

"THE SAME OLD GAME PLAYING IN WASHINGTON"

The Sunlight Foundation has a superb report of the way in which Bill Tauzin, whom Obama attacked during his campaign for his slimy deal-making, pushed through a deal with the Obama White House that limited savings from the pharmaceutical companies in the health care bill to \$80 billion.

The report:

- Traces Tauzin's history as a smarmy deal-maker
- Lays out the key meetings between PhRMA, the White House, and Max Baucus
- Shows how the PhRMA deal was treated with priority over the goals of Democrats in Congress
- Tracks the fate of the PhRMA bill through the Senate passage of its bill in December—and to the point where the deal, and the rest of health care reform languishes

Here's the description of how other Democratic priorities were sidelined for the PhRMA deal:

While the \$80 billion deal was cut with Baucus' committee, other congressional committees continued to mark-up their own versions of health care reform without the knowledge that the White House was relying on Baucus to produce the final product. In the House of

Representatives, the House Energy & Commerce Committee leveled a direct threat to the \$80 billion deal. Energy & Commerce Chair Henry Waxman sought to include all of the provisions that PhRMA had gotten the White House and Baucus to cut out of the reform bill. These included drug reimportation, Medicare negotiating power and speedier release of generics to the market. According to previous analysis of the measures proposed by the committee, these measures would have totaled hundreds of billions in cost cuts, far exceeding the \$80 billion cap agreed to by the White House, Baucus and PhRMA.

The cost cutting measures passed in the Energy & Commerce bill spooked the board of PhRMA, which included all of the CEOs involved in the deal-cutting meetings with the White House and Baucus. The board pressured Tauzin to go public with the deal to ensure that the White House would recognize it and not renege. On August 4, the **Los Angeles Times**, in an exclusive report, featured quotes from Tauzin claiming that a deal between the White House and PhRMA existed and that, as Tauzin put it, "The White House blessed it." Tom Hamburger wrote in the article, "For his part, Tauzin said he had not only received the White House pledge to forswear Medicare drug price bargaining, but also a separate promise not to pursue another proposal Obama supported during the campaign: importing cheaper drugs from Canada or Europe."

The White House's Jim Messina later confirmed Tauzin's claim, stating, "The president encouraged this approach ... He wanted to bring all the parties to the table to discuss health insurance reform."

Democratic lawmakers were furious. Rep.

Raul Grijalva, chairman of the Progressive Caucus, asked, "Are industry groups going to be the ones at the table who get the first big piece of the pie and we just fight over the crust?"

What's most interesting about the report, though, is the ending: where it describes Tauzin's ouster, announced last night, because of this deal.

In the end, the pharmaceutical industry's support for health care reform would be left up in the air . After spending \$100 million in advertising in support of legislation that Tauzin and key executives hoped would be a windfall for the pharmaceutical industry, the legislative process had flat-lined. In February, the board of PhRMA, split over the deal cut by Tauzin, pushed Tauzin to resign his post.

Here's some more from the NYT's report that Tauzin was leaving.

But the deal was also controversial within the drug industry, people familiar with the group's deliberations said, because some on its board questioned whether the agreement would pay off for them. And when the Republican victory in the Massachusetts Senate seat put the brakes on the health care process, many in the trade group known as PhRMA grumbled that it had all been for naught, these people said.

Informed Thursday night of Mr. Tauzin's plans to resign, Kathleen Jaeger , president of the Generic Pharmaceutical Association, which sometimes crossed swords with PhRMA, said she was surprised. "He has done a fantastic job for the brand pharmaceutical industry,"

she said. "Billy is a master of politics and policy."

Officials for the trade association and the White House declined to comment.

Given the silence from the White House and PhRMA, what does that say about the fate of the health care bill itself? With Tauzin's ouster, is there room to put no-nonsense policies back in the bill in reconciliation, starting with drug reimportation? Can we convince Byron Dorgan to stay if we simply push through the most logical policy?

I'm not sure what Tauzin's ouster means, but I look forward to what the White House will do now that their sleazy back room deal has been laid bare.