

Health Industry Bolts Dems for GOP

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It was an iconic photograph at the outset of the health reform debate in May 2009: President Barack Obama, flanked by leaders of the health industry, lavishing them with praise for supporting his reform efforts.

“I’m thrilled to have such a broad, diverse group of individuals from all across the health care spectrum, representing every constituency and every political predisposition, who feel that same sense of urgency and are committing themselves to work diligently to bring down costs so we can achieve the reforms that we seek,” the president said at the time.

Sixteen months later, with the midterm elections looming, that photograph seems a relic. A new portrait of the health industry landscape has begun to take shape, with some of those major players shifting their dollars from the very Democrats who passed the law they seemingly endorsed at the White House.

The insurance industry, for instance, has consistently donated more to Republicans than to Democrats ever since August 2009, when it had a falling out with the Obama administration and became the brunt of withering White House attacks.

Health professionals, bolting from the American Medical Association’s pro-reform position, have become the strongest supporters of the Tea Party Caucus, a coalition of conservative House members aligned with the movement born from a visceral rejection of the law.

Drugmakers, which invested millions in television advertising last spring and summer to promote passage of the bill, are sitting on their wallets in the run-up to the November elections.

Overall, the health sector has poured nearly \$40 million into the 2010 election cycle through its many varied political action committees. A Center for Responsive Politics analysis for *POLITICO* reveals a marked shift from political giving to Democrats as health reform became more of a certainty — even among those who signed on as key partners in passing the overhaul.

Since 2007, Democrats had received the lion’s share of the insurance industry’s PAC and individual donations. Initially, insurers and Democrats appeared to be working together on the reform law. The industry offered early to accept major new restrictions on covering patients with pre-existing conditions and sick children. In exchange, it saw potentially huge dividends in the promise of an individual mandate requiring all Americans to purchase health insurance.

But all that changed last summer when insurers struggled to persuade the Senate to adopt a stiffer penalty for those who violated the mandate, which industry analysts believed was critical to ensuring an influx of healthy clients who could offset the costs of taking on and retaining coverage for sicker patients.

As the impasse grew and the tea party town hall terror exploded in August 2009, the Obama administration turned the industry into its whipping boy, chastising health plans for dropping consumers and hiking rates. Not coincidentally, the donations from insurers and HMOs immediately began to flip, with more money going to Republicans than Democrats.

“That you see the movement in August is poignant,” said the center’s Dave Levinthal. “If these industries were pleased with how health reform turned out, these numbers would look a heck of a lot different.”

This past June, the most recent month for which numbers are available, the insurance industry donated \$543,840 to Republicans and \$353,870 to Democrats. The industry’s giving, Levinthal said, “flipped on its head faster than you could say ‘go.’”

Industry sources say that development is a natural reaction to the Obama administration’s prolonged attack on insurance companies. “What happens when you spend a year and a half attacking people, going after an industry? There’s going to be some response there, I would imagine,” one industry source said.

But the changing alliance of other industry players hasn’t been so obvious.

Health professionals, for instance, have quietly become the biggest supports of the nascent Tea Party Caucus, a movement by and large catalyzed by opposition to the health reform law. They donated a little more than \$2.7 million to Tea Party Caucus members, making them the group’s most supportive industry, according to a separate Center for Responsive Politics analysis.

The AMA’s PAC, meanwhile, has remained relatively balanced. This past June, it donated \$52,000 to Democrats and \$42,850 to Republicans.

Physicians, pharmaceutical companies and medical device makers all became more supportive of Republican candidates as health reform became more of a certainty. Physicians, for example, have consistently backed Republican candidates more strongly since November after mostly shifting in favor of Democrats during the early months of the health reform debate.

“Historically, physicians have been politically conservative, and the giving patterns have reflected that,” said one Democratic health care strategist who dismissed the trend. “Some of this is returning to their more historical alignment. Going forward, you’re going to see rough parity because the belief is [that] now it’s about implementing reform in a bipartisan way.”

Some describe the shifts in giving as a move to support legislators who would be amenable to rolling back certain provisions of the health reform law. AdvaMed, the medical-device-maker trade group, said one focus in its giving is repealing or scaling back the device excise tax slated to take effect in 2013.

“We didn’t believe the medical device tax was sound policy when it became law, and we will continue to try to mitigate it moving forward, whether by regulation or by statute,” said Brett Loper, AdvaMed’s senior executive vice president of government affairs. Still, the device makers

are showing the same caution exhibited by the AMA. Their donations break 48 percent to Republicans and 52 percent to Democrats this election cycle.

To be sure, health industry players have not completely abandoned the administration. As more regulations come on line, they will need strong ties in the Department of Health and Human Services and elsewhere in the administration.

“Where we were last December is a lot different than where we are now,” one industry source said. “People are thinking about how you walk that tightrope between administrators and regulators, who are doing most of the rule making, but also being reflective of what’s going on from a political perspective. Like anyone in D.C., you have to take into account where political atmospherics stand right now.”

The American Hospital Association, and the hospital community at large, stand out as the exception in the movement toward Republicans. They continue as a robust supporter of Democrats today, perhaps because their sector is facing the greatest risk if the ranks of the uninsured continue to skyrocket.

But Mark Seklecki, AHA’s vice president for political affairs, cautioned against reading too much into the numbers.

“While the ratios tell you one thing, I think the numbers indicate something else,” Seklecki said. “The ratio may be heavily tilted at the moment, but that doesn’t mean we haven’t given what is a substantial amount to many Republican candidates.”