

– EMBARGOED UNTIL FURTHER NOTICE –

## **PAYBACKS:**

### **How the White House and Congress Are Neglecting Our Health Care Because of Their Corporate Contributors**

**August 2004**

#### **About Us**

Public Campaign ([www.publiccampaign.org](http://www.publiccampaign.org)) is a non-profit, non-partisan organization dedicated to sweeping reform that aims to dramatically reduce the role of big special interest money in American politics. Public Campaign is laying the foundation for reform by working with a broad range of organizations, including community groups around the country that are fighting for change in their states and national organizations whose members are not fairly represented under the current system. Together we are building a network of national and state-based efforts to create a powerful national force for change.

Public Campaign  
1320 19th Street, NW  
Suite M-1  
Washington, DC 20036  
(202) 293-0222

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#### **Methodology**

Campaign finance data were provided by the Center for Responsive Politics ([www.opensecrets.org](http://www.opensecrets.org)), a non-partisan, non-profit organization dedicated to analyzing campaign finance data from the Federal Election Commission (FEC). Data for the 2004 election cycle were downloaded from the FEC April to June of 2004.



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## PAYBACKS:

### How the White House and Congress Are Neglecting Our Health Care Because of Their Corporate Contributors

#### Introduction

If a doctor were to diagnose what is ailing the nation's health care system, the prognosis would not be very promising. Lobbying by health care and related industries is metastasizing like a cancer on the body politic. President George W. Bush, his administration, and the Republican-led Congress are all infected, particularly by the campaign contributions that fill their campaign coffers. Beholden to their donors, they dole out policy paybacks in the form of lack of oversight, eased regulations, and blatant giveaways.

The symptoms suffered by ordinary Americans as a result are downright horrifying: millions of Americans lack health insurance, and without access to needed medical care, they are more likely to get sicker and die younger than they otherwise would. The prescription drug industry advertises its wares relentlessly, charges exorbitant prices, and urges the government to speed up approval of new products even though unsafe drugs make it to the market. Food-borne diseases are widespread, and the government agencies charged with protecting the integrity of the food supply are unable to shut down dirty meat plants and reluctant to implement extensive testing for mad cow disease. Tobacco addiction continues to be a leading cause of death.

In September 2002, Public Campaign partnered with the environmental organization Earthjustice to issue the report *Paybacks: How the Bush Administration is Giving Away the Environment to Its Corporate Contributors*. This new report follows in that tradition, examining the ties between health care-related contributors and actions by the Bush Administration and Congress. This report presents four case studies in how health-related campaign contributors are getting policy paybacks at great public cost: (1) health insurance/HMOs; (2) pharmaceutical manufacturers; (3) meat and food processing industries; and (4) the tobacco industry.

Each case study includes several examples of how these industries get what they want out of Washington, from higher prices for prescription drugs to lax regulation of the meat processing industry in the face of mad cow disease. There are pullouts on the connections between Bush Administration fundraisers and personnel; charts showing contributions to Members of Congress and actions they have taken on behalf of industry; and charts showing the correlation of campaign contributions with votes in Congress. The bottom line: our government has been captured by special interests to the detriment of our public health.

#### Major Findings

- **The Bush health care-related interests have poured more than \$163 million into federal campaigns and party committees since 1999.** Since 1999, health insurance and HMOs, prescription drug manufacturers, meat and food processing companies, and the tobacco industry have contributed \$163.6 million to federal candidates and party committees, 74% of that total to Republicans.

■ **Health-care related interests have severely shifted their support toward the GOP since 1992.**

In the 1992 election cycle, Democrats received 44% of these industries' campaign contributions, and Republicans, 56%. Between 1992 and 2002, campaign contributions increased astronomically for Republicans versus Democrats from health-related industries. For example, pharmaceutical manufacturers increased their contributions to Republicans nearly 600% over the ten-year period, while contributions to Democrats increased just 79%. (See chart below).

<b>Increase In Federal Campaign Contributions</b>		
Industries	Party	% Increase 1992-2002
Tobacco	Democrats	-25%
	Republicans	119%
Meat & Food Processing	Democrats	6%
	Republicans	88%
Health Insurance/HMO	Democrats	164%
	Republicans	642%
Pharmaceutical Manufacturers	Democrats	79%
	Republicans	594%

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

■ **The Bush Administration is particularly beholden to health-care special interests and has been instrumental in rewarding these sponsors with policy paybacks.** Fifty-one Bush fundraisers—Pioneers and Rangers, who have raised at least \$100,000 or \$200,000, respectively, for the president's campaigns—are employed by the health care industry, according to Public Citizen. Among the pioneers profiled in this report are:

- William McGuire, CEO of United Health Group, which is benefiting handsomely from the new Medicare law;
- Tobin Armstrong, a Texas cattle-rancher, who received an appointment to a key U.S. Department of Agriculture (USDA) Committee advising the agency on mad cow disease.
- Michael Hightower, the chief lobbyist for Blue Cross Blue Shield of Florida, who has lobbied in Florida against legislation for a patient's bill of rights.

■ **Numerous Bush Administration appointees are associated with health-care special interests.** Profiles in this report include:

- Daniel Troy, who took the job of Food and Drug Administration (FDA) general counsel in August 2001, and made his career in private practice representing the pharmaceutical and tobacco industries and has pursued policies at the agency in these same industries;

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- Thomas Scully, who left his job as Medicare administrator after passage of the 2003 Medicare bill to work for Alston & Bird, a law firm with many clients in the health care sector, as well as the Wall Street investment firm Welsh, Carson, Anderson & Stowe, which specializes in health care and telecommunications.

■ **President Bush has far outpaced Democratic presidential nominee Sen. John Kerry (D-MA) in contributions from health-related interests.** Bush has collected more than seven times as much campaign cash from health care-related industries analyzed in this report for his 2004 campaign than his Democratic rival, Sen. John Kerry—\$3.2 million v. \$444,577.

■ **Many Members of Congress are beholden to health-care related interests.** Members of Congress are also adept at handing out health care policy paybacks to contributors (See appendices of report for charts detailing top Congressional recipients of health care-related contributions and their actions on behalf of industry):

- Rep. Bill Thomas (R-CA), who ranks third among his colleagues for campaign contributions from the health sector, with \$1.9 million over his career in Congress, has long been a champion of the Health Savings Accounts (HSAs) folded into the new Medicare law, which health policy experts say will actually contribute to an increase in the number of uninsured Americans.
- The lead sponsor of the Medicare House legislation, Rep. Dennis Hastert (R-IL), ranks seventh in the House for lifetime contributions from pharmaceutical manufacturers; in the Senate, the lead sponsor, Sen. Bill Frist, ranks 15th.
- Rep. Charles W. Stenholm (D-TX), the lead House recipient of meat and food processing industry contributions, has opposed "country-of-origin" labeling legislation requiring labeling of meat, fish, fruits, vegetables, and peanuts, and has criticized the USDA's new regulations banning "downer" cattle from the food supply as a way of protecting consumers from mad cow disease.

■ **Time and again, Members of Congress vote in favor of the health industries that fund their campaigns.** Congressional votes on key health care-related legislation closely correlate with campaign contributions received:

- The 220 House Members who voted in favor of the Medicare bill approved by Congress in 2003 received more than twice as much campaign cash, on average, from pharmaceutical manufactures—\$27,616—as those who voted against it—\$11,308, according to analysis by the Center for Responsive Politics.
- The 59 senators who voted against requiring private reviewers of new medical devices to be subject to tough conflict of interest rules that apply to government workers received an average of \$49,800 from the pharmaceutical lobby compared to the average of \$34,400 received by the 40 senators who voted in favor of the rules.
- The 48 senators who voted in favor of giving the USDA authority to shut down dirty meat plants received half as much campaign cash, on average, from meat and food processors—\$43,108—as the 49 senators who voted against it—\$87,181.

<b>Health-Related Industry Campaign Contributions, 1999-2004</b>					
Industries	Investment	Dem %	Rep %	Policy Payback	Public Cost
Health Insurance/ Health Services/ HMO's	\$49,406,677	34%	66%	Giveaways for companies plying Health Savings Accounts and avoidance of government mandates to insure all	Nearly 44 million Americans without health insurance, all more likely to get sick and die younger as a consequence
Pharmaceutical Manufacturing	\$46,964,230	23%	77%	Higher profits for pharmaceutical industry, already the most profitable in the world	Expensive, unsafe prescription drugs
Meat & Food Processing	\$47,558,969	25%	75%	Lax regulation of meat processing industry and inadequate response to the mad cow crisis	Millions become ill and some die because of unsafe food supply
Tobacco	\$19,686,096	20%	80%	Weak oversight of tobacco marketing	400,000 dead yearly and more than \$75 billion in medical costs per year
<b>Total</b>	<b>\$163,615,972</b>	<b>26%</b>	<b>74%</b>	<b>Feeble regulation and oversight of industries</b>	<b>Poor health thanks to paybacks to corporate contributors</b>

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

**Toward a Solution: Clean Money, Clean Elections**

To date, major campaign reforms have centered on refining the system of disclosure and limits. However, in Maine, Arizona, New Mexico, North Carolina, and Vermont, citizens are trying a bold new model for electing their representatives. Instead of fine-tuning the system by which candidates collect private money, candidates are given another option for running a viable campaign, one that does not make them beholden to special interest contributors.

Under Clean Money campaign reform, also known as Clean Elections, candidates who voluntarily agree to limit their spending and to reject campaign contributions from private sources can qualify for grants of full public financing for their campaigns. Primaries are covered as well as general elections, opening up the possibility for real competition within and between the parties, which is a critical element in reducing the dominance of money in elections. Additional funds are also made available, up to a limit, if a Clean Money candidate is outspent by a privately-financed opponent.



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In Arizona, nine out of eleven statewide elected officials, including the Governor, Secretary of State, Attorney General, Treasurer, and Mine Inspector, and four out of five members of the Corporations Commission, got elected running "clean" in either 2000 or 2002. Aside from a very modest infusion of seed money at the start of their campaigns, the largest campaign contribution these public representatives had to collect was a \$5 check. Once they qualified by collecting a fairly large number of these \$5 contributions, they agreed to abide by spending limits and appear in debates, in return receiving public funds—up to \$2.3 million in the case of the winning gubernatorial candidate, Janet Napolitano.

In Maine, 77 percent of the state senate and 55 percent of the state house is made up of Democrats and Republicans who ran "clean," along with one Green and three independents. The Arizona state house is 45 percent "clean," as is 17 percent of the state senate. Overall, 152 out of 287 state elected officials in the two states, or 53 percent, have participated in Clean Elections.

Versions of Clean Money have also passed in Massachusetts, New Mexico, North Carolina, and Vermont, and more states are considering it. Reformers in Connecticut, Hawaii, Illinois, Maryland, Minnesota, and Wisconsin are well on their way to winning similar systems.

In Congress, Rep. John Tierney (D-MA) has introduced the Clean Money, Clean Elections Act, H.R. 3641, which has attracted 34 cosponsors. In the Senate, similar legislation is expected to be introduced soon. (In past congressional sessions, Sen. John Kerry (D-MA) was a lead sponsor of Clean Money, Clean Elections systems.) In addition, seven out of ten of the major party candidates for president, including Sen. Kerry but not President Bush, endorsed a pledge last November committing themselves to "making reform of the presidential public financing system a priority" and embracing public financing as the "most effective means for preserving the integrity of our electoral process, reducing undue special interest influence and creating a fair playing field for qualified candidates."<sup>1</sup>

### **Clean Money, Clean Elections Makes a Difference on Health Care**

In Arizona and Maine, there are already signs that Clean Money, Clean Elections systems are giving lawmakers the freedom to enact significant health care reforms.

In Arizona, Democratic Governor Janet Napolitano, who was elected under the Clean Elections system, on the same day she was sworn into office, issued an executive order establishing low-cost prescription drug subsidies for seniors.

In January 2004, Maine's new prescription drug program, Maine Rx+, went into effect. Under this program, all but the wealthiest families in Maine, and anyone with high drug costs, will be able to buy any drug on the Medicaid list for the Medicaid price, saving as much as 60% off market prices. The state is also negotiating for price rebates from drug manufacturers. If a company refuses, Maine will require doctors to get prior approval before prescribing that company's medication. The state also recently passed laws requiring prescription drug manufacturers to disclose how much they spend advertising their products in Maine and requiring retail prices on receipts to show the actual costs of drugs.

Senate Majority Leader Sharon Treat gives three reasons for the passage of Maine's far-reaching prescription drug plan, which she has been fighting to implement and expand. First, because Maine's districts are small, "campaigning is hugely grassroots oriented." She adds, "because of campaign finance reform, we're spending more time door to door, rather than fundraising." She continues, "that means you're out there hearing from people about what they care about—health care and prescription drugs, especially the

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prices." All its legislators "get very direct contact with the public" when they campaign, "and the public is desperate." A second reason is that severe budget pressures are prompting legislators to reduce Medicaid costs by limiting drug prices. "And the third reason is campaign contributions. Look at how much money the pharmaceutical companies have given to people running for Congress. In Maine, campaigns for state office are largely publicly funded, so you don't see that same level of direct contributions from the pharmaceutical industry to state legislators."

## I. HEALTH CARE ONLY FOR SOME

<b>Health Insurance/HMO Industry</b>						
Industries	Election Cycle	Total	Democrats	Republicans	Dem %	Rep %
Health Insurance	2004	\$4,902,424	\$1,883,644	\$3,016,280	38%	62%
	2002	\$12,635,245	\$3,837,847	\$8,796,738	30%	70%
	2000	\$11,721,194	\$3,920,169	\$7,780,404	33%	66%
Health Services/HMOs	2004	\$3,721,844	\$1,250,040	\$2,468,554	34%	66%
	2002	\$8,101,789	\$2,624,393	\$5,472,817	32%	68%
	2000	\$8,324,181	\$3,256,699	\$5,040,420	39%	61%
<b>Totals</b>		<b>\$49,406,677</b>	<b>\$16,772,792</b>	<b>\$32,575,213</b>	<b>34%</b>	<b>66%</b>

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

**Policy Paybacks:** Higher profits for companies selling Health Savings Accounts; avoidance of government mandates to insure all Americans.

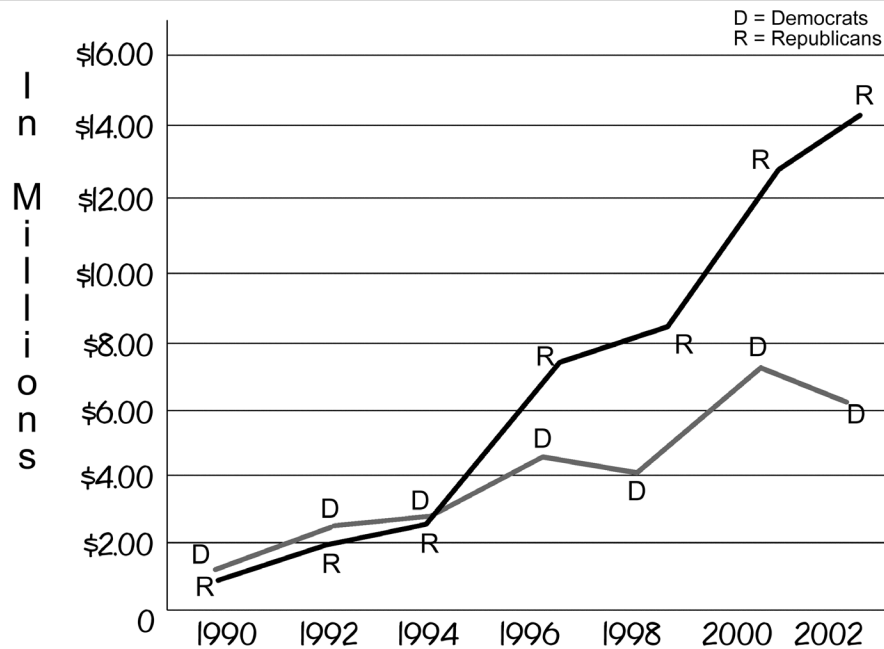
**Public Cost:** Nearly 44 million Americans without health insurance, all more likely to get sick and die younger as a consequence

*While the number of Americans without health insurance increases, the giant health care lobby, the source of millions of dollars in campaign contributions, ensures its profits by keeping all but the most incremental of health care reforms at bay.*

### Americans Lack Health Insurance

Nearly 44 million Americans, or more than 15% of the population, lack health insurance<sup>2</sup>, and nearly 75 million adults under the age of 65 were without health insurance at some point during 2001 and 2002.<sup>3</sup> Because of this, they tend to be sicker and die younger than they otherwise would. Some 18,000 people die every year in this country because they lack health care coverage, according to a recent series of studies by the Institute of Medicine, an arm of the National Academy of Sciences.<sup>4</sup> The same study notes that having such a large uninsured population is expensive for the rest of us: nearly \$30 billion in unpaid medical bills for the uninsured is covered by tax dollars; and the U.S. loses anywhere from \$65 billion to \$130 billion annually thanks to the poor health and early deaths of uninsured adults.

### Health Insurance/HMO Contributions -- 1989 to 2002



The cost of private insurance has been increasing, from \$6,300 for a family policy in 2000 to \$9,100 in 2003.<sup>5</sup> Indeed, the U.S. spends more per person on health care than any other country, a full 14 percent of the gross domestic product in 2002, yet we get less for our money. We rank 25th for male life expectancy among 29 developed countries, and 19th for women.<sup>6</sup>

What's more, the situation is worse than it used to be. In 1993, when President Bill Clinton and his wife, now Senator, Hilary Clinton, called for a national health care plan, the number of uninsured, then considered a crisis of enormous proportions, was 37 million.<sup>7</sup>

Back in 1993-94, during the congressional debate over health care reform, the health care industry spent between \$100 million and \$300 million to lobby Congress and the public in defense of their interests<sup>8</sup> and the health insurance and the health care sector contributed nearly \$52 million to federal candidates and parties, nearly evenly distributed between Democrats (48%) and Republicans (51%).

The Clintons' health care plan was no match for this intensive lobbying by health care special interests; not only did it fail, it failed spectacularly. More than ten years later, subsequent GOP-led Congresses and administrations have limited efforts to extend health care to incremental proposals. In the late 1990s, Congress focused on the "Patients' Bill of Rights," which would guarantee people with HMO coverage greater access to vital medical services and allow people to sue their insurer if it denied them needed care; however, none of these bills became law. In 1997, Congress did establish the State Children's Health Insurance Program (SCHIP), which extended Medicaid coverage to some low-income children from working families. However, the under-funded program cannot keep up with the volume of children losing their private health insurance. In 2002, 28.6 percent of children lacked health insurance some time during the year, compared to 25.1 percent three years earlier.<sup>9</sup>

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Meanwhile, health care profits are on the rise. Higher premiums translated into a 52 percent hike in profits for a sample of 528 HMOs during the first nine months of 2003.<sup>10</sup>

**Health Savings Accounts Will Drive Up Number of Uninsured**

Buried in the Medicare legislation approved in 2003 is a provision that establishes Health Savings Accounts (HSAs), special tax-free accounts that people can use to pay for health care expenses. Promoted by President Bush, HSAs have long been championed by former Golden Rule Insurance Company chairman J. Patrick Rooney, himself a generous Republican donor. Conservative think tanks have hailed HSAs as a way to make consumers more directly responsible for their health care spending. But critics argue that they will simply make things worse, by skimming healthy people out of the insurance pool and making health care most expensive to those who can least afford it.

2004 Presidential Elections		
Industry	Bush	Kerry
Health Insurance	\$592,832	\$69,650
Health Services/ HMOs	\$428,525	\$142,250
Total	\$1,021,357	\$211,900

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

People with traditional health care insurance cannot take advantage of the new accounts. Only people who purchase high-deductible health insurance policies can. Therefore the calculus for deciding whether to participate or not is highly dependent on how healthy and wealthy an individual is. The better off you are, the more likely you are willing to take the gamble that a catastrophic plan combined with an HSA would benefit you financially more than paying traditional health insurance premiums.

The deal gets sweeter. The HSAs established in the Medicare legislation give participants tax breaks coming and going—deposits into the account are tax deductible, as are earnings on the account, but so are withdrawals, as long as they are used for medical costs. This kind of double tax holiday is unprecedented when compared to other sorts of available tax-free savings accounts, such as IRAs and 401(k) retirement accounts.

The Center on Budget and Policy Priorities points out that the new HSAs will become extremely lucrative as tax shelters for the wealthy. Wealthier people are more likely to find them attractive, since they can afford to take the risk of paying out-of-pocket for health care if necessary. With their tax benefits, the HSAs become a way to shelter their money with little personal risk. With the wealthy and healthy fleeing traditional health insurance plans, the people remaining in them will generally be older and sicker. This drives up costs of premiums. Premiums will go up, which then will encourage more people to turn to HSAs, and so on. Indeed, past research by RAND, the Urban Institute, and the American Academy of Actuaries has found that if HSAs become widespread, traditional health insurance premiums could more than double. The number of uninsured Americans could then actually increase, since higher premiums would force employers to drop comprehensive health care plans.<sup>11</sup>

President Bush wants to expand the HSA program farther by allowing participants to deduct the cost of their high-deductible insurance policies from their taxes. This proposal, part of his 2005 budget plan, would cost the Treasury an estimated \$25 billion over ten years. This expansion could increase the ranks of the uninsured by 350,000, according to analysis by Massachusetts Institute of Technology economist Jonathan Gruber.<sup>12</sup> When the impact of the rest of the president's 2005 budget proposal is added, the estimated increase in the number of uninsured is almost 1.3 million.<sup>13</sup>

## Industry Connections:

### Bush Pioneer William McGuire, CEO UnitedHealth Group

Fifty-one Bush fundraisers—Pioneers and Rangers—are employed in the health care industry. One of them is Bush Pioneer William McGuire, the CEO of UnitedHealth Group, who has personally raised more than \$100,000 for President Bush's 2004 campaign.

On November 13, 2003, days before Congress approved Medicare legislation, UnitedHealth Group purchased Golden Rule Insurance Company, one of the few companies nationally that offers Health Savings Accounts (HSAs).

UnitedHealth's stock price soared by nine percent soon after passage of the Medicare bill in part, analysts said, due to its purchase of Golden Rule and the Medicare provisions on HSAs.<sup>14</sup> Golden Rule, now a division of UnitedHealth, announced its new HSA products in January as soon as the Medicare provisions had been implemented, even though the Treasury Department has not yet drafted regulations.

## 108th CONGRESS-PROPOSED LEGISLATION FOR NATIONAL HEALTH CARE PLAN

### HOUSE

**1. H.R.15:** To provide a program of national health insurance, and for other purposes.  
Sponsor: Rep Dingell, John D. [MI-15] (introduced 1/7/2003) Status: Referred to the Subcommittee on Health.

**2. H.R.676:** To provide for comprehensive health insurance coverage for all United States residents, and for other purposes.  
Sponsor: Rep Conyers, John, Jr. [MI-14] (introduced 2/11/2003) Status: Referred to the Subcommittee on Health.

**3. H.R.1205:** To amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2004.  
Sponsor: Rep Stark, Fortney Pete [CA-13] (introduced 3/11/2003) Status: Referred to the Subcommittee on Health.

**4. H.R.3000:** To establish a United States Health Service to provide high quality comprehensive health care for all Americans and to overcome the deficiencies in the present system of health care delivery.  
Sponsor: Rep Lee, Barbara [CA-9] (introduced 9/4/2003) Status: Referred to the Subcommittee on Health.

### Congress Too Busy To Debate National Health Insurance

*Out of nearly 7,000 bills introduced by lawmakers during the current Congress, only a half dozen—four in the House and two in the Senate—propose a national health care plan offering comprehensive coverage. Of these, two suggest extending this coverage only to children. Not one of these bills has come to a vote. All are languishing in various committees. Meanwhile, Congress has approved legislation that provides substantial giveaways to pharmaceutical and health care companies.*

## SENATE

**1. S.588:** A bill to amend the Social Security Act to guarantee comprehensive health care coverage for all children born after 2004. Sponsor: Sen Rockefeller, Jay [WV] (introduced 3/11/2003) Status: Read twice and referred to the Committee on Finance.

**2. S.2161 :** A bill to amend Title 5, United States Code, to establish a national health program administered by the Office of Personnel Management to offer Federal employee health benefits plans to individuals who are not Federal employees, and for other purposes. Sponsor: Sen Boxer, Barbara [CA] (introduced 3/3/2004 Status: Read twice and referred to the Committee on Finance.

**SOURCE:** [thomas.loc.gov](http://thomas.loc.gov)

## Congressional Connections

**Rep. Bill Thomas (R-CA)**, the lead sponsor of legislation establishing Health Savings Accounts (H.R. 2596, the Health Savings and Affordability Act of 2003) that was folded into the Medicare legislation, has long been an advocate of the tax-free medical accounts. In fact, in 1998, Public Campaign awarded Thomas a "Golden Leash" award, a symbol of the ties between special interest money and elected officials, for taking a half a million dollars from health care interests between 1991 and 1998 and pushing to increase federal incentives for Medical Savings Accounts (MSAs) (the old term for HSAs). Indeed, Thomas was instrumental in creating a pilot program for MSAs in the balanced budget bill in 1997, which serves as the model for the new HSA program. Back then, Thomas told the Heritage Foundation, "We had medical savings accounts in the balanced budget and we are going to have medical savings in the current proposal to reform Medicare."<sup>15</sup> Six years later, his word proved good. Thomas now ranks third among his House colleagues for campaign contributions from the health sector, with \$1.9 million dollars and counting.

## II. EXPENSIVE, UNSAFE PRESCRIPTION DRUGS

Pharmaceutical Manufacturing Industry					
Election Cycle	Total	Democrats	Republicans	Dem %	Rep %
2004	\$5,467,288	\$1,705,306	\$3,751,757	31%	69%
2002	\$21,895,155	\$4,366,053	\$17,506,595	20%	80%
2000	\$19,601,787	\$4,501,011	\$15,061,846	23%	77%
<b>Totals</b>	<b>\$46,964,230</b>	<b>\$10,572,370</b>	<b>\$36,320,198</b>	<b>23%</b>	<b>77%</b>

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

**Policy Paybacks:** Higher profits for pharmaceutical industry, already the most profitable in the world

**Public Cost:** Expensive, unsafe prescription drugs

*Pharmaceutical drugs are so expensive that senior citizens, who often have the greatest need for them, have trouble fitting them into their budgets. Thanks to the multi-billion dollar pharmaceutical industry's campaign contributions and lobbying, the Medicare bill passed by Congress and signed by President Bush preserves lucrative profits for these companies without sufficiently expanding access. Meanwhile, misleading advertisements and an accelerated drug approval processes means that the public is exposed to more unsafe drugs.*

### Pricing Prescription Drugs Out of Reach for Seniors

On December 8, 2003, President George W. Bush signed the Medicare bill, saying "With this law, we're giving older Americans better choices and more control over their health care, so they can receive the modern medical care they deserve."

Consumer advocates, however, say the controversial \$534 billion drug plan will do anything but what the President promises. The new Medicare legislation offers inadequate benefits, is confusing to understand, is expensive, and is larded with giveaways to campaign contributors.

More than one in five Americans lacks insurance for prescription drugs, including more than seven million senior citizens. Most of these seniors make less than \$21,000 a year. In addition, over a third of seniors with drug benefits report not filling prescriptions or skipping doses due to their high costs. At the same time, seniors are more reliant on vital medicines than ever, and drug prices have been climbing by at least 10 percent a year since the early 1990s. The average Medicare beneficiary spent a little over \$2,300 out-of-pocket on prescription drugs in 2003. One out of six spent over \$4,000.<sup>16</sup>



As the urgency of seniors' plight grew in recent years, prescription drugs became a hot political issue in Washington, which in turn drew the attention of the mammoth pharmaceutical drug industry. Since 1999 alone, when debate over rival prescription drug plans began heating up, pharmaceutical manufacturers have lavished more than \$46 million in PAC, soft, and individual (\$200+) contributions on federal candidates and parties—that's 60% of the total cash contributed by the industry since 1989.

Indeed, in the 2000 elections, the pharmaceutical industry more than doubled its campaign cash investment in federal politics over the previous presidential election cycle: \$19.6 million v. \$9.3 million in 1996. Led by the industry trade association, the Pharmaceutical Research and Manufacturers of America (PhRMA), the industry also deployed an army of at least 675 lobbyists, more than one for every member of Congress. More money flowed into front "citizen" lobbying groups such as the "United Seniors Association" and "Citizens for Better Medicare," spending millions to run political issue advertisements.<sup>17</sup>

The 2002 elections were critical for the pharmaceutical industry, and the strategy of pouring campaign contributions into campaigns and advertising paid off. The Republican Party, with its pro-industry philosophy of deregulation, took control of the Senate, and expanded a small advantage in the U.S. House of Representatives. Not long after the elections, industry executives attended a "strategic planning retreat." The attendance list was a who's who of industry executives and lavish campaign contributors: Raymond Gilmartin, Merck's chairman, who personally had given \$83,000 since 1999; Sidney Taurel, chairman of Eli Lilly, who had contributed \$68,143; Peter Dolan, chairman of Bristol-Myers Squibb, who had given, \$31,763; and Robert Essner, President of Wyeth, the source of \$22,750. Together, the four companies represented had contributed more than \$10 million from 1999 onward. One unnamed executive at the retreat told The New York Times, "Sure we will have more access. Our hand is stronger because of the election results, but who knows how much stronger it really is."<sup>18</sup>

When Congress took up the issue of prescription drugs in 2003, the industry was ready, with a barrage of lobbying, campaign contributions, and advertisements to help grease the way. Together, the pharmaceutical and managed care industries spent \$141 million on lobbying in 2003 alone, hiring 952 individual lobbyists, nearly 10 for every U.S. senator, according to Public Citizen.<sup>19</sup>

In the end, the two chambers approved the legislation within days of each other. On November 21, the House approved H.R. 1 by a vote of 220-215 (after an extraordinary late-night session where Republican House leaders held the vote open for three hours to twist arms and convince a handful of their party colleagues to switch their votes). Four days later, on November 25, the Senate voted 54-44 in favor of the

## HOW THE NEW MEDICARE PRESCRIPTION DRUG BILL WORKS

Starting in 2006, seniors will get partial coverage for prescription drugs:

- They pay a monthly premium of around \$35
- They spend at least \$250 out-of-pocket to meet the deductible
- Then they get 75% of the cost of the next \$2,250 worth of prescription drugs they buy
- Therefore: the typical senior will spend \$1,345 of their own money to buy \$2,500 worth of medications—in other words, they pay for more than half of the cost of the drugs.
- After this, the senior encounters what has been dubbed the "donut hole"—they must pay another \$2,850 themselves before they qualify for any more benefits.

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legislation. The lead sponsor of the House legislation, Rep. Dennis Hastert (R-IL), ranks sixth in the House for lifetime contributions from pharmaceutical manufacturers; in the Senate, the lead sponsor, Sen. Bill Frist, ranks 15th. Senators and House members who voted for the legislation received substantially more campaign cash, on average, from pharmaceutical manufacturers than those who voted against it.

<b>2003 VOTE TO APPROVE MEDICARE BILL</b>			
108th Congress, 1st session, Vote #669, 220Y-215N, Y=industry position			
<b>Pharmaceutical Manufacturers</b>			
Number of House Members Voting	Vote	Total Amount Received**	Average amount received
220	Yes	\$6,075,520	\$27,616
215	No	\$2,431,220	\$11,308

Source: Center for Responsive Politics,<sup>20</sup> \*includes individual (\$200+) and PAC contributions, average received, 1999-2003

<b>2003 VOTE TO APPROVE MEDICARE BILL</b>			
108th Congress, 1st session, Vote #459, 54Y-44N, Y=industry position			
<b>Pharmaceutical Manufacturers</b>			
Number of Senators Voting	Vote	Total Amount Received**	Average amount received
54	Yes	\$2,810,646	\$52,049
44	No	\$1,334,080	\$30,320

Source: Center for Responsive Politics,<sup>21</sup> \*includes individual (\$200+) and PAC contributions, average received, 1999-2003

**Discount Cards Confusing, Drugs Expensive**

On March 25, 2004, the Department of Health and Human Services (HHS) announced the names of companies that had qualified to provide discount prescription drug cards to senior citizens under the new Medicare law.<sup>25</sup> Backed by the pharmaceutical industry, which opposed proposals in Congress that the Medicare program purchase prescription drugs in bulk and pass the savings along to seniors, the discount cards are theoretically supposed to use marketplace competition to provide savings for seniors. The new discount cards are touted as a way to provide savings to seniors before the new Medicare prescription drug benefits begin in 2006.

When the new discount cards were issued in May, however, they were met with mass confusion. Not only are the terms offered through the cards confusing, making it difficult to comparison shop, but also there is no guarantee the drugs offered through the cards are cheaper. Sydney Bild, an 81-year-old retired doctor, told The New York Times that he had compared the discount cards with what he spent on ordering drugs through the mail from Canada. He discovered that the best plans on the government site were as much as 60% more expensive than what he was paying. Furthermore, because he would have to commit to a card for a full year, and there was no requirement that the company maintain a certain price on a particular drug, there was no guarantee for him that what savings there were would be maintained.<sup>26</sup> Beverly Lowy,

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a 71-year-old New Yorker, who spent \$3,000 on prescription drugs last year, told the Times that she had simply given up trying to make sense of the cards. "You really have to be a rocket scientist," she told the newspaper. "It takes time, energy, and you don't save money. I thought, 'This one is offering this, this one is offering that.' Finally I decided this isn't for me."

A Washington Post survey of prices of 10 widely prescribed medications found that an Internet pharmacy, Drugstore.com, offered lower prices than the discount cards on six of them.<sup>27</sup> Comparisons of five drugs by PharmacyChecker.com, a website that tracks Canadian and American drug prices, found that the drugs available from Canada were 44 to 78 percent cheaper than through the discount cards. (While the House approved legislation in 2003, by a vote of 243 to 186, to liberalize importation of drugs from Canada by seniors, and the provision was folded into the Medicare bill, it was dropped in conference.)

The 73 companies that received HHS approval to provide discount pharmaceutical cards are major campaign donors, whose parent companies have contributed more than \$5 million to President Bush and the GOP since 2000, according to the Center for American Progress.<sup>28</sup> An earlier analysis by the Center for Responsive Politics showed 28 companies contributed more than \$2.5 million to all federal candidates and party committees in the 2004 election cycle alone, 71 percent to Republicans, including close to \$275,000 going to President Bush's re-election campaign.<sup>29</sup>

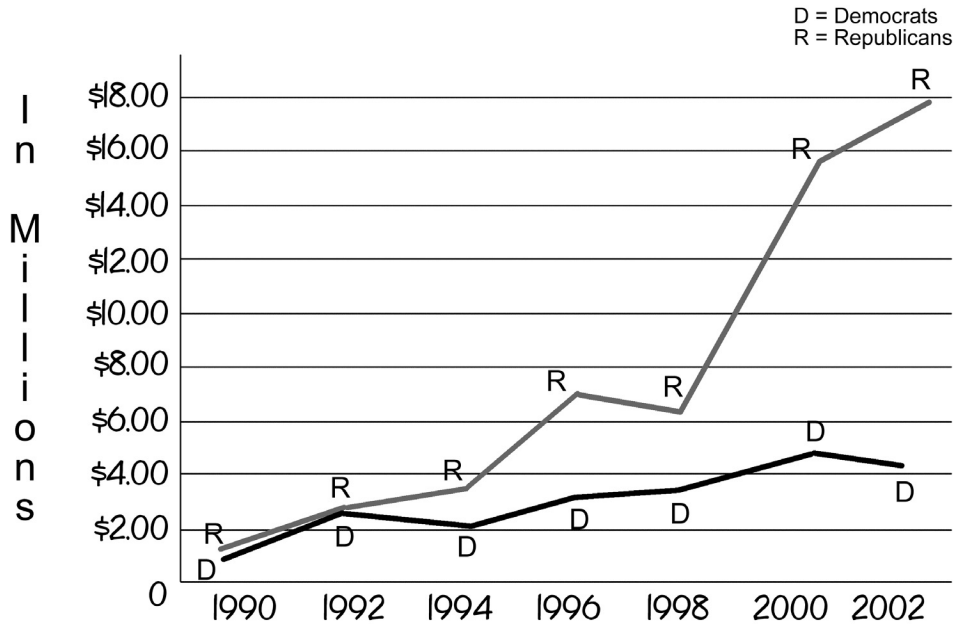
Several major Bush fundraisers are associated with these companies. These companies stand to profit handsomely from the new system, since they are not required to pass on profits they make from negotiated discounts for drugs to their customers.<sup>30</sup> In addition, a longtime Bush friend, David Halbert, CEO of Advance PCS, one of the companies sponsoring discount cards, drafted provisions of the Medicare legislation, according to research by the Center for American Progress.<sup>31</sup> Halbert is a longtime Bush donor going back to President Bush's Texas gubernatorial races.

An investigation by the Center for American Progress shows that 20 of the companies approved for the drug card program have been involved in fraud charges (defined as having been found guilty of federal or state fraud, settled federal or state fraud charges, or are currently under investigation for fraud at the state or federal level), and as a result, many of them were forced to pay fines to federal and local governments. Three Bush pioneers are associated with companies involved in fraud: Medco, Express Scripts, and PacifiCare.<sup>32</sup>

### **Slick Advertising**

Anybody who turns on a television set or opens a magazine is familiar with them: the avalanche of advertisements from drug companies, urging the reader to ask their physician about some new miracle drug for allergies, depression, arthritis, you name it. The public counts on the U.S. Food and Drug Administration (FDA) to ensure that these advertisements are truthful and accurate. However, since President George W. Bush took office, his appointees at the FDA have done the opposite, enacting administrative roadblocks that makes it easier for dishonest or inaccurate ads to slip through to the public. This comes after more than a decade of accelerated drug approvals by the FDA, prompted by industry-supported legislation approved by Congress in 1990s. This speed up came at the cost of safety, however, with the agency recalling 13 drugs from the marketplace because of safety issues.<sup>45</sup>

## Pharmaceutical Manufacturing -- 1989 to 2002



Pharmaceutical drug advertising and promotion has increased in recent years, almost doubling between 1996 and 2001.<sup>46</sup> This advertising is one of the factors contributing to increased spending by consumers on prescription drugs. One study showed that half of the \$20.8 billion increase in drug spending in 2000 was connected to 50 drugs heavily advertised to consumers.<sup>47</sup> When drugs are heavily advertised, consumers buy more of them, according to the GAO.<sup>48</sup>

Under federal law, drug companies must submit advertisements to the FDA at the same time that they start to distribute them. The FDA reviews the ads to see whether they are making false or misleading claims. If the agency experts find this to be the case, then typically the agency sends a "Notice of Violation" letter to the drug manufacturer, requesting that the advertisement be pulled. If the company does not comply, then the next step is a "warning" letter. After that, if the company still does not cooperate, the agency can pursue an injunction. Between January and December 2001, the FDA sent more than 250 notice of violation and warning letters to pharmaceutical companies, according to analysis by Rep. Henry Waxman (D-CA).<sup>49</sup>

In November 2001, however, the FDA changed the policy by which warning drugs to pharmaceutical manufacturers were reviewed internally. For the first time, all such letters were required to go to the agency's office of general counsel for review before they could be sent.<sup>50</sup> Daniel Troy, who took the job of general counsel in August 2001, appointed by President George W. Bush, had made his career in private practice representing the pharmaceutical and tobacco industries.

2004 Presidential Elections		
Industry	Bush	Kerry
Pharmaceutical Manufacturing	\$418,364	\$127,577

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

With the new review policy in place, FDA enforcement against misleading advertisements declined precipitously propitiously. Between December 2001 and September 2002, the agency issued only 19 Notice of Violation and warning letters, a decline in enforcement activity of more than 70%.<sup>51</sup> In addition, the new policy delayed existing agency enforcement measures. By the time the agency contacted drug companies about a misleading advertisement, often the advertising campaigns had already run their course, concluded a GAO report.<sup>52</sup>

After Rep. Waxman and the GAO issued their critical reports in 2002, the FDA promised to improve its enforcement against misleading ads. FDA Commissioner Mark McClellan wrote Rep. Waxman that the agency would both increase its rate of enforcement and would decrease its reaction time to responding to misleading advertisements.

A follow-up report by Rep. Waxman in January 2004, however, shows that the FDA has not lived up to its promise. Not only is the FDA enforcement rate still 75% lower than it was during the last years of the Clinton Administration, the agency's reaction time when responding to false or misleading ads has increased. Finally, when the agency has taken enforcement actions, it has stopped at sending warning letters to manufacturers, rather than seeking action in court.<sup>53</sup>

### Misleading Drug Ads

**Company:** Bristol-Myers Squibb  
**Campaign Contributions, 1999-2004:** \$4.1 million, 15% to Democrats, 85% to Republicans  
**Drug:** Pravachol

Advertisements for the cholesterol-lowering drug Pravachol featuring a gnawed up pencil with the questions, "Worried about having a heart attack?" and "Worried about having a stroke?" started running in April 2003 in popular magazines such as Time, Good Housekeeping, Smithsonian, and Southern Living. The FDA waited four months before taking the company to task for false and misleading statements. Among them: a claim by the company that Pravachol "is the only cholesterol lowering drug proven to help prevent both 1st and 2nd heart attack and stroke in people with high cholesterol or heart disease."

### Pressure to Downplay Medicare Bill Cost: Thomas A. Scully

When Congress was debating the Medicare bill in 2003, the Administration pinned the cost of the new legislation at \$395 billion. Internal estimates from the U.S. Health and Human Services (HHS), however, were some \$156.5 billion higher. Robert Foster, the chief actuary for HHS, later stated that he had been threatened with dismissal by then-Medicare administrator **Thomas A. Scully** if he released his cost estimate. Conservative Republicans, already balking at the cost of the legislation, might have withdrawn their support if they had known of the higher figures. After the legislation was approved, the Administration later revised its estimate to \$534 billion.<sup>22</sup>

In December 2003, the same month President Bush signed the Medicare legislation, Scully announced he was leaving his government for a high-paying job in the private sector with Alston & Bird, a law firm with many clients in the health care sector. In addition, he took a job with the Wall Street investment firm Welsh, Carson, Anderson & Stowe, which specializes in health care and telecommunications.<sup>23</sup> Scully had gotten a special waiver from HHS to pursue employment outside the government at the same time that he was working on the Medicare legislation.

For Scully, the door out of government is a revolving one. Before he took the job as Medicare Administrator, Scully was president and CEO of the Federation of American Hospitals, and he served on the board of Oxford Health Plans and Davita Corporation.<sup>24</sup>

Scully's own personal campaign contributions—some \$14,000 since 1999—reveal a practical side. While the great majority of this money went to Republicans, he did give \$1,000 to Al Gore for his 2000 presidential race (in addition to the \$1,000 he gave to then-Governor Bush). In addition, in 1999, he gave \$1,000 to Sen. Ted Kennedy (D-MA), the longtime senatorial champion of improving health care.

When the FDA did cite the company, the agency noted that, "Claims that Pravachol is the only cholesterol lowering drug approved for stroke prevention in people...are also false. This suggestion is particularly troubling considering that another treatment has been shown to reduce risks." During the four months of delay, sales for the drug were approximately \$554 million.<sup>54</sup>

**Company:** Novartis

**Campaign Contributions, 1989-2004:** \$1.7 million, 20% to Democrats, 80% to Republicans

**Drug:** Zelnorm

An advertisement for the drug Zelnorm, which ran in The New York Times Magazine in March 2003, featured a photograph of Gloria Swanson smiling in a swimming pool and quotes her saying, "If you have abdominal pain and constipation, like I did, please, do not suffer in silence. Call your doctor. Help is available." The FDA waited three months before contacting the company—during which time the drug earned the company more than \$37 million. The agency told Novartis that, "The print ad is misleading...because it fails to include any risk information...These omissions are of particular concern because Zelnorm has serious safety concerns that pose a considerable risk to public health and safety."

**Company:** Aventis

**Campaign Contributions, 1999-2004:** \$2.3 million; 22% to Democrats, 78% to Republicans

**Drug:** Taxotere

"The next move may be the key to survival," trumpets the headline of an advertisement featuring a photo of an older couple superimposed on a giant chess set. It took more than a year after the advertisement for the cancer drug Taxotere first appeared in the October 21, 2002 issue of People Magazine before

## Pioneering Prescription Plutocrats

- Bush Ranger **Michael Hightower**, the chief lobbyist for **Blue Cross Blue Shield of Florida**, has personally raised more than \$200,000 for the Bush-Cheney 2004 campaign<sup>33</sup>, and in the 2000 campaign raised \$100,000.<sup>34</sup> In June 2003, Hightower helped raise \$1.4 million at a Tampa, FL fundraiser.<sup>35</sup> He served as the chairman of Bush's 2000 campaign in northern Florida, and served on his labor transition team after Bush was elected.<sup>36</sup> Hightower has lobbied in Florida against legislation for a patients' bill of rights, along with legislation to increase mandated insurance benefits.<sup>37</sup>
- Bush Pioneer **William McGuire**, the CEO of **UnitedHealth Group**, has personally raised more than \$100,000 for President Bush's 2004 campaign.<sup>38</sup>
- Bush Pioneers **Todd S. Farha** and **David Hart** are both executives at **WellCare**, and have both personally raised \$100,000 for the 2004 campaign.<sup>39</sup>
- Bush Pioneer **L. Ben Lytle** is the presiding director of **Anthem**, which is scheduled to merge with WellPoint Pharmacy. Lytle has raised more than \$100,000 for Bush's 2004 campaign.
- **Alan Lotvin**, president of **Medco**, "helped throw a \$100,000 fund-raiser for President Bush a few weeks after the business won approval to offer a drug card," the Associated Press reported. Health and Human Services Secretary Tommy Thompson was the main draw for the event.<sup>40</sup> Medco recently agreed to pay \$29 million to settle allegations by 20 states charging that the company pressured doctors to switch medications for patients with an eye on profits.<sup>41</sup>
- **Samuel Skinner**, a Bush 2004 Pioneer, is a member of the board of directors for **Express Scripts**. The New York attorney general has subpoenaed the company for information about its business practices.<sup>42</sup>
- **Tom Loeffler**, lobbies for **PacifiCare**<sup>43</sup>, was a Pioneer for the 2000 Bush campaign, and is a Ranger for the president's 2004 race. In 2002, PacifiCare agreed to pay the government \$87.3 million to settle alleged violations of the federal False Claims Act.<sup>44</sup>

Sources: Campaign Money Watch; Center for Responsive Politics; Center for American Progress; news release, U.S. Department of Health and Human Services, May 3, 2004, <http://www.hhs.gov/news/press/2004pres/20040325.html>.

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the FDA cited the company, stating that "Your claim...implies to patients that if they do not add Taxotere to their treatment, they will not survive. This is misleading, given that there are other treatments available for breast cancer and lung cancer with proven survival benefits."

**Speedier Drugs = Unsafe Drugs**

In 1992, Congress approved the Prescription Drug Use Fee Act, which called upon the FDA to speed up its drug reviews. To pay for this increased service, drug companies were to pay a hefty new "user fee" for each new drug application submitted. The pharmaceutical drug lobby pushed for more, and after the 1994 GOP takeover of Congress, the new House Speaker, Newt Gingrich (R-GA), singled out the FDA as an example of a bureaucracy in need of reform. Pharmaceutical companies poured money in to right-wing think tanks such as the Progress and Freedom Foundation, which in turn churned out studies charging that people were losing their lives because the FDA was moving too slowly in approving drugs.

Five years later, in 1997, Congress passed and President Clinton signed the Food and Drug Administration Modernization Act. The legislation reduced the number of clinical trials needed for new drug approvals, speeded up the approval process in other ways, and allowed the promotion of FDA-approved products for uses other than that which the agency had approved.

Although the final bill passed with wide support of both parties, one vote during the debate shows how cleverly the pharmaceutical industry was directing its money. Senator Richard Durbin (D-IL) proposed to require that private individuals and organizations reviewing new medical devices be subject to the same tough conflict of interest rules that govern FDA employees. (As is, the law allows medical device manufacturers to pay outside, for-profit reviewers to recommend approval of their products.) His amendment lost 59-40. On average, Senators who voted against Durbin's proposal received almost \$50,000 each from the pharmaceutical lobby over the prior six years, 45% more than Senators who voted for the tougher rules.

<b>1997 DURBIN VOTE TO PREVENT CONFLICT OF INTEREST FOR MEDICAL DEVICE REVIEWERS</b>			
105th Congress, 1st session, Vote # 252, 40Y-59N, N=industry position			
Number of Senators Voting	Vote	Total Amount Received**	Average amount received
59	No	\$2,938,200	\$49,800
40	Yes	\$1,376,000	\$34,400

Source, Center for Responsive Politics  
\*includes individual (\$200+) and PAC contributions, average received, 1993-1998 \*\*

The agency did speed up its drug reviews, considering twice as many drugs and ruling on them in half the time it used to take.<sup>55</sup> This efficiency came at a cost, however. Between 1970 and 1992, the FDA approved just nine drugs that were later recalled due to safety issues.<sup>56</sup> Between 1992 and 2002, however, the agency removed 13 drugs from the marketplace because of safety issues.<sup>57</sup> None of these drugs were miraculous life savers for untreated diseases—they were "me too" drugs for treatment of diseases

such as diabetes, inflammatory problems, and allergies, precisely the sorts of drugs that are the focus of many drug company advertisement campaigns.<sup>58</sup>

### **Industry Connections: Daniel Troy**

In August 2001, Daniel Troy accepted the position of FDA chief counsel. Before his appointment, Troy worked as an attorney in private practice at the firm Wiley Rein & Fielding, representing the tobacco and pharmaceutical industries, and he once clerked for conservative judge Robert Bork.

While at the law firm, he litigated against the FDA on several high profile issues. In 1998, he represented the Washington Legal Foundation in a case arguing that the FDA should allow pharmaceutical companies to distribute to doctors information about "off-label" uses of their products—that is, using drugs for treatments that the agency had not approved. He won that trial.<sup>59</sup> He also helped secure a 1998 U.S. Court of Appeals decision saying that health and food products can only be judged by the standard of what manufacturers claim about the purpose of the item—which benefited his client, Brown & Williamson Tobacco Corp.<sup>60</sup>

Under Troy's leadership, since 2002, the FDA has sided in court with the drug industry in several high profile legal disputes. The agency has argued that the FDA's stamp of approval pre-empts lawsuits filed under state laws.<sup>61</sup> In July 2004, the House voted to transfer \$500,000 in funding for the FDA counsel's office to a different office. Rep. Maurice Hinchey (D-NY) submitted the amendment in protest of Troy allegedly soliciting drug company executives for suggestions of chances to defend companies in liability lawsuits.<sup>62</sup>

- In the fall of 2002, the FDA filed a legal brief on behalf of the drug company Pfizer, a former client of Troy's, in a lawsuit filed by the widow of a man who killed himself six days after he started taking Zoloft. (Pfizer is the source of \$8.3 million in campaign contributions to federal candidates and parties since 1989, 77% of that to Republicans.) The man, Victor Motus, had complained that the drug made him "crazy," and his widow contended that Pfizer should have warned doctors that some people could become suicidal when they take the drug. The Ninth Circuit Court of Appeals later dismissed the case without ruling on the pre-emption issue.
- The FDA argued in court that the state of California could not require nicotine replacement manufacturers—including GlaxoSmithKline, among other companies—to include warnings on their products that they may cause reproductive harm. Instead, companies should only have to comply with the federal warning standard, which states that pregnant women should try to quit smoking without using nicotine. In April 2004, the California Supreme Court ruled in favor of the FDA and the drug industry.<sup>63</sup>
- The FDA filed a legal brief supporting GlaxoSmithKline Beechman in a lawsuit involving the antidepressant Paxil, which alleged that advertising claiming the drug was not habit-forming was misleading. Federal Judge Marianna Pfazelzer dismissed the FDA's pre-emption argument, stating that it "vitiates, rather than advances, the Food, Drug, and Cosmetic Act's purpose of protecting the public."<sup>64</sup>



### III. UNSAFE FOOD

<b>Meat and Food Processing Industry</b>						
Industries	Election Cycle	Total	Democrats	Republicans	Dem %	Rep %
Livestock	2004	\$2,845,786	\$484,019	\$2,361,467	17%	83%
	2002	\$3,578,105	\$869,569	\$2,702,773	24%	76%
	2000	\$4,671,817	\$957,509	\$3,688,054	20%	79%
Poultry & Eggs	2004	\$968,172	\$217,185	\$749,987	22%	77%
	2002	\$1,908,909	\$330,803	\$1,578,106	17%	83%
	2000	\$1,447,042	\$305,145	\$1,141,897	21%	79%
Food Processing & Sales	2004	\$5,652,507	\$1,561,983	\$4,079,382	28%	72%
	2002	\$11,982,702	\$3,045,496	\$8,927,899	25%	75%
	2000	\$14,503,929	\$4,014,834	\$10,368,169	28%	71%
<b>Totals</b>		<b>\$47,558,969</b>	<b>\$11,786,543</b>	<b>\$35,597,734</b>	<b>25%</b>	<b>75%</b>

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions.

**Policy Paybacks:** Lax regulation of meat processing industry and inadequate response to the mad cow crisis

**Public Cost:** Unsafe food supply

*As consumers we assume that the food we buy at the supermarket is safe, thanks to the federal government's food safety regulatory system. Yet food-borne disease is all too common. Every year, some 76 million Americans get sick, more than 300,000 are hospitalized, and 5,000 die from illnesses caused by food, according to the Centers for Disease Control (CDC).<sup>65</sup> Thanks to the influence of meat and food processing industry, which has lavished millions in campaign contributions on lawmakers, the government is not doing all it can to stem this tide of illness.*

#### **USDA Lacks Power**

Every year in the United States, about 73,000 people become ill and 61 die after becoming infected with the bacterium e. coli, according to the Centers for Disease Control (CDC).<sup>66</sup> Salmonella, listeria, and toxoplasma cause 1,500 deaths yearly.<sup>67</sup>

Despite concern about food-borne diseases such as these, the USDA lacks the power to shut down meat processing plants when infection is suspected. In January 2003, the agency tried to shut down Nebraska Beef, which over the previous two years, had been repeatedly cited for unsanitary conditions. The

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company was also one of the suppliers of hamburger meat found to be contaminated with e. coli. the previous summer.<sup>68</sup>

However, Nebraska Beef objected in court, and, a few weeks later, the USDA settled with the company.<sup>69</sup> The agency was in a weak position, because it lacks the explicit legal authority to shut down plants for unsanitary conditions.

"The settlement suggests the Agriculture Department has no authority to close any plant based on public health considerations," Carol Tucker Foreman, director of the Consumer Federation of America's Food Policy Institute, remarked at the time. "Now every plant in the nation knows that, for practical purposes, USDA can't shut them down for food safety violations."<sup>70</sup>

The USDA routinely loses in court when it has attempted to shut down processing plants that violate sanitary standards. In December 2001, the Fifth Circuit Court of Appeals affirmed that the USDA could not shut down the Dallas-based Supreme Beef Processors Inc., even though it had failed a test for salmonella infestation.<sup>71</sup>

The Senate has voted not once, but twice, against amendments by Sen. Tom Harkin (D-IA) that would have given USDA explicit authority to shut down dirty meat plants. In 2000, the 49 senators who voted against Harkin's amendment had received an average of \$87,200 over a six-year Senate cycle from the food and meat processing industries, more than twice as much as the \$43,100 received on average by the 48 senators who voted in favor of the amendment. In 2001, the 50 senators who voted against Harkin's amendment received an average of \$70,600 over the previous six years compared to the average of \$34,000 received by the 45 senators who voted in favor of it.

In 2002, for the first time, Harkin introduced stand-alone legislation, S. 2013, which would not only have given the USDA authority to shut down meat plants violating safety standards, but also would require the agency to tighten those standards.<sup>72</sup> Neither Harkin's bill, nor a companion House bill, H.R. 3956, sponsored by Rep. Anna Eshoo (D-CA), ever came up for a vote. Similar bills introduced by the two lawmakers in the 108th Congress, S.1103 and, have yet to have a hearing in committee.

<b>2004 Presidential Elections</b>		
<b>Industry</b>	<b>Bush</b>	<b>Kerry</b>
Livestock	\$574,724	\$26,100
Poultry & Eggs	\$99,980	\$6,300
Food Processing & Sales	\$988,685	\$58,150
<b>Total</b>	<b>\$1,663,389</b>	<b>\$90,550</b>

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

<b>2001 HARKIN AMENDMENT TO SHUT DOWN DIRTY MEAT PLANTS</b>			
107th Congress, 1st session, Vote # 314, 45Y-50N, N=industry position			
Number of Senators Voting	Vote	Total Amount Received**	Average amount received
50	No	\$3,528,639	\$70,573
45	Yes	\$1,533,783	\$34,084

Source: Center for Responsive Politics, \*includes individual (\$200+) and PAC contributions, average received, 1997-2002

**2000 HARKIN AMENDMENT TO SHUT DOWN DIRTY MEAT PLANTS**  
106th Congress, 2nd session, Vote # 221, 48Y-49N, N=industry position

Number of Senators Voting	Vote	Total Amount Received**	Average amount received
49	No	\$4,271,868	\$87,181
48	Yes	\$2,069,176	\$43,108

Source: Center for Responsive Politics, \*\* includes individual (\$200+) and PAC contributions, average received, 1995-2000

## Dangerous Lunch Meat

The food-borne disease listeriosis, caused by the bacterium, *listeria monocytogenes*, is particularly deadly. Some 2,500 people become ill with listeriosis annually, one-third of them pregnant women. One out of five people who contract the disease die.<sup>73</sup>

In October 2002, when a Montgomery, PA meat-processing plant, Wampler Foods, Inc., (parent company, Pilgrim Pride, Inc.) agreed to recall 27.4 million pounds of turkey and chicken because eight deaths and three miscarriages were linked to *listeria monocytogenes* and samples were traced back to the company.<sup>74</sup> It was the largest recall in the agency's history.<sup>75</sup>

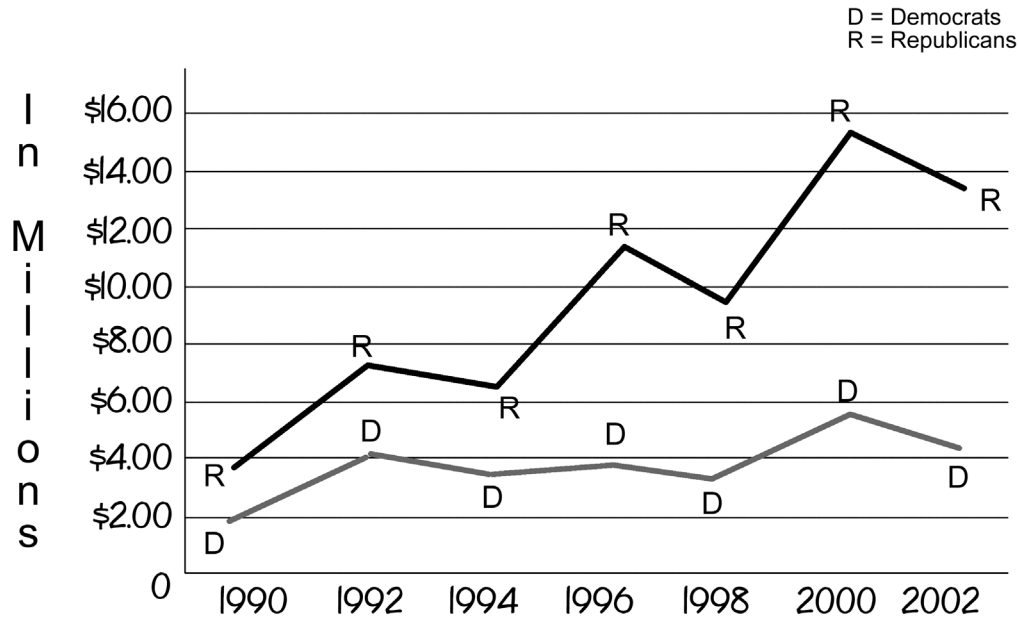
Despite the recall, however, nearly two million pounds of turkey meat was served for five days in school cafeterias before school administrators were informed that the meat was linked to the outbreak.<sup>76</sup> By the time the outbreak was over, more than 120 people became ill and 13 died after contracting listeriosis.<sup>77</sup>

USDA supervisors had ignored an inspector's pleas to correct horrendous conditions at the plant. Vincent Erthal, a USDA inspector assigned to the Wampler plant said the USDA blocked his efforts for two years to fix sanitary conditions at the plant. Erthal said it was commonplace to see flies and cockroaches in processing areas, dirty water dripping on exposed food, day-old meat particles in the grinding machines, and workers who picked up deli meats from the grimy floors before sending them on to packaging. When Erthal tried to discipline the plant for these lapses, he was stifled by his superiors at USDA. "I couldn't believe what I was seeing," said Erthal, 40, of Bethlehem, Pa. "I would constantly stress that someone was going to get sick, but all they wanted to do was protect the plant." Erthal went on to accuse the plant's chief inspector of rigging listeria tests by giving Wampler officials advance notice of random tests.<sup>78</sup>

The problem is that the USDA and its inspectors do not have the authority to punish a plant for unsanitary conditions or even issue a recall. It cannot issue civil fines against plant operators, close plants that repeatedly exceed limits for bacterial contamination (see above), or even tell the public which retailers received recall products. All the agency can do is suggest to plants that they issue a recall.<sup>79</sup>

The National Food Processors Association (NFPA), the food industry lobby, took credit for shaping a directive made by Agriculture Secretary Ann Veneman in the wake of the outbreak, issued in December 2002. Plans were dropped from an earlier version to fine companies where listeria was discovered, and testing was more limited.<sup>80</sup> In a November 11, 2002, a members-only newsletter obtained by Time Magazine, the NFPA gloated over its victory saying that "a number of key (USDA) personnel have bought into much of

## Meat and Food Processing Industry -- 1989 to 2002



the industry proposal." The newsletter added that the tougher federal rules were averted as a result of "industry efforts made at the White House level." The NFPA refused to comment. The White House denied the group had any role in the final rules. USDA under secretary Elsa Murano acknowledged consulting both the White House and industry before the final directive was issued but insisted it was "fine-tuned" solely to advance public health.<sup>81</sup>

Not long after watering down the inspection directive, the NFPA sponsored a food safety summit in March 2003. Participating in the summit were top leaders from the processing, restaurant, and retail food industry, representatives from Capitol Hill, key regulatory officials, and the White House. One of the main topics of discussion at the event was titled: "Listeria's Hot Again: Why You Should Be Testing and How to Validate Your Testing Program."<sup>82</sup> In June 2003, USDA issued final regulations on listeria that were roundly criticized by consumer groups for being too weak.<sup>83</sup>

### Mad Cow Disease

In March 2001, Ann Veneman, the new Agriculture Secretary, told an audience of Nebraskan farmers that she was "very confident" that mad cow disease had not appeared in the U.S. "We're testing cattle all over the country to ensure that we have not seen any indication or any trace of the disease in this country," she said.<sup>84</sup>

Nearly two years later, in May 2003, a Canadian cow was found to be infected with the disease.<sup>85</sup> Following the news, the U.S., banned imports, although not for long. In August, the USDA partially lifted the ban.<sup>86</sup> In May 2004, news surfaced, thanks to a lawsuit filed by a cattlemen's organization opposed to imports, that the USDA had allowed 33 million pounds of Canadian processed beef to flow over the border.<sup>87</sup>

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When an infected cow was found in Washington state in December 2003 (later traced to a farm in Alberta, Canada, one of more than 80 exported to Washington state in September 2001<sup>88</sup>), Veneman declared that the meat supply was safe because of measures already in place to protect the food supply. "This finding, while unfortunate, does not pose any kind of significant risk to the human food chain," she stated at a press briefing, adding that she planned to feed beef to her family at Christmas.<sup>89</sup>

Indeed in 1997 the U.S. had banned the use of cattle in feed for cows, goats, and sheep. The main way that cattle contract bovine spongiform encephalopathy (BSE) is by eating other animals that have the disease. However, the ban on use of cattle in feed left huge loopholes, according to consumer advocates. For example, there was no prohibition against using cattle feed for chickens and other animals, which then can be fed to cattle.<sup>90</sup>

In July 2003, Rep. Gary Ackerman (D-NY), sponsored an amendment, H.AMDT.230, to the annual agriculture spending bill, to ban the consumption of "downer" cows.<sup>91</sup> It failed by a vote of 202 to 199. The Senate, however, included a similar provision by a voice vote. When time came to reconcile the two versions of the bill, the provision was dropped. Democrats blamed the Republican leadership.<sup>92</sup>

The USDA had also opposed the provision. When the case of mad cow was discovered in Washington state, the agency changed its tune, and banned the sale of "downer" cows. In late January 2004, the government announced a new ban on feeding blood or poultry litter to cows, but it remains legal to feed rendered beef to pigs and poultry, and then to feed these animals to cows.

In February 2004, an international panel of experts appointed by Agriculture Secretary Ann Veneman urged the United States to go much farther in its measures to prevent spread of mad cow. Among the recommendations: all protein originating from mammals or poultry should be banned from feed supplies, all animals over 30 months considered to be high risk be tested for the disease.<sup>93</sup>

But so far, the USDA is balking. While Japan tests all the cows it slaughters, and in France, half of the six million cows slaughtered annually are tested, the USDA plans to test only 200,000 cows out of some 36 million slaughtered.<sup>94</sup> Indeed, in April 2004 the Agriculture Department actually forbade one small Kansas-based company, Creekstone Farms Premium Beef, from testing all the cattle it slaughters, saying there was "no scientific justification" for it. The company wanted to do the testing because without it, a major customer, Japan, had stopped buying its products.<sup>95</sup>

### Industry Connections

**Dr. Chuck Lambert**, formerly the chief economist for the National Cattlemen's Beef Association, serves as deputy under secretary for marketing and regulatory programs at the USDA.

**Tobin Armstrong**, who owns the 50,000-acre Armstrong cattle ranch in Kennedy County, Texas, (where he is County Commissioner) is a Bush Pioneer, who raised \$100,000 for the president's 2000 campaign.<sup>98</sup> He and his wife, Anne, a former ambassador to Great Britain, have personally contributed \$25,250 to federal candidates

***"I love those cattlemen!"***

*--President George W. Bush, speaking to the president of the National Cattlemen's Beef Association at a White House Christmas party in 2003, as reported in The New York Times.<sup>96</sup> In February 2002, Bush became the first president to address the association.<sup>97</sup>*

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and parties since 1999, 100% of that to the GOP. They have been frequent visitors to the White House for state dinners dating as far back as the Reagan Administration,<sup>99</sup> and have been the overnight guests of George and Laura Bush.<sup>100</sup> Tobin Armstrong is reportedly good friends with Vice President Dick Cheney and political operative Karl Rove.<sup>101</sup> He frequently hosts Cheney on his ranch for days filled with bird hunting.<sup>102</sup>

In January 2002, Armstrong was appointed to the USDA's Committee on Foreign Animal and Poultry Diseases, which advises the agency on policies to control and eliminated diseases "without substantial restrictions on the industry."<sup>103</sup> It was this committee that formally received the recommendations of the international panel of scientists that urged the USDA to strengthen safety controls.<sup>104</sup> At the time, Armstrong objected to the recommendations, as reported by the trade journal Food Chemical New: "Armstrong offered some sharp criticisms of the team's report. He said it goes to 'draconian measures' for a disease that has affected so few people. 'What are we trying to protect ourselves from?'"<sup>105</sup> The following month, at the trade association's annual convention, Tobin and his wife received the National Cattlemen's Beef Association's Swan Family Leadership award, recognizing them for a "lifetime of dedication and leadership to the beef industry."<sup>106</sup> Other Bush Pioneers with ranching backgrounds include **Tom Bivens**, the owner of Corsino Cattle Co., and **Fausto Yturria Jr.**, owner of Yturria Ranch.

#### IV: SMOKING DEATHS

Tobacco Industry					
Election Cycle	Total	Democrats	Republicans	Dem %	Rep %
2004	\$1,928,398	\$545,543	\$1,381,605	28%	72%
2002	\$9,147,060	\$1,951,002	\$7,196,058	21%	79%
2000	\$8,610,638	\$1,399,337	\$7,208,951	16%	84%
<b>Totals</b>	<b>\$19,686,096</b>	<b>\$3,895,882</b>	<b>\$15,786,614</b>	<b>20%</b>	<b>80%</b>

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

**Policy Paybacks:** Weak oversight of tobacco marketing

**Public Cost:** 400,000 dead yearly and more than \$75 billion in medical costs per year

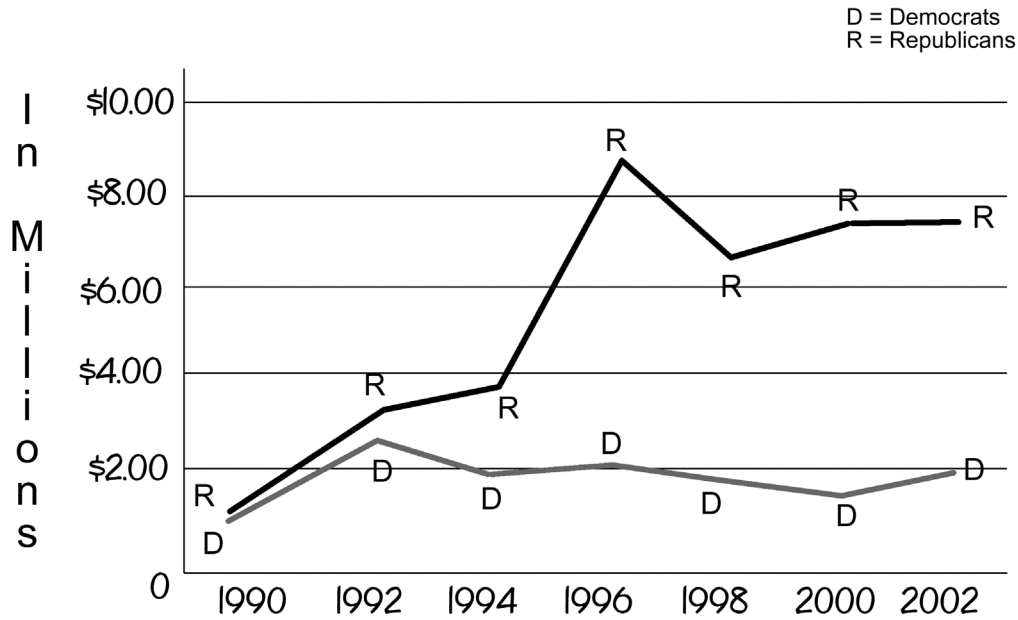
*Despite years of efforts by public health advocates, hundreds of thousands of Americans still die every year from the effects of smoking. The tobacco industry continues to pour millions of dollars into federal campaigns, and has managed to fight off efforts to give the Food and Drug Administration authority to regulate tobacco. The industry has also made its clout felt in international treaty negotiations to reduce smoking worldwide.*

#### Smoking Rates Same As 40 Years Ago

More than 40 years after the U.S. Surgeon General Luther Terry declared that cigarettes represented "a health hazard of sufficient importance in the United States to warrant remedial action," Americans have yet to kick their deadly addiction. Nearly as many Americans smoke today as did four decades ago, and many of these smokers are kids new to the habit.<sup>107</sup> Indeed nearly one out of four adult Americans smoke, and kids consume some 900 million packs of cigarettes every year, producing revenues for the tobacco industry of some \$2 billion. Every year, 400,000 people die from smoking cigarettes, and it's estimated that more than 6 million kids under the age of 18 alive today will eventually die from smoking. Meanwhile, medical costs associated with tobacco smoking amount to more than \$75 billion per year.<sup>108</sup>

All this despite years of effort by public health groups such as the American Lung Association and Campaign for Tobacco Free Kids, despite the tobacco companies' mammoth \$246 billion settlement with states attorneys general in 1999, which stipulated that companies restrict their marketing efforts and contribute \$1.5 billion to a public education effort to reduce tobacco use. Spending on tobacco marketing still outpaces state tobacco control spending by about 50-1, according to the Tobacco Free Kids campaign.<sup>109</sup> Most glaring of all, year after year, the tobacco industry has used its political influence and campaign contributions to beat back campaigns in Congress to give the Food and Drug Administration (FDA) authority

## Tobacco Industry -- 1989 to 2002



to regulate tobacco. That the FDA, which has broad powers over the marketing of food and drugs should have this authority makes common sense: after all, tobacco is addictive; it causes cancer and other life-threatening illnesses; tobacco products are often filled with additives like formaldehyde, arsenic, and ammonia, which are not disclosed to consumers; and the familiar warnings on cigarette packages are far weaker than they should be.

In the 107th Congress, lawmakers introduced dueling legislative efforts to give FDA authority over tobacco, one backed by the tobacco industry, the other by the public health community. According to public health advocates, the industry-backed legislation "would do more harm than good to the public health" because it did not go far enough to protect kids from tobacco industry and marketing and did not give the agency enough power to regulate health claims such as "light" and "lowtar" on packages, among other concerns.<sup>110</sup>

Congress never voted on the legislation. But the money trail left by Big Tobacco tells an interesting tale: the 17 House members who sponsored the industry-backed bill (H.R. 2180) received an average of \$27,600 in campaign contributions from the tobacco industry over their careers in Congress, while the three sponsors of the industry-backed Senate bill (S. 190) averaged \$40,800 over their careers.

That is just the campaign contributions that the tobacco industry had delivered to these lawmakers directly. The lead sponsor of the House bill, Rep. Tom Davis (D-VA), also happened to be chairman of the National Republican Congressional Committee (NRCC) at the time. In the 2002 election cycle alone, the committee collected \$1.3 million from tobacco interests. Meanwhile, Sen. Bill Frist, the lead sponsor of the Senate bill, was at the same time chairman of the National Republican Senatorial Committee (NRSC), which collected \$1.2 million from the tobacco industry during the 2002 election cycle.

The 108th Congress brought a new wrinkle to the tobacco debate. Tobacco farmers had been clamoring for years for a federal "buyout" of their Depression-era quota program. Competition from foreign growers



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puts them at a disadvantage in the world market, because the supply limits in the quota system hurts them. With a buyout, it is estimated that about half of tobacco farmers would get out of the business, while the remaining farmers would be in a better position to compete internationally.<sup>111</sup> However, Congress had yet to approve such a buyout. In a new strategy, the buyout champions linked causes with public health advocates, the idea being that any buyout of tobacco farmers would be accompanied by legislation to give the FDA authority over tobacco, and vice versa.

Meanwhile, tobacco giant Philip Morris, now known as the Altria Group, which had been one of the backers of the Frist-Davis bills in the 107th Congress, announced that it supported pairing FDA legislation with a tobacco farmer buyout. The company is a political powerhouse, ranking 11th for overall top campaign contributions company/organization since 1989, with more than \$20 million distributed to candidates and parties, 74 percent of that to Republicans, according to the Center for Responsive Politics. In fact, the company even gave one group of farmers \$5 million to lobby Congress for the deal, in exchange for the farmers agreeing to settle an antitrust suit against the largest tobacco companies.<sup>112</sup>

Why would Philip Morris suddenly become an advocate for public health? Skeptical observers noted that the company, which supplies about half of the cigarettes sold in the country, was bargaining that FDA regulation would help it keep market dominance, making it tougher for R.J. Reynolds and other smaller tobacco companies to compete.<sup>113</sup> The company is particularly interested in marketing "reduced risk" tobacco products that would be regulated by the FDA, the Campaign for Tobacco Free Kids has noted.<sup>114</sup>

The new strategy failed, however, when Senate negotiations broke down over details in the FDA bill, which was never formally introduced. Public health advocates decried proposed provisions of the legislation that would prevent the FDA from "directly or indirectly" banning any tobacco product. "It's very unclear what 'indirectly' means," a spokesman for the Campaign for Tobacco Free Kids told The National Journal. "The language is ambiguous, giving tobacco companies the opportunity to tie the FDA up in litigation." Philip Morris, however, supported the language, saying that the FDA should not be allowed to outlaw cigarettes.<sup>115</sup> Without the FDA legislation, the farmers didn't get their buyout, and the issue was dead for the congressional session.

In 2004, several lawmakers introduced tobacco buyout legislation, and on May 20, legislation was introduced in both the House and the Senate to give the FDA authority over regulation of tobacco. Meanwhile, in a campaign swing through Ohio in May, President George W. Bush shocked southerners when he stated he was against tobacco buyout legislation. Some political observers speculated that the president may have taken the position to avoid taking sides among the warring tobacco companies. Sen. John Kerry (D-MA) announced that he supported linking a tobacco buyout with legislation to give FDA the authority to regulate tobacco.

In June 2004, the House passed a \$9.6 billion buyout of the tobacco program as part of a corporate tax relief bill, without any accompanying legislation to give the FDA authority to regulate the substance. If the buyout becomes law, two-thirds of the cash would go to the top ten percent of tobacco farmers, who would receive an average of \$144,414 apiece for five years, while the 80% of tobacco farmers would get just \$1,000 per year over five years, according to an

2004 Presidential Elections		
Industry	Bush	Kerry
Tobacco	\$154,745	\$14,550

Source: Center for Responsive Politics, includes individual (\$200+), PAC, & Soft Money contributions

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analysis by the Environmental Working Group.<sup>116</sup> In July, the Senate voted in favor of a \$12 billion buy-out—this time accompanied by legislation to give the FDA authority to regulate tobacco products, also as part of the corporate tax relief bill. The legislation now goes to a conference committee.

<b>Tobacco Industry Contributions, individual (\$200+) &amp; PAC contributions, 1989-2004</b>	
Sponsors of H.R. 2180 (107th Congress)-Tobacco Industry Backed Legislation	Total
Edolphus Towns (D-NY)	\$71,095
John Linder (R-GA)	\$65,250
Mac Collins (R-GA)	\$51,750
Tom Davis (R-VA) lead sponsor	\$46,169
Edward L. Schrock (R-VA)	\$34,500
Mark Green (R-WI)	\$34,000
Alan B. Mollohan (D-WV)	\$31,500
Paul E. Gillmor (R-OH)	\$30,625
Collin C. Peterson (D-MN)	\$29,043
Gary A. Condit (D-CA)	\$23,850
John E. Sweeney (R-NY)	\$23,000
W. Todd Akin (R-MO)	\$13,500
Michael F. Doyle (D-PA)	\$13,500
William Lacy Clay (D-MO)	\$6,000
Lee Terry (R-NE)	\$1,000
Kay Granger (R-TX)	\$0
Felix J. Grucci, Jr. (R-NY)	\$0
<b>Total</b>	<b>\$468,282</b>
Source: Source: thomas.loc.gov, Center for Responsive Politics	

<b>Tobacco Industry Contributions, individual (\$200+) &amp; PAC contributions, 1989-2004</b>	
Sponsors of S.190 (107th Congress) -Tobacco Industry Backed Legislation	Total
Christopher Bond (R-MO)	\$50,750
Bill Frist (R-TN) (lead sponsor)	\$41,574
Zell Miller (D-GA)	\$30,050
<b>Total</b>	<b>\$122,374</b>
Source: Source: thomas.loc.gov, Center for Responsive Politics	

### **Tobacco Treaty**

In May 2004, Health and Human Services Secretary Tommy Thompson signed the international tobacco treaty, the Framework Convention on Tobacco Control, which had been five years in the making. Worldwide, some four million people die yearly from tobacco-related diseases, and estimates are that as many as 10 million will die yearly within 20 years, 70 percent of them in developing nations. If it is ratified, the treaty will give nations new tools to help combat this scourge, including the ability to enact a comprehensive ban on tobacco advertising (providing there are no constitutional conflicts within a given country) and to require large health warning labels.<sup>117</sup>

While public health advocates cheered the action, they were careful to point out that a signature on the treaty was one thing, and a commitment to ratification of the treaty quite another. For the treaty to take effect, 40 countries must ratify it. To date, 109 countries have signed the treaty, but only 12 have ratified it. "Signing the treaty is good public relations; ratifying it will be good public health. Merely signing it without Senate ratification is a hollow victory," said John L. Kirkwood, President and CEO of the American Lung Association, in a press statement.<sup>118</sup>

It is understandable why public health advocates are suspicious. Throughout negotiation of the treaty, the Bush Administration had tried, repeatedly, to weaken it. Indeed, U.S. negotiators pushed ten out of the eleven changes that Philip Morris had requested in a March 15, 2001 letter to the administration, according to documents uncovered by Rep. Henry Waxman (D-CA). These included opposition to creation of tobacco taxes, restricting use of terms like "light" and "low tar" on cigarette packages, and detailed disclosure of costs associated with tobacco advertising and marketing. Just one week before the November 2001 negotiating session, Philip Morris gave \$57,764 to the Republican Party.<sup>119</sup>

In the end, the U.S. did not get its way, thanks to the opposition of developing nations. However, Campaign for Tobacco Free Kids reports that the U.S. did so "only after its last-ditch effort to reopen negotiations failed."<sup>120</sup>

## Industry Connections

- **Hector F. Irastorza, Jr.** is chief operating officer of the 2004 GOP national convention. Before accepting the position, he worked as a deputy assistant in the White House. From 1992 to 1997, he was vice president for corporate wide programs and planning at Philip Morris Companies, Inc.<sup>121</sup>
- **William H. Donaldson**, Treasury Secretary, served as a director for Philip Morris.<sup>122</sup>
- **Kirk Blalock**, who worked as a special assistant to President Bush, left the White House in October 2002 to join the lobbying firm Fierce & Isakowitz (now Fierce, Isakowitz and Blalock.) Before he joined the White House, Blalock worked as director of external affairs for Phillip Morris Companies, Inc.<sup>123</sup> Blalock is a Bush Pioneer, pledging to raise \$100,000 for President Bush's 2004 campaign.
- Health and Human Services Secretary **Tommy Thompson** sold between \$15,000 and \$50,000 worth of Philip Morris stock upon taking office.<sup>124</sup> While he was governor of Wisconsin, Thompson received more than \$100,000 in campaign contributions from tobacco interests, \$70,000 of that from Philip Morris Companies, a major employer in Wisconsin, according to the Wisconsin Democracy Campaign. He also accepted trips to Australia, England, and South Africa funded by groups sponsored by Philip Morris. As governor, he vetoed a bill that would have required the state to use guidelines from the Centers for Disease Control (CDC) to guide state spending from the national tobacco settlement. Thompson did eventually support some anti-smoking measures within the state applauded by public health advocates,<sup>125</sup> and has also voiced support for some FDA regulation of tobacco.
- **John Graham**, director of the Office of Management and Budget's Office of Information and Regulatory Affairs, in the early 1990s solicited financial support from Philip Morris for the Harvard Center for Risk Analysis, which he then directed. After receiving criticism from the dean of Harvard's School of Public Health, he returned the check from Philip Morris; however, the following summer, Kraft General Foods, a subsidiary of Philip Morris delivered a check for \$20,000. An internal Philip Morris memo noted the check, stating "I hope we can continue to work with and support Dr. Graham's work."<sup>126</sup>
- **Karl Rove**, President Bush's top political adviser, served as a political consultant to Philip Morris from 1991 through 1996.<sup>127</sup>

## Conclusion

Health care-related interests have showered federal campaigns with millions of dollars and have gotten ample return on their investment. Thanks to their influence, more Americans lack health insurance, are faced with high prescription drug bills, must worry about the safety of their food supply, and are more likely to be addicted to tobacco.

While it may never be possible to remove all the private money from our campaign finance system, comprehensive Clean Money, Clean Elections campaign finance reform would lessen the influence of special interest donors. Under Clean Elections, candidates who voluntarily agree to limit their spending and to reject campaign contributions from private sources can qualify for grants of full public financing for their campaigns.

In case after case, candidates of all political stripes who are running Clean in states with Clean Money systems say that being freed of the money chase has helped them pay more attention to ordinary constituents and their needs. "The first thing people asked me about was my running 'clean.' 'Oh my goodness, a politician who is in no one's pocket!' They couldn't believe it," says Rep. Sue Hawes (D-Standish, ME). "It's a good way of giving government back to the people...It lets people who are not well-connected run for the legislature," says Republican Sen. Ed Youngblood, of Maine, who defeated a long-time, powerful incumbent when he ran for office.

Right now, health care special interests have too much influence on policy making in Washington, leading to disastrous effects on public health. If Clean Money, Clean Elections were the law of the land, all of us might feel a lot better.

# Appendices

# Appendix I

**108th Congress Senate Members  
Ranked by Lifetime Contributions from the Pharmaceutical Manufacturing Industry,  
1989-2004**

Rank	Senator	Total	Actions
1	Orrin G Hatch (R-UT)	\$473,861	In June 2000, Hatch tried to insert a provision into the military appropriations bill to extend the monopoly patent on the allergy drug Claritin by three years past its 2002 expiration date. This would have translated into some \$2.2 billion in additional revenues for manufacturer Schering-Plough. During his presidential campaign, Hatch also used a private jet supplied by the drug company. (Robert Gehrke, "Howell Accuses Hatch of Letting Big Money Influence Legislation," Associated Press, September 13, 2000)
2	Arlen Specter (R-PA)	\$459,779	In 1996, while on the Appropriations Committee, tried to attach a two-year patent extension for the allergy drug Claritin to the Agriculture Department spending bill that would have ensured millions of dollars for pharmaceutical giant Schering-Plough Corp. (Charles Babcock, "Claritin Patent Fight is a Test of Drug Maker's Clout," Washington Post News Service, October 30, 1999.)
3	Chris Dodd (D-CT)	\$268,973	In 1995, signed a letter to his fellow senators urging their support to retain a patent extension inadvertently imposed by the GATT that would help pharmaceutical companies including Bristol-Myers Squib which has the monopoly on Capoten, a blood pressure medicine. The extension from 17 years to 20 meant billions to the drug industry. (Mary McGrory, "Patently Offensive," The Washington Post, November 28, 1995, p. A2.)
4	Rick Santorum (R-PA)	\$235,470	In July 2003 circulated a "Dear Colleague" letter to fellow senators asking them to oppose legislation that would allow the reimportation of U.S. drugs from Canada and Europe to American consumers at a cheaper cost. The signature campaign was coordinated with the help of Derrick White, director of federal affairs for the Pharmaceutical Research and Manufacturers Association. Santorum told The New York Times that he had asked for the trade group's help because "I don't have time to run around and get all these people to sign it." (Sheryl Gay Stolberg, "Drug Lobby Pushed Letter by Senators on Medicare," The New York Times, July 30, 2003.)
5	Joe Lieberman,(D-CT)	\$228,500	Lieberman supports limits on liability for pharmaceutical and medical device manufacturers when they are sued by patients claiming injury, as well as limits on punitive damages when patients sue HMOs. Lieberman has also supported tax credits for research and development by drug companies, and streamlined drug approval by the FDA. The pharmaceutical industry is a major employer in Connecticut. (Dan Morgan, "Lieberman Caught in a Political Bind," The Washington Post, August 26, 2000, p. A1.)

Source: Center for Responsive Politics, includes individual (\$200+) & PAC contributions



**108th Congress Members  
Ranked by Lifetime Contributions from the Pharmaceutical Manufacturing Industry,  
1989-2004**

Rank	House Member	Total	Actions
1	Mike Ferguson (R-NJ)	\$371,817	Worked to convince fellow representatives wavering on the industry-backed Medicare prescription drug benefit law that the proposal was good for America. Several major drug companies are located near his district. (Ledyard King, "Major Role in Shaping Medicare Bill," Home News Tribune (East Brunswick, NJ ), December 8, 2003.)
2	Nancy L. Johnson (R-CT)	\$338,040	In 2002, 60 Plus Association, a conservative organization with close ties to the pharmaceutical industry and the Republican Party and a co-sponsor of the Conservative Political Action Conference in Arlington, VA, ran a radio commercial lauding Johnson's support of the industry-backed Medicare prescription drug legislation. 60 Plus is a member of the Citizens for Better Medicare, a non-profit coalition financed largely by pharmaceutical companies. (Michele Jacklin, "Who's Behind Those Annoying Radio Ads?" The Hartford Courant, September 8, 2002.)
3	Richard Burr (R-NC)	\$325,656	Robert Ingram, former No. 2 executive at pharmaceutical giant GlaxoSmithKline, is reportedly taking the lead role to raise money for Burr's North Carolina Senate bid. Burr worked for legislation speeding up drug approval by the Food and Drug Administration. ("North Carolina Senate: A Fundraiser that could Bring Burr Heft," The Hotline, April 23, 2003; Charlie Cook, "GOP Gets Head Start in Tarheel Senate Race," The National Journal, September 13, 2003, vol. 35, no. 37.)
4	Bill Thomas (R-CA)	\$291,165	A cosponsor of the industry-backed Medicare reform legislation, Thomas is a former chairman of the House Ways & Means Health Subcommittee, where he helped fashion the legislation in its early forms. At the time he was involved in a private personal relationship with big-time pharmaceutical lobbyist Deborah Steelman whose Washington firm, Steelman Health Strategies, received \$2.4 million in lobbying fees from health interests in 1999, including \$900,000 from pharmaceutical manufacturers. (thomas.loc.gov, "News Makers," Modern Health Care, October 14, 2002; Saul Friedman, "RX for Conflict of Interest?", Newsday (New York), July 22, 2000.)
5	John Dingell (D-MI)	\$274,250	Voted in 2003 against legislation to liberalize importation of pharmaceuticals from Canada; however, is lead sponsor on legislation, along with Sen. Ted Kennedy (D-MA) to allow importation of certifiably safe U.S.-made drugs from Canada. (Vicki Kemper, "'Historic' Day for America's Seniors," Los Angeles Times, December 9, 2003, p. A1; House Vote Roll Call Vote No. 445, July 25, 2003.)

Source: Center for Responsive Politics, includes individual (\$200+) & PAC contributions

**108th Congress Members  
Ranked by Lifetime Contributions from the Pharmaceutical Manufacturing Industry,  
1989-2004 (continued)**

Rank	House Member	Total	Actions
6	Dennis Hastert (R-IL)	\$269,650	Hastert opposed the 2003 Canada drug reimportation bill and is advocating that the U.S. instead use trade agreements to force foreign governments to raise the prices they charge for drugs, a strategy urged by the pharmaceutical industry. (The argument is that Americans bear the brunt of paying for research and development for drugs, and that foreign governments, such as Canada, ought to allow higher prices to be charged for these drugs.) (Marilyn Werber Serafini, "Drug Prices: A New Tack," The National Journal, April 17, 2004, vol. 36, no. 16.)
7	Billy Tauzin (R-LA)	\$219,147	Tauzin reportedly was offered a \$2 million-a-year job with the Pharmaceutical Research and Manufacturers of America just two months after he finished helping negotiate the industry-backed Medicare bill. Tauzin denied any dealings on the bill in exchange for the job. In February 2004, he stepped down from his position as Chairman of the House Energy and Commerce Committee while continuing to negotiate about the job. (Frank Ahrens, "Tauzin Quits Chairmanship, Will Retire from House," The Washington Post, February 4, 2004; "D.C.'s Revolving Door, Big Wheels Keep on Turning," Philadelphia Inquirer, February 15, 2004; "Democracy on Drugs," Common Cause, May 18, 2004.)
8	Anna Eshoo (D-CA)	\$204,548	Co-sponsor of the 2000 Claritin Patent Extension Act that would have prevented competition against Schering-Plough Corp.'s billion-dollar allergy drug. ( "U.S.Sen. Max Cleland Withdraws from Claritin Patent Extension Act," January 26, 2000, PR Newswire; thomas.loc.gov)
9	Joe Barton (R-TX)	\$192,712	Supported a conservative Medicare proposal more restrictive than the GOP plan that became law. Barton's legislation would have given tax breaks to people making contributions to a debit card used to buy medicine rather than providing discounts outright. In 2004, Barton took over chairmanship of the House Energy & Commerce Committee, which has jurisdiction over Medicare, from Rep. Tauzin. (Laura Meckler, "Medicare Bill Clears House Panel, But With A Partisan Fight," The Associated Press State & Local Wire, June 18, 2003.)
10	Fred Upton (R-MI)	\$192,712	Vote against legislation to liberalize import of drugs from Canada. (108th Congress, 1st Session, House Vote Roll Call Vote No. 445, July 25, 2003.)

Source: Center for Responsive Politics, includes individual (\$200+) & PAC contributions

# Appendix II

**108th Congress Senate Members  
Ranked by Lifetime Recipients of Meat & Food Processing Industry, 1989-2004**

Rank	Senator	Total	Actions
1	Kay Bailey Hutchison (R-TX)	\$540,734	Voted against Harkin bill that would have given the USDA authority to shut down dirty meat plants. (Senate Roll Call Vote # 221, 106th Congress, 2nd Session.)
2	Gordon H. Smith (R-OR)	\$423,306	One of the wealthiest senators in the Pacific Northwest with at least \$9 million in assets due to his holdings in the frozen food industry, with his biggest asset in Smith Frozen Foods Inc., worth between \$5 million and \$25 million. The company processes frozen vegetables and invests in property. He voted against Harkin bill. (John Hughes "Sen. Gordon Smith Leads Northwest Senators in Wealth," Associated Press, June 11, 1999; Senate Roll Call Vote # 221, 106th Congress, 2nd Session; Senate Roll Call Vote #314, 107th Congress, 1st Session.)
3	Richard G. Lugar (R-IN)	\$390,735	Voted against Harkin bill. (Senate Roll Call Vote #314, 107th Congress, 1st Session)
4	Mitch McConnell (R-KY)	\$389,493	McConnell is lead sponsor of legislation, S.1428, that would protect the food industry from liability lawsuits that claim food products are responsible for causing weight gain or obesity in consumers. (thomas.loc.gov)
5	Pat Roberts (R-KS)	\$351,658	Praised the USDA's decision to refuse to allow a small Kentucky-based meatpacking company to test every cow at its slaughterhouse for mad cow disease. The decision was supported by the National Cattlemen's Beef Association. (Libby Quaid, "Ag Officials Reject Creekstone's Plans to Test All its Cows for mad cow," Associated Press, April 9, 2004.)

Source: Center for Responsive Politics, includes individual (\$200+) & PAC contributions

**108th Congress House Members  
Ranked by Lifetime Recipients of Meat & Food Processing Industry, 1989-2004**

Rank	House Member	Total	Actions
1	Charles W. Stenholm (D-TX)	\$596,684	Has opposed "country-of-origin" labeling legislation that would require labeling meat, fish, fruits vegetables, and peanuts. Criticized the USDA's new regulations banning "downer" cattle from the food supply. (Mary Clare Jalonick, "Embattled Meat and Cattle Industry Finds Potent Ally in White House," Congressional Quarterly Weekly, January 30, 2004.)
2	Henry Bonilla (R-TX)	\$585,103	Wrote a provision in a January 2004 \$328 billion omnibus-spending bill that will delay, by two years, country-of-origin food labeling requirements set to take effect in September for beef, pork, fish, and fruits and vegetables. (Sheryl Gay Stolberg, "Mad Cow Case Heightens Debate on Food Labeling," The New York Times, January 8, 2004.)
3	Cal Dooley (D-CA)	\$280,624	Voted in favor of recent legislation that would protect the food industry from obesity lawsuits. (U.S. House of Representatives Roll Call Vote 54, 108th Congress, 2nd Session, March 10, 2004.)
4	Richard Pombo (R-CA)	\$253,410	Voted against amendment in 2004 Agriculture Department spending bill to ban downer cows for consumption. Pombo is a fifth generation cattle ranch owner in California. (Stockgrowers Discuss Cattle Issues with Calif. Congressman," Aberdeen American News, April 23, 2004; House Roll Call Vote 357, 108th Congress, 1st Session, July 14, 2003).
5	Richard A. Gephardt (D-MO)	\$224,135	During his recent presidential run, Gephardt's campaign reimbursed Archer Daniels Midland Company, one of the largest agribusinesses, \$4,000 for travel expenses for use of the corporate jet. (Sam Dealey, "Gephardt Bites Hand Feeding Him," The Hill, October 8, 2003).

Source: Center for Responsive Politics, includes individual (\$200+) & PAC contributions

**108th Congress House Members  
Ranked by Lifetime Recipients of Meat & Food Processing Industry, 1989-2004 (continued)**

Rank	House Member	Total	Actions
6	Mac Thornberry (R-TX)	\$223,822	Owns a share of the family cattle business in Texas, which at one time was worth \$250,000. Voted against amendment in 2004 Agriculture Department spending bill to ban downer cows for consumption. (Jim Drinkard "Gingrich Top '96 Moonlighter; Lawmakers Disclose their Extra Income," Chicago Sun-Times, June 14, 1997. House Roll Call Vote 357, 108th Congress, 1st Session, July 14, 2003.)
7	John Boehner (R-OH)	\$212,769	Voted against amendment in 2004 Agriculture Department spending bill to ban downer cows for consumption. (House Roll Call Vote 357, 108th Congress, 1st Session, July 14, 2003).
8	Denny Rehberg (R-MT)	\$199,227	Cosponsor of legislation, H.R. 4121, which would overturn and modify recent USDA rules banning "downer cows" from being processed into food. (Kevin Diaz, "'Downer' cattle ban is targeted. The industry wants to allow some lame animals to be slaughtered for food use," Sacramento Bee, April 13, 2004.)
9	Jack Kingston (R-GA)	\$192,128	Inserted a provision in the 2001 agriculture spending bill to block the FDA's requirement that egg producers pay the cost of federal tests for salmonella in eggs. (Jonathan D. Salant, "Congressional Spending Bill Full of Presents for Donors," Associated Press, June 10, 2000.)
10	Bob Goodlatte (R-VA)	\$188,332	Goodlatte, chairman of the House Agriculture Committee, told Agriculture Secretary Ann M. Veneman in early 2004 that new regulations on "downer" cows went too far. (Mary Clare Jalonick, "Embattled Meat and Cattle Industry Finds Potent Ally in White House," Congressional Quarterly Weekly, January 30, 2004.)

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## Notes

