



Healthcare Hirelings

Wilbert Joseph “Billy” Tauzin pledged \$80 billion for a “seat at the table” in White House negotiations over the healthcare reform that Barack Obama campaigned for as a candidate and has been promoting during the first year of his presidency. Tauzin, a former congressman from Louisiana’s Third District, is now president and CEO of the powerful drug lobby Pharmaceutical Research and Manufacturers Association.



He promised an \$80-billion savings in drug costs in exchange for a continued ban on importation of foreign drugs and a White House pledge that the administration would not seek even greater savings by negotiating for lower prices through Medicare. In addition, PhRMA promised, and has already begun, a multi-million-dollar media campaign in support of Obama’s efforts to overhaul the nation’s healthcare system.

“The White House blessed it,” Tauzin told the *Los Angeles Times*, which reported on August 4 that Tauzin and other executives from the pharmaceutical industry met with President Obama, his Chief of Staff Rahm Emanuel, and White House aides at the executive mansion in July to discuss drug-company support for the president’s plan. White House officials confirmed that the issue of drug importations was discussed, but would not say whether there was an agreement to block Medicare price negotiations.

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As a candidate for president, Obama campaigned against the drug companies and their influence in Washington and ran an ad featuring Tauzin, condemning the role the former congressman played in writing legislation that prevents Medicare from negotiating for lower prices. But PhRMA, which spent millions to defeat the Clinton healthcare plan in the early ‘90s, is a White House ally in the current healthcare debate. The drug lobby has brought back Harry and Louise (actors Harry Johnson and Louise Caire Clark) to reprise their roles in the insurance industry ad that helped sink the Clinton plan. Then Harry and Louise sat at the kitchen table voicing their worries about putting the federal government in charge of everyone’s healthcare. (“If they choose, we lose,” was the tagline.) Now they are all for it.

“It looks like we may finally get healthcare reform,” Harry says in the ad sponsored by PhRMA and the liberal advocacy group Families USA. “It’s about time,” Louise responds. “A little more cooperation, a little less politics and we can get the job done this time,” she says at the ad’s conclusion.

The Big Switcheroo



Written by [Jack Kenny](#) on September 15, 2009

Tauzin is experienced in the art of changing sides at an opportune time. An assistant majority whip, he was co-founder of the conservative Blue Dog Democrats in the 1980s. He switched parties after the Republicans took control of Congress in the 1994 elections and became deputy House majority whip for the GOP and the first congressman in history to have leadership positions with both parties. As a Republican, Tauzin was chairman of the committee that guided to passage the 2003 bill, backed by President George W. Bush, to add a prescription drug benefit to the Medicare program. The bill, which critics claimed was written by the pharmaceutical lobby, went through the longest roll call in House history and was finally passed in a 3 a.m. vote. The following year, Tauzin chose not to run for reelection. In January 2005, the same month he left Congress, he was hired by PhRMA for a reported \$2.5 million a year.

“There’s an opportunity now to get a health bill passed that doesn’t provide for government control of healthcare,” Tauzin told the *Los Angeles Times*. But whether or not the controversial “public option,” or government-provided health insurance, is part of the final legislation, healthcare reform will require businesses and individuals to obtain coverage from either the public or private sector. That would swell the ranks of customers for the drug industry, adding “patients who can’t take our medicines because they can’t afford it,” Tauzin said on CNBC in March. It would also bring in “\$650 billion spent to better insure Americans for the products we make. That ought to be a very optimistic and positive message for those interested in our sector of the economy.”

It is a sector that no doubt holds the interest of President Obama, who received more than three times what his Republican opponent got in campaign contributions from the pharmaceutical industry last year — \$3.58 for Obama for every \$1 for John McCain, according to the Center for Responsive Politics, a Washington-based research group. The drug companies also spent more than \$134.5 million on lobbying efforts during the first half of this year, nearly two-thirds more than the next biggest spenders, oil and gas companies.

But if conservative opponents of the president’s healthcare plans — or “Obamacare” as some call it — are disappointed to find the drug companies allied with the White House, some liberal supporters have expressed a sense of betrayal.

“It’s bad enough when industry lobbyists extract concessions from members of Congress, which happens all the time,” said Robert Reich, the secretary of labor under President Clinton and a self-described “fan” of the Obama administration. “But when an industry gets secret concessions out of the White House in return for a promise to lend the industry’s support to a key piece of legislation, we’re in big trouble.” Writing on his own blog, Reich said it is especially troubling that the industry is using an advertising campaign in exchange for the White House agreement on drug pricing. “Citizens end up paying for advertisements designed to persuade them that the legislation is in their interest. In this case, those payments come in the form of drug prices that will be higher than otherwise, stretching years into the future.”

The drug manufacturers are not the only segment of big business interested in expanding government’s role in healthcare. In virtually every talk on healthcare reform — now called “Health Insurance Reform” — President Obama recites a litany of anecdotal evidence that private health insurers are denying much-needed healthcare coverage to people who have bought their products and paid their premiums.

Talk of the Town(halls)

At a town hall meeting in Portsmouth, New Hampshire, he told of a woman who was denied coverage of



Written by [Jack Kenny](#) on September 15, 2009

her internal organs because of an accident she had when she was five years old. “Think about that — that covers a lot of stuff,” he said. “They’re only going to cover your skin. Dermatology, that’s covered; nothing else.” A man undergoing chemotherapy lost his coverage because the insurance company discovered he had gallstones that he hadn’t known about when he applied for insurance. When his own mother was dying of cancer, the president said that “the insurance company was arguing that somehow she should have known that she had cancer when she took her new job — even though it hadn’t been diagnosed yet.”

“A recent report actually shows that in the past three years, over 12 million Americans were discriminated against by insurance companies because of a preexisting condition,” Obama said.

The current healthcare system “too often works better for the insurance industry than it does for the American people. And we’ve got to change that,” he said to enthusiastic applause from a pro-Obama crowd in Portsmouth. The president and congressional Democrats have repeatedly cited the insurance industry as the main obstacle to change. House Speaker Nancy Pelosi has labeled the industry the “villain” in the battle for reform.

Yet the health insurers are playing a role quite different from their part in the Clinton healthcare debate of a decade and a half ago. According to the *New York Times*, Karen Ignagni, chief executive of the insurance lobby America’s Health Insurance Plans, pledged to Obama this year that the industry would not stand in the way of healthcare reform. In fact, the insurers have been running ads in support of reform, saying, “Let’s fix healthcare.”

“In 1993-94, you had the whole of K Street united in raising concerns about the consequences of reform,” said Ignagni told the *Times*. “The opposite is true today.” The lobby has taken aim at one aspect of the proposed reform, however, encouraging opposition among Republicans and Blue Dog Democrats to the public option. But then Obama himself sought to play down the significance of the public option at a town hall-style meeting in Grand Junction, Colorado, when a university student challenged him on how private insurers could compete with the government.

After strongly defending the public plan, the president then minimized its importance. “The public option, whether we have it or we don’t have it, is not the entirety of healthcare reform,” the president said. “This is just one sliver of it, one aspect of it.” It would be part of a broader effort to control costs, expand coverage, protect consumers and make the delivery of healthcare more efficient, he said. While the public option may be an anathema to the health insurers, government mandates for expanded coverage would provide them with millions more customers, especially among the young and healthy who tend to put off buying health insurance.

Wal-Mart president and CEO Mike Duke is in favor of healthcare reform legislation making its way through Congress, particularly the “employee mandate” that would require businesses to provide health insurance for its employees or be fined. “We are for an employee mandate that is broad and fair in its coverage,” Duke said in a letter to President Obama that was co-signed by Andrew Stern, president of the Service Employees International Union, and John Podesta, former chief of staff to President Clinton and currently president of the Center for American Progress. Wal-Mart, the nation’s largest employer, provides healthcare coverage for about 52 percent of its 1.4 million U.S. workers, according to the *Wall Street Journal*. The company would like to see the cost of health insurance borne also by competitors in the retail industry that do not now provide such coverage.

Who’s Against the Bill



Written by [Jack Kenny](#) on September 15, 2009

The U.S. Chamber of Commerce, on the other hand, began running an ad urging people to call their representative in Congress and tell them, “Let’s slow down and reform healthcare the right way.” Said Bruce Josten, vice president for governmental affairs: “I’m up against a dozen groups running ads that will spend between \$50 million and \$80 million to promote a public plan and promote an employer mandate, regardless of cost.”

Some 3,300 lobbyists are engaged on the issue on Capitol Hill, slightly more than six lobbyists for each of the 535 members of Congress. “Whenever you have a big piece of legislation like this, it’s like ringing the dinner bell for K Street,” Bill Allison, a senior fellow at the watchdog group Sunlight Foundation, told the Bloomberg News Service. More than 1,500 organizations have spent \$263.4 million on lobbying during the first six months of this year according to the Center for Responsive Politics. “There’s a lot of money and a lot of special interests who don’t want their ox gored,” said Allison.

“They assume healthcare reform is going to happen and they want to be protected,” said John Jonas, a partner with the lobbying firm of Patton Boggs LLP.

In May, Obama announced a consensus in support of his reform effort among “organizations and associations that are going to be essential to the work of healthcare reform in this country — groups that represent everyone from union members to insurance companies, from doctors and hospitals to pharmaceutical companies.” But by July, the president was warning that opponents of reform “will try to delay action until the special interests can kill it.” And at the beginning of the congressional August recess, the pro-Obama group Organizing for America was warning in e-mails: “Members of Congress have been home for just a few days, and they’re already facing increased pressure from insurance companies, special interests, and partisan attack organizations that are spending millions to block health insurance reform.” It was getting difficult to tell the heroes from the villains in the Obama healthcare drama.

“But the question is,” asked Philip Klein, writing in the *Weekly Spectator*, “if the Democrats’ push for health care legislation is being supported by the AMA (the special interest for physicians); AHA (the special interest for hospitals); AHIP (the insurance lobby); and PhRMA (the big bad pharmaceutical industry lobbyist), then which powerful special interests are the ones trying to block reform?” All of above, according to Sen. Sherrod Brown (D-Ohio).

“They’re out to do it their way,” said Brown. “Don’t think these interest groups aren’t out there every day fighting to keep their share and enlarge their share of the public healthcare dollar in this country, and they’re a big reason why this is so difficult.”

— Photo of Joseph “Billy” Tauzin: AP Images



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