



AN ALLIANCE FOR A JUST SOCIETY
MONEY IN POLITICS SPECIAL REPORT

Bad Medicine

Pharmaceuticals' Prescription
for PROFITS over PEOPLE.

A commonsense alternative
to devastating cuts has emerged.
But the influence of the industry
has rendered Congress unable
to act in the public interest.
Inaction will cost America billions.

ABOUT THE ALLIANCE

Ensuring equal access to power and opportunity, supporting and defending the rights of all people, and eliminating discrimination and oppression.

The Alliance for a Just Society's mission is to execute regional and national campaigns and build strong state affiliate organizations and partnerships that address economic, racial, and social inequities.

The Alliance (formerly the Northwest Federation of Community Organizations), is a national coalition of 12 community and racial justice organizations including the Applied Research Center, the Connecticut Citizen Action Group, the Center for Intercultural Organizing, Colorado Progressive Coalition, Idaho Community Action Network, Indian People's Action (Montana), Maine People's Alliance, Make the Road New York, Montana Organizing Project, Oregon Action, Progressive Leadership Alliance of Nevada, and Washington Community Action Network.



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EXECUTIVE SUMMARY / KEY FINDINGS

Congress has failed to act on a commonsense, good-government approach to controlling health care costs. The significant resources the pharmaceutical industry has put toward influence and access has rendered Congress unable to act in the public interest.

The Medicare Drug Savings Act reverses a Bush-era policy shift that increases drug costs to Medicare. Passage of this bill would save billions.

- Medicare Drug Savings Act: In April, Sen. Jay Rockefeller and 18 Senators introduced the Medicare Drug Savings Act, which eliminates a provision from the Medicare Modernization Act that allowed pharmaceuticals to charge Medicare higher prices for beneficiaries eligible for both Medicare and Medicaid. The bill would require drug companies to offer rebates to these “dual-eligible” beneficiaries — who are generally low-income seniors or individuals with disabilities — as they did prior to 2006.
- Billions Saved: According to the CBO, eliminating this provision would save the federal government \$141.2 billion over 10 years.

The pharmaceutical industry’s influence has led to Congressional inaction on commonsense solutions.

- Spending on Lobbying: The industry enjoys a dominant stranglehold on Capitol Hill. From 1998 through 2013, the industry spent nearly \$2.7 billion on lobbying expenses, more than any other industry, and 42 percent more than the next-biggest spender, insurers.
- Army of Lobbyists: In 2012, the industry employed a small army of 845 registered lobbyists, or nearly two lobbyists for every member of Congress.
- The Revolving Door: The Pharmaceutical Research & Manufacturers of America (PhRMA), the powerful industry trade group, has 36 current or former staff members who at one time has worked for a member of Congress, 12 who have worked for a congressional committee, 13 for a federal agency, two for the White House, and one in the courts system.
- Several key congressional committees are represented among combined revolving door connections among the Top 5 lobbying spenders, including:
 - » Senate Finance Committee
 - » Senate Appropriations Committee
 - » Senate Health, Education, Labor, & Pensions Committee
 - » House Ways & Means Committee
 - » House Ways & Means Subcommittee on Health
 - » House Energy & Commerce Committee
- Several influential federal agencies are also connected to industry money:
 - » Food & Drug Administration
 - » Centers for Medicare & Medicaid Services

- » Health Care Financing Administration
 - » Office of Management & Budget
 - » Medicare Payment Advisory Commission
- Campaign Contributions: Since 1990, individuals, lobbyists, and political action committees in the pharmaceutical industry spent \$150 million in campaign contributions. Pfizer is listed by the Center for Responsive Politics as a “Heavy Hitter,” with nearly \$4.9 million in contributions, placing it in the top 50 of all firms. In 2012, Pfizer contributed \$1.8 million to candidates.
 - » Leadership Targeted: Congressional party leadership and committee chairs have been popular targets for pharmaceutical contributions, with nearly \$8.5 million going to the President, House Speaker, majority and minority leaders, and relevant industry committee chairs and ranking members.
 - » Pharmaceutical Influence Is Bipartisan: With virtually every member of the House and Senate receiving some campaign funding from this source, pharmaceutical companies have spent considerable sums to enjoy across-the-board influence in Congress. The industry has traditionally spent much more heavily on Republican congressional candidates than Democrats. However, in 2008, for the first time on record, Democrats received more overall donations from the industry than Republicans, \$8,146,980 compared to \$8,082,962.
 - » Spending Increases at Key Legislative Moments: Further, the data suggests that contributions trends are highly influenced by pending legislation. Donations to Republicans peaked in 2000 and 2002, prior to the passage of the 2003 Medicare Modernization Act. Contributions to Democrats peaked from 2008 to 2012, as Democrats shepherded the passage of the 2010 Affordable Care Act. In essence, the industry effectively increased political spending to win highly lucrative policy shifts.

Unlike Medicare and Medicaid beneficiaries, the pharmaceutical industry is living beyond its means.

- An Enormous Market: Overall, Americans spent \$325.8 billion, or \$898 per capita, on prescription drugs in 2012, with drug prices increasing at double the rate of inflation that year from a decade earlier.
- Lucrative Considerations by Congress: The pharmaceutical industry already enjoys a slew of highly profitable competitive advantages, including patent protections, publicly funded scientific research, prohibitions on the re-importation of less expensive drugs from other countries, the ability to do direct-to-consumer advertising, and increased consumer demand and profits due to expansions in ObamaCare. The Congressional Budget Office (CBO) reports that spending on Medicare Part D — created as part of the 2003 Medicare Modernization Act — will total \$60 billion in 2013.
- Inflated Prescription Drug Prices: Americans pay significantly more for prescriptions than those in other countries — with consumers paying prices 34 percent higher than those in New Zealand and 50 percent higher than prices in the U.K.
- Approaching \$1 Trillion in Profits: A 2013 analysis by Health Care for America Now finds that the largest 11 pharmaceutical companies made \$711.4 billion in profits, much of which came as a result of the Medicare Part D program, between 2002 and 2012.
- Exorbitant CEO Pay: Meanwhile, the largest 11 spent \$1.57 billion total in compensation to their CEOs between 2002 and 2012. The largest year-to-year increase came in 2006, when the Medicare prescription law went into effect, with CEO pay increasing by \$58.9 million from the previous year.



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INTRODUCTION: A SOLUTION TO MAINTAINING ACCESS TO HEALTH CARE

The Congressional budget debate raises serious questions about the future of government programs designed to undergird the economic security of the middle class and to protect our most vulnerable populations. The prospect of a government shutdown, the repeal of health care reform, and deep cuts to social insurance programs could have a profound impact on families with everything on the line.

This report documents one aspect of this important debate — the effort to avoid cuts to social insurance programs by controlling the cost of pharmaceuticals. The analysis shows how the pervasive political influence of the pharmaceutical industry is preventing Congress from acting in reasonable ways to reduce preventable costs. This analysis shows how critical it is that Congress must break the grip of this industry to promote the public interest.

Attempts to shut out vulnerable Americans from access to health care by changing eligibility to Medicare and Medicaid are persistent and ubiquitous.

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House Speaker John Boehner has said that an increase in the debt ceiling must be accompanied by sweeping cuts to the Affordable Care Act (ACA), Medicare, Medicaid, Social Security and government pensions.¹ In essence, the Speaker has drawn a line in the sand, saying he is willing to allow the government to fall into another fiscal tailspin unless Congress guts the fixed incomes of America's elderly.

In the debate over the federal budget, it is common to hear laments of the high cost of health care. Yet, the solutions that are frequently pursued — cuts to eligibility and benefits in Medicaid and Medicare — ignore one of the primary drivers of these rising costs: the high price of prescription drugs. Americans spent \$325.8 billion, or \$898 per capita, on prescription drugs in 2012,² with drug prices increasing at double the rate of inflation that year from a decade earlier.³

However, a specific proposal to reduce costs while maintaining services has been proposed: The Medicare Drug Savings Act. This bill, introduced in both chambers of Congress, reverses a Bush-era policy shift that increases drug costs to Medicare. This proposal would obviate the need for draconian cuts to federal social insurance programs and should be considered as an alternative to substantial cuts in Medicare and Medicaid being proposed to reduce health care costs.

Despite the emergence of this commonsense solution, Congress has failed to act on this good-government approach to controlling health care costs. The significant resources the pharmaceutical industry has put toward influence and access has rendered Congress unable to act in the public interest.

Alarming, as the analysis of public finance records in this report makes evident, we find that the immense pressure on Congress is fueling conflicting interests. The current trend is to protect the profits of the pharmaceutical industry, which spends tens of millions annually in campaign contributions and hundreds of millions on lobbying.

The choice for Congress should be clear: Identify and legislate cost-saving policies, while maintaining vital benefits to eligible Americans. But, in reality, it is not. Not when the influence of money in Congress is deep and far-reaching, and the pharmaceutical industry is using its ample profits to gain influence and access in a way that vulnerable Americans cannot.

BACKGROUND: A LEGACY OF INDUSTRY-FRIENDLY POLICYMAKING

The pharmaceutical industry has successfully advocated for a remarkable array of highly profitable competitive advantages, including:

- Government-granted monopolies through patent protections.⁴
- The benefits from publicly funded scientific research.⁵ According to a study published in the *Journal of the American Medical Association*, only 56 percent of biomedical research is funded by private companies, and about a third of the research is funded by governmental sources.⁶
- Prohibitions on the re-importation of less expensive drugs from other countries, giving the government the authority to destroy personally imported drugs at their point of entry and, in turn, making affordable drugs less accessible.⁷
- The ability to pay to delay competition from less expensive generics (a recent court case upheld the potential to regulate this practice).⁸

The choice for Congress should be clear: Identify and legislate cost-saving policies, while maintaining vital benefits to eligible Americans. But, in reality, it is not. Not when the influence of money in Congress is deep and far-reaching, and the pharmaceutical industry is using its ample profits to gain influence and access in a way that vulnerable Americans cannot.

Net Profits for Top 11 Global Pharmaceutical Companies, 2003-2012

(in billions of US dollars)

Johnson & Johnson	\$105.8
Pfizer	\$100.4
Novartis	\$83.1
Merck	\$59.1
Roche	\$73.3
Sanofi-Aventis	\$57.7
GlaxoSmithKline	\$77.8
Abbott Laboratories	\$40.6
AstraZeneca	\$58.9
Eli Lilly	\$27.7
Bristol-Myers Squibb	\$27.0
Total:	\$711.4 BILLION

Total CEO Compensation At Top 11 Global Pharmaceutical Companies, 2003-2012

In USD Millions

Johnson & Johnson	\$233.4
Abbott Laboratories	\$207.8
Pfizer	\$192.2
Novartis	\$179.1
Eli Lilly	\$160.2
Roche	\$146.7
Merck	\$135.4
Bristol-Myers Squibb	\$130.0
Sanofi	\$70.0
GlaxoSmithKline	\$58.4
AstraZeneca	\$54.5
Total:	\$1,568 MILLION

Source: Corporate Filings

- The ability to engage in direct-to-consumer advertising (New Zealand is the only other country in the industrial world that allows this⁹). Pharmaceutical companies spend 19 times more on marketing than on basic research.¹⁰
- Increased consumer demand and profits due to expansions in the ACA, with growth projected to be nearly twice what it would be in the absence of the ACA.¹¹ The ACA is expected to increase insured consumers by as many as 32 million.¹² One study estimates the industry will enjoy \$115 billion in new revenue over 10 years, mostly due to the ACA.¹³

One consequence of these decisions is that both U.S. consumers and many government programs pay the highest, least competitive drug prices in the world. Overall, Americans pay significantly more for prescriptions than those in other countries — with consumers paying prices 34 percent higher than those in New Zealand and 50 percent higher than prices in the U.K.¹⁴

One policy the industry successfully lobbied for is the prohibition of system-wide negotiations on prescription drug prices. If Medicare and Medicaid were able to negotiate for drug prices — as Veteran Affairs and Indian Health Services already do — the cost of health care would fall dramatically.

Medicaid and Medicare beneficiaries comprise an enormous block of pharmaceutical consumers, with 66 million Medicaid beneficiaries¹⁵ and 49 million Medicare beneficiaries¹⁶ (9.6 million¹⁷ are dual-eligible). Accordingly, inflated drug prices have proven to be a significant federal expense. The Congressional Budget Office (CBO) reports that spending on Medicare Part D — created as part of the 2003 Medicare Modernization Act — will total \$60 billion in 2013.¹⁸

In April, Sen. Jay Rockefeller and 18 Senators introduced the Medicare Drug Savings Act, which eliminates a provision from the Medicare Modernization Act that allowed pharmaceuticals to charge Medicare higher prices for beneficiaries eligible for both Medicare and Medicaid. The bill would require drug companies to offer rebates for these “dual-eligible” beneficiaries — who are generally low-income seniors or individuals with disabilities — as they did prior to the 2006 launch of Medicare Part D.

According to the CBO, eliminating this provision would save \$141.2 billion over 10 years.¹⁹

Sen. Rockefeller, the bill’s prime sponsor, answers the question of who should pay, saying the legislation is designed to “responsibly help to reduce the deficit — without impacting Medicare beneficiaries — by making sure drug companies don’t get more than they’re due.”²⁰

Unlike Medicare and Medicaid beneficiaries, the industry isn’t exactly hurting for money. A 2013 analysis by Health Care for America Now finds that the largest 11 pharmaceutical companies made \$711.4 billion in profits, much of which came as a result of the Medicare Part D program, between 2002 and 2012. At \$83.9 billion, profits in 2012 exceeded 2003 profits by 62 percent.²¹

Meanwhile, the largest 11 companies spent \$1.57 billion total in compensation to their CEOs between 2002 and 2012. The largest year-to-year increase came in 2006, when the Medicare prescription benefit went into effect, with CEO pay increasing by \$58.9 million from the previous year.²²

Pharmaceutical profits and executive compensation are relevant to the public interest because of the long list of considerations given to the industry by policymakers, including enabling artificially high price-setting. This ultimately

inflates the expenditures of public money for Medicare and Medicaid.

However, despite the public benefit of reversing this provision in the Medicare Modernization Act, the influence of money in the political process has kept it from becoming reality.

LOBBYING • Top 5 Industries, All Cycles (Since 1998)

INDUSTRY	TOTAL
Pharmaceuticals/Health Products	\$2.67 billion
Insurance	\$1.88 billion
Electric Utilities	\$1.77 billion
Business Associations	\$1.54 billion
Computers/Internet	\$1.47 billion

Source: Center for Responsive Politics

AN INDUSTRY OF ACCESS

LOBBYING

An examination of data on campaign spending and lobbying activities paints a picture of an industry that enjoys a dominant stranglehold on Capitol Hill. As seen throughout the extent of public disclosure data available from the Center for Responsive Politics, from 1998 through 2013, the industry spent nearly \$2.7 billion on lobbying expenses, more than any other industry, and 42 percent more than the next-biggest spender, insurers.²³

In 2012, the industry employed a small army of 845 registered lobbyists,²⁴ or nearly two lobbyists for every member of Congress. The industry spent \$150

LOBBYING • Pharmaceutical Firms, 2012

CLIENT	TOTAL
Pharmaceutical Research & Manufacturers of America	\$18.4 million
Eli Lilly & Co	\$10.95 million
Pfizer Inc	\$10.2 million
Merck & Co	\$9.5 million
Amgen Inc	\$9.3 million
Novartis AG	\$7.1 million
Sanofi	\$6.2 million
Abbott Laboratories	\$6 million
Bayer AG	\$5.4 million
GlaxoSmithKline	\$4.9 million

Source: Center for Responsive Politics

2012 INDUSTRY LOBBYING

\$150.8M

Total for pharmaceutical manufacturing industry.

125

Total number of clients reported.

845

Total number of lobbyists reported.

Source: Center for Responsive Politics

According to the CBO, eliminating the provision from the Medicare Modernization Act that allowed pharmaceuticals to charge Medicare higher prices for beneficiaries eligible for both Medicare and Medicaid would save **\$141.2 billion** over 10 years.

million in lobbying activities that year, with the Pharmaceutical Research & Manufacturers of America (\$18.4 million), Eli Lilly (\$10.9 million) and Pfizer (\$10.2 million) spending the most.²⁵

THE REVOLVING DOOR

The industry intensifies its influence through what’s called the “revolving door,” in which former congressional members, their staff, committee staff, or officials from the White House or federal agencies leave their posts to work for the industry. The revolving door also includes former industry employees going on to work for the federal government.

There is a considerable threat to the interests of the American people because of the perverse incentives it establishes. For instance, an individual staffing a Congressional member or committee, who may be in search of landing a lucrative job at a pharmaceutical company or trade group, has an incentive to prioritize industry interests. And if that individual eventually lands a job in the industry, he or she has access to levers of power from that Congressional experience, thus offering the industry a competitive advantage over the public interest.

Among pharmaceutical entities that rank in the Top 5 in 2012 lobbying expenditures, the Pharmaceutical Research & Manufacturers of America (PhRMA), the powerful industry trade group, has 36 current or former staff members who at one time worked for a member of Congress, 12 who have worked for a congressional committee, 13 for a federal agency, two for the White House, and one in the courts system.

Several key congressional committees are represented among combined revolving door connections among the Top 5 lobbying spenders, including:

- Senate Finance Committee
- Senate Appropriations Committee
- Senate Health, Education, Labor, & Pensions Committee
- House Ways & Means Committee
- House Ways & Means Subcommittee on Health
- House Energy & Commerce Committee

THE REVOLVING DOOR • Number of Current or Former Staff Who Has Worked For ...

TOP 5 LOBBYING PHARMACEUTICALS IN 2012	MEMBER OF CONGRESS	COMMITTEE STAFF	FEDERAL AGENCY	WHITE HOUSE
Amgen Inc	8	5	3	1
Eli Lilly & Co	13	3	4	
Merck & Co	5	3	5	3
Pfizer Inc	9	5	9	2
Pharmaceutical Research & Manufacturers of America	36	12	13	2

Source: Center for Responsive Politics

PROFILE: FORMER REP. BILLY TAUZIN

CAREER OF FORMER CONGRESSMAN A CASE STUDY OF PHARMA'S FAR-REACHING INFLUENCE



Former PhRMA President and CEO and Rep. Billy Tauzin (R-La.) particularly embodies the dominant stranglehold the pharmaceutical industry holds on Capitol Hill.

Tauzin, a member of the House between 1980 and 2004 and head of PhRMA between 2005 and 2010, was chair of the U.S. House Committee on Energy and Commerce, the very committee that oversees the prescription drug industry.³⁴

Before leaving Congress for the lucrative PhRMA position, Tauzin was instrumental in moving the industry-friendly Medicare Modernization Act.³⁵

Several critical federal agencies are also connected to industry influence:

- Food & Drug Administration
- Centers for Medicare & Medicaid Services
- Health Care Financing Administration
- Office of Management & Budget
- Medicare Payment Advisory Commission

There are several examples of top health care officials bringing their influence and expertise to pharmaceutical companies. Michael Hudson, former Public Policy Management executive director at Merck, is the founder of the Health Policy Group, a private lobbying firm.²⁶ His connections to the federal government run deep — in the '80s he was assistant secretary in the Treasury Department, special assistant to the President in the White House, and assistant director in the Office of Management & Budget. In the '90s, he was Deputy Administrator in the Health Care Financing Administration, and was a senior advisor to then-Texas Gov. George W. Bush.²⁷

Another example is Lu Zawistowich, who is currently a senior public policy advisor at the lobbying firm Patton Boggs,²⁸ which represents some pharmaceutical companies.²⁹ The former Amgen director of Reimbursement & Planning has extensive experience at federal agencies, including at the Centers for Medicare & Medicaid Services, the Department of Health & Human Services, the Medicare Payment Advisory Commission, and the Office of Management & Budget.

See Appendix B for a complete revolving door breakdown for the Top 5 industry entities.

It is important to note that these revolving door lists are not necessarily comprehensive, especially for lobbyists who work on behalf of a pharmaceutical company, but through independent lobbying firms. Take, for instance, the example of three individuals who successfully lobbied for language inserted in the 11th

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Since 1990, as far back as Center for Responsive Politics data goes, individuals, lobbyists, and political action committees in the pharmaceutical industry spent \$150 million in campaign contributions.

hour into the “fiscal cliff” bill that will cost the Medicare program \$500 million over two years and will directly benefit Amgen.

Jeff Forbes, former chief of staff to Finance Committee Chair Sen. Max Baucus, is the former principal for lobbying firm Cauthen, Forbes & Williams,³⁰ which has received \$1.8 million from Amgen³¹ and has lobbied on behalf of the company.³² However, he is not listed in the Center for Responsive Politics’ revolving door analysis, because he is not a direct Amgen employee.

The same holds true for Hunter Bates, former chief of staff for Senate Minority Leader Mitch McConnell and Bates Capitol Group president,³³ and Tony Podesta of the Podesta Group. Both firms are Amgen clients.

CAMPAIGN CONTRIBUTIONS

Another way the industry influences public policy is through donations to congressional candidates. Since 1990, as far back as Center for Responsive Politics data goes, individuals, lobbyists, and political action committees in the pharmaceutical industry have spent \$150 million in campaign contributions.³⁶ Pfizer is listed by the Center for Responsive Politics as a “Heavy Hitter,” with nearly \$4.9 million in contributions, placing it in the top 50 out of thousands of companies.³⁷ In 2012, Pfizer contributed \$1.8 million to candidates.

Over all cycles on record, since 1990, President Obama has received the most contributions from the industry, more than \$2.2 million. Sen. Orrin Hatch is the top recipient in Congress, at nearly \$1.04 million.

Congressional party leadership and committee chairs have been popular targets for pharmaceutical contributions, with nearly \$8.5 million going to the President, House Speaker, Majority and Minority Leaders, and industry relevant committee chairs and ranking members. (See Appendix A.)

CONTRIBUTIONS: Top Donors to Federal Candidates, Parties, and Outside Groups, 2012

RANK	ORGANIZATION	AMOUNT	DEMS	REPUBS
1	Mutual Pharmaceutical	\$2.3 million	0%	13%
2	Pfizer Inc	\$1.8 million	51%	49%
3	Amgen Inc	\$1.65 million	49%	50%
4	Pharmaceutical Product Development Inc	\$1.5 million	0%	1%
5	Merck & Co	\$1.298 million	52%	48%
6	Abbott Laboratories	\$1.19 million	40%	55%
7	AstraZeneca PLC	\$1.06 million	47%	53%
8	Eli Lilly & Co	\$854,000	41%	59%
9	GlaxoSmithKline	\$779,000	48%	52%
10	Upsher-Smith Laboratories	\$698,000	0%	28%

Source: Center for Responsive Politics

CONTRIBUTIONS: Top 20 Congressional Contribution Recipients from Pharmaceuticals

All-Cycles (since 1990)

RANK	MEMBER OF CONGRESS	AMOUNT
1	Obama, Barack (D)	\$2,250,000
2	Hatch, Orrin G (R-UT)	\$1,040,000
3	Ferguson, Mike (R-NJ)	\$771,000
4	Specter, Arlen (D-PA)	\$767,000
5	Eshoo, Anna (D-CA)	\$615,000
6	Burr, Richard (R-NC)	\$611,000
7	Dingell, John D (D-MI)	\$605,000
8	Upton, Fred (R-MI)	\$566,000
9	Menendez, Robert (D-NJ)	\$544,000
10	Dodd, Chris (D-CT)	\$493,000
11	Frelinghuysen, Rodney (R-NJ)	\$489,000
12	Barton, Joe (R-TX)	\$486,000
13	Johnson, Nancy L (R-CT)	\$485,000
14	Lieberman, Joe (I-CT)	\$464,000
15	Cantor, Eric (R-VA)	\$458,000
16	Santorum, Rick (R-PA)	\$458,000
17	Boehner, John (R-OH)	\$455,000
18	Baucus, Max (D-MT)	\$446,000
19	McCain, John (R-AZ)	\$446,000
20	Clinton, Hillary (D-NY)	\$445,000

Based on contributions from PACs and individuals giving \$200 or more. Figures for the current cycle were released by the Federal Election Commission on March 25, 2013.

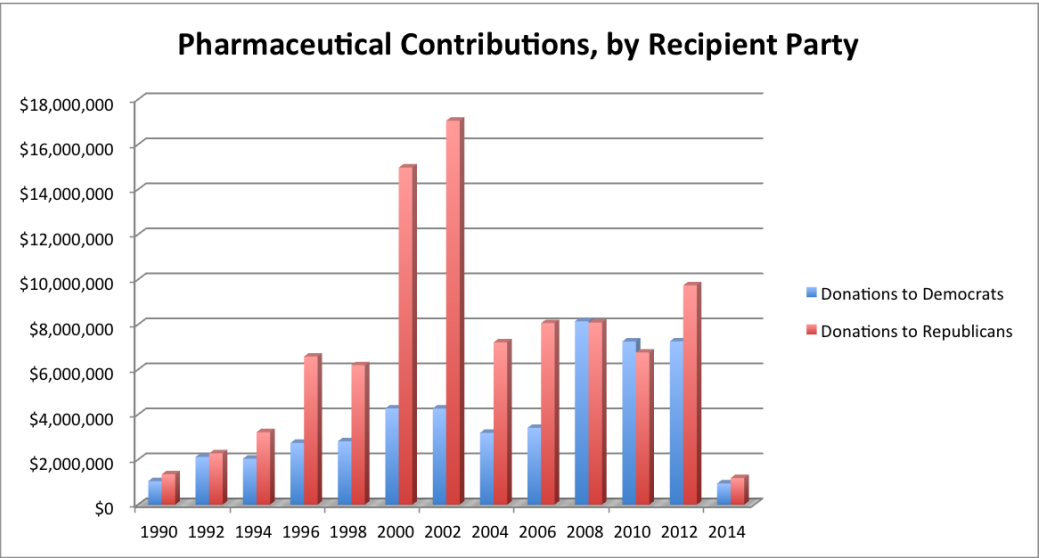
Source: Center for Responsive Politics

REPUBLICANS GET MORE, BUT TREND FAVORS DEMOCRATS

The industry has traditionally spent much more heavily on Republican Congressional candidates than Democrats. Over all cycles on record (as of Sept. 7, 2013), pharmaceutical groups have given nearly \$49 million to Republicans, almost 50 percent more than the \$33 million given to Democrats. For House candidates, the average contribution to Republicans has been \$11,979, compared to \$8,418 to Democrats. For Senate candidates, the average to Republicans is \$22,515, vs. \$20,910 to Democrats.³⁸

However, recent trends show a significantly increased emphasis on giving to Democrats. In 2008, for the first time on record, Democrats received more overall donations from the industry than Republicans, \$8,146,980 compared to \$8,082,962.³⁹ With virtually every member of the House and Senate receiving some campaign funding from this source, pharmaceutical companies have spent considerable sums to enjoy across-the-board influence in Congress.

Recent trends show a significantly increased emphasis on giving to Democrats. In 2008, for the first time on record, Democrats received more overall donations from the industry than Republicans.



Further, the data suggests that contribution trends are highly influenced by pending legislation. Donations to Republicans peaked in 2000 and 2002, prior to the passage of the 2003 Medicare Modernization Act. Contributions to Democrats peaked from 2008 to 2012, as Democrats shepherded the passage of the 2010 Affordable Care Act. In essence, the industry effectively increased political spending to win highly lucrative policy shifts.

**MEMBERS WHO TAKE ACTION
DESPITE PHARMACEUTICAL CONTRIBUTIONS**

Finally, despite the pharmaceutical industry’s financial dominance of Congress, several policymakers have not allowed that influence to keep them from pursuing good public policy. It is important to highlight these examples in order to show that the pharmaceutical industry’s control over Congress can be broken.

In addition to Congress, President Obama, a recipient of large donations from this industry, has repeatedly proposed the rebate policies in the Medicaid Drug Savings Act.

The 24 co-sponsors of the Senate’s Medicare Drug Savings Act and its companion bill in the House — which would yield fairer drug prices — received a combined \$257,070 in pharmaceutical contributions in 2012, or \$10,711 per co-sponsor. Over all cycles on record, the co-sponsors received more than \$1.6 million, or \$67,407 per co-sponsor.

These members of Congress have not allowed industry contributions to keep them from pursuing a drug pricing policy that favors the American people over the special interests of the industry.

Other members of Congress should follow the example of these leaders in order to promote policies that are in the interests of both the consumers and taxpayers. The industry’s grip can be broken.

Campaign contribution trends are highly influenced by pending legislation. Pharmaceutical donations to Republicans peaked in 2000 and 2002, prior to the passage of the 2003 Medicare Modernization Act.

Medicare Drug Savings Act Sponsors Take Action Despite Pharmaceutical Campaign Contributions

BILL SPONSORS	AMOUNT, ALL CYCLES	RANK, ALL CYCLES	AMOUNT, 2012	RANK, 2012
SENATE				
Rockefeller, Jay (D-WV)	\$107,350	90	\$3,000	69
Nelson, Bill (D-FL)	\$110,549	86	\$25,250	28
Klobuchar, Amy (D-MN)	\$14,540	189	\$12,750	48
Baldwin, Tammy (D-WI)	\$20,200	180	\$9,000	180
Blumenthal, Richard (D-CT)	\$43,400	151	\$15,500	43
Boxer, Barbara (D-CA)	\$126,150	73	\$0	-
Brown, Sherrod (D-OH)	\$106,424	91	\$19,570	36
Durbin, Dick (D-IL)	\$115,350	79	\$12,000	49
Franken, Al (D-MN)	\$6,500	211	\$1,750	77
King, Angus (-)	\$3,500	225	\$0	-
Leahy, Patrick (D-VT)	\$81,300	106	\$0	-
Merkley, Jeff (D-OR)	\$35,500	159	\$11,500	53
Reed, Jack (D-RI)	\$62,050	127	\$2,500	73
Sanders, Bernie (I-VT)	\$670	238	\$250	80
Schatz, Brian (D-HI)	\$5,500	216	\$0	-
Shaheen, Jeanne (D-NH)	\$23,744	176	\$3,000	69
Stabenow, Debbie (D-MI)	\$86,634	102	\$25,000	29
Udall, Tom (D-NM)	\$45,950	145	\$10,000	57
Whitehouse, Sheldon (D-RI)	\$48,350	141	\$31,050	23
HOUSE				
Levin, Sander (D-MI)	\$128,405	130	\$34,000	63
Waxman, Henry A (D-CA)	\$238,600	45	\$27,500	76
Miller, George (D-CA)	\$8,800	727	\$1,000	333
McDermott, Jim (D-WA)	\$120,850	139	\$3,500	259
Andrews, Robert E (D-NJ)	\$77,450	213	\$8,950	185

Source: Center for Responsive Politics

Several policymakers have not allowed financial contributions to keep them from pursuing good public policy. These examples demonstrate that the pharmaceutical industry's control over Congress can be broken.

CONCLUSION

The pharmaceutical industry's vast influence over Congress has impeded the progress of commonsense solutions to artificially inflated drug prices. With the emergence of the Medicare Drug Savings Act, Congress must make a choice: Stand with America's most vulnerable, whose lives depend on Medicare and Medicaid, or allow the industry to continue to pad its already-significant profit margins.

With hundreds of millions spent on lobbying and tens of millions in campaign contributions, pharmaceuticals have proven to be a dominant force on Capitol Hill. It will be up to this 113th Congress to put America's most vulnerable ahead of special interests.

APPENDIX A: Leadership Money in Politics Profiles

	POSITION	AMOUNT, ALL CYCLES	RANK, ALL CYCLES	AMOUNT, 2012	RANK, 2012
LEADERSHIP			All		All
Obama, Barack (D)	President	\$2.3 million	1	\$1 million	1
Boehner, John (R-OH)	Speaker of the House	\$455,000	17	\$131,000	9
Cantor, Eric (R-VA)	House Majority Leader	\$458,000	15	\$159,000	6
Pelosi, Nancy (D-CA)	House Minority Leader	\$136,000	-	\$22,000	-
Reid, Harry (D-NV)	Senate Majority Leader	\$236,000	-	\$21,000	-
McConnell, Mitch (R-KY)	Senate Minority Leader	\$381,000	-	\$73,000	-
SENATE COMMITTEES			Senate		Senate
Murray, Patty (D-WA)	Budget Chair	\$260,000	24	\$13,000	47
Sessions, Jeff (R-AL)	Budget Ranking	\$128,000	70	\$9,000	60
Baucus, Max (D-MT)	Finance Chair	\$446,000	9	\$64,000	13
Hatch, Orrin G (R-UT)	Finance Ranking	\$1 million	2	\$218,000	1
Mikulski, Barbara A (D-MD)	Appropriations Chair	\$261,000	23	\$20,000	35
Shelby, Richard C (R-AL)	Appropriations Ranking	\$113,000	83	-	-
Harkin, Tom (D-IA)	Health, Education, Labor, & Pensions Chair	\$347,000	15	\$46,000	17
Alexander, Lamar (R-TN)	Health, Education, Labor, & Pensions Ranking	\$224,000	37	\$16,000	42
HOUSE COMMITTEES			House		House
Ryan, Paul (R-WI)	Budget Chair	\$243,000	42	\$67,000	24
Van Hollen, Chris (D-MD)	Budget Ranking	\$78,000	210	\$14,000	142
CAMP, DAVE (R-MI)	Ways & Means Chair	\$393,000	17	\$109,000	6
Levin, Sander (D-MI)	Ways & Means Ranking	\$128,000	130	\$34,000	63
Upton, Fred (R-MI)	Energy & Commerce Chair	\$566,000	5	\$174,000	1
Waxman, Henry A (D-CA)	Energy & Commerce Ranking	\$239,000	45	\$28,000	76
Rogers, Hal (R-KY)	Appropriations Chair	\$29,000	430	\$17,000	122
Lowey, Nita M (D-NY)	Appropriations Ranking	\$37,000	364	\$3,000	282

Source: Center for Responsive Politics

APPENDIX B: Pharmaceutical Employees Who Have Worked For ...

Top 5 pharmaceuticals by 2012 lobbying expenditures, data as of September 2013. Does not necessarily include those contracted through lobbying firms.

EMPLOYEE	STATUS	MEMBER OF CONGRESS	COMMITTEE STAFF	FEDERAL AGENCY, OR WHITE HOUSE
ELI LILLY & CO				
Anderson, Anjulen	Current	Bono Mack, Mary; Buyer, Steve		
Artim, Bruce	Current		Senate Judiciary Committee	
Brairton, Jessie	Former	Smith, Lamar	Senate Special Aging Committee	
Caughey, J Savonne	Current	Hutchison, Kay Bailey		Agriculture
Cook, Harrison C	Current			Commerce
Donohue, Sean	Current	Jeffords, James		
Filippone, Desiree	Former	Bayh, Evan		
Hohlt, Deborah	Former			Department of Health and Human Services
Linthicum, Kim	Former	Franks, Bob		
McManus, John	Former	Thomas, Bill		
Moore, Walter	Former	Bentsen, Lloyd		Federal Election Commission
Price, Jesse	Current	Watt, Melvin		
Salo, Jeannie	Current	Voinovich, George	Senate Foreign Relations Committee	
Shofe, Alan M	Former	Gutknecht, Gil		
Sotak, Sonya	Current	McCain, John		
Tapay, Nicollette	Current	Wyden, Ron		

PHARMACEUTICAL RESEARCH & MANUFACTURERS OF AMERICA

Anders, Jeff	Former		Senate Health, Education, Labor & Pensions Committee	
Anway, Mike	Current	Brownback, Sam; Stearns, Cliff	House Ways & Means Committee	
Bergman, Andrea	Former	Crapo, Mike		Food & Drug Administration
Boyer, Dave	Former			White House Special Assistant to the President
Currie, L Rodger	Former	Kennedy, Edward	House Energy & Commerce Committee; House Energy & Commerce Committee	
Damond, Joseph A	Former			Office of US Trade Representative
Deschenes, Elise	Former	Nethercutt, George; Miller, Dan; White, Rick		

Source: Center for Responsive Politics

APPENDIX B: Pharmaceutical Employees Who Have Worked For ...

Top 5 pharmaceuticals by 2012 lobbying expenditures, data as of September 2013. Does not necessarily include those contracted through lobbying firms.

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Durham, Daniel	Former			Department of Health & Human Services; Social Security Administration; Office of Management & Budget
Easton, Michelle P	Former	Breaux, John	Senate Senate Finance Committee	
Efantis, Amy C	Former	Davis, Artur; Barrett, Tom		
Filippone, Bob	Current	Graham, Bob	Senate Intelligence Committee	Department of Defense
Fisher, Margaret Lea	Current	Etheridge, Bob		
Gierer, Gregory	Former	Dodd, Chris		
Gilbert, Alan	Current			White House Special Assistant to the President
Grove, Jason	Former	Regula, Ralph		
Guarducci, Mara	Former	Greenwood, James		
Houser, Teresa M	Former	Thomas, Bill	Senate Senate Finance Committee	
Jackson, Lauryl Dodson	Former	Rush; Payne		
Jenkins, Missy	Former	Gingrich; Simpson		
Jewett, Valerie H	Current	Frelinghuysen, Rodney		
Johnson, Kenneth	Current		House Select Homeland Security Committee; House Energy & Commerce Committee	
Kneuer, Mimi Kneuer	Current	Tauzin, Billy		
Krasner, Wendy L	Former			Department of Health and Human Services
Kuhlik, Bruce	Former			Office of the Solicitor General
Linthicum, Kim	Former	Franks, Bob		
Love, Kimberly	Current	Stabenow, Debbie		Department of Agriculture
Lynch, Ann Marie	Former			Health Care Financing Administration
Maloney, Colleen	Current	Cantor, Eric		
Moon, Cara	Current	Shadegg, John; Blackburn, Marsha; Jindal, Bobby		
Moore, Thomas G	Former			Department of Defense

Source: Center for Responsive Politics

APPENDIX B: Pharmaceutical Employees Who Have Worked For ...

Top 5 pharmaceuticals by 2012 lobbying expenditures, data as of September 2013. Does not necessarily include those contracted through lobbying firms.

EMPLOYEE	STATUS	MEMBER OF CONGRESS	COMMITTEE STAFF	FEDERAL AGENCY, OR WHITE HOUSE
Moore, Tom	Current	Brown, Sherrod; Hooley, Darlene		
Nannis, Drew	Former	Berry, Marion; Salazar, Ken		
Olsen, Scott	Former	Baucus, Max		
Pritchett, Anne	Current			Office of National Drug Control Policy
Reilly, Lori	Current	Christensen, Jon	House Commerce Committee	
Ritter, GERALYN	Former			Office of US Trade Representative
Romans, Jennifer	Current	Frist, Bill; Kyl, Jon		
Rubin, Peter	Former	Mikulski, Barbara; McDermott, Jim		
Sotak, Sonya	Former	McCain, John		
Spears, Alan	Current			Federal Trade Commission
Stein, Peter	Former	Santorum, Rick		
Strawn, Heather	Former	Rogers, Mike		
Sulkala, Matt	Current	Boyd, Allen		
Swenson, Jennifer A	Former	Roberts, Pat		
Tauzin, Billy	Former	Member, US House of Representatives		
Tilton, Steve	Former	Bilirakis, Michael	House Energy & Commerce Committee	
Tuffin, Mike	Former	Smith, Robert; Kim, Jay		
Venable, Nicole	Former	Kim, Jay; Robb, Charles	Office of US Trade Representative	
Walters, William E	Former		House Commerce Committee; House Ways & Means Subcommittee on Health	Army, Judge Advocate
White, Derrick	Former	Hatch, Orrin		
Woody, Michael P	Former	Harkin, Tom; Berry, Marion; McIntyre, Mike	Senate Health, Education, Labor & Pensions Committee	
PFIZER				
Bennett, Catherine P	Former			National Security Council
Bowler, M Kenneth	Former		House Ways & Means Committee	

Source: Center for Responsive Politics

APPENDIX B: Pharmaceutical Employees Who Have Worked For ...

Top 5 pharmaceuticals by 2012 lobbying expenditures, data as of September 2013. Does not necessarily include those contracted through lobbying firms.

EMPLOYEE	STATUS	MEMBER OF CONGRESS	COMMITTEE STAFF	FEDERAL AGENCY, OR WHITE HOUSE
Boyd, Michael D	Former	Kolbe, Jim		
Cino, Maria	Current			Department of Transportation
Damond, Joseph A	Former			Office of US Trade Representative
Davis, Kimberly	Former	Boxer, Barbara		
DesRosiers, Caleb	Former			Centers for Medicare & Medicaid Services
Duck, Jennifer	Former	Feinstein, Dianne; Daschle, Tom	Senate Senate Judiciary Committee	
Grill, Vera	Former	John, Chris		
Henning, Stephanie A	Former		Senate Foreign Relations Committee; House Ways & Means Subcommittee on Trade; Senate Governmental Affairs Committee	
Judge, Dolly A	Former	Mica, Daniel		
Kumar, Suresh	Former			Department of Commerce
McCarthy, Justin	Former			Executive Office of the President
Moore, Walter	Former	Bentsen, Lloyd		Federal Election Commission
Perea-Henze, Raul	Former			US Department of Veterans' Affairs; Department of Commerce
Pinter, Kimberly	Current	Thomas, Craig		
Principi, Anthony J	Current		Senate Veterans' Affairs Committee; Senate Armed Services Committee	US Department of Veterans' Affairs; Navy, Judge Advocate; White House Senior Health Care Advisor
Swenson, Jennifer A	Current	Roberts, Pat		
Tedesco, Francesca	Former	Houghton, Amo		
Walters, William E	Former		House Commerce Committee; House Ways & Means Subcommittee on Health	Army, Judge Advocate

MERCK & CO

Atkins, G Lawrence	Current		Senate Health, Education, Labor & Pensions Subcommittee on Aging	
Bland, Jennifer Hawks	Current	Cochran, Thad		

Source: Center for Responsive Politics

APPENDIX B: Pharmaceutical Employees Who Have Worked For ...

Top 5 pharmaceuticals by 2012 lobbying expenditures, data as of September 2013. Does not necessarily include those contracted through lobbying firms.

EMPLOYEE	STATUS	MEMBER OF CONGRESS	COMMITTEE STAFF	FEDERAL AGENCY, OR WHITE HOUSE
Esposito, Anne	Current		House Energy & Commerce Committee	
Hudson, J Michael	Former			Health Care Financing Administration; Office of Management & Budget; Department of Treasury; White House Special Assistant to the President
Joseph, Eli	Current			White House Legislative Assistant, Office Legislative Affairs
Kuhlik, Bruce	Current			Office of the Solicitor General
Oppenheim, Katie	Current	Crapo, Mike		
Perea-Henze, Raul	Former			US Department of Veterans' Affairs; Department of Commerce; White House Senior Health Care Advisor
Raabe, Mark J	Former		House Energy & Commerce Committee; House Interstate & Foreign Commerce Committee	Interstate Commerce Commission; Federal Trade Commission; Federal Bureau of Investigation
Rampy, Stacey	Former	Eshoo, Anna		
Ritter, GERALYN	Current			Office of US Trade Representative
Rubin, Peter	Former	Mikulski, Barbara; McDermott, Jim		
Smith, Cynthia	Former			
Stewart, Angela	Current	Warner, John		

AMGEN

Acker, Tracy L	Former			Food & Drug Administration
Beier, David W	Current		House Judiciary Committee	Vice President's Office, Chief Domestic Policy Advisor
Currie, L Rodger	Former	Kennedy, Edward	House Energy & Commerce Committee; House Energy & Commerce Committee	
Guarducci, Mara	Current	Greenwood, James		
Johnston, Jake	Former	Inslee, Jay; Stark, Pete; Pelosi, Nancy		

Source: Center for Responsive Politics

APPENDIX B: Pharmaceutical Employees Who Have Worked For ...

Top 5 pharmaceuticals by 2012 lobbying expenditures, data as of September 2013. Does not necessarily include those contracted through lobbying firms.

EMPLOYEE	STATUS	MEMBER OF CONGRESS	COMMITTEE STAFF	FEDERAL AGENCY, OR WHITE HOUSE
Koch, Cathy	Former	Bingaman, Jeff	Senate Senate Finance Committee; Senate Energy & Natural Resources Committee	
Linthicum, Kim	Former	Franks, Bob		
McCarthy, Nancy Ellen	Current		Senate Senate Finance Committee	
Moore, Thomas G	Former			Department of Defense
Moore, Tom	Former	Brown, Sherrod; Hooley, Darlene		
Norton, Rita E	Former		Senate Appropriations Committee	
Olsen, Scott	Current	Baucus, Max		
Zawistowich, Lu	Former			Centers for Medicare & Medicaid Services; Department of Health & Human Services; Medicare Payment Advisory Commission; Office of Management & Budget

Source: Center for Responsive Politics

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Pharmaceuticals' Prescription
for PROFITS over PEOPLE.



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