & Weinstock, Morrison focuses on lobbying his former colleagues at the White House and "message development" for clients such as the Biotechnology Industry Organization (BIO), Eli Lilly and PhRMA.⁵³
- **Bill Clark**, another staffer in the White House Office of Personnel, took a job with lobbying firm Podesta Mattoon in 2001. Clark worked as deputy research director under Morrison on the 2000 Bush-Cheney campaign after holding positions at the National Republican Congressional Committee and the RNC. Podesta Mattoon markets him as someone with the "know-how to get things done in Washington and the connections to achieve results" for clients such as Genzyme.⁵⁴
- After advising the 2000 Bush-Cheney campaign, **Carlos Bonilla** worked as a special assistant to the president for economic policy, dealing mainly with tax, aviation and pension issues. His nearly two decades as an economist in Washington includes jobs with the House Budget Committee, the Heritage Foundation, the U.S. Chamber of Commerce, and the Employment Policies Institute (where he focused on health care).⁵⁵ Bonilla joined The Washington Group in March 2003 and now represents clients such as Bio Marin Pharmaceuticals and Ranbaxy Pharmaceuticals.⁵⁶

Several former members of Vice President Dick Cheney's staff also made the leap to K Street, where they lobbied on behalf of the drug industry and HMOs.

- **Karen Knutson**, a former deputy assistant to the vice president for domestic policy, joined ML Strategies in 2003. Knutson focused on energy and environment issues – most notably as the deputy director of Cheney's secretive energy task force.⁵⁷ But she offers her clients – including PhRMA – years of experience on Capitol Hill, where she worked for Sens. Frank Murkowski (R-Alaska), Kay Bailey Hutchison (R-Texas) and Sam Brownback (R-Kan.).⁵⁸
- As a deputy assistant to the vice president for legislative affairs, **Steve Ruhlen** was Cheney's liaison to Congress on appropriations, energy, defense and homeland security

issues. The Capitol Hill Consulting Group hired him away from the administration in February 2003, and he went to work for Cigna, Millennium Pharmaceuticals, Novartis and Purdue Pharma.⁵⁹ But Ruhlen – who previously spent eight years as chief of staff to Rep. Henry Bonilla (R-Texas) – didn't stay long in his new position. In September, he became head of J.P. Morgan's Washington office.⁶⁰

- **Juleanna Glover Weiss** joined Clark & Weinstock in February 2002 after serving as the vice president's press secretary. But she has connections throughout the Republican Party: Her previous bosses include Rudy Giuliani, Steve Forbes, John Ashcroft, Dan Quayle and Spencer Abraham. She also helped launch the influential neoconservative magazine *The Weekly Standard*.⁶¹ At Clark & Weinstock – where her colleagues include numerous former administration officials – Glover Weiss represents BIO, Eli Lilly, Guidant Corp., PhRMA and others.⁶²

Another administration official departed from the Department of Health and Human Services to become a drug and HMO lobbyist in 2003.

- Barbour, Griffith & Rogers recruited **Robert Wood**, former chief of staff for Secretary Tommy Thompson, away from HHS in June 2003. Wood had spent nearly a decade working for Thompson, first when Thompson was governor of Wisconsin and then in Washington. Wood directs state affairs at Barbour Griffith, but he also lobbied Congress on behalf of Bristol-Myers Squibb, GlaxoSmithKline, Pfizer, PhRMA and the United Health Group.⁶³ Wood was prohibited from directly lobbying Thompson for a year. But they likely crossed paths: In March, Thompson appeared at a fundraiser for Louisiana Senate candidate Bobby Jindal – a former assistant secretary of HHS – held at the Washington offices of Barbour Griffith.⁶⁴

Revolving Door in Reverse

The revolving door spins both ways. Several drug industry and HMO lobbyists have joined the Bush administration to promote or implement the new Medicare law.

- **Doug Badger** became Bush's top health policy adviser after a stint as a lobbyist for the pharmaceutical industry.⁶⁵ Badger has been at the center of a controversy over the true cost of the Medicare bill: Actuary Richard Foster contends Badger knew the legislation would cost far more than public estimates.⁶⁶ Badger denies any misconduct. Before joining the administration, Badger helped bring in more than \$1 million for Washington Council Ernst & Young in 2002 from clients like Aventis Pharmaceuticals, Baxter Healthcare, Biogen, Eli Lilly, Johnson & Johnson and Pfizer.⁶⁷ This is not Badger's first trip through the revolving door: He became a lobbyist after working as chief of staff to Sen. Don Nickles (R-Okla.) and staff director of the Senate Republican Policy Committee. He also has held positions at HHS and the Social Security Administration.⁶⁸
- When it came time to sell the new Medicare law to a skeptical public, the Bush administration turned to **Julie Goon**. The former HMO lobbyist was hired by the

Department of Health and Human Services in January 2004 as first special assistant to Secretary Thompson. As director of Medicare outreach, Goon is leading the agency's PR efforts touting the benefits of the new prescription drug benefit.⁶⁹ However, the biggest beneficiaries of the new Medicare law may be Goon's former employers in the managed care business. Prior to joining HHS, Goon spent more than a decade as a lobbyist for the American Association of Health Plans (which merged last fall with the Health Insurance Association of America), where she coordinated the trade association's political activities, from lobbying to coalition building to grassroots outreach.⁷⁰ Before AAHP, Goon worked as director of federal relations for Humana.⁷¹

- The October 2003 merger of AAHP and HIAA left **Don Young**, HIAA's president, out in the cold. AAHP President Karen Ignani took the reins of the newly combined trade association, now called America's Health Insurance Plans.⁷² But Young wasn't unemployed for long. He soon joined HHS as a deputy assistant secretary in charge of the Office of Health Policy, which deals with health care financing and other issues.⁷³ This is not Young's first trip through the revolving door. Before joining the HIAA in 1999, Young served as a senior vice president at AAHP. Before that, Young was executive director of Congress's Prospective Payment Assessment Commission from 1983 to 1997, when it merged with the current Medicare Payment Advisory Commission. Young also worked as deputy director of the Policy Bureau at CMS and as medical director of the American Lung Association.⁷⁴
- **Ann-Marie Lynch**, the principal assistant deputy secretary for planning and evaluation at HHS, is a former lobbyist for PhRMA. Thirteen months after Lynch was appointed by Bush, her division issued a report warning that "government-controlled restrictions on the coverage of new drugs could put the future of medical innovation at risk and may retard advances in treatment."⁷⁵ This document parroted the very policy on "price controls" Lynch pursued as a drug industry lobbyist.⁷⁶ Three former HHS employees have accused Lynch of blocking a dozen other research reports challenging drug company claims.⁷⁷ Before joining PhRMA, Lynch was staff director of the House Ways and Means Health Subcommittee. She also has worked as an analyst for the Prospective Payment Assessment Commission and the Health Care Financing Administration.⁷⁸
- **Terry Holt** left the Dutko Group, one of Washington's premier lobbying shops, to become a spokesman for the Bush-Cheney re-election campaign.⁷⁹ A former communications director for former House Majority leader Dick Armey (R-Texas), Holt lobbied for Dutko on behalf of the AAHP and the American Hospital Association in 2003.⁸⁰ He also organized the Corporate Task Force on AIDS – a lobbying effort funded by Abbott Laboratories, Bristol-Myers Squibb and Pfizer to back President Bush's \$15 billion AIDS plan.⁸¹ Holt previously was communications director of the "Victory 2000" campaign at the Republican National Committee and has worked in Congress for Reps. John Kasich (R-Ohio) and John Boehner (R-Ohio), as well as Sen. Richard Lugar (R-Ind.).⁸²

Clinton Connections

Although Republicans controlled the White House and both chambers of Congress in 2003, lobbying for the drug industry and managed care companies remained a bipartisan affair. An abundance of former Clinton administration health policy and legislative advisers are now working for the drug companies and HMOs.

- **Christopher Jennings** spent eight years in the Clinton administration, mostly as the president's senior health policy adviser. In that role, he oversaw health care policy at the OMB, HHS and other federal agencies and was the administration's main voice on health issues in Congress. He also worked as the senior legislative adviser to the Health Care Financing Administration (HCFA), where he prepped First Lady Hillary Clinton for her extensive testimony before Congress on health care reform. Before joining the administration, Jennings served in the Senate as a staffer on health policy for Sens. John Glenn (D-Ohio), John Melcher (D-Mont.) and David Pryor (D-Ark.).⁸³ He now runs his own lobbying firm, Jennings Policy Strategies, where his clients include Actelion Pharmaceuticals and the Generic Pharmaceutical Association.⁸⁴
- **Charles Brain** served as the director of legislative affairs during Clinton's second term. Both before and after his time at the White House, Brain worked for the lobbying firm of Bergner Bockorny Castagnetti Hawkins & Brain, where he represented Bristol-Myers Squibb, First Health, GlaxoSmithKline, Kaiser Permanente, PhRMA and others.⁸⁵ Shortly before Clinton left office, Brain also was a senior adviser to Rep. Charles Rangel (D-N.Y.), ranking Democrat on the House Ways and Means Committee, where Brain previously had spent more than a decade as an aide to Rep. Dan Rostenkowski, the longtime committee chairman.⁸⁶ Late last year, Brain established his own solo lobbying operation called Capitol Hill Strategies. PhRMA was among his first clients.⁸⁷
- Another former director of legislative affairs under Clinton, **Larry Stein** represented PhRMA when he worked as a lobbyist for the Harbour Group in 2003. Following his stretch with the Clinton administration, Stein had served as a senior adviser to Senate Majority Leader Tom Daschle.⁸⁸ His other Capitol Hill experience includes jobs as staff director of the Senate Budget Committee, as policy director of the Senate Democratic Caucus and as an aide to former Sen. Jim Sasser (D-Tenn.).⁸⁹ Stein left the Harbour Group last fall to take a position with Capitol One Financial.⁹⁰
- In the Clinton administration, **Bruce Fried** directed the Center for Health Plans and Providers at HCFA. Prior to that, Fried headed the HCFA Office of Managed Care. Before joining the government, Fried lobbied for FHP International, a managed care company that later merged with PacifiCare, and also worked for the Wexler Group.⁹¹ His clients at Sonnenschein Nath & Rosenthal, a firm he joined after a few years with Shaw Pittman, include Serono Laboratories.⁹²
- **Jerry Klepner**, a former assistant secretary for legislative affairs at HHS under Clinton, now lobbies for BKSH & Associates. Klepner formerly worked on the Clinton transition team at the Labor Department, at the House Education and Labor Subcommittee, and as

legislative director of AFSCME, the public employees union.⁹³ He now represents such pharmaceutical companies as Bristol-Myers Squibb and GlaxoSmithKline.⁹⁴

- **Mary Beth Donahue** spent eight years in the Clinton administration at HHS, the last three as chief of staff for Secretary Donna Shalala. Donahue, who also worked as deputy chief of staff and in the office of the assistant secretary for legislative affairs, joined the American Association of Health Plans (AAHP) as a lobbyist in 2001.⁹⁵ She currently heads the lobbying team of the newly created America's Health Insurance Plans (AHIP), taking over for Julie Goon when she left to join the Bush administration.⁹⁶
- In December 2003, **David Beier** was hired to lead the lobbying efforts of Amgen.⁹⁷ During the Clinton years, Beier served as Vice President Al Gore's chief domestic policy adviser. But before joining Gore's staff, he was the head lobbyist for Genentech. Afterward, Beier represented BIO, Genentech and PhRMA at the lobbying firm Hogan & Hartson.⁹⁸ Amgen – which faces a review of the reimbursement rate for its highly profitable anemia drug Epogen – will also benefit from Beier's connections on Capitol Hill, where he spent nearly 10 years working on the House Judiciary Committee and for Rep. Robert Kastenmeier (D-Wis.).⁹⁹

The Drug Industry's Most Popular Lobbyists

In its search for insider access, the pharmaceutical industry increasingly turns to outside lobbyists. In fact, more than a third of the industry's total spending on federal lobbying – nearly \$39.4 million – went to 151 outside firms. Eighty-six different lobby shops were paid at least \$100,000 by drug industry clients. The leading firm was Akin, Gump, Strauss, Hauer & Feld, the only shop to collect more than \$2 million from the drug industry. But seven other firms took in at least \$1 million: Williams & Jensen, Patton Boggs, Washington Group, Hogan & Hartson, Washington Council Ernst & Young, HC Associates, and Clark & Weinstock. [See Figure 8]

Figure 8
Top Outside Firms Lobbying for the Drug Industry, 2003

Firm/Biggest Clients	Amount
Akin, Gump, Strauss, Hauer & Feld	\$2,020,000
PhRMA	600,000
Pfizer	420,000
Abbott Laboratories	420,000
Johnson & Johnson	240,000
Human Genome Sciences	140,000
Wyeth	120,000
Merck	80,000
Williams & Jensen	\$1,700,000
Wyeth	660,000
PhRMA	340,000
Novartis	180,000
Bayer	140,000
Pfizer	140,000
Genentech	120,000
AstraZeneca	120,000
Patton Boggs	\$1,590,000
Hoffmann-La Roche	660,000
Sanofi-Synthelabo	450,000
Bristol-Myers Squibb	220,000
Pfizer	120,000
Boston Scientific	60,000
Abbott Laboratories	60,000
Amgen	20,000

Firm/Biggest Clients	Amount
Washington Group	\$1,560,000
Becton Dickinson & Co.	600,000
IVAX	340,000
Gilead Sciences	200,000
Ranbaxy Pharmaceuticals	200,000
Theragenics	200,000
Bio Marin Pharmaceutical	80,000
Hogan & Hartson	\$1,400,000
Biotechnology Industry Organization	680,000
PhRMA	360,000
Amgen	180,000
Genentech	100,000
GlaxoSmithKline	60,000
Sigma Tau Pharmaceuticals	20,000
Washington Council Ernst & Young	\$1,280,000
Advance PCS	240,000
Johnson & Johnson	200,000
Aventis Pharmaceuticals	200,000
Medtronic	180,000
Baxter Healthcare	180,000
Biogen	160,000
Eli Lilly	120,000
HC Associates	\$1,280,000
PhRMA	440,000
Eli Lilly	200,000
Merck	200,000
Wyeth	200,000
Genzyme	120,000
Amgen	80,000
Baxter Healthcare	40,000
Clark & Weinstock	\$1,060,000
PhRMA	420,000
Guidant Corporation	320,000
Biotechnology Industry Organization	240,000
Novartis	80,000

Firm/Biggest Clients	Amount
Alexander Strategy Group	\$960,000
PhRMA	720,000
Eli Lilly	240,000
Capitol Health Group	\$860,000
Express Scripts	200,000
Healthcare Leadership Council	200,000
Johnson & Johnson	160,000
Abbott Laboratories	140,000
Bristol-Myers Squibb	80,000
Pfizer	80,000

Source: Public Citizen analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House.

Top HMO Lobbyists

HMOs and health plans that lobbied on the Medicare bill spent at least \$6.8 million on outside lobbyists in 2003 – about 21 percent of their overall spending. Twenty-three different lobby shops were paid at least \$100,000 by the managed care industry. The leading firm by far was Sullivan & Baldick, which took in a total of \$750,000 from Aetna, Blue Cross Blue Shield and United Health Group. Five other firms earned at least \$400,000. One of them, HC Associates, also ranks among the top 10 influence peddlers for the drug industry. [See Figure 9]

Figure 9
Top Outside Firms Lobbying for HMOs, 2003

Firm/Biggest Clients	Amount
Sullivan & Baldick	\$750,000
United Health Group	300,000
Blue Cross Blue Shield	240,000
Aetna	210,000
OB-C Group	\$560,000
Blue Cross Blue Shield	280,000
WellPoint	280,000
Dutko Group	\$496,000
PacifiCare	220,000
Amerigroup	180,000
American Association of Health Plans (AAHP)	96,000
Barbour Griffith & Rogers	\$440,000
United Health Group	440,000
Bergner Bockorny Castagnetti & Hawkins	\$400,000
First Health	180,000
American Association of Health Plans (AAHP)	120,000
Kaiser Permanente	100,000
HC Associates	\$400,000
Oxford Health Plans	200,000
American Association of Health Plans (AAHP)	120,000
Sierra Health Services	80,000

Source: Public Citizen analysis of 2003 lobby disclosure reports filed with the Secretary of the Senate and Clerk of the House.

Big Bucks for Bush

The efforts by the drug industry and HMOs to influence the federal government are not limited to Washington lobbying. Both industries also donate lavishly at election time: Since 1999, pharmaceutical companies and HMOs have combined to give at least \$84.6 million in federal campaign contributions.¹⁰⁰

No candidate rakes in more campaign cash than George W. Bush. Twenty-one drug industry and HMO executives or lobbyists rank among Bush's "Rangers" and "Pioneers" – the honorary titles given to those who have raised at least \$200,000 or \$100,000, respectively, for one of Bush's presidential campaigns. They include five executives from brand-name drug companies (including three in-house lobbyists), six officials from HMOs or managed care plans (including one in-house lobbyist), the CEO of a pharmacy services company that runs a PBM, the head of a direct-mail pharmacy, and eight prominent Washington lobbyists who represent drug companies and HMOs. [See Figure 10]

These Rangers and Pioneers have collected at least \$3.4 million for Bush so far. They include:

- **Tom Loeffler**, who first met President Bush in 1978, when they ran for Congress in adjoining districts. (Loeffler won, Bush lost.)¹⁰¹ After four terms in Congress, Loeffler worked behind the scenes, mainly as a fundraiser. He was the largest individual donor to Bush's two gubernatorial campaigns, forking over \$141,000. In the 1998 election cycle, he was selected as national co-chairman of the RNC's "Team 100" program of big-money donors. In 2000, he earned Pioneer status while serving as national co-chairman of the Bush-Cheney campaign. Loeffler founded his own lobbying firm in May 2000 – and his business has increased fivefold since Bush took office.¹⁰² His firm's Web site boasts of "strong ties to the current administration, having worked directly with the President, Vice President, the White House Chief of Staff, Cabinet secretaries and their aides."¹⁰³ The pitch must be working: Loeffler took in \$580,000 last year representing Bristol-Myers Squibb, Purdue Pharma and PacifiCare.¹⁰⁴ He has raised at least \$200,000 for Bush's re-election.¹⁰⁵
- **Bill Paxon**, a former five-term congressman from upstate New York, has helped make Akin Gump not only the biggest lobbying firm for the drug industry, but the biggest overall – with \$59.4 million in total lobbying revenues last year alone.¹⁰⁶ Paxon – the former chairman of the National Republican Congressional Committee (NRCC) – was part of a small group of influential inside-the Beltway advisers to the Bush campaign in 2000.¹⁰⁷ After Bush won, he chaired the transition team. This kind of insider access has attracted clients such as Abbott Laboratories, Johnson & Johnson, Pfizer and PhRMA.¹⁰⁸ He also has helped the United Seniors Association target its ads against vulnerable Democratic incumbents.¹⁰⁹ His wife, Susan Molinari, herself is a former member of Congress from New York turned drug industry lobbyist who works at the Washington Group. Paxon has been named a Ranger for 2004, but he's not done fundraising for Bush. He recently resurrected the Leadership Forum – a 527 group he set up with Rep. Tom DeLay's former chief of staff and fellow drug industry lobbyist Susan Hirschmann – to

solicit soft money and counteract the efforts of Democratic groups like the Media Fund.¹¹⁰

- **Lanny Griffith** was a special assistant to the president for intergovernmental affairs and assistant secretary of education in the first Bush administration. He was also in charge of the entertainment at the 2000 Republican National Convention and the Bush-Cheney inaugural.¹¹¹ But most of his time is spent entertaining clients such as GlaxoSmithKline and Pfizer.¹¹² Though name partner Haley Barbour is now governor of Mississippi, their firm still took in \$13.1 million in total lobbying revenue last year.¹¹³ Once Griffith achieved Ranger status, he helped clients like United Health CEO William McGuire do the same.¹¹⁴

Figure 10
Rangers and Pioneers Representing the Pharmaceutical Industry and HMOs

Name	Company/Firm	Title	Fundraising Status
<i>Kirk Blalock*</i>	Fierce Isakowitz & Blalock	Lobbyist	2004 Pioneer
<i>Ronald Docksai</i>	Bayer	In-House Lobbyist	2000 Pioneer^
Todd S. Farha	WellCare Health Plans Inc.	Chairman & CEO	2004 Pioneer
Bruce S. Gelb	Bristol-Myers Squibb	Retired Vice Chairman	2004 Pioneer
<i>Lanny Griffith*</i>	Barbour Griffith & Rogers	Lobbyist	2004 Ranger
David Hart	WellCare Health Plans Inc.	Finance Director	2004 Pioneer
Jerry Hodge	Maxor National Pharmacy	Chairman & CEO	2000 Pioneer^
<i>Richard F. Hohlt</i>	Hohlt & Co.	Lobbyist	2004 Ranger, 2000 Pioneer
Michael Hightower	Blue Cross Blue Shield of Florida	In-House Lobbyist	2004 Ranger, 2000 Pioneer
<i>Ronald C. Kaufman</i>	Dutko Group	Lobbyist	2004 Pioneer, 2000 Pioneer^
Munr Kazmir	DirectMeds Inc.	President & CEO	2004 Ranger, 2000 Pioneer
<i>Kenneth Kiest†</i>	Clark Consulting	Lobbyist	2004 Pioneer
<i>Tom Loeffler*</i>	Loeffler Jonas & Tuggey	Lobbyist	2004 Ranger, 2000 Pioneer
L. Ben Lytle	Anthem	Retired CEO & Chairman	2004 Pioneer
William McGuire	United Health Group	Chairman & CEO	2004 Pioneer
Hank McKinnell	Pfizer	Chairman & CEO	2004 Ranger
Jeffrey L. McWaters	Amerigroup	Chairman & CEO	2004 Pioneer
Christine Davis O'Brien	AstraZeneca	In-House Lobbyist	2000 Pioneer^
<i>Bill Paxon</i>	Akin Gump Strauss Hauer & Feld	Lobbyist	2004 Ranger, 2000 Pioneer
<i>John P. Schmitz</i>	Mayer Brown Rowe & Maw	Lobbyist	2000 Pioneer^
John Stafford	Wyeth	In-House Lobbyist	2000 Pioneer

Source: Public Citizen analysis of Bush campaign disclosures.

Registered federal lobbyists in italics.

* Lobbied for both the drug industry and HMOs.

† Lobbied for HMOs only.

^ Pledged to become a Pioneer in 2000 but campaign never publicly confirmed whether they reached their goal.

- The Bush administration is a family affair for lobbyist **Ronald C. Kaufman** – who is the brother-in-law of White House Chief of Staff Andrew Card and whose wife Allison is chief of staff for Commerce Secretary Don Evans.¹¹⁵ A longtime aide to the senior President Bush, Kaufman served as both director of political affairs and director of presidential personnel at the White House. Now with the Dutko Group – which earned more than any other lobbying operation among non-law firms in 2003, taking in \$18.7 million – two-time Pioneer Kaufman represents clients such as Amgen.¹¹⁶

The executive suites also produced a number of Bush campaign rainmakers, including two brand-name drugmakers, five HMO officials, and two executives in the pharmacy business. They include:

- Pfizer CEO **Hank McKinnell**, one of the country's most politically active executives, is a 2004 Ranger. Until last year, McKinnell also served as chairman of the board for PhRMA. He now is chairman of the board of the Business Roundtable, the trade association for CEOs of “leading corporations,” which also has lobbied on Medicare reform.¹¹⁷ His company is one of the most profitable in the country and produces 14 drugs that are the top sellers in their respective categories.¹¹⁸ Pfizer spent \$3.7 million on Washington lobbying in 2003, helping to lead the industry effort against drug “reimportation” from Canada.¹¹⁹ McKinnell has threatened to blacklist any Canadian pharmacies that sell drugs to Americans.¹²⁰
- Retired Bristol-Myers Squibb vice chairman **Bruce Gelb**, now a senior consultant to the company, is a Pioneer. Gelb has longstanding ties to the Bushes: He was appointed as chief of the U.S. Information Agency and ambassador to Belgium by the president's father.¹²¹ Before the 2000 election, Bristol-Myers Squibb executives reportedly were pressured to make maximum donations to the Bush campaign. Reluctant donors were warned that CEO Charles Heimbold Jr. – whom Bush later named ambassador to Sweden – would be informed if they failed to give.¹²² The company ranks second among all pharmaceutical companies in terms of lobbying expenditures – spending \$5.3 million in 2003.
- Pioneer **William McGuire** is chairman and CEO of United Health Group, a \$25 billion corporation that consistently ranks as the largest or second-largest health insurer in the United States.¹²³ United Health provides health services to more than 18 million people and, therefore, is poised to claim a big slice of the billions set aside in the Medicare bill as payments designed to entice HMOs to offer drug coverage.¹²⁴ The company spent \$1.3 million on federal lobbying last year.

Cash for Kerry

In his bid to unseat Bush, Massachusetts Sen. John Kerry has turned to two top fundraisers who work for the drug industry. A pair of K Street lobbyists has been named “Vice Chairs” of the Kerry campaign after collecting at least \$100,000 for the presumptive Democratic presidential nominee.

- Kerry’s former Chief of Staff **David Leiter** represents PhRMA at ML Strategies – the Washington subsidiary of Mintz Levin, a law firm that also employs Kerry’s brother, Cameron. Leiter also served in the Clinton administration as a deputy assistant secretary at the Department of Energy and previously worked for Sen. Wendell Ford (D-Ky).¹²⁵
- **Matthew “Mac” Bernstein** of Piper Rudnick – whose clients include Human Genome Sciences – also has been named a “Vice Chair” by the Kerry campaign. Bernstein earlier worked on Capitol Hill as staff director of the Senate Steel Caucus, a legislative assistant to Sen. Howard Metzenbaum (D-Ohio) and as a professional staff member of the House Committee on Banking, Finance and Urban Affairs.¹²⁶

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