

# The Washington Times

## **Drugmaker ads to target Obama idea Lobbyist readies for prescription price fight**

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The nation's largest pharmaceutical lobbying group is preparing a multimillion-dollar public relations campaign to tout the importance of free-market health care and undercut an expected push by the Obama administration for price controls of prescription drugs.

The effort, which will include a national television commercial scheduled to begin airing next week, is the first salvo in what likely will be a huge battle over health care reform during the Obama presidency.

Other major industries are also gearing up for the fight, including big businesses and insurance companies. But the stakes are especially high for drugmakers, which stand to lose as much as \$30 billion in revenue if President-elect Barack Obama's plan to let the federal government negotiate Medicare drug prices is implemented, according to one independent report.

"There's no question that next year will be a challenging year," said Ken Johnson, senior vice president with the Pharmaceutical Research and Manufacturers of America, or PhRMA, which is organizing the campaign.

Mr. Obama attacked drug companies repeatedly during his election campaign.

PhRMA says its upcoming advertisement, which will feature TV talk show host and PhRMA spokesman Montel Williams, doesn't criticize the pending Obama administration or any of its health care proposals.

"We're going to do an ad campaign that is designed to make people aware of the importance of preserving your free-market health care system," Mr. Johnson said.

He added that PhRMA recognizes that "some reforms are needed in order to keep that system vibrant."

Mr. Johnson said PhRMA would've embarked on exactly the same ad campaign if Mr. Obama's Republican presidential rival, Sen. John McCain, had won last week's presidential election.

Mr. Obama has said he will hold drug and insurance companies "accountable for the prices they charge and the harm they cause." He has promised to allow Medicare to negotiate with drugmakers for cheaper prices, he said.

Giving Medicare the authority to negotiate drug prices - a provision that they currently don't have - would cause the pharmaceutical industry to lose \$10 billion to \$30 billion in annual revenues, according to a report released last month by the Boston Consulting Group.

"If you start to take a pretty big price decrease out of that large market, it has an enormous impact on drug companies and really their ability to generate their type of shareholder return that they have had in the past," said Peter Lawyer, a senior partner with Boston Consulting.

"I think [drug companies] are rightfully concerned about it. Even on the lower end of our estimate - the \$10 billion - that's a big deal, that's a big chunk of your profitability."

The report analyzed the health care proposals of Mr. Obama and Mr. McCain.

With less revenue from Medicare, drug companies may begin charging more for drugs sold outside the program. And lower profits mean less money for research and development - and a reduction in the amount of new drugs on the market in the future, Mr. Lawyer said,

While Mr. Obama continues to hammer out his health care reform plan, Democrats on Capitol Hill also are working on their own proposals to overhaul the nation's medical system.

Sen. Edward M. Kennedy in recent weeks has orchestrated meetings with lobbyists and lawmakers from both parties to craft legislation to provide affordable medical coverage to all Americans.

The Massachusetts Democrat, who has been sidelined for months with a dangerous form of brain cancer, also has organized at least 14 roundtable meetings since June with members from both parties on the Senate committees with jurisdiction over health care.

Sen. Max Baucus, Montana Democrat, on Wednesday released a blueprint for universal health care coverage. His plan calls for a nationwide insurance pool that would allow those without health insurance to receive medical care.

House Energy and Commerce Chairman John D. Dingell, Michigan Democrat, whose committee has authority over health care issues, has vowed to make health care reform a priority in the coming year.

The PhRMA campaign won't be the first health care lobbying effort designed to sway public opinion against a new president's plans for health care reform. The "Harry and Louise" TV ads in 1993 attacked President Clinton's proposed health care overhaul, and were widely credited as playing a key role in killing the plan. The lobbying group Health Insurance Association of America, which ran the ads, spent \$10 million on the campaign.

Drugmakers so far have generally shied away from criticizing the new administration, saying they are taking a wait-and-see approach to Mr. Obama's pending health care reforms. But the PhRMA ad campaign indicates that the industry is leaving nothing to chance.

Drug manufacturers also gave more than \$1.6 million to Mr. Obama's presidential election campaign - almost triple the amount the industry gave to the Democrat's Republican rival, Mr. McCain.

"We've been moving the pieces on the chess board around for some time now getting ready for next year, and we've got a great game plan in place," Mr. Johnson said. "We think we've earned a right at the table, and we're optimistic that at the end of the day, the majority of members of Congress will recognize the importance of the pharmaceutical industry to health care."

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<http://www.washingtontimes.com/news/2008/nov/14/drugmaker-ads-to-target-obama-idea/?page=2>