

## Supplemental Notes to Lecture 10: Interest Groups and the Art of Lobbying



The following article (written by Yeganeh Torbati and Jonathan O'Connell) was published this morning (Friday, November 5) in the *Washington Post*. [The above image is a screenshot taken from a 30-second ad produced by PhRMA. The video can be seen [here](#).]

### Pharmaceutical industry likely to shatter its lobbying record as it works to shape Democrats' spending bill

A years-long battle over prescription drug prices reaches its apex as the industry spends tens of millions to alter the plan.

In September, Rep. Andy Kim (D-N.J.) began noticing mailers arriving at homes across his district, including his own and that of his parents, with an alarming message. The mailers alleged that Kim was intent on preventing Medicare patients from getting the drugs they needed.

That was news to Kim, who has made lowering seniors' health-care costs and expanding their access to Medicare a signature issue. The mailer, along with a slew of digital ads and text messages, was sponsored by a group called A Healthy Future, LLC, and claimed that Kim and other New Jersey Democrats wanted to cut off "access to lifesaving medicines" and shift Medicare money into other social safety-net programs.

Soon after the mailers landed in New Jersey mailboxes, Kim's office began receiving calls from puzzled constituents.

"I've been attacked before, but I've never seen one as egregious as this one in terms of 'Andy Kim's trying to cut Medicare,'" Kim said. "That's just so absurd, and I actually think that has affected how the district has responded."

Kim was certain the attacks were coming from the pharmaceutical industry, but it was hard for him to be sure. A Healthy Future's website includes no contact information, and a message to its Facebook page went unanswered. But a nonprofit group called A Public Voice listed A Healthy Future as being under its control in its [2018](#) and [2019](#) tax filings and described the LLC's primary activity as "supporting a vibrant health care system."

A Healthy Future and its anonymous funders, it turned out, had fought previous efforts in Washington to reduce the cost of prescription drugs. According to Google digital ad data, A Healthy Future also paid for ads in fall 2020 arguing against a Trump administration attempt to address prescription drug costs.

Brian Newell, a spokesman for PhRMA, the pharmaceutical industry's chief lobbying arm, when asked whether the organization had ever had any financial or other relationship with A Healthy Future or A Public Voice, said: "Like most industries and associations, PhRMA engages with groups and organizations that have a wide array of opinions and priorities, including those who do not want the government to come between patients and their medicines."

The ads targeting Kim and others were one strand of a massive, months-long advertising, lobbying and political donation blitz undertaken by the pharmaceutical industry and its allies, perhaps the strongest of all corporate voices in Washington, to kill a Democratic proposal to lower the cost of prescription drugs by empowering the federal government to negotiate their prices.

That provision to control drug prices became a focal point of the \$1.75 trillion spending package Democrats are trying to move through Washington. The measure was in, then out, then watered down, going through a fierce ping-pong of backroom negotiations that is likely to continue once the Senate considers the bill in coming weeks.

Pharmaceutical industry lobbyists defended their effort, alleging that the Democrats' proposal would stifle research. They also said many other groups poured millions of dollars into the other side of the debate.

“As we’ve said repeatedly, our advocacy has focused on delivering solutions that will lower what patients pay out of pocket for prescription medicines, while opposing reforms that would ultimately leave patients trapped in a broken insurance system, restrict access to lifesaving medicines, and destroy the development of new treatments,” Newell said.

The influence campaign at times worked through groups whose funding sources are hidden. At least 20 different advertisements were run on television and online across the country. The advertisements were augmented by a campaign by PhRMA, which spent nearly \$23 million on lobbying through the first nine months of 2021, according to data compiled by Open Secrets, which tracks corporate spending and political influence. That puts PhRMA on track this year to beat its own spending recording of \$29.3 million in 2019.

“The intensity right now of K Street and the deployment of lobbying and dark money is extraordinary,” said Nick Penniman, chief executive of Issue One, which advocates for transparency in Washington. “It is a frenzied state right now.”

The intense effort is reflective of just how much many companies have at stake in the Democrats’ evolving tax-and-spending bill. This article, which is based on interviews, documents and lobbying and ad spending data, offers a window into the efforts one sector took to shape the bill, much of which was crafted in secret.

The drug pricing provision agreed to by House Democrats this week does not go as far as many Democrats including Kim had hoped. But it still delivers reforms that could cut costs for millions of Americans by capping out-of-pocket spending for seniors at \$2,000 a year, capping insulin costs, preventing price increases that exceed the rate of inflation, and allowing Medicare to begin negotiating prices for some drugs.

“What we’re trying to do is defying one of the most powerful special-interest lobby groups in Washington, D.C.,” Kim said. “The fact that we were able to get something that will meaningfully help people was important.”

Other industries, including tobacco and electric vehicles, have worked aggressively to pare down or reshape parts of the bill in their favor, too. But the effort to fight back on drug-price increases stands out because of the enormous scope of the campaign waged by the pharmaceutical industry and its allies, which have derailed similar proposals for the past two decades, despite how popular many of the changes are with voters, according to polling data.

“They’re the Goliath,” said Sheila Krumholz, executive director of Open Secrets. She said that aside from the U.S. Chamber of Commerce, of which pharmaceutical firms are members, the industry had spent more than any other by a wide margin so far this year, deploying so many lobbyists — 1,600 — that they outnumber members of Congress 3 to 1.

The industry made \$90.6 million of political contributions during the 2020 election cycle, according to Open Secrets, 61 percent of that to Democratic candidates and groups.

The industry's focus on drug pricing has increased dramatically in recent years as the issue became more top-of-mind for voters. In 2012, lobbyists registered to work on the issue of "drug prices" 69 times for 20 different clients. In 2021 so far, they have filed to lobby on the issue 1,192 times for 242 different clients, according to Open Secrets data.

While the industry lobbies on many different issues in a given year, the Democratic bill H.R. 3 that would have given the government more expansive power to negotiate drug prices was the bill PhRMA cited most often for lobbying; the bill appeared in its reports 35 times so far this year, Open Secrets found.

Research by Patients for Affordable Drugs Now, which advocates for lower prices, found that PhRMA and its allies spent at least \$26.5 million on television and digital ads attacking proposals on price negotiations between July and early November. That included \$2.7 million spent by PhRMA, but also \$4.5 million in ads by the 60 Plus Association, which bills itself as a conservative version of AARP and did not respond to a request for comment.

Also lining up behind the effort was the American Action Network, a major conservative nonprofit advocacy group, with \$7.9 million in ads. PhRMA gave the American Action Network \$4.5 million in 2019, along with \$75,000 to the 60 Plus Association, according to [tax filings](#).

Rep. Elissa Slotkin (D-Mich.) holds one of Congress's most competitive seats, having wrested it from Republican control in 2018 and narrowly winning reelection in 2020. She shaped her campaign around a platform of tackling rising health-care costs and has maintained focus on that issue, inviting a Type 1 diabetes patient with sky-high insulin costs to be her guest at the 2020 State of the Union address.

According to data tracked by Patients for Affordable Drugs Now, the American Action Network funded an ad in Slotkin's district starting in August that accuses Democrats of pushing a "socialist health-care plan to control what medicines you can get."

Her office is now accustomed to fielding calls from constituents who see ads like that one on television, Slotkin said.

"We can really tell the first couple of days those ads run because that's when we'll see a spike in the number of people calling our office," she said. "We literally write a response that our staff can use to forcefully push back and try to contradict the purposeful misinformation."

Asked about the accuracy of the advertisement targeting Slotkin, American Action Network spokesman Calvin Moore reiterated its message, saying such proposals amount to "socialist price controls" that could limit development of new prescription drugs. "Stifling innovation to this degree has profound consequences," Moore said.

Many of the backers of these efforts are difficult to identify because of rules allowing anonymous funding of political groups. A Public Voice, which described itself on its 2018 and 2019 tax forms as the "direct controlling entity" of A Healthy Future, is based in Thornville, Ohio. It listed nearly \$5 million in contributions in 2018, though it declined to name its donors,

and spent the money on consulting, marketing and funding conservative causes across the country. That year, its donations included \$240,000 to Fund for a Working Congress, a political action committee that [supported](#) Republican candidates, and \$370,000 to Ohio First PAC, which [supported](#) a challenge by Republican James B. Renacci against Sen. Sherrod Brown (D-Ohio).

A voice mail left at a number listed on tax filings for A Public Voice received no response. Documents filed with the state of Ohio show that the entity originally formed in 2012 as Protect Your Vote Ohio and show its registered agents as lawyers with Langdon Law, a Cincinnati-area law firm [known as](#) a nexus for “dark money” groups on the right.

David Langdon of Langdon Law did not respond to an email and voice mail requesting comment.

The approximately 20 digital and television video ads compiled by Patients for Affordable Drugs Now and reviewed by *The Washington Post* warned viewers about an array of crises that could befall them should Congress allow Medicare to negotiate prices for drugs, among them that the industry could no longer develop new medications, that the government would limit access to prescriptions, that Medicare would be cut or that millions of jobs would be lost.

“They call it negotiation, but it really means government decides what medicines I can get,” says “Sue,” a woman labeled in one ad as a diabetic from Ohio.

“Imagine a future in which a vaccine for covid-19 was never discovered,” says a voice in another spot.

Pro-industry advertising ran during opinion shows on Fox News, CNN and MSNBC, as well as during college football games, according to the advertising data firm iSpot.tv.

Once the drug cost proposal was added to President Biden’s larger legislative package, some advertising took direct aim at Democrats’ spending priorities. One claimed the proposal called for “gutting Medicare” in exchange for “pie-in-the-sky special-interest kickbacks.” It depicts House Speaker Nancy Pelosi (D-Calif.) riding atop an animated unicorn, she and Rep. Alexandria Ocasio-Cortez (D-N.Y.) sliding down rainbows, and Senate Majority Leader Charles E. Schumer (D-N.Y.) at a dessert buffet. Another depicts the proposal as a shell game that “loots Medicare.”

Previous presidents, including Barack Obama and Donald Trump, vowed to pass bills to lower prescription drug costs, only to see their efforts die on Capitol Hill, in part because of a relentless lobbying blitz.

When Montana’s Brian Schweitzer ran for Senate in 1999, he elevated his long-shot campaign by busing senior citizens to Canada so they could illegally buy drugs at lower prices.

He got his first taste of the pharmaceutical lobby shortly afterward, when he said television ads started attacking him for trusting medicines made in other countries. He said in his case, the

attacks helped make his political career. “Virtually everybody in America has a friend or family member who is taking that expensive medicine,” he said.

Rep. Susan Wild (D-Pa.) holds another competitive seat, representing an Allentown, Pa., district that narrowly favored Biden in the 2020 election. She said that as she began supporting drug price reform early in her career, lobbyists began relentlessly calling her office, even though she had vowed not to take corporate PAC donations.

“If they’re calling me nonstop, imagine what they’re doing to those who actually do take their money,” she said.

During the most recent negotiations, Wild began receiving automated emails from constituents worried they wouldn’t be able to get their medicines if the government could negotiate prices. But on Sunday she [joined](#) 14 colleagues from other competitive districts, including Kim and Slotkin, to urge Democratic leadership to deliver on their promise to reduce drug prices. She said she knows what comes next.

“I am quite certain that because I have been so outspoken on this issue, that I am going to face an attack ad,” Wild said. “I have an idea for what it could be, but I don’t want to tell you in case they see it. I don’t want to give them any ideas.”

**Quiz Question 5: Do you think this article gives us an example of what it looks like for the media to take on the role of watchdog? Briefly explain why or why not.**

**Quiz Question 6: Do you think this article displays a political bias that undermines its reporting? Briefly explain why or why not.**

**Quiz Question 7: After reading this article, do you find convincing the claim, repeated several times, that allowing the government to negotiate the prices of prescription drugs would cripple Big Pharma’s ability to “develop new medications”?**