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Drug Industry Employs 675 Washington Lobbyists, Many with Revolving-Door Connections, New Report Finds

Companion Study Shows That Top 10 Drug Companies Made \$36 Billion Last Year – More Than Half of All Profits Netted by Fortune 500 Companies

WASHINGTON, D.C. – The drug industry spares no effort to ensure that Congress does not encroach on its hefty profits and the high prescription prices that support them, according to a pair of Public Citizen reports released today.

Public Citizen found that the drug industry hired 675 different lobbyists from 138 firms in 2002 – nearly seven lobbyists for each U.S. senator, according to federal lobbying disclosure records. The industry spent a record \$91.4 million on lobbying activities in 2002, an 11.6 percent increase from 2001.

The pharmaceutical industry's most significant victory came in derailing efforts to include a prescription drug benefit in the traditional Medicare program. Instead, the industry pushed to have Medicare drug coverage provided by private insurers and HMOs – fracturing the bargaining power of the 41 million Medicare beneficiaries in negotiating for lower prices.

"The drug industry is winning the war on Capitol Hill right now," said Frank Clemente, director of Public Citizen's Congress Watch. "The Medicare bills before Congress provide drug coverage only through private insurers – not Medicare. This will safeguard their astronomical profits for as far as the eye can see and keep seniors and people with disabilities scrambling to cover their prescription costs."

Public Citizen's new report, *The Other Drug War 2003*, exposes the drug industry's lobbying barrage. Among its findings:

- Drug industry lobbying ranks include 26 former members of Congress. All told, 342 lobbyists (51 percent of those employed by the industry) have "revolving door" connections between K Street and the federal government.
- The Pharmaceutical Research & Manufacturers of America (PhRMA), which represents more than 100 brand-name prescription drug companies, shelled out \$14.3 million last year, a 26 percent increase from 2001 and nearly double what the group spent in 2000. PhRMA hired 112 lobbyists in 2002, 30 more than the year before.
- Brand-name drug manufacturers spent more than 20 times as

much on lobbying as generic drug-makers – \$76 million versus \$3.4 million. And they employed seven lobbyists for every one hired by their generic counterparts. Biotechnology companies spent \$12 million on lobbying.

- Since Public Citizen began tracking the drug industry's lobbying activities in 1997, the industry has spent nearly \$478 million lobbying the federal government. In that same period, the top 25 pharmaceutical companies and trade groups gave \$48.6 million to federal campaigns. Well over \$100 million more went to paying for issue ads, hiring academics, funding nonprofits and other activities to promote the industry's agenda in Washington. All told, the drug industry has spent nearly \$650 million on political influence since 1997.

The success drug companies have enjoyed in protecting high prescription prices is reflected in annual profitability rankings recently published by *Fortune* magazine. In a year when the stock market remained listless and company after company was wounded by accounting scandals, the 10 drug companies in the Fortune 500 maintained nearly the same level of total profits in 2002 as in 2001.

According to Public Citizen's report, *2002 Drug Industry Profits*:

- As a group, the 10 drug companies in the Fortune 500 saw \$35.9 billion in profits in 2002, a drop of 3.5 percent from 2001.
- By comparison, all companies in the Fortune 500 suffered a combined loss of 66.3 percent in profits from 2001 to 2002. The pharmaceutical industry soared past other business sectors – raking in profits five-and-a-half times greater than the median for all industries represented in the Fortune 500.
- Profits registered by the 10 drug companies on the list were equal to more than half the \$69.6 billion in profits netted by the *entire* roster of Fortune 500 companies – when all losses are subtracted from all gains.

"The drug industry contends that it needs high prices to finance the discovery of new, innovative drugs," Clemente said. "But a closer look shows that drug-makers make far more money in profits than they spend on research and development."