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# How the Drug Lobby Lost Its Mojo in Washington

A rift between the GOP and its longtime pharmaceutical-industry allies is shaking up policy, as Republicans and Democrats join to overhaul price regulations

By [Brody Mullins](#) [Follow](#) and [Stephanie Armour](#) [Follow](#)

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WASHINGTON—The drug industry doesn't pack the lobbying punch it once did, and one sign is something rare in the capital today—[a dose of bipartisanship](#).

[Sen. Chuck Grassley \(R., Iowa\) joined Sen. Ron Wyden \(D., Ore.\) to write a bill last July to regulate prescription-drug prices](#), an idea the industry has bottled up since the 1960s. Sen. John Cornyn (R., Texas) with Sen. Richard Blumenthal (D., Conn.) sponsored a bill in May to block drug companies from using patent laws to delay lower-priced drugs.

President Trump and House Speaker [Nancy Pelosi](#) (D., Calif.) each has criticized the drug lobby and championed proposals to lower costs, though they disagree on approaches. [Mr. Trump backs a plan to peg some U.S. drug prices to their costs abroad](#), a change PricewaterhouseCoopers LLP's health-research institute estimates could cost five big drugmakers \$500 million a year; [Mrs. Pelosi's own bill, which passed the House](#), would let the government negotiate costs of some costly Medicare drugs.



Sen. Chuck Grassley introduced a bipartisan bill last July to regulate prescription-drug prices. PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

A growing rift between the GOP and longtime drug-industry allies is shaking up pharmaceutical policy, and for the first time in a generation, some Republicans and Democrats are joining to overhaul drug-price regulation.

Most Republican lawmakers still side with the powerful drug-industry lobbying arm, the Pharmaceutical Research and Manufacturers of America. PhRMA and drug companies might still squelch the overhaul efforts, and [the drug-price bills are still up for debate with no clear indication whether they will pass](#). Industry lobbyists are out in force, and drug companies remain big donors to key Republicans and Democrats.

Mr. Trump told a crowd of retirees this October he wouldn't be surprised if the drug lobby was behind the effort to impeach him. [“We're lowering the cost of prescription drugs](#), taking on the pharmaceutical companies,” he said at the Florida event. “They come at you from all different sides.”

“I guess PhRMA must have stepped in,” Mrs. Pelosi said in a news conference this month when asked why Congress hadn't approved a drug-pricing bill.

The onslaught of new measures and proposals, though, shows the industry has lost some of its influence in Washington. PhRMA once had the muscle to block nearly any policy. When [Barack Obama was president and Democrats controlled Congress, PhRMA defeated all major proposals to regulate drug prices](#).

Now, voter dismay about drug prices, [backlash over the opioid crisis](#), miscalculations by the drug industry and its lobbyists, and the populist wave that carried Mr. Trump to the presidency, are loosening Republicans' ties to the industry and opening the door to regulation.

In January, [Mr. Trump signed a revamped trade treaty for the U.S., Mexico and Canada](#) after Congress stripped from it a plan backed by PhRMA to keep certain top-selling drugs free from competition for years.

For PhRMA, it is no longer enough to just say no. “In the past PhRMA had a reputation for rolling the tanks against every proposal irrespective of industry impact,” says PhRMA Chief Executive Officer Stephen Ubl. “We are now taking a more proactive approach of coming to the table to offer policy makers solutions that would address patient affordability challenges.”

PhRMA's Mr. Ubl says the drug industry could be open to a deal that combines elements of bills from Mr. Grassley, Mrs. Pelosi and House Republicans, saying there “are provisions in all three bills that have bipartisan support and could meaningfully improve affordability for patients without including price controls.”

## Power of Persuasion

Largest lobbyist spending in 2019, by industry

### Pharmaceuticals/health products

\$295.2 million

### Electronics mfg & equipment

156.4

### Insurance

155.5

### Oil & gas

124.7

### Business associations

121.3

### Electric utilities

117.9

### Hospitals/nursing homes

106.9

### Misc. manufacturing & distributing

105.4

### Air transport

104.4

### Telecom services

100.6

### Securities & investment

100.1

### Health professionals

95.4

### Health services/HMOs

88.7

Source: [opensecrets.org](https://www.opensecrets.org)



'In the past PhRMA had a reputation for rolling the tanks against every proposal,' says PhRMA CEO Stephen Uhl. ANDREW HARRER/BLOOMBERG NEWS

PhRMA last year dropped its resistance to a bill from Sen. Patrick Leahy (D., Vt.)—after a few changes—to bring generic drugs to market faster to provide competition for brand-name drugs. The measure became law in December.

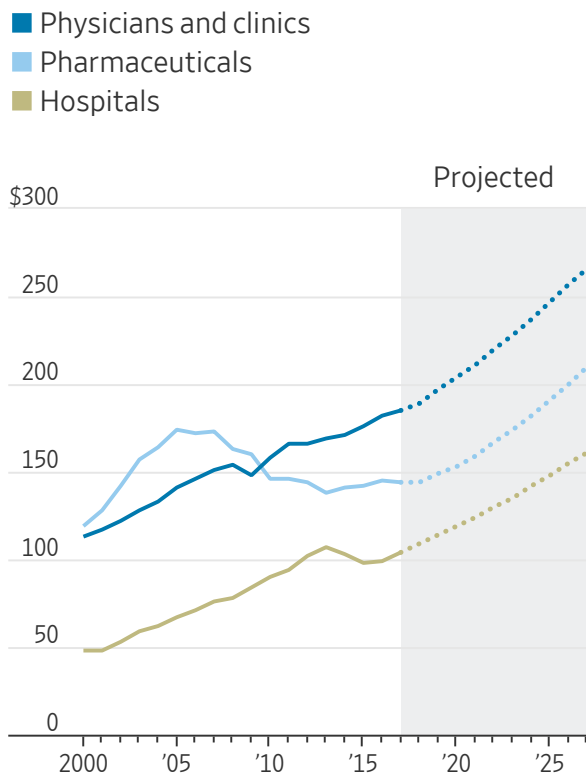
## Drug-cost worries

[Americans are generally happy with their health-care coverage but worry about rising costs](#), surveys show.

[Prescription drugs are a particular sore point](#) because consumers typically see the tab directly. Prescription-drug spending by individuals and payers rose to \$1,025 in 2017 from \$819 in 2010, according to an analysis of federal data by the Peterson Center on Health Care and the Kaiser Family Foundation, though they have dropped somewhat since then. Nearly eight in 10 Americans blame drug-industry profits for increased health-care costs, a Kaiser poll in October found.

### Bill of Health

Out-of-pocket health-care spending, per capita



Source: Peterson Center on Healthcare and the Kaiser Family Foundation

Public perception of drug companies is the lowest since Gallup began polling about industries in 2001. Scandals like that around [Martin Shkreli, the hedge-fund manager dubbed “Pharma Bro”](#) who raised one drug’s cost to \$750 from \$13.50, have also fanned ire. Hospital chains, insurance companies and prescription-drug-benefit managers have united to call for legislation to rein in drug-industry profits.

Republicans—many, free-market conservatives—are caught between opposition to regulation and constituents angry about drug prices. “If I go to church and there is a Bernie Sanders supporter and a [Donald Trump](#) supporter pulling on my lapels,” says Sen. Bill Cassidy (R., La.), a gastroenterologist before running for Congress, “it’s probably about drug prices.”

[At a Senate hearing last February, he and other Republicans grilled CEOs of seven drug companies on pricing.](#) “Something is fundamentally broken in our system” if consumers abroad pay far lower prices for drugs, Mr. Cassidy told the executives.

Mr. Cassidy also told the executives drug companies need financial incentives to invest in finding groundbreaking treatments, a point the industry executives at the hearing echoed. [AbbVie](#) Inc. CEO Richard Gonzalez said at the hearing that requiring drugmakers to match European prices would mean his company wouldn’t “be able to invest in the level of R&D that it invests today.”

Mr. Cassidy later voted for Mr. Grassley’s bill to limit drug prices.

## Simple formula

The drug industry long relied on a simple formula in Washington: Maintain a lock on Republican lawmakers while winning support from enough Democrats to block policy changes. PhRMA owed its record of policy wins to deep pockets, droves of lobbyists and the industry’s importance to the U.S. economy.

PhRMA’s lobbying force is among Washington’s biggest. It has 47 lobbying firms on retainer and 183 registered lobbyists. It employs lawyers, economists, political strategists, pollsters, media advisers and other consultants. PhRMA’s budget is double that of the oil industry’s Washington trade organization. One division spends tens of millions a year to recruit doctors, seniors and patients who have benefited from drugs to lobby Congress.

So far in the 2020 campaign, the industry has donated \$7.5 million to lawmakers, mostly to Republicans, data from the nonpartisan Center for Responsive Politics show, including Senate Majority Leader Mitch McConnell of Kentucky and House Republican Leader Kevin McCarthy of California.

In 2003, PhRMA persuaded President George W. Bush and the Republican-controlled Congress to approve a law letting millions of seniors get access to prescription drugs through Medicare. The law forbade the government from setting prices Medicare paid for them.

An early split with Republicans came in 2010, when the industry supported Mr. Obama’s Affordable Care Act after Democrats dropped efforts to limit drug prices.

Pharmaceutical executives began to sense waning political strength around 2015. Consumers were complaining about rising prescription-drug costs, and Mr. Shkreli was making headlines. The industry feared the 2016 presidential election would go to

Hillary Clinton, who called for eliminating drug-company “price gouging” and letting the government negotiate lower prices for seniors.

PhRMA shifted strategies in late 2015, hiring Mr. Uhl as CEO. He promised to shed the lobby’s fearsome reputation and work with Democrats and others on policies the industry could support.

Mr. Uhl faced some philosophical differences after he hired one of the industry’s most formidable figures, Rodger Currie. Mr. Currie, a PhRMA lobbyist in the 2000s who left to work for [Amgen](#) Inc., had led several of the industry’s most successful lobbying efforts. He is a tall, domineering figure who volunteers for the Washington, D.C., police and sometimes leads Mr. Trump’s motorcade through downtown Washington on his [Harley-Davidson](#) motorcycle.

In lobbying, Mr. Currie believed in strength over negotiation. Mr. Uhl sought to polish the industry’s brand and portray drug companies as innovators of cures.

In 2016, drug companies agreed to double their PhRMA dues and fund a roughly \$100 million advertising campaign to tout their products’ lifesaving benefits. Mr. Uhl kicked out nearly two dozen drug firms that the association decided weren’t spending enough to develop drugs.

PhRMA’s budget grew to \$456 million in 2017 from \$271 million in 2016, tax records show. That made it the largest U.S. industry trade association, double the U.S. Chamber of Commerce.

Drugmakers were relieved when Mr. Trump prevailed, but not for long. In a press conference a week before his inauguration, he said drug companies were “getting away with murder” by refusing to let the government bargain for lower Medicare drug prices.

After meeting with pharmaceutical representatives a few weeks later in 2017, he reversed course and likened government involvement to “price fixing.” [Lowering drug prices “remains a top priority” for Mr. Trump, says a White House spokesman.](#)

That year, PhRMA donated \$2.5 million to America First Policies, a nonprofit that Trump allies set up to promote his agenda. The group declined to comment. And the drug industry was heartened when Mr. Trump named several former industry executives to top posts, including Alex Azar, who headed the U.S. division of [Eli Lilly](#) & Co., to run the Department of Health and Human Services.





House Speaker Nancy Pelosi during an October news conference on a House bill aimed at lowering drug costs. ZACH GIBSON/GETTY IMAGES

## An \$11 billion tab

A 2018 episode showed PhRMA's hard-line approach was failing. Republican lawmakers writing the government budget faced a shortfall for Medicare spending and wanted drug companies to help cover the gap.

Aides to Republican Paul Ryan, then House speaker, didn't share the details with PhRMA because they were afraid Mr. Currie would lobby to kill the plan, say people familiar with the episode. When the budget bill was unveiled, PhRMA learned that Congress required drug companies to pay \$7 billion.

Mr. Currie was livid, blaming Mr. Ryan's health-care aide for blindsiding the industry, say the people familiar with the episode. Mr. Currie told other lobbyists the aide had lied to PhRMA, they say. Word of Mr. Currie's claim reached Mr. Ryan's top staff, who defended the health-care aide among drug-industry lobbyists, say some of the people.

Making matters worse, Congress had erred in calculating drug companies' payments. Because PhRMA wasn't shown the provision before the bill's introduction, no one caught the error, PhRMA and Mr. Ryan's office say—resulting in a \$11 billion bill instead of the forecast \$7 billion.

Mr. Ryan's office acknowledged the error and agreed to try to fix it, but it was too late, say the people familiar with the episode. Congress passed the bill. Mr. Currie left PhRMA last year to join a startup cancer-detection firm.



Pharmaceutical-industry leaders at a Senate Finance Committee hearing in February 2019. PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

Further trouble came after Mr. Grassley took over the Senate Finance Committee in early 2019 and began an effort to draft bipartisan drug-price legislation. Rick Scott of Florida and seven other Republican senators sent a letter to PhRMA in June asking for solutions to “soaring drug prices.” When PhRMA wrote back in July, Mr. Scott tweeted that the response “does not provide a single answer to our questions. That’s unacceptable.”

Mr. Scott’s office says PhRMA “still can’t come up with a single solution or idea. It’s sad, but not surprising.” PhRMA’s Mr. Uhl says the group has “offered a number of concrete solutions that would lower what patients pay at the pharmacy counter.”

The [Trump administration announced a plan in May to require drug companies to disclose list prices on TV commercials](#). A month later, Amgen Inc., [Merck](#) & Co. and [Eli Lilly](#) sued to block it. When a federal court in July ruled in their favor, Mr. Trump was upset, telling health-care advisers to accelerate work on a measure letting U.S. consumers pay the same for drugs as people abroad, says a person familiar with the episode. PhRMA created a website to disclose list prices of its drugs.

[Other White House proposals are now in the works](#), as Mr. Trump focuses on moving Mr. Grassley’s bill. “Many excellent provisions are being considered on Capitol Hill, including Grassley-Wyden which is a genuine bipartisan approach,” the White House spokesman says.

The legislation has drawn some Republican support, and the Democratic-controlled House approved its own plan last year. The Grassley bill’s Senate prospects are uncertain—it is up to Mr. McConnell, a longtime industry champion, to bring it to the floor. He hasn’t scheduled Mr. Grassley’s bill for a vote.



In his State of the Union address this month, Mr. Trump called for drug-pricing legislation. “Get a bill on my desk,” he said, “and I will sign it into law immediately.”

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