

## ELECTION 2008

# Campaign Contributions, Lobbying, and the U.S. Health Sector — An Update

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The 2008 U.S. presidential election is already the most expensive ever, with overall fundraising surpassing that for the 2004 contest and the Democrats holding a large lead in the money race. As of the end of July 2008, all presidential candidates had reported receiving more than \$1 billion in total contributions. Senator Barack Obama of Illinois, the Democratic candidate, had reported \$389.4 million, a record amount and more than twice the \$174.2 million reported by Senator John McCain of Arizona, the Republican candidate (see table).

As the election approaches, health care has faded as the second-most important issue for the U.S. public (after the war in Iraq), a position it held early in the campaign.<sup>1</sup> In August 2008, health care was ranked third by Democrats (behind the economy and Iraq) and fifth by Republicans (behind the economy, Iraq, gas prices, and terrorism).<sup>2</sup> Nonetheless, health care reform continues to be passionately debated, and the candidates have sharply different plans.<sup>3</sup> The outcome of the election could well affect specific

aspects of health care, such as access to abortion and family-planning services or Medicare's ability to negotiate drug prices with the pharmaceutical industry.

As of July, people affiliated with the health sector and political action committees (PACs) associated with the sector had contributed about \$29 million to presidential candidates, including \$8.8 million to Obama, \$6.6 million to Senator Hillary Clinton of New York, the former Democratic contender, and \$4.7 million to McCain, according to the Center for Responsive Politics ([www.opensecrets.org](http://www.opensecrets.org)), a nonpartisan organization that researches money in politics. Although these contributions represent less than 3% of the funds raised by presidential candidates, it is remarkable that the health sector has reversed a long-standing pattern of favoring Republican candidates, by contributing substantially more money to Democrats (\$17.7 million) than to Republicans (\$11.2 million). This trend also holds when the presidential and congressional elections are considered together (see Figure 1): as of July,

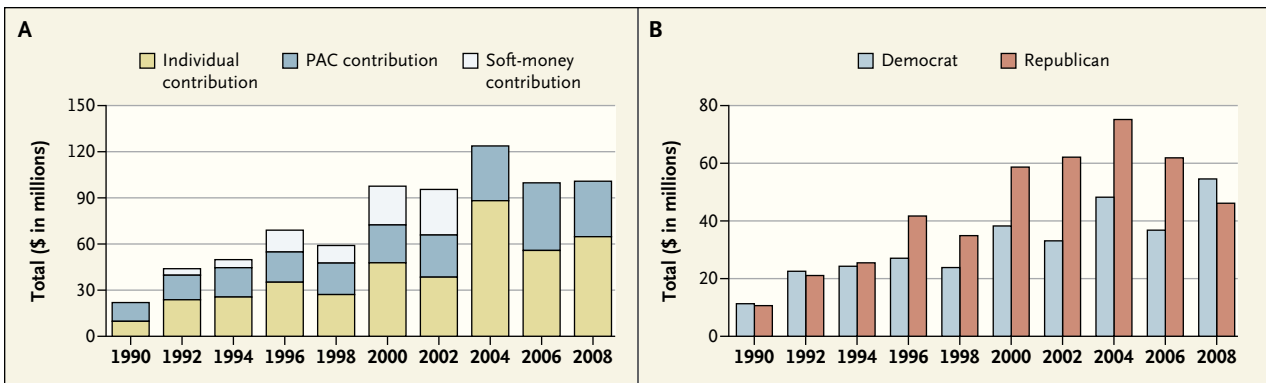
the health sector had contributed \$54.5 million to Democrats and \$46.1 million to Republicans. Democrats lead Republicans in contributions from health professionals and from individuals associated with hospitals, nursing homes, or health services or health maintenance organizations. Contributions linked to manufacturers of pharmaceutical and health care products are split about evenly between the parties. The last time Democrats raised more money from health care interests than Republicans was 1992, when Bill Clinton was elected president.

Like other groups, health care interests seek access to and influence with candidates and elected officials. The Democrats' fund-raising advantage probably reflects the likelihood that they will continue to control Congress, regardless of who becomes president. However, it may also reflect other factors, such as a perception that health care is a more important issue for Democrats than Republicans, the realization that Obama's proposals are more likely to increase federal funding for health care and to expand federal regulation of health insurance than McCain's, and the greater potential for new legislation affecting the sector if Obama is elected and the Democrats extend their control of Congress. Some donors, of course, contribute to both parties.

Fund-Raising by Presidential Candidates, January 2007–July 2008.\*

Candidate	Total Receipts	Health Sector Receipts
Barack Obama (D-IL)	\$389,423,102	\$8,841,124
John McCain (R-AZ)	\$174,165,949	\$4,681,148

\* Data are from the Center for Responsive Politics and include all information made available by the Federal Election Commission through August 2008.



**Figure 1. Contributions from the Health Sector to Federal Elections, 1990–July 2008.**

Panel A shows contributions according to source; Panel B, according to receiving party. “Soft money” contributions to the national parties were first publicly disclosed in the 1992 election cycle. After the 2002 election, the Bipartisan Campaign Reform Act banned such contributions. The health sector consists of health care professionals, pharmaceutical and health care-product companies, hospitals and nursing homes, and health services and health maintenance organizations. PAC denotes political action committee. Data are from the Center for Responsive Politics and include all information made available by the Federal Election Commission through August 2008.

For federal elections, the major source of campaign funds is individuals (see Figure 1). Under the Bipartisan Campaign Reform Act, the contribution limit for an individual is \$2,300 per candidate per election; primary and general elections are considered separate elections. Although businesses, labor unions, and ideological groups are prohibited from making direct contributions or expenditures in federal elections, they can establish PACs, which can receive up to \$5,000 from an individual per calendar year and can contribute up to \$5,000 per candidate per election.

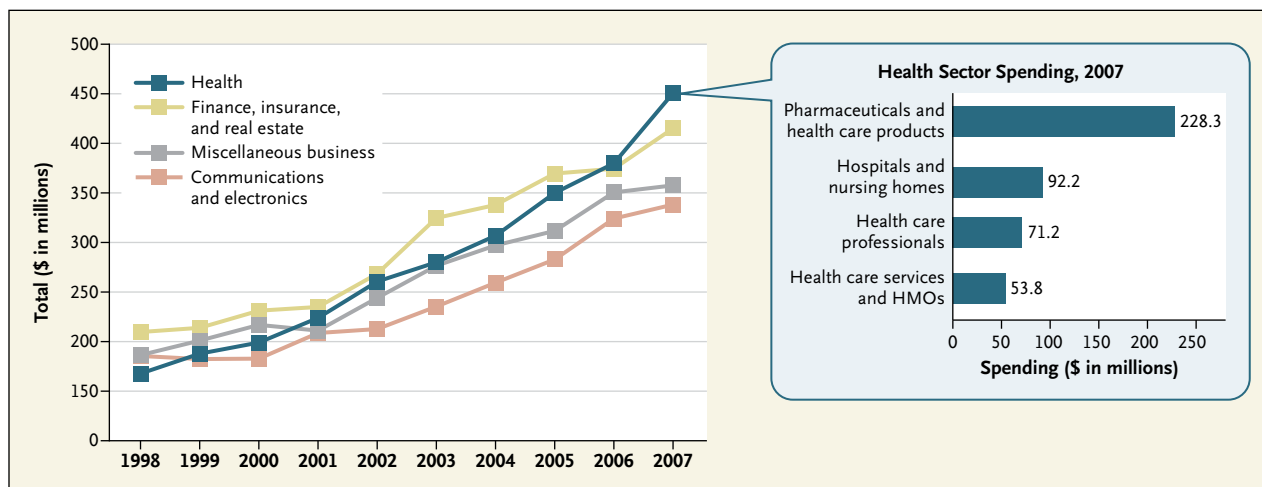
The Center for Responsive Politics analyzes campaign finance data reported to the Federal Election Commission and classifies contributions of \$200 or more from individual donors and their immediate families, as well as from PACs, into 13 sectors. As of the end of July, the health sector ranked sixth among the 13 sectors in contributions to federal elections since January 2007. Health professionals, a grouping

that includes doctors, dentists, and nurses, ranked fifth among more than 80 industries. Within the health sector, the largest contributors (individuals and PACs) were associated with the American Dental Association (\$1.7 million, 52% to Democrats), the American Hospital Association (\$1.5 million, 61% to Democrats), Pfizer (\$1.1 million, 50% to Democrats), the American Society of Anesthesiologists (\$1.0 million, 47% to Democrats), and Amgen (\$1.0 million, 50% to Democrats).

As of the end of July, Obama had received \$5.4 million from health professionals, \$1.6 million from individuals and PACs associated with hospitals and nursing homes, and \$0.9 million from individuals and PACs associated with the pharmaceutical and health products industries, as compared with contributions to McCain of \$3.2 million, \$0.5 million, and \$0.4 million, respectively. For the general election, McCain will receive about \$84 million in government funding and thus cannot raise or spend private funds

after accepting the Republican nomination. Because Obama is not taking public money, he can continue to raise and spend private funds. Obama’s fund-raising lead from the health sector can only continue to grow.

The national Democratic and Republican parties used to regularly solicit and accept “soft money” contributions. These donations were not meant to be used to support or oppose the election or defeat of federal candidates but for other programs, such as voter registration campaigns. Increasingly, however, soft money was used for activities, such as advertisements about specific issues and the candidates’ positions, that were in fact intended to influence the outcome of federal elections. In the 2002 election cycle, the parties raised hundreds of millions of dollars in such unregulated contributions, including \$19.3 million from manufacturers of pharmaceuticals and health products. After the 2002 election, the Bipartisan Campaign Reform Act banned such contributions. As a



**Figure 2. Top-Spending Sectors Lobbying Congress and Federal Agencies, 1998–2007, and Health Sector Spending, 2007.**

Data are from the Center for Responsive Politics and include all data made available through July 2008. The breakdown of health sector spending in 2007 does not include an additional \$5.0 million classified as from “miscellaneous health.” HMO denotes health maintenance organization.

result, total contributions to federal campaigns that are linked to pharmaceutical and health product companies plummeted.

The health care industry spends substantially more money for purposes for which federal law does not restrict its spending, such as to finance the host committees at the Democratic and Republican national conventions and to lobby Congress and federal agencies. Although the conventions receive public funds, their host committees receive tens of millions of dollars in soft-money donations, primarily from large corporations and lobbying firms.<sup>4</sup> In 2008, the Pharmaceutical Research and Manufacturers of America (PhRMA) as well as individual drug and medical-device companies were among the sponsors of the host committees at both national conventions and organized numerous convention-related events.<sup>5</sup>

Since 2006, the health sector has spent more money on lobbying than any other sector of the

economy (see Figure 2). Updated statistics for 2006 show that the health sector spent \$379.8 million to lobby the federal government, about \$5 million more than the finance, insurance, and real estate sector and about \$28 million more than was previously reported.<sup>1</sup> In 2007, the health sector spent \$450.7 million, nearly a 20% increase from the amount in 2006 and about \$35 million more than was spent by the financial sector. Within the health sector, manufacturers of drugs, medical devices, and other health care products spend the most and have increased their spending more rapidly than other health care industries. In 2007, PhRMA spent \$22.7 million, the American Medical Association \$22.1 million, the American Hospital Association \$19.7 million, Amgen \$16.3 million, and Pfizer \$13.8 million, ranking 3rd, 4th, 5th, 9th, and 15th, respectively, among the top spenders on lobbying.

In 2008, the health sector may

surpass its 2004 contributions to federal candidates. Regardless of whether Barack Obama or John McCain becomes the next president of the United States, there is no shortage of health care money seeking to influence what happens after the votes are counted.

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