

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 31, 2012 Memorandum,
Footnote 1

From: Rebecca Walldorff
Sent: Wednesday, May 06, 2009 7:17 AM
To: Wes Metheny
Subject: Fw: Update

----- Original Message -----

From: sara [REDACTED]
To: Rebecca Walldorff
Sent: Wed May 06 00:10:58 2009
Subject: Fw: Update

This didn't go thru first time...

-----Original Message-----

From: Jenny Murphy
To: 'rwalldorff' [REDACTED]
Cc: Sara Latham
Subject: Update
Sent: 5 May 2009 20:06

Hey Reba, this is Sara, (I didn't bring my bberry into concert..)

Joel just spoke to Rahm, he completely understands our problem with the process, and our frustration with the lack of direct discourse inside the White House.

Rahm's calling Nancy Ann and knows Billy is going to talk to Nancy Ann tonight. Rahm will make it clear that PhRMA needs a direct line of communication, separate and apart from any other coalition. That said, Rahm is still message event driven, and remains keen on announcing the coalition...but at least going forward, we'll have a direct line of communication.

Thx,
Sara

Sent from my BlackBerry® wireless device

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May 31, 2012 Memorandum,
Footnote 2

From: Rick Smith
Sent: Thursday, May 14, 2009 11:53 PM
To: Bryant Hall; Mimi Simoneaux Kneuer
Subject: Re: Urgent--Read this--holy cow.....Pear and IHP articles

Yup, which is the key point and where i'm going to try to stay focused. And between this fiasco and the Repub leadership letter, not clear this group maintains current plan of operation. That said, WH will be in full damage control mode, which i assume will mean go on the assault, so like i said, buckle up.

----- Original Message -----

From: Bryant Hall
To: Rick Smith; Mimi Simoneaux Kneuer
Sent: Thu May 14 23:46:32 2009
Subject: Re: Urgent--Read this--holy cow.....Pear and IHP articles

Perfect timing to cut our deal w the White House as this is swirling.

----- Original Message -----

From: Rick Smith
To: Daniel Durham; Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Lori Reilly; Ann Kaplan
Sent: Thu May 14 23:37:07 2009
Subject: Re: Urgent--Read this--holy cow.....Pear and IHP articles

Buckle up for tomorrow. This is unbelievable. Happily, we were not included in either article. Thank God. Nonetheless, expect a storm tomorrow. I suggest we strictly stick to a short script or perhaps just have a statement ready to send when asked, no matter what the question, something along the lines of-- "We will respect the confidentiality of our discussions with the other associations working on this positive initiative. The 6 groups' joint letter states our commitment. We look forward to continuing to work constructively with the other groups toward the letter's goal. We also look forward to working with the Admin and members of Congress toward passage of a bipartisan health reform bill."

----- Original Message -----

From: Daniel Durham
To: Rick Smith; Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Lori Reilly; Ann Kaplan
Sent: Thu May 14 23:04:53 2009
Subject: RE: Urgent--Read this--holy cow.....Pear and IHP articles

May 15, 2009

Health Care Leaders Say Obama Overstated Their Promise to Control Costs By ROBERT PEAR WASHINGTON — Hospitals and insurance companies said Thursday that President Obama had substantially overstated their promise earlier this week to reduce the growth of health spending.

Mr. Obama invited health industry leaders to the White House on Monday to trumpet their cost-control commitments. But three days later, confusion swirled in Washington as the companies' trade associations raced to tamp down angst among members around the country.

After meeting with six major health care organizations, Mr. Obama hailed their cost-cutting promise as historic.

"These groups are voluntarily coming together to make an unprecedented commitment," Mr. Obama said. "Over the next 10 years, from 2010 to 2019, they are pledging to cut the rate of growth of national health care spending by 1.5 percentage points each year — an amount that's equal to over \$2 trillion."

Health care leaders who attended the meeting have a different interpretation. They say they agreed to slow health spending in a more gradual way and did not pledge specific year-by-year cuts.

"There's been a lot of misunderstanding that has caused a lot of consternation among our members," said Richard J. Umbdenstock, the president of the American Hospital Association. "I've spent the better part of the last three days trying to deal with it."

Nancy-Ann DeParle, director of the White House Office of Health Reform, said "the president misspoke" on Monday and again on Wednesday when he described the industry's commitment in similar terms. After providing that account, Ms. DeParle called back about an hour later on Thursday and said: "I don't think the president misspoke. His remarks correctly and accurately described the industry's commitment."

The Washington office of the American Hospital Association sent a bulletin to its state and local affiliates to "clarify several points" about the White House meeting.

In the bulletin, Richard J. Pollack, the executive vice president of the hospital association, said: "The A.H.A. did not commit to support the 'Obama health plan' or budget. No such reform plan exists at this time."

Moreover, Mr. Pollack wrote, "The groups did not support reducing the rate of health spending by 1.5 percentage points annually."

He and other health care executives said they had agreed to squeeze health spending so the annual rate of growth would eventually be 1.5 percentage points lower.

Under existing law, the Department of Health and Human Services estimates that health spending will grow an average of 6.2 percent a year in the coming decade, to \$4.4 trillion in 2018.

Two other lobbyists who attended the White House meeting confirmed Mr. Pollack's account.

One of the lobbyists, Karen M. Ignagni, president of America's Health Insurance Plans, said the savings would "ramp up" gradually as the growth of health spending slowed.

David H. Nexon, senior executive vice president of the Advanced Medical Technology Association, a trade group for makers of medical devices, said "there was no specific understanding" of when the lower growth rate would be achieved.

"It's a target over a 10-year period," Mr. Nexon said.

Democrats in Congress are looking for savings that could be certified by the Congressional Budget Office, the official scorekeeper, so the money could be used to pay for coverage of the uninsured.

But health care executives are leery of enforceable cost controls. Mr. Pollack assured hospital executives that the promised savings "are not subject to rigid 'scoring' rules used by the Congressional Budget Office."

John A. Matessino, president of the Louisiana Hospital Association, said his members were already struggling because the state cut their Medicaid payments 3.5 percent in February and planned deeper cuts in the fiscal year that starts July 1.

"We are very concerned about what they are doing in Washington and the speed at which it's happening," Mr. Matessino said. "We have hospitals in Louisiana that have put major construction projects on hold until they see what happens in Washington over the next 6 or 12 months."

Daniel Sisto, president of the Healthcare Association of New York State, which represents hospitals and nursing homes, said, "There is a high level of anxiety about the overall goal of \$2 trillion in savings, especially in a state like New York, which has had severe cost constraints for three decades."

House Democrats on Thursday circulated the outline of a bill that would require all Americans to carry health insurance and would subsidize premiums for many people with incomes up to four times the poverty level (\$88,200 for a family of four).

Under the proposal, employers would have to offer coverage to employees or help finance it by paying a percentage of their payroll. The Democrats are proposing creation of a "public health insurance plan," which would compete with private insurers.

The public plan would probably be run by the Health and Human Services Department, according to the outline.

InsideHealthPolicy

AHA: White House 'Spin' Muddled True Message On Health Savings

The American Hospital Association attempted to explain to its members on Thursday why the White House had announced that AHA -- along with five other health care stakeholders -- had pledged to lessen the growth in national health care spending by 1.5 percentage points for 10 years and by doing shave \$1.2 trillion from national health spending. The simple explanation was that AHA -- and the other groups involved, including insurers, labor, device, pharmaceutical and physician interests -- never made such a commitment.

AHA's president told his members that what the groups signed onto was "that we would help the administration achieve its goal of lowering the rate of health care inflation." Lost in the president's announcement, sources say, was that the cost-cutting goal was hooked to congressional passage of health reform legislation, regulatory actions by CMS and a change in demand from beneficiaries.

"Now it's been spun -- or misunderstood -- whichever is your preference, that these six parties would save all \$2 trillion. Not true. We can't do this. We don't represent the whole supply side of the equation and we can't do it without the American public being involved on the demand side of the equation. We can't do it as the private sector alone, we must have the governmental sector as well. That's why we said we commit to do our part. By implication, everybody else has to do their part," Richard Umbdenstock, AHA president, said in an hour-long conference call to more than 230 member hospital representatives and affiliated providers, some of whom were admittedly concerned by the announcements made on their behalf.

An administration spokeswoman did not respond to a request for comment by press time.

Umbdenstock told his members that, as of Wednesday, "White House staff has told us that they're getting all of the White House onto the correct message, that they are communicating the correct message to the Hill, but clearly over the course of three working days, this situation has spun way away from the original intent."

He added: "I would say that that was a conscious strategy on the part of some and just misunderstanding on the part of many as well, given the complex nature of what we're talking about it."

AMA organized the conference call three days after President Barack Obama had met in private with the six groups. After the meeting, the president made national news by announcing: "Over the next 10 years -- from 2010 to 2019 -- they are pledging to cut the rate of growth of national health care spending by 1.5 percentage points each year -- an amount that's equal to over \$2 trillion. Two trillion dollars."

An administration official touted the pledge as a "game-changer" in the health debate, and the White House posted a fact sheet that simultaneously praised the groups and touted Obama's budget -- leading to confusion over whether the groups were specifically endorsing the budget request. The insurance industry was the first to clarify that it was not backing Obama's budget, particularly the administration's proposed cuts to Medicare Advantage payments (see related story).

Standing behind the president when he made the announcement on Monday were the leaders of America's Health Insurance Plans, American Hospital Association, American Medical Association, Advanced Medical Technology Association, Pharmaceutical Research and Manufacturers of America, and Service Employees International Union. As the leaders followed the president out of the White House state dining room after his remarks were beamed to a national audience, more than one source noted that no one was smiling.

Although many news outlets continue to phrase the \$2 trillion savings as a pledge by the stakeholders themselves, Umbdenstock told AHA's members on Thursday that there is a critical distinction to be made. "What we said was we would do our part. We did not say -- and here's the first point of confusion - - that we would save this country \$2 trillion on our own. We did not say that. What we also did not say is that we would take 1.5 percentage points off the inflation rate next year and every year for 10 years,"

"There has been a tremendous amount of confusion and, frankly, a lot of

political spin. I want to assure you that the American Hospital Association is at the table and a responsible part of this. But we've been very clear about what we have committed to," Umbdenstock said.

He repeated that the nuanced message that AHA agreed to was this: "As restructuring takes hold and as the population's health improves over the next decade, we will do our part to achieve your administration's goal of decreasing by 1.5 percentage points the annual health care spending growth rate -- saving \$2 trillion or more."

Umbdenstock then briefly explained the back story, where a pair of "unlikely bedfellows" -- America's Health Insurance Plans and the Service Employees International Union -- approached the White House with a proposal to work together and help cut health care spending.

"One group that wants to see no public plan [AHIP] and the other group that is actively promoting a public plan [SEIU]" joined forces to approach Obama administration officials with a message: We will do our share to cut the rate of growth, he explained.

Nancy-Ann Deparle, in a May 14 profile published by the Washington Post, said she initially turned them down flat, suggesting that they needed more groups on board. Umbdenstock said the groups then turned to AHA.

He explained to his members that the decision to join the coalition was a matter of being at the table and being part of the top-tier of discussions about health reform, or not.

The upside, he said, was that by joining "we can help shape" the reforms. The downside, he said, was "if we don't join it, the president -- or whomever else -- stands up and says, 'Here are the five or so ... but it's unfortunate that our nation's hospitals did not step up.'"

"Understanding the risks involved; understanding that we could not control this process; understanding that we must be part of health reform going forward in a positive fashion, and understanding that hospitals and payments to hospitals and hospital costs are always on the agenda for those seeking to reduce national health care spending, we felt that we needed to be in this dialogue," he explained.

What happened to the message, Umbdenstock explained, was either a political job by savvy White House health care operators, or a simple media blunder.

"What happened was, over the weekend, this information was both given to the media and leaked to the media," he explained, but not by the six groups involved, who were "operating under an agreement of confidentiality."

"By Sunday night, this was on the wire services starting to catch a lot of attention. In the morning, this was all over the national press, long before we went to the White House and then when we went to the White House and the president made his public remarks as part of the press event, the other interpretation -- 1.5 [percentage points] every year for 10 years -- was what was communicated. And that was not what was in the letter," he explained.

He explained that Obama has since written back to the stakeholder groups and will hold them to their commitment. Obama wants details back from the groups

by early June about steps they can take without legislation to revamp the health care system and lower national costs.

Aside from AHA's explanation of the groups' parsing of their commitment to lower health costs, the conference call allowed for a rare glimpse into the concerns of hospital stakeholders from across the country, who asked about comparative effectiveness research, bundling policies and whether hospitals will be asked to bear the brunt of health-care savings.

AHA members also pressed organization leaders for details about health reform legislation.

Member hospitals raised questions about why other groups did not join the effort, and Umbdenstock said that groups like AARP were not invited because only groups involved in the "delivery system" were involved.

A hospital administrator from the Southwest asked whether the issue of illegal immigrants has been raised and Umbdenstock said it hasn't, but needs to be as legislation is drafted.

A member hospital in Texas asked about efforts in Washington to fund comparative effectiveness research and create a federal health board. AHA policy officials suggested that CER is moving full-steam ahead thanks to \$1.1 billion in stimulus funding. There continue to be policy questions about "the migration" from studies to "its actual application." The idea of a federal health board has languished since Tom Daschle took himself out of the running for HHS secretary and health care "czar," an AHA official said.

Another AHA member raised concerns about a public plan option and the fear that industry would dump privately insured employees into it and that the "government-set rates" would be low, an AHA official said, referring to the recent CMS Inpatient Prospective Payment System rule, which includes a negative 0.5 percent update of inpatient hospitals (see related story).

"That's a pretty good reason to have concerns about a public program," the official said.

AHA said that is in negotiations on three other hospital-specific reforms that the Senate Finance Committee is considering: bundling of either Part A and Part B payments or Part A, Part B and post-acute payments; a policy to limit readmissions; and value-based purchasing. Once lawmakers decide on the policy, the real battle will begin over financing, one AHA official said.

"And then, frankly, we will be in some sort of fight I am sure on the overall financing question when we begin to see the financing options. And while we know that there is a certain element of shared responsibility by all, you can bet that we are not going to stand by and be the piggy bank for this thing," the AHA official said.

Umbdenstock said there is an important differentiation between "cuts" and "savings." "We have to reduce unnecessary, inappropriate readmissions. Doing so will represent savings to the system. Yes, it will reduce revenues, but it shouldn't happen in the first place and it is a vulnerability for us if we don't tackle it. Done wrong ... and just broadly applied to all readmissions - - that's cuts and we've got to stand against that," Umbdenstock said.

"So we are talking about doing our part on the ones that shouldn't occur and that's the right thing to do, but we'll also defend on the other side," he said.

--Original Message-----

From: Rick Smith
Sent: Thursday, May 14, 2009 5:14 PM
To: Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Daniel Durham; Lori Reilly; Ann Kaplan
Subject: Re: Urgent--Read this--holy cow.....

WH is going to go nuts. They will pressure to make new declarations of our intent, and use this to push the commitment beyond where it was stated. This is bad.

----- Original Message -----

From: Bryant Hall
To: Rick Smith; Mimi Simoneaux Kneuer; Diane Bieri; Daniel Durham; Lori Reilly; Ann Kaplan
Sent: Thu May 14 18:07:54 2009
Subject: Re: Urgent--Read this--holy cow.....

All the more reason to make this thing go away asap. **ACT** couldn't have made his feelings clearer yesterday.

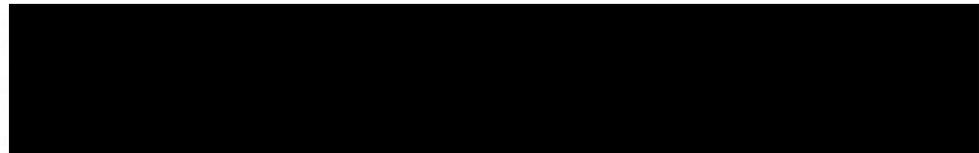
----- Original Message -----

From: Rick Smith
To: Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Daniel Durham; Lori Reilly; Ann Kaplan
Sent: Thu May 14 18:01:38 2009
Subject: Urgent--Read this--holy cow.....

----- Original Message -----

From: Kirstin Mooney
To: Kirstin Mooney





Sent: Thu May 14 17:55:08 2009
Subject: Modern Healthcare

Alicia Mitchell from AHA has asked us to distribute the below article from Modern Healthcare to the group.

An unauthorized reporter was on the AHA call, which led to the article. The NY Times is also working on a story and the AHA is speaking with them about the matter.

AHA seeks to clarify role in new coalition

The nation's largest hospital lobby said that its role and the overall intent of a new coalition it joined have been "spun way away from the original intent," adding that the White House, Congress and the media have misrepresented what was stated in a letter drafted to President Barack Obama on May 11.

In a conference call with more than 230 member organizations, American Hospital Association President and CEO Richard Umbdenstock said that financial data included in the letter had been "spun or misunderstood"-or perhaps both-and has led to confusion among hospitals and other providers. "And we have been doing everything we can to make sure that members know what we have said ... and that others don't get to interpret this for us," he said.

Umbdenstock said that the AHA was asked late in the process to join with other organizations and did so as a way to give the association more of a say in crafting healthcare reform while also avoiding the appearance that it did not support reform. "We did not say that we would save this country \$2 trillion on our own," he said. Umbdenstock said that the AHA has been working with the Obama administration to get "them on to the correct message." -- by Matthew DoBias

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May 31, 2012 Memorandum,
Footnote 3

From: Axelsen, Kirsten
Sent: Wednesday, June 10, 2009 7:24 PM
To: Beaty, Sandra J.; Principi, Anthony; Simon, Greg; Hughson, Melody; Damas, Raul A;
Barry.Direnfeld@
Subject: Today's meeting with Nancy Ann

We met today (me, Rick Smith, Bryant Hall, Nancy Ann, John Selib, Jim Messina, Tony Clapsis, Jack Rogers, Guy King, Russ Sullivan). To discuss the expected financial gain from health reform. We raised the points we are all familiar with – there was little movement or agreement. They heard the 6% number from the Goldman analyst and believe that they are making coverage better for enough people that we will experience a significant increase in volume that will offset rebates. Some of the arguments that Medicare part D wasn't a big revenue increase did seem to resonate as did the 70% share of generics and the billions going off patent and flat growth in the next five years. However, I don't get the sense that they are sold on the 6% number because of great analytics – it just provides a justification to extract significant pay fors from the industry.

The second part of the conversation went to the pay fors. Rick and Bryant will likely be convening a call this afternoon to discuss. Nancy Ann said that they are planning to put a 15% rebate across the board (dual, non-dual) in Medicare part D to raise 90B over 10 years (slightly lower than the CBO estimate which assumes that inflation penalty starts at 0 in 2010 but grows over time) on the table on Saturday.

Redacted - Not Responsive

They would still want the other pay fors are still on the table in addition to the Medicare rebate:
Medicaid Increase to 22-3% 20B
FOBs 9B
Non deduction of DTC expenses 10B (they think it will raise this much).

Would still be on the table even with the Medicare part D rebate. They are looking for over 100B from the pharma industry. They are still assuming that \$600B will come from savings and \$600B from revenues. They think that Pharma is in a relatively similar position to gain compared to hospitals from health reform.

In addition Nancy Ann said that she would like to close the donut hole either with donated product or money and that they planned to spend some money closing the donut hole. (-\$2.8B, or -\$1.4B post tax NPV if closed up to 300% FPL with 50% participation). Rick countered emphasized that the donut hole should be closed only for lower income people if done at all.

Bryant thought that this was a reach and trying to get us to put a # on the table.

Kirsten Axelsen

Redacted - Not Responsive

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May 31, 2012 Memorandum,
Footnote 5

From: Messina, James A. [REDACTED]
Sent: Wednesday, June 17, 2009 1:29 PM
To: Billy Tauzin
Cc: Sheehy, Kristin J.; DeParle, Nancy-Ann M.
Subject: RE:

We are working on this

From: Billy Tauzin [mailto:[REDACTED]]
Sent: Wednesday, June 17, 2009 12:14 PM
To: Messina, James A.
Cc: Sheehy, Kristin J.
Subject:

Jim,

Our five principal CEOs have accepted the terms discussed with the Committee yesterday, and we are prepared to recommend acceptance by the full Board tomorrow morning. Our understanding is that amendment on importation has been filed with the HELP Committee and that the regular order would probably postpone action on this amendment until later tomorrow. It would obviously be in all of our interests to make sure that the amendment does not arise before I can affirmatively report to you tomorrow the full Board's action. I can assure you that we will deliver a final yes to you by morning.

Billy

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May 31, 2012 Memorandum,
Footnote 7-8

From: Bryant Hall
Sent: Thursday, June 18, 2009 8:11 PM
To: Ken Johnson; Mimi Simoneaux Kneuer; Billy Tauzin
Subject: Re: Tomorrow

We can't turn back. And yes, that's why they are doing it, but it's also why we got a good deal.

----- Original Message -----

From: Ken Johnson
To: Bryant Hall; Mimi Simoneaux Kneuer; Billy Tauzin
Sent: Thu Jun 18 20:07:08 2009
Subject: RE: Tomorrow

We have a real problem. The White House has already leaked to the Washington Post that there will be an important announcement tomorrow with PhRMA. That makes me very nervous.

It's pretty clear that the Administration has had a horrible week on health care reform, and we are now getting jammed to make this announcement so the story takes a positive turn before the Sunday talk shows beat up on Congress and the White House. Maybe that buys us some love from them -- that's your call.

But everyone just needs to understand why we are facing this "hurry-up, get-it-done now" timeline.

My one other serious concern: once we go to this event, there is no turning back on the commitment even if health care reform tanks.

Ken Johnson
Senior Vice President
Pharmaceutical Research & Manufacturers of America 950 F Street, NW Suite 300

-----Original Message-----

From: Bryant Hall
Sent: Thursday, June 18, 2009 7:49 PM
To: Mimi Simoneaux Kneuer; Ken Johnson; Billy Tauzin
Subject: Re: Tomorrow

Update 2:

They think our msgng is exactly right. Told them again that if 10:30, probably no ceo but pls let me know asap.

----- Original Message -----

From: Bryant Hall
To: Mimi Simoneaux Kneuer; Ken Johnson; Billy Tauzin
Sent: Thu Jun 18 19:47:20 2009
Subject: Tomorrow

They are having "problems" putting the event together. I told them that at this late hour would be very difficult to get a CEO.

Also told them that any event should link donut hole to health reform and be only positive msgs...nothing about what seniors have NOT been getting.

I'll keep you updated.

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May 31, 2012 Memorandum,
Footnote 9

From: Bealy, Sandra J.
Sent: Wednesday, July 08, 2009 7:21 PM
To: DL-ELT
Subject: health care reform update - confidential

ELT members,

A quick update on health care reform – Several PhRMA CEOs and PhRMA leadership met yesterday at the White House with Sen. Baucus, Senate staff, Rahm Emanuel, Nancy-Ann DeParle (the White House health care reform czar) and others. Jeff was among the five CEOs in attendance.

The purpose of the meeting was to solidify the PhRMA agreement for support of the \$80 billion (over 10 years) to fund healthcare. There was candid discussion regarding issues of importance to us including importation, comparative effectiveness, follow on biologics, whether the PhRMA "payfor" amount will remain the same if the overall health care reform package shrinks or increases, and challenges in keeping the House of Representatives bill language in alignment with the Senate – White House agreement. Jeff would object to me telling you that his communication skills and breadth of knowledge on the issues was very helpful in keeping the meeting productive especially on the subjects of follow on biologics and comparative effectiveness – according to objective attendees.

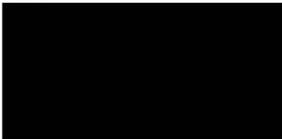
Deadlines set earlier are creeping forward as the complexity and paying for reform causes wording and "scoring" challenges, but the White House, Senate and House still intend to pass reform legislation by Thanksgiving. You may have read press reports that the hospitals and Vice President Biden announced today their agreement to contribute \$155 billion in cost cuts to help fund the healthcare reform efforts. Vice President Biden announce their deal today.

PhRMA discussions yesterday included PhRMA position on the tax on U.S. branded domestic revenues as a way of filling the revenue gap to reach the agreed \$80 billion – the discussion centered around whether the baseline should be U.S. government programs or all domestic revenues. The group agreed that the baseline should be as broad as possible, and therefore should be assessed against all domestic U.S. revenues with some tiering. PhRMA will bring forward a more detailed proposal along these lines next week.

There are many details on all of this - please let me know if you have questions.

Sandy

Sandy Bealy
Chief of Staff to the CEO
Pfizer



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May 31, 2012 Memorandum,
Footnote 10

From: Kindler, Jeffrey B. [REDACTED]
Sent: Thursday, June 11, 2009 4:49 PM
To: Billy Tauzin
Cc: DavidMS.Brennan [REDACTED] miles.white [REDACTED]
Richard_clark [REDACTED] ksharer [REDACTED]

David:

Once again, excellent job at managing the meeting.

Billy--

Sounds like you had very valuable conversations with [REDACTED]. They sound as though they both went quite well and that you established our key deal points that are, to some extent, as important as the total dollars. Thanks so much for doing that.

An ideal end game here would be a joint meeting to confirm any deal that we work out in a meeting with us and the principals (Emanuel, [REDACTED] [REDACTED] early next week. Whether a deal fully sticks or not, we can't be sure, but I for one would like to look the other side in the eye and shake their hand on whatever deal we work out.

Jeff

Sent using BlackBerry

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May 31, 2012 Memorandum,
Footnote 11

From: Currie, Rodger [REDACTED]
Sent: Monday, July 06, 2009 10:26 AM
To: Bryant Hall
Subject: RE: White House tomorrow

Wow. That will be a very interesting discussion.

I guess the White House feels it can just slam [REDACTED] on the duals rebate... and stuff)?

From: Bryant Hall [REDACTED]
Sent: Monday, July 06, 2009 10:24 AM
To: Currie, Rodger
Subject: Re: White House tomorrow

Sure. I can't believe that you haven't been told about this.

It's just to go over the principal elements of the deal w Rahm, Messina and DeParle. We haven't had a principals mtg since the deal was cut.

So it's duals and price controls, 80b cap, proportionality (if bill falls apart, we get a price break), importation, and a discussion on fobs, cer, public plan.

From: Currie, Rodger
To: Bryant Hall
Sent: Mon Jul 06 10:19:09 2009
Subject: RE: White House tomorrow

Thanks. Can you say a tad more about what that means? I know you gotta be busy.

From: Bryant Hall [REDACTED]
Sent: Monday, July 06, 2009 10:18 AM
To: Currie, Rodger
Subject: Re: White House tomorrow

CEO mtg of this Gang of 5 to affirm the "deal."

From: Currie, Rodger
To: Bryant Hall
Sent: Mon Jul 06 10:14:28 2009
Subject: White House tomorrow
Bryant,

Hope you had a great 4th of July. What is this meeting tomorrow?

From: Wells, Loren
Sent: Monday, July 06, 2009 10:08 AM
To: Currie, Rodger;
Subject: RE: READ: KWS in DC on July 6, 7

I just spoke to Marie – Kevin arrives tonight for meetings at the WH tomorrow afternoon. The schedule (from PhRMA) is as follows:

12:30 – Pre-meeting
2:30 – WH Meeting
3:30 – Debrief meeting/Depart

He has to get back to CA tomorrow night for a Board meeting on Wednesday.

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Footnote 13

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Sent: Thu May 14 23:37:07 2009
Subject: Re: Urgent--Read this--holy cow.....Pear and IHP articles

Buckle up for tomorrow. This is unbelievable. Happily, we were not included in either article. Thank God. Nonetheless, expect a storm tomorrow. I suggest we strictly stick to a short script or perhaps just have a statement ready to send when asked, no matter what the question, something along the lines of-- "We will respect the confidentiality of our discussions with the other associations working on this positive initiative. The 6 groups' joint letter states our commitment. We look forward to continuing to work constructively with the other groups toward the letter's goal. We also look forward to working with the Admin and members of Congress toward passage of a bipartisan health reform bill."

----- Original Message -----

From: Daniel Durham
To: Rick Smith; Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Lori Reilly; Ann Kaplan
Sent: Thu May 14 23:04:53 2009
Subject: RE: Urgent--Read this--holy cow.....Pear and IHP articles

May 15, 2009

Health Care Leaders Say Obama Overstated Their Promise to Control Costs By ROBERT PEAR WASHINGTON — Hospitals and insurance companies said Thursday that President Obama had substantially overstated their promise earlier this week to reduce the growth of health spending.

Mr. Obama invited health industry leaders to the White House on Monday to trumpet their cost-control commitments. But three days later, confusion swirled in Washington as the companies' trade associations raced to tamp down angst among members around the country.

After meeting with six major health care organizations, Mr. Obama hailed their cost-cutting promise as historic.

"These groups are voluntarily coming together to make an unprecedented commitment," Mr. Obama said. "Over the next 10 years, from 2010 to 2019, they are pledging to cut the rate of growth of national health care spending by 1.5 percentage points each year — an amount that's equal to over \$2 trillion."

Health care leaders who attended the meeting have a different interpretation. They say they agreed to slow health spending in a more gradual way and did not pledge specific year-by-year cuts.

"There's been a lot of misunderstanding that has caused a lot of consternation among our members," said Richard J. Umbdenstock, the president of the American Hospital Association. "I've spent the better part of the last three days trying to deal with it."

Nancy-Ann DeParle, director of the White House Office of Health Reform, said "the president misspoke" on Monday and again on Wednesday when he described the industry's commitment in similar terms. After providing that account, Ms. DeParle called back about an hour later on Thursday and said: "I don't think the president misspoke. His remarks correctly and accurately described the industry's commitment."

The Washington office of the American Hospital Association sent a bulletin to its state and local affiliates to "clarify several points" about the White House meeting.

In the bulletin, Richard J. Pollack, the executive vice president of the hospital association, said: "The A.H.A. did not commit to support the 'Obama health plan' or budget. No such reform plan exists at this time."

Moreover, Mr. Pollack wrote, "The groups did not support reducing the rate of health spending by 1.5 percentage points annually."

He and other health care executives said they had agreed to squeeze health spending so the annual rate of growth would eventually be 1.5 percentage points lower.

Under existing law, the Department of Health and Human Services estimates that health spending will grow an average of 6.2 percent a year in the coming decade, to \$4.4 trillion in 2018.

Two other lobbyists who attended the White House meeting confirmed Mr. Pollack's account.

One of the lobbyists, Karen M. Ignagni, president of America's Health Insurance Plans, said the savings would "ramp up" gradually as the growth of health spending slowed.

David H. Nexon, senior executive vice president of the Advanced Medical Technology Association, a trade group for makers of medical devices, said "there was no specific understanding" of when the lower growth rate would be achieved.

"It's a target over a 10-year period," Mr. Nexon said.

Democrats in Congress are looking for savings that could be certified by the Congressional Budget Office, the official scorekeeper, so the money could be used to pay for coverage of the uninsured.

But health care executives are leery of enforceable cost controls. Mr. Pollack assured hospital executives that the promised savings "are not subject to rigid 'scoring' rules used by the Congressional Budget Office."

John A. Matessino, president of the Louisiana Hospital Association, said his members were already struggling because the state cut their Medicaid payments 3.5 percent in February and planned deeper cuts in the fiscal year that starts July 1.

"We are very concerned about what they are doing in Washington and the speed at which it's happening," Mr. Matessino said. "We have hospitals in Louisiana that have put major construction projects on hold until they see what happens in Washington over the next 6 or 12 months."

Daniel Sisto, president of the Healthcare Association of New York State, which represents hospitals and nursing homes, said, "There is a high level of anxiety about the overall goal of \$2 trillion in savings, especially in a state like New York, which has had severe cost constraints for three decades."

House Democrats on Thursday circulated the outline of a bill that would require all Americans to carry health insurance and would subsidize premiums for many people with incomes up to four times the poverty level (\$88,200 for a family of four).

Under the proposal, employers would have to offer coverage to employees or help finance it by paying a percentage of their payroll. The Democrats are proposing creation of a "public health insurance plan," which would compete with private insurers.

The public plan would probably be run by the Health and Human Services Department, according to the outline.

InsideHealthPolicy

AHA: White House 'Spin' Muddled True Message On Health Savings

The American Hospital Association attempted to explain to its members on Thursday why the White House had announced that AHA -- along with five other health care stakeholders -- had pledged to lessen the growth in national health care spending by 1.5 percentage points for 10 years and by doing shave \$1.2 trillion from national health spending. The simple explanation was that AHA -- and the other groups involved, including insurers, labor, device, pharmaceutical and physician interests -- never made such a commitment.

AHA's president told his members that what the groups signed onto was "that we would help the administration achieve its goal of lowering the rate of health care inflation." Lost in the president's announcement, sources say, was that the cost-cutting goal was hooked to congressional passage of health reform legislation, regulatory actions by CMS and a change in demand from beneficiaries.

"Now it's been spun -- or misunderstood -- whichever is your preference, that these six parties would save all \$2 trillion. Not true. We can't do this. We don't represent the whole supply side of the equation and we can't do it without the American public being involved on the demand side of the equation. We can't do it as the private sector alone, we must have the governmental sector as well. That's why we said we commit to do our part. By implication, everybody else has to do their part," Richard Umbdenstock, AHA president, said in an hour-long conference call to more than 230 member hospital representatives and affiliated providers, some of whom were admittedly concerned by the announcements made on their behalf.

An administration spokeswoman did not respond to a request for comment by press time.

Umbdenstock told his members that, as of Wednesday, "White House staff has told us that they're getting all of the White House onto the correct message, that they are communicating the correct message to the Hill, but clearly over the course of three working days, this situation has spun way away from the original intent."

He added: "I would say that that was a conscious strategy on the part of some and just misunderstanding on the part of many as well, given the complex nature of what we're talking about it."

AMA organized the conference call three days after President Barack Obama had met in private with the six groups. After the meeting, the president made national news by announcing: "Over the next 10 years -- from 2010 to 2019 -- they are pledging to cut the rate of growth of national health care spending by 1.5 percentage points each year -- an amount that's equal to over \$2 trillion. Two trillion dollars."

An administration official touted the pledge as a "game-changer" in the health debate, and the White House posted a fact sheet that simultaneously praised the groups and touted Obama's budget -- leading to confusion over whether the groups were specifically endorsing the budget request. The insurance industry was the first to clarify that it was not backing Obama's budget, particularly the administration's proposed cuts to Medicare Advantage payments (see related story).

Standing behind the president when he made the announcement on Monday were the leaders of America's Health Insurance Plans, American Hospital Association, American Medical Association, Advanced Medical Technology Association, Pharmaceutical Research and Manufacturers of America, and Service Employees International Union. As the leaders followed the president out of the White House state dining room after his remarks were beamed to a national audience, more than one source noted that no one was smiling.

Although many news outlets continue to phrase the \$2 trillion savings as a pledge by the stakeholders themselves, Umbdenstock told AHA's members on Thursday that there is a critical distinction to be made. "What we said was we would do our part. We did not say -- and here's the first point of confusion - - that we would save this country \$2 trillion on our own. We did not say that. What we also did not say is that we would take 1.5 percentage points off the inflation rate next year and every year for 10 years,"

"There has been a tremendous amount of confusion and, frankly, a lot of

political spin. I want to assure you that the American Hospital Association is at the table and a responsible part of this. But we've been very clear about what we have committed to," Umbdenstock said.

He repeated that the nuanced message that AHA agreed to was this: "As restructuring takes hold and as the population's health improves over the next decade, we will do our part to achieve your administration's goal of decreasing by 1.5 percentage points the annual health care spending growth rate -- saving \$2 trillion or more."

Umbdenstock then briefly explained the back story, where a pair of "unlikely bedfellows" -- America's Health Insurance Plans and the Service Employees International Union -- approached the White House with a proposal to work together and help cut health care spending.

"One group that wants to see no public plan [AHIP] and the other group that is actively promoting a public plan [SEIU]" joined forces to approach Obama administration officials with a message: We will do our share to cut the rate of growth, he explained.

Nancy-Ann Deparle, in a May 14 profile published by the Washington Post, said she initially turned them down flat, suggesting that they needed more groups on board. Umbdenstock said the groups then turned to AHA.

He explained to his members that the decision to join the coalition was a matter of being at the table and being part of the top-tier of discussions about health reform, or not.

The upside, he said, was that by joining "we can help shape" the reforms. The downside, he said, was "if we don't join it, the president -- or whomever else -- stands up and says, 'Here are the five or so ... but it's unfortunate that our nation's hospitals did not step up.'"

"Understanding the risks involved; understanding that we could not control this process; understanding that we must be part of health reform going forward in a positive fashion, and understanding that hospitals and payments to hospitals and hospital costs are always on the agenda for those seeking to reduce national health care spending, we felt that we needed to be in this dialogue," he explained.

What happened to the message, Umbdenstock explained, was either a political job by savvy White House health care operators, or a simple media blunder.

"What happened was, over the weekend, this information was both given to the media and leaked to the media," he explained, but not by the six groups involved, who were "operating under an agreement of confidentiality."

"By Sunday night, this was on the wire services starting to catch a lot of attention. In the morning, this was all over the national press, long before we went to the White House and then when we went to the White House and the president made his public remarks as part of the press event, the other interpretation -- 1.5 [percentage points] every year for 10 years -- was what was communicated. And that was not what was in the letter," he explained.

He explained that Obama has since written back to the stakeholder groups and will hold them to their commitment. Obama wants details back from the groups

by early June about steps they can take without legislation to revamp the health care system and lower national costs.

Aside from AHA's explanation of the groups' parsing of their commitment to lower health costs, the conference call allowed for a rare glimpse into the concerns of hospital stakeholders from across the country, who asked about comparative effectiveness research, bundling policies and whether hospitals will be asked to bear the brunt of health-care savings.

AHA members also pressed organization leaders for details about health reform legislation.

Member hospitals raised questions about why other groups did not join the effort, and Umbdenstock said that groups like AARP were not invited because only groups involved in the "delivery system" were involved.

A hospital administrator from the Southwest asked whether the issue of illegal immigrants has been raised and Umbdenstock said it hasn't, but needs to be as legislation is drafted.

A member hospital in Texas asked about efforts in Washington to fund comparative effectiveness research and create a federal health board. AHA policy officials suggested that CER is moving full-steam ahead thanks to \$1.1 billion in stimulus funding. There continue to be policy questions about "the migration" from studies to "its actual application." The idea of a federal health board has languished since Tom Daschle took himself out of the running for HHS secretary and health care "czar," an AHA official said.

Another AHA member raised concerns about a public plan option and the fear that industry would dump privately insured employees into it and that the "government-set rates" would be low, an AHA official said, referring to the recent CMS Inpatient Prospective Payment System rule, which includes a negative 0.5 percent update of inpatient hospitals (see related story).

"That's a pretty good reason to have concerns about a public program," the official said.

AHA said that is in negotiations on three other hospital-specific reforms that the Senate Finance Committee is considering: bundling of either Part A and Part B payments or Part A, Part B and post-acute payments; a policy to limit readmissions; and value-based purchasing. Once lawmakers decide on the policy, the real battle will begin over financing, one AHA official said.

"And then, frankly, we will be in some sort of fight I am sure on the overall financing question when we begin to see the financing options. And while we know that there is a certain element of shared responsibility by all, you can bet that we are not going to stand by and be the piggy bank for this thing," the AHA official said.

Umbdenstock said there is an important differentiation between "cuts" and "savings." "We have to reduce unnecessary, inappropriate readmissions. Doing so will represent savings to the system. Yes, it will reduce revenues, but it shouldn't happen in the first place and it is a vulnerability for us if we don't tackle it. Done wrong ... and just broadly applied to all readmissions - - that's cuts and we've got to stand against that," Umbdenstock said.

"So we are talking about doing our part on the ones that shouldn't occur and that's the right thing to do, but we'll also defend on the other side," he said.

--Original Message-----

From: Rick Smith
Sent: Thursday, May 14, 2009 5:14 PM
To: Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Daniel Durham; Lori Reilly; Ann Kaplan
Subject: Re: Urgent--Read this--holy cow.....

WH is going to go nuts. They will pressure to make new declarations of our intent, and use this to push the commitment beyond where it was stated. This is bad.

----- Original Message -----

From: Bryant Hall
To: Rick Smith; Mimi Simoneaux Kneuer; Diane Bieri; Daniel Durham; Lori Reilly; Ann Kaplan
Sent: Thu May 14 18:07:54 2009
Subject: Re: Urgent--Read this--holy cow.....

All the more reason to make this thing go away asap. **ACT** couldn't have made his feelings clearer yesterday.

----- Original Message -----

From: Rick Smith
To: Bryant Hall; Mimi Simoneaux Kneuer; Diane Bieri; Daniel Durham; Lori Reilly; Ann Kaplan
Sent: Thu May 14 18:01:38 2009
Subject: Urgent--Read this--holy cow.....

----- Original Message -----

From: Kirstin Mooney
To: Kirstin Mooney





Sent: Thu May 14 17:55:08 2009

Subject: Modern Healthcare

Alicia Mitchell from AHA has asked us to distribute the below article from Modern Healthcare to the group.

An unauthorized reporter was on the AHA call, which led to the article. The NY Times is also working on a story and the AHA is speaking with them about the matter.

AHA seeks to clarify role in new coalition

The nation's largest hospital lobby said that its role and the overall intent of a new coalition it joined have been "spun way away from the original intent," adding that the White House, Congress and the media have misrepresented what was stated in a letter drafted to President Barack Obama on May 11.

In a conference call with more than 230 member organizations, American Hospital Association President and CEO Richard Umbdenstock said that financial data included in the letter had been "spun or misunderstood"-or perhaps both-and has led to confusion among hospitals and other providers. "And we have been doing everything we can to make sure that members know what we have said ... and that others don't get to interpret this for us," he said.

Umbdenstock said that the AHA was asked late in the process to join with other organizations and did so as a way to give the association more of a say in crafting healthcare reform while also avoiding the appearance that it did not support reform. "We did not say that we would save this country \$2 trillion on our own," he said. Umbdenstock said that the AHA has been working with the Obama administration to get "them on to the correct message." -- by Matthew DoBias

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health care negotiations

May 31, 2012 Memorandum,
Footnote 14

From: Bryant Hall
Sent: Friday, May 15, 2009 1:09 PM
To: Mimi Simoneaux Kneuer; Rick Smith; Billy Tauzin; Diane Bieri; Ken Johnson
Subject: White House- pls read

Just called to say that the WH - specific Robert Gibbs and Rahm are very concerned that unless we have this statement out immediately, the entire WH press briefing will be dominated by the topic of the cost curve and what happened yesterday.

We are the only ones not signing. I explained our rationale. They want us to sign.

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health care negotiations

May 31, 2012 Memorandum,
Footnote 15

From: Bryant Hall
Sent: Friday, May 15, 2009 1:27 PM
To: Rick Smith; Diane Bierl; Mimi Simoneaux Kneuer
Subject: Re: Urgent--Statement

Taking Billy off. We need to sign it. Robert Gibbs is going to call PhRMA out specifically by name as an outlier at the press conference if we do not.

Rahm is already furious. The ire will be turned on us.

From: Rick Smith
To: Diane Bierl; Bryant Hall; Mimi Simoneaux Kneuer; Billy Tauzin
Sent: Fri May 15 13:24:53 2009
Subject: Urgent--Statement

I've just been told that we need to either sign the statement that the 5 other groups already agreed to or the statement will be released without us on it. Please advise.

E-mails and documents produced
through investigation into closed-door
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May 31, 2012 Memorandum,
Footnote 18

From: Tom Moore
Sent: Wednesday, June 10, 2009 9:54 PM
To: Bryant Hall
Subject: Re: Read

If the WH says it's 80 then that's what House number will be too.

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:52:59 2009
Subject: Re: Read

Final.

----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 21:50:02 2009
Subject: Re: Read

Im confused - is 80 the final number? Will Rahm call Billy and say that doesnt budge when all is said and done?

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:48:52 2009
Subject: Re: Read

I get it but now they think 80 isn't real and they think it's a joke.

----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 21:45:30 2009
Subject: Re: Read

REDACTED

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:43:09 2009
Subject: Re: Read

But the WH is fucking this up. These guys deal w the numbers like they're real. It isn't smart.

----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 21:42:09 2009
Subject: Re: Read

Man if [REDACTED] puts 120 in his bill we never get it back to 80. And he will.

----- Original Message -----

From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:39:48 2009
Subject: Re: Read

80.

----- Original Message -----

From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 21:39:11 2009
Subject: Re: Read

President Obama.

He's kept his powder dry to date - what number do they want?

----- Original Message -----

From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:29:40 2009
Subject: Re: Read

Barack Obama is going to announce in his Saturday radio address support for rebating all of D unless we come to a deal. So they are punishing us for being forward leaning.

It's laughable and they are burning bridges. They can't get 60 votes for that. It isn't even a real threat.

----- Original Message -----

From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 21:26:02 2009
Subject: Re: Read

Dude I just read it - so WH asking more than 80?

----- Original Message -----

From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:23:37 2009
Subject: Re: Read

Just say we can which I don't have approval for. But WH pulling this stuff is counterproductive.

I am going to send you a confidential email and pls dpont forward or quote.

----- Original Message -----

From: Tom Moore

To: Bryant Hall
Sent: Wed Jun 10 21:20:44 2009
Subject: Re: Read

House wont even do that. Liz says can you live with 80?

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 21:17:30 2009
Subject: Re: Read

We need to talk. Nancy-Ann threatened to me the full rebate on Part D. I said "no way."

----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 21:11:13 2009
Subject: Read

Liz: if we moderate House bill for you need to help us get Republican votes for it, tell White House you will do that

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 20:34:20 2009
Subject: Re: FYI

Uhhhh. I'm negotiatingw the WH right now.

----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 20:04:14 2009
Subject: Re: FYI

I didnt ask where you are. I'm telling you where I am, which is where you need to be.

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 20:02:37 2009
Subject: Re: FYI

I'm still at work.

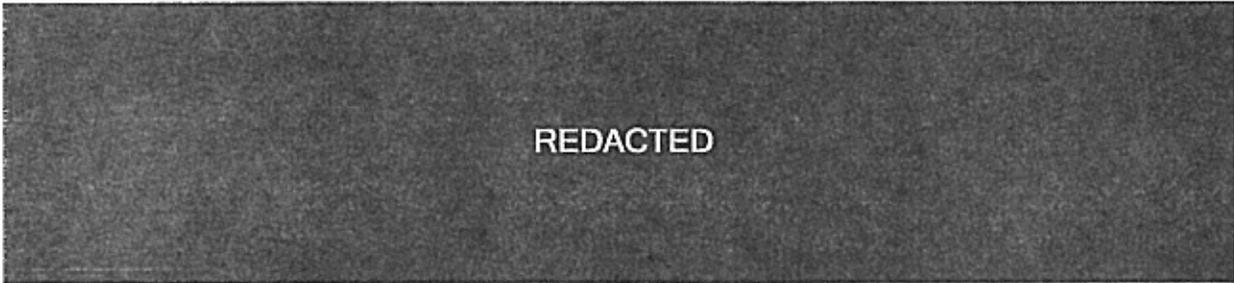
----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 20:02:00 2009
Subject: Re: FYI

Im here, CPs, table at end of the bar.

----- Original Message -----
From: Bryant Hall
To: Tom Moore
Sent: Wed Jun 10 19:40:22 2009
Subject: Re: FYI

Agree

----- Original Message -----
From: Tom Moore
To: Bryant Hall
Sent: Wed Jun 10 19:39:24 2009
Subject: Fw: FYI



REDACTED

----- Original Message -----
From: Hallie Maranchick
To: Tom Moore
Sent: Wed Jun 10 19:28:14 2009
Subject: FYI

Brit told the Rs that she vetted the new CE bill through Larry.

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May 31, 2012 Memorandum,
Footnotes 19-20

From: Bryant Hall
Sent: Friday, June 12, 2009 1:02 PM
To: 'Kindler, Jeffrey B.'; Billy Tauzin
Cc: Direnfeld, Barry B.
Subject: RE:

Importance: High

Latest: the President's radio address will not have any mention of Part D. It will contain a reference to "negotiating fair drug prices" or something like that. I don't have it but I am trying to get it. No mention of rebates and no mention of part D.

Orszag is still pushing hard to have something concrete in an underlying support document - like a Part D rebate. I told Nancy-Ann how problematic this is for us and she knows it. She is working on Messina to call him.

I also called **A** and explained this to him and he agrees that it would be bad. He is calling Nancy-Ann and is telling her to tell Orszag that **ACT** will be "pissed off" if Orszag does that. **REDACTED**

From: Kindler, Jeffrey B. [REDACTED]
Sent: Friday, June 12, 2009 10:54 AM
To: Billy Tauzin
Cc: Brennan, David (MS); [REDACTED] miles.white [REDACTED] richard_clark [REDACTED] Bryant Hall; Direnfeld, Barry B.
Subject:

Billy:

As you know, yesterday's discussion was premised on our understanding, as you informed the Board, that, given our willingness to work within the indicated range, the President would not, in fact, put Part D in play or otherwise offer new pharma pay-fors in tomorrow's radio address. We need to confirm this inasmuch as it will completely undermine what we're trying to do here if he, in fact, does say those kinds of things.

If this is not clear, I would strongly encourage you to engage personally on this with **ACT** and possibly others. Based on Bryant's report yesterday, it does appear that **DA CT** could, in fact, be helpful.

Jeff

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May 31, 2012 Memorandum,
Footnote 21

From: Bryant Hall
Sent: Friday, June 12, 2009 7:33 PM
To: Ken Johnson; Neal Comstock; Mimi Simoneaux Kneuer; Billy Tauzin
Subject: RE: Background for Board

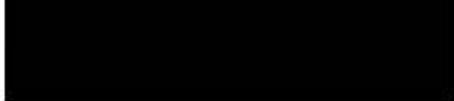
On bacground - you can say that we have been assured that a "Part D Medicare rebate is not the option they need. They are willing to be flexible - bot hthe WH and Finance."

-----Original Message-----

From: Ken Johnson
Sent: Friday, June 12, 2009 7:25 PM
To: Bryant Hall; Neal Comstock; Mimi Simoneaux Kneuer; Billy Tauzin
Subject: RE: Background for Board

Bryant, this is helpful. Good to know the backroom politics. However, rest assured that the press will jump all over the Medicare Part D stuff. Hopefully, it will be a one-and-done story and then back to the negotiating table. Here's a short statement for quick review. AP wants something asap to be embargoed for 6 am tomorrow morning.

Ken Johnson
Senior Vice President
Pharmaceutical Research & Manufacturers of America 950 F Street, NW Suite 300



-----Original Message-----

From: Bryant Hall
Sent: Friday, June 12, 2009 7:00 PM
To: Neal Comstock; Mimi Simoneaux Kneuer; Ken Johnson; Billy Tauzin
Subject: Background for Board

Obviously - below just context.

Here's the stuff. Background is that the Pres's words are harmless. He knows personally about our deal and is pushing no agenda.

We got Orszag to back off of the Part D rebate - and Nancy -Ann and Jim Messina beat the hell out of them. The reference to Duals does NOT mean that they want to do the duals policy. I talked with them about a structure of tax or settlement which approximates the duals "windfall." Again - this was a face saver, not a real option.

Obama re pharma:

If the drug makers pay their fair share, we can cut government spending on prescription drugs.

Underlying text:

Pay better prices for Medicare Part D drugs. In its meeting with the President

and subsequent communication, the pharmaceutical industry has committed itself to helping to control the rate of growth in health care spending. There are a variety of ways to achieve this goal. For example, drug reimbursement could be reduced for beneficiaries dually eligible for Medicare and Medicaid.

E-mails and documents produced
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May 31, 2012 Memorandum,
Footnote 23

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Talking Points:

The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

The White House and the Finance Committee determined the \$80 billion number, not the industry. Despite reports from critics, this agreement caused considerable concern within the industry. However, considering the importance of fundamental reform to the system, the pharmaceutical industry was the first group to put real money on the table.

Under the \$80 billion agreement, the industry agreed to:

- A proposal to close the Medicare Part D “doughnut hole.” Pharmaceutical companies will pay half the cost of drugs in the coverage gap under Medicare Part D.
- An increase and expansion of the Medicaid rebate, the size and scope to be determined pending CBO scores.
- A Health Reform Fee, to be determined pending CBO scores.

Under the \$80 billion agreement, the White House and Senator Baucus agreed that:

- Price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan will not be included in a bill that is signed into law.
- The White House will oppose the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible beneficiaries to fund a further narrowing of coverage gap. CBO found this proposal would increase Medicare Part D premiums for all beneficiaries by about 50%.
- Any savings from a Follow-on Biologics (FOBs) proposal signed into law as part of health reform will be applied to the total \$80 billion commitment from the industry, regardless of the underlying policy. There was no agreement on any policy regarding FOBs.

Because access to high quality, affordable insurance coverage is a goal of the industry, we are fully supporting health reform efforts and have been over the last 18 months.

- Healthy Economy Now -- The industry provides the majority of financial support for positive TV ads advocating passage of health reform.
- Harry and Louise – PhRMA and Families USA are running ads bringing back Harry and Louise, but this time in favor of passing reform.
- SCHIP -- The industry provided the majority of the financial support for a series of TV ads designed to thank lawmakers that supported efforts to expand SCHIP.

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May 31, 2012 Memorandum,
Footnote 25

From: Singiser, Dana E. [REDACTED]
Sent: Wednesday, June 03, 2009 2:10 PM
To: Bryant Hall; DeParle, Nancy-Ann M.
Subject: RE:

I will track down whoever said that and make sure they correct impression.

From: Bryant Hall [REDACTED]
Sent: Wednesday, June 03, 2009 2:09 PM
To: DeParle, Nancy-Ann M.
Cc: Singiser, Dana E.
Subject: Re:

Leg. Affairs (don't know who) is telling Senate staff that the WH is "staying out of it," specifically - Senator [REDACTED] office.
Can you help?

From: DeParle, Nancy-Ann M.
To: Bryant Hall
Cc: Singiser, Dana E.
Sent: Wed Jun 03 10:33:15 2009
Subject: Re:

Yes--I pushed this, everyone (Messina, Rahm) is in Egypt w POTUS but Phil Schiliro, Dana Singiser and I made decision, based on how constructive you guys have been, to oppose importation on the bill. It's my understanding that this is being conveyed--let me know if that is not the case.

From: Bryant Hall
To: DeParle, Nancy-Ann M.
Sent: Wed Jun 03 08:23:15 2009
Subject:

Is there any progress on the importation front? Can we get someone to weigh in from FDA or HHS? The Rs are getting all ginned up - [REDACTED] etc.

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through investigation into closed-door
health care negotiations

May 31, 2012 Memorandum,
Footnote 26

From: Nicoli, David P [REDACTED]
Sent: Wednesday, June 03, 2009 6:35 PM
To: Bryant Hall; Davis, Chip; Buckley, Richard E
Subject: RE: Revenue Raisers

Thx!

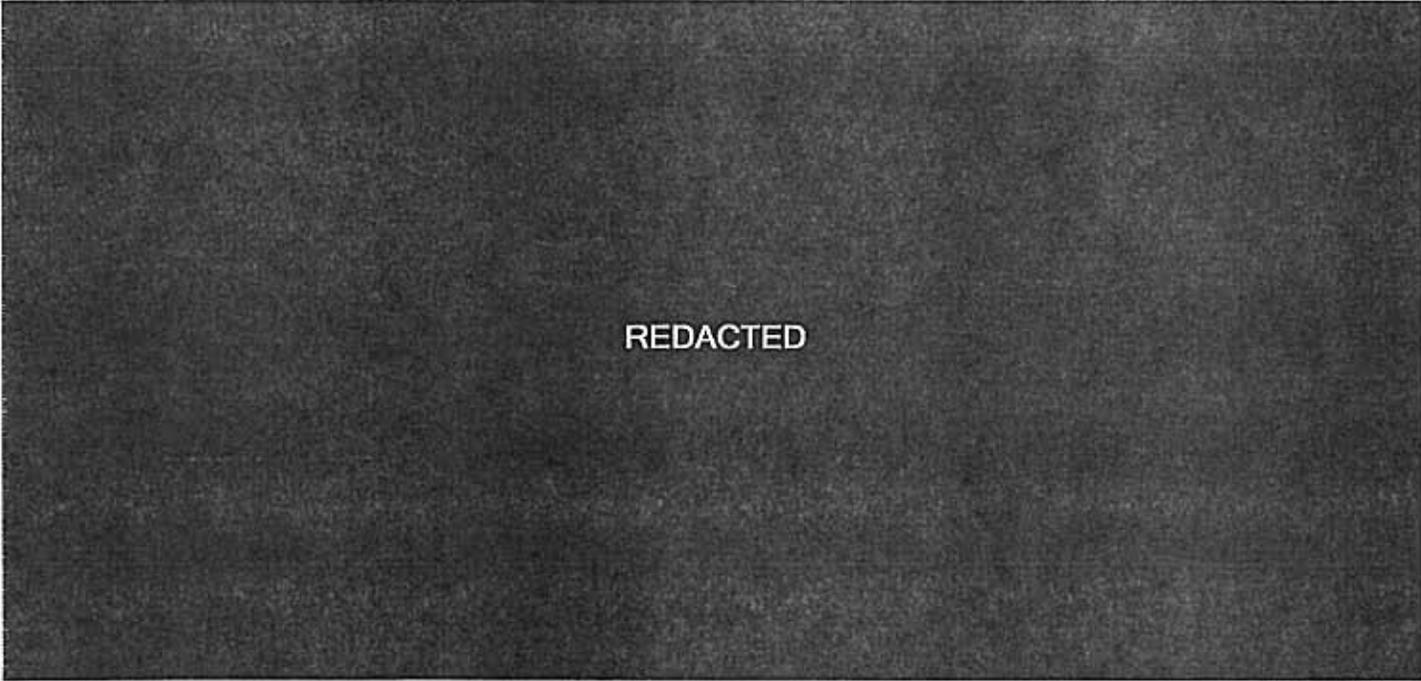
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From: Bryant Hall [REDACTED]
Sent: Wednesday, June 03, 2009 11:30 AM
To: Nicoli, David P; Davis, Chip; Buckley, Richard E
Subject: Re: Revenue Raisers

Let me think about it. We are trying to kill [REDACTED] import and we are short votes.

Nancy-Ann DeParle just called to say that the WH is opposing import on this bill, specifically linking to our willingness to be cooperative on HCR.

From: Nicoli, David P
To: Davis, Chip ; Bryant Hall; Buckley, Richard E
Sent: Wed Jun 03 11:23:44 2009
Subject: Revenue Raisers



REDACTED

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 31, 2012 Memorandum,
Footnote 27

From: Bryant Hall [REDACTED]
Sent: Thursday, September 17, 2009 6:05 PM
To: sally.susman [REDACTED] jeff.kindler [REDACTED]

Sally - I'll call you tonight if ok - cell dead.

Had good call w Messina. Two things:

1) Working to kill [REDACTED] andmt. I had two candid conversation with his chief of staff tonight. Got him thinking about the cons of this.

Messina is calling **ACT** mrw. He plans to be very blunt w him. I think we will be ok. **DA**
CT is working him too.

2) Confidential: WH is working on some very explicit language on importation to kill it in health care reform. This has to stay quiet.

REDACTED

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 31, 2012 Memorandum,
Footnote 28

From: Bryant Hall [REDACTED]
Sent: Monday, October 12, 2009 5:52 PM
To: Jeff.Kindler [REDACTED] sally.susman [REDACTED]
Subject: Re:

And they have something pretty nice cooked up on importation. But they want to keep it really quiet.

From: Kindler, Jeffrey B.
To: Bryant Hall; Susman, Sally
Sent: Mon Oct 12 17:48:19 2009
Subject: RE:
Was Nancy-Ann buying this?



From: Bryant Hall [REDACTED]
Sent: Monday, October 12, 2009 5:48 PM
To: Susman, Sally; Kindler, Jeffrey B.
Subject:

Nancy-Ann DeParle told me plenty about Karen Ignagni. Ignagni laying blame on their ad campaign on us, basically saying that because WH and Finance took it too easy on us, had to hit insurers hard. And if WH and Finance hit us harder, inference is that they would let up on their attacks on bill.

Just interesting.

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 31, 2012 Memorandum,
Footnote 30

From the Report on Health Care Reform to the Federal Integrated Advocacy Campaign Governance Committee, July 14, 2009:

“PART II: PUBLIC AFFAIRS STRATEGY

Summary

As part of our agreement, PhRMA needs to undertake a very significant public campaign in order to support policies of mutual interest to the industry and the Administration/Baucus. The goals would be: a) help ensure that the policy agreement holds throughout the committee, conference and floor process; b) help position and create momentum for the Baucus version of health care reform; and c) persuade members of the Senate and House who are potential, but not certain, ‘yes’ votes.

Our principal strategy now is to make a significant public push for ‘Consensus Health Reform (The Baucus bill)’ in order to properly position that bill and generate momentum to get the bill through the Finance Committee and passed on the Floor.

At the same time, we believe we must continue to defend Medicare Part D and to leverage the policy agreement on the donut hole. This will help us accomplish three things: 1) Continue to position Part D as a success, especially in the House. 2) Engage the senior vote on Health Care Reform by highlighting the policies on donut hole; and 3) If the deal falls apart, it allows us to pivot messaging to protect Part D.

As we move through the legislative process, we also need to continue to advocate on our core policy issues, such as Biosimilars. Recently, several groups -- AARP and PCMA (trade association representing PBMs) -- have launched aggressive advocacy and communications campaigns generating calls, letters and advertising to restrict patent protections on biologic medicines. AARP recently announced that it will not support HCR if it does not include a pro-generic biologics bill.

As part of the 2009 plan, we have included a significant amount for advertising to express appreciation for lawmakers’ positions on health care reform issues. Our hope is to make our policy agreement stick, create momentum for consensus health care reform (Baucus bill), help it pass, and then acknowledge those senators and representatives who were instrumental in making it happen and who must remain vigilant during implementation. Finally, we should note that we also expect to help fund some outside groups who support health care reform. What groups we support and how much support we give them are yet to be

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 31, 2012 Memorandum,
Supplemental Materials

From: Bryant Hall
Sent: Wednesday, June 24, 2009 3:32 PM
To: Ken Johnson
Attachments: PhRMA Agreement_Table_062209_final.doc

Pls hold this. Let's discuss. No one else has this.

**Commitment from Pharmaceutical Industry
Announced by White House and Senator Baucus
6/22/09**

1. \$80 billion commitment toward health reform (2010-2019)

2. Contributions will be on-going and consist of two parts:

<u>Part D Discounts</u>	<u>Other Policies</u>
<p>Manufacturers of brand-name drugs must provide discount in the coverage gap to have their drugs covered under Part D</p> <p>Discount equals 50% of negotiated prices and excludes dispensing fees</p> <p>Beneficiaries in PDPs or MA-PDPs with income between LIS and Part B income-related thresholds are eligible</p> <p>Discount program administered by a third party contractor and enforced by HHS</p> <p>HHS can impose fees/penalties if discounts are not applied as specified, and/or exclude manufacturer drugs from Part D</p>	<p>Medicaid rebates*</p> <p>Follow-on biologics (if agreement reached by relevant committees)*</p> <p>Revenue policies under development</p>
<p>Estimated Value: \$30-34 billion</p>	<p>Estimated Score: \$46-50 billion</p>

* The President's FY10 Budget includes policies and savings estimates in these areas

From: jim.elkin [REDACTED]
Sent: Wednesday, July 08, 2009 11:54 AM
To: Bryant Hall
Subject: Re: CongressDaily 11:30 EXTRA: Wednesday, July 8, 2009

Just as I suspected! Thanks, Jim

Jim Elkin
VP, Federal Government Relations
Novartis

"Bryant Hall" [REDACTED]

07/08/2009 11:42 AM

To [REDACTED]

cc [REDACTED]

Subject: Re: CongressDaily 11:30 EXTRA: Wednesday, July 8, 2009

Totally incorrect. Rahm told us point blank.

From: jim.elkin [REDACTED]
To: Bryant Hall
Sent: Wed Jul 08 11:39:36 2009
Subject: Fw: CongressDaily 11:30 EXTRA: Wednesday, July 8, 2009

Bryant, Just got this. Is this true about the WH? I haven't heard any feedback from Billy's meeting with WH yesterday.
Jim

Jim Elkin
VP, Federal Government Relations
Novartis

----- Forwarded by Jim Elkin/SP/Novartis on 07/08/2009 11:38 AM -----

07/08/2009 11:30 AM

To [REDACTED]

cc [REDACTED]

Subject: CongressDaily 11:30 EXTRA: Wednesday, July 8, 2009

CongressDaily

11:30 EXTRA

A pre-lunch update from the reporters and editors of *CongressDaily*.

NOT SO FAST. House Energy and Commerce Chairman **Henry Waxman** said this morning that the \$80 billion deal reached last month by the Pharmaceutical Research and Manufacturers of America with Senate Finance Chairman **Max Baucus** does not have House support and is losing the White House's backing. "The White House is not bound. They told us they're not bound to that agreement," Waxman said at a National Journal breakfast. "We're certainly not bound by that agreement." PhRMA had agreed to discount drugs for seniors who experience a gap in Medicare coverage. Waxman said he wants lawmakers to force drugmakers to accept Medicaid rebates for those eligible for both Medicare and Medicaid and whose prescription coverage falls under Medicare. People with dual eligibility had access to the rebates until Medicare's prescription drug coverage was established in 2006.

- Advertisement -



- Advertisement -

TUESDAY'S LATE GAMES. The House Appropriations Committee was busy late into Tuesday night and early this morning, wrapping up action on a pair of spending bills. The committee approved a \$24.2 billion Financial Services funding bill for FY10 after rejecting Republican bids to provide full funding for a District of Columbia education voucher program and to retain laws restricting abortions and barring the medical use of marijuana in the capital. The committee also approved a \$33.3 billion FY10 Energy and Water bill. Republicans tried to amend that measure to end federal water-use restrictions in California's drought-parched Central Valley.

SLOW GO. Don't look for robust and rapid recovery from the global recession. Today's International Monetary Fund forecast suggests the world economy will shrink by 1.4 percent this year, before bouncing back to grow by 2.5 next year. In the United States, the IMF is looking for a 2.6 percent contraction this year, followed by growth of 0.8 percent in 2010.

For more, see this afternoon's *CongressDailyPM* and the *Markup Reports* section of the *CongressDaily* Web site.

To unsubscribe or change your alert subscription contact our reader relations department at service@nationaljournal.com or call 800-207-8001.

From: Jeffrey Forbes [REDACTED]
Sent: Wednesday, July 08, 2009 3:31 PM
To: Bryant Hall
Subject: Fw:

Jeffrey Forbes
CFW
1099 New York Ave., NW
Washington DC, 20001
[REDACTED]

From: jimmessina [REDACTED]
To: Jeffrey Forbes
Sent: Wed Jul 08 15:24:45 2009
Subject: Re:
Waxman cleaning up his quote, we are issuing "its our deal." Statement

Sent from my Verizon Wireless BlackBerry

From: "Jeffrey Forbes"
Date: Wed, 8 Jul 2009 14:45:07 -0400
To: <jimmessina [REDACTED]>
Subject: RE:
Bryant doesn't know about billy's comments - I googled and couldn't find so if you can point me in the right direction that would be great - I relish the opp to blow them up on that

From: jimmessina [REDACTED]
Sent: Wednesday, July 08, 2009 2:16 PM
To: Jeffrey Forbes
Subject: Re:

Yes, send the reporter to me

Sent from my Verizon Wireless BlackBerry

From: "Jeffrey Forbes"
Date: Wed, 8 Jul 2009 13:51:45 -0400
To: <jimmessina [REDACTED]>
Subject: Fw:

Hey - I guess she claims to have wh backing waxman - any way you can shut this down?

Jeffrey Forbes
CFW

1099 New York Ave., NW
Washington DC. 20001
2026380125 (w)
2022511060 (o)
2026380115 (f)

From: Bryant Hall
To: Jeffrey Forbes
Sent: Wed Jul 08 13:51:08 2009
Subject: Fw:

Hey man - this reporter's name is Anna Edney. She is really pushing and clearly has her facts wrong.

We have to say that this is not correct - that there is an agreement with the WH that the duals price control will not be in the final package.

Plus, we now have 55 signatures on the letter and people are now calling us asking us about it.

From: Ken Johnson
To: Bryant Hall; Mimi Simoneaux Kneuer
Sent: Wed Jul 08 13:00:47 2009

Subject:
Congress Daily has called. They claim to have just spoken to a WH official who "confirmed" Waxman's assertion that the Administration is not bound to honor the agreement. Let me know how you want me to handle it. Their deadline is 1:30.

Ken Johnson
Senior Vice President
Pharmaceutical Research & Manufacturers of America



From: Bryant Hall
Sent: Thursday, July 09, 2009 11:38 AM
To: [REDACTED]
Subject: Re: POLITICO Alert: Chris Frates has published a new story.

I pushed Jim Messina to do it.

From: [REDACTED]
To: Bryant Hall; [REDACTED]
Sent: Thu Jul 09 10:12:04 2009
Subject: RE: POLITICO Alert: Chris Frates has published a new story.
Bryant—don't know how you all got WH on record this soon and this strongly and clearly—particularly in light of Billy's [REDACTED]—but this is amazing outcome.

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From: Bryant Hall [REDACTED]
Sent: Thursday, July 09, 2009 9:45 AM
To: [REDACTED]
Subject: fw: POLITICO Alert: Chris Frates has published a new story.

Team [REDACTED]

From: Chris Frates
To: Bryant Hall
Sent: Thu Jul 09 09:16:54 2009
Subject: FW: POLITICO Alert: Chris Frates has published a new story.

-----Original Message-----
From: POLITICO New Story Alert [REDACTED]
Sent: Thu 7/9/2009 9:08 AM
To: Chris Frates
Subject: POLITICO Alert: Chris Frates has published a new story.

Chris Frates has published a new story:

W.H. rebuffs Waxman claim on Rx deal

Waxman had claimed W.H. was not bound to uphold an \$80B deal it struck with the pharmaceutical industry.

read more: <http://www.politico.com/news/stories/0709/24730.html>

To unsubscribe click this link: http://dyn.politico.com/Unsubscribe_authoralert.cfm?email=ofrates@politico.com&uid=E69ECA70-188B-4977-26C1ECAB6F2E9529&aid=152
2009 Capitol News Company, LLC

Microsoft Outlook

From: Buckley, Richard E
Sent: Thursday, July 16, 2009 6:43 PM
To: Jewell, Tony; Nicoli, David P; Davis, Chip; Davis, Lisa (VP CORP COMM)
Subject: Re: NYT PhRMA gets played?

I think drb should say something like:

"This white house reached out to us. Started with the summit. Said this was not politics as usual. Trust us. And we did. And we do. Although there was a strong chorus telling us not to. If they break their word I can not imagine why anyone or any organization would ever work with them again. So whther its about keeping their word or playoing pragmatic politcs, I think a deals a deal."

From: Jewell, Tony
To: Nicoli, David P; Davis, Chip; Buckley, Richard E; Davis, Lisa (VP CORP COMM)
Sent: Thu Jul 16 18:33:46 2009
Subject: NYT PhRMA gets played?

See below from New York Times. I imagine this will be an influential story and one that will have a lot of voices exercising their agendas.

Thoughts on David talking to him? There is risk, though likely worth taking.

I haven't promised anything beyond a statement and a background discussion, which is the very least we should do.

Will need to chat with Ken, too.

Deadline is Monday.

From: duffwilson [REDACTED]
To: Jewell, Tony
Sent: Thu Jul 16 18:15:13 2009
Subject: PhRMA gets played?

Tony, you see the WSJ cditorial, "Big Pharma Gets Played"?

I'm doing a story along that line for Monday.

What's David Brennan think about the PhRMA \$80 billion pledge and the join-not-fight-healthcare-reform philosophy now that the House legislation is proposing a public plan and other measures that hit the industry beyond the \$80 billion?

On the record or background guidance, appreciated.

Thanks,
Duff

Duff Wilson
New York Times
[REDACTED]

5/4/2012

CONFIDENTIAL

AZ011

From: DeParle, Nancy-Ann M. [REDACTED]
Sent: Thursday, July 16, 2009 8:59 AM
To: Bryant Hall
Subject: Re: This sucks

I agree

From: Bryant Hall
To: DeParle, Nancy-Ann M.
Sent: Thu Jul 16 08:57:45 2009
Subject: Re: This sucks

Well - on us, they have not yielded, as you know, but even before we began our discussions, I met w [REDACTED] separately to discuss and they were not willing to move on any of the material items.

Nobody likes being cut out but you marginalize yourself when you are unwilling to compromise.

From: DeParle, Nancy-Ann M.
To: Bryant.Hall
Sent: Thu Jul 16 08:52:09 2009
Subject: Re: This sucks

With hospitals we included them and this is exactly what happened--they did not agree (bcs of public plan) but they are less angry.

From: Bryant Hall
To: DeParle, Nancy-Ann M.
Sent: Thu Jul 16 08:46:03 2009
Subject: Re: This sucks

But also I agree that if we had included them they would be less angry but they wouldn't have conceded on any of the major issues. So I think it was handled the right way.

From: DeParle, Nancy-Ann M.
To: Bryant Hall
Sent: Thu Jul 16 08:38:14 2009
Subject: RE: This sucks

Yes. I think we should have included the House in the discussions, but maybe we never would have gotten anywhere if we had. I know this is tough for you guys, it is tough for us too. I am the one up there walking the halls in Longworth and Rayburn and getting yelled at by members who don't like it.

From: Bryant Hall [REDACTED]
Sent: Wednesday, July 15, 2009 11:48 PM
To: DeParle, Nancy-Ann M.
Subject: This sucks

Subject: WSJ: Big Pharma Gets Played

Big Pharma Gets Played

Congress repays business silence with price controls.

As an old Washington hand, pharmaceutical lobbyist Billy Tauzin should know better than to trust a politician. His corporate clients and their shareholders may soon pay for his attempt to get cozy with ObamaCare.

Mr. Tauzin -- the former Democratic Congressman turned Republican turned pharmaceutical frontman -- has been assuring his CEO employers that he can get them a good deal if they negotiate with Democrats instead of opposing them on health care. And to show its bona fides, the drug lobby announced in June an agreement with Senate Finance Chairman Max Baucus, promising \$80 billion over the next decade to defray drug costs for seniors and to finance the Obama plan. Mr. Tauzin believed this giveaway would spare his industry from price controls and the reimportation of cheaper foreign drugs that would reduce company margins and profits.

Mr. Tauzin should have demanded a pre-nup. House Democrats declared last week that they aren't bound by Senator Baucus's deal. And this week they released a health-care bill that pocketed the industry concessions for senior drug coverage, and also imposed the very price controls Mr. Tauzin thought he'd shelved. These mandatory "rebates" on drugs for seniors would cost the industry \$50 billion more over a decade than the \$80 billion the industry promised Mr. Baucus. And that's optimistic. Democrat Henry Waxman cheerfully explained it was only "equitable" to devote the industry's "windfall" profits to seniors.

Meanwhile, Mr. Tauzin's fellow Cajun, Louisiana Republican David Vitter, sponsored an amendment that passed the Senate last week to allow Americans to buy cheap drugs from Canada over the Internet. Among the 55 Senators who voted for this form of drug reimportation was none other than Mr. Baucus. As for the White House, Mr. Waxman last week said he'd been told that the Administration also doesn't feel bound by the \$80 billion agreement. This isn't surprising since Mr. Obama had co-sponsored the same legislation with Mr. Vitter when he was an Illinois Senator in 2006.

In case this isn't enough of a doublecross, Senate Democrats are also considering hefty new taxes on health insurance and . . . pharmaceutical companies. Price tag: \$100 billion. Let's just say the companies' return on their investment in Mr. Tauzin's political strategy is looking negative.

Meanwhile, the insurance and hospital industries that struck similar deals with Democrats are also being taken for a ride. Liberal Senators may pare back billions of dollars of tax breaks now claimed by nonprofit hospitals. The House legislation contains the new "public option" that insurance lobbyist Karen Ignagni hoped to forestall with her industry's cost savings proposals. It also guts payments for Medicare Advantage, which allows seniors to buy into private plans offered by Mrs. Ignagni's members.

Democrats remember the failure of HillaryCare, and they blame industry ads that alerted the public to the rationing and loss of choice that will accompany government health care. Their negotiations this time around are intended to buy business silence, at least long enough for Democrats to spring legislation into law before the companies have enough time to educate the public and defeat it.

Big Pharma and others have been played for suckers. We'd say these companies deserve what they get, except that the real victims of government health care will be American patients.

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Sent: Thursday, July 16, 2009 8:46 AM
To: [REDACTED]
Subject: Re: This sucks

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To: DeParle, Nancy-Ann M.
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Big Pharma and others have been played for suckers. We'd say these companies deserve what they get, except that the real victims of government health care will be American patients.

From: Bryant Hall
Sent: Wednesday, July 22, 2009 5:56 PM
To: 'Principi, Anthony'; Davis, Chip; victoria_blatte [REDACTED] Leavenworth, Elaine; Beier, David
Subject: Confidential

Billy and I were at WH today. We raised this issue with Jim Messina. Jim said that he went into the Oval and talked to the President. Said "is there a mtg I missed? Why was this in the speech?" Obama said "I was wondering the same." Attributed to young speechwriter.

Then Rahm came in. Among other things, said very positive things about what we were doing and said "I know you are swimming in different waters. I take personal responsibility for that error. As you know, this is out of character for what the President has been saying since we made our deal."

Rahm also alluded to significant changes being made to House bill, probably at the Rule Committee.

From: Principi, Anthony [REDACTED]
Sent: Tuesday, July 21, 2009 4:28 PM
To: Davis, Chip; victoria_blatte [REDACTED] Leavenworth, Elaine; Beier, David; Bryant Hall
Subject: FW: Obama

We're trying to kill it? I guess we didn't give enough in contributions and media ads supporting hcr. Perhaps no amount would suffice.

Anthony J. Principi

Obama's Health Care Pitch Takes a Shot at Insurers, Drug Makers

July 21, 2009, 1:28 p.m.
By Keith Koffler
Roll Call Staff

President Barack Obama on Tuesday put in another pitch for health care reform, repeatedly decrying those he said would delay the bill in order to benefit politically.

"I understand that some will try to delay action until the special interests can kill it, while some will focus on trying to score political points," Obama said during a Rose Garden appearance. He accused opponents of seeking to maintain "a system that worked for the insurance and the drug companies."

While complaining about delaying tactics, the president made no effort to press Congress to finish bills in the House and Senate by the August recess, his earlier deadline.

Republicans counter that they are not against reform, but that they oppose the type of reform advocated by Obama.

"Americans are eager for health care reforms that lower costs and increase access," Senate Minority Leader Mitch McConnell (R-Ky.) said. "This is why many of us are proposing reforms that should be easy for everyone to agree on, such as reforming our medical liability laws, strengthening wellness and prevention programs that would encourage people to make healthy choices like quitting smoking and losing weight, and addressing the needs of small businesses without imposing new taxes that kill jobs."

From: Mike Woody
Sent: Monday, July 27, 2009 2:07 PM
To: Brian Nagle; Bryant Hall
Subject: RE: Deal tps

Let me know what you think. Question: Do we want to mention that importation will not become law? I did not include that we are doing ads on FOBs. It is not directly related to the overall theme of the deal, unless we want them to specifically say, we are running ads on FOBs and resources are finite, etc. That is not a message we want them delivering to these offices, I don't think, even by accident. It would be appropriate for them to mention to someone who got the ads that they were run -- [REDACTED]. Also -- check my descriptions of the campaigns we have done. I wasn't involved in those buys as much, so I may have the details slightly wrong.

Talking Points:

The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

The White House and the Finance Committee determined the \$80 billion number, not the industry. Despite reports from industry critics, this agreement caused considerable concern within the industry, but considering the importance of fundamental reform to the system, the industry was the first to put real money on the table.

Under the \$80 billion agreement, the industry agreed to:

- A proposal to close the Medicare Part D "doughnut hole." Pharmaceutical companies will pay half the cost of drugs in the coverage gap under Medicare Part D.
- An increase and expansion of the Medicaid rebate, the size and scope to be determined pending CBO scores.
- A Health Reform Fee, to be determined pending CBO scores.

Under the \$80 billion agreement, the White House and Senator Baucus agreed that:

- Price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan will not be included in a bill that is signed into law.
- The White House will oppose the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible to fund a further narrowing of coverage gap. CBO found this proposal would increase Medicare Part D premiums for all beneficiaries by about 50%.
- Any savings from a Follow-on Biologics (FOBs) proposal signed into law as part of health reform will be applied to the total \$80 billion commitment from the industry, regardless of the underlying policy. There was no agreement on any policy regarding FOBs.
- Importation will not become law.

Because access to high quality, affordable insurance coverage is a goal of the industry, we are fully supporting health reform efforts and have been over the last 18 months.

- Help the Economy Now -- The industry provides the majority of financial support for positive TV ads advocating passage of health reform.

- Harry and Louise -- The industry, along with XXXXX, is running ads bringing back Harry and Louise, but this time in favor of passing reform.
- SCHIP -- The industry provided the majority of the financial support for a series of TV ads designed to thank lawmakers that supported efforts to expand SCHIP.

From: Brian Nagle
Sent: Monday, July 27, 2009 12:52 PM
To: Bryant Hall; Mike Woody
Subject: Deal tps

Going to be stuck in meetings all afternoon, but here is an outline for the tps. Can pick back up on this around 5.

· The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

· This is a lot of pain to the industry....

· The \$80 billion agreement includes:

- o A proposal to close the Part D "doughnut hole." Pharmaceutical companies will pay half the cost of drugs when patients hit the Part D coverage gap.
- o The acceptance of certain cost-saving offsets from the President's budget such as increases and expansions of the Medicaid rebate and follow-on biologics. The details of this part of the agreement remain up in the air while the Finance Committee awaits CBO scores and the outcome of the follow-on biologics authorization debate.
- o Health reform fee

· The White House and Senator Baucus also agreed that the health reform bill signed into law will not include price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan.

In particular, the White House opposes the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible to fund a further narrowing of coverage gap. CBO found this proposal would increase Part D premiums for all beneficiaries by about 50%.

Because of the agreement, the pharmaceutical industry is fully supporting health reform efforts. So far this year:

- o HEN
- o Harry and Louise
- o FOBs
- o SCHIP

From: Brian Nagle
Sent: Monday, July 27, 2009 5:49 PM
To: Bryant Hall; Mike Woody
Subject: RE: Deal tps
Attachments: Deal Talking Points.doc

Tagged the top and will mention in the email as well. Attached is the final version. Speak within the next 15 mins or I will send it to those on the call.

-----Original Message-----

From: Bryant Hall
Sent: Monday, July 27, 2009 5:37 PM
To: Brian Nagle; Mike Woody
Subject: Re: Deal tps

No. But tell them they are tps not to be shared w offices.

----- Original Message -----

From: Brian Nagle
To: Bryant Hall; Mike Woody
Sent: Mon Jul 27 17:30:28 2009
Subject: RE: Deal tps

Anything else need to be added?

-----Original Message-----

From: Bryant Hall
Sent: Monday, July 27, 2009 5:18 PM
To: Brian Nagle; Mike Woody
Subject: Re: Deal tps

Take out importation. The xxx is Families USA.

----- Original Message -----

From: Brian Nagle
To: Mike Woody; Bryant Hall
Sent: Mon Jul 27 17:11:29 2009
Subject: RE: Deal tps

Bryant -- Please see the attached document on tps on the deal. There are some gaps you need to fill in.

From: Mike Woody
Sent: Monday, July 27, 2009 2:07 PM
To: Brian Nagle; Bryant Hall
Subject: RE: Deal tps

Let me know what you think. Question: Do we want to mention that importation will not become law? I did not include that we are doing ads on FOBs. It is not directly related to the overall theme of the deal, unless we want them to specifically say, we are running ads on FOBs and resources are finite, etc. That is not a message we want them delivering to these offices, I don't think, even by accident. It would be appropriate for them to mention to someone who

got the ads that they were run -- [REDACTED] Also -- check my descriptions of the campaigns we have done. I wasn't involved in those buys as much, so I may have the details slightly wrong.

Talking Points:

The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

The White House and the Finance Committee determined the \$80 billion number, not the industry. Despite reports from industry critics, this agreement caused considerable concern within the industry, but considering the importance of fundamental reform to the system, the industry was the first to put real money on the table.

Under the \$80 billion agreement, the industry agreed to:

- * A proposal to close the Medicare Part D "doughnut hole." Pharmaceutical companies will pay half the cost of drugs in the coverage gap under Medicare Part D.
- * An increase and expansion of the Medicaid rebate, the size and scope to be determined pending CBO scores.
- * A Health Reform Fee, to be determined pending CBO scores.

Under the \$80 billion agreement, the White House and Senator Baucus agreed that:

- * Price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan will not be included in a bill that is signed into law.
- * The White House will oppose the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible to fund a further narrowing of coverage gap. CBO found this proposal would increase Medicare Part D premiums for all beneficiaries by about 50%.
- * Any savings from a Follow-on Biologics (FOBs) proposal signed into law as part of health reform will be applied to the total \$80 billion commitment from the industry, regardless of the underlying policy. There was no agreement on any policy regarding FOBs.
- * Importation will not become law.

Because access to high quality, affordable insurance coverage is a goal of the industry, we are fully supporting health reform efforts and have been over the last 18 months.

- * Help the Economy Now -- The industry provides the majority of financial support for positive TV ads advocating passage of health reform.
- * Harry and Louise -- The industry, along with XXXXX, is running ads bringing back Harry and Louise, but this time in favor of passing reform.

* SCHIP -- The industry provided the majority of the financial support for a series of TV ads designed to thank lawmakers that supported efforts to expand SCHIP.

From: Brian Nagle
Sent: Monday, July 27, 2009 12:52 PM
To: Bryant Hall; Mike Woody
Subject: Deal tps

Going to be stuck in meetings all afternoon, but here is an outline for the tps. Can pick back up on this around 5.

· The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

· This is a lot of pain to the industry....

· The \$80 billion agreement includes:

- o A proposal to close the Part D "doughnut hole." Pharmaceutical companies will pay half the cost of drugs when patients hit the Part D coverage gap.
- o The acceptance of certain cost-saving offsets from the President's budget such as increases and expansions of the Medicaid rebate and follow-on biologics. The details of this part of the agreement remain up in the air while the Finance Committee awaits CBO scores and the outcome of the follow-on biologics authorization debate.
- o Health reform fee

· The White House and Senator Baucus also agreed that the health reform bill signed into law will not include price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan.

· In particular, the White House opposes the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible to fund a further narrowing of coverage gap. CBO found this proposal would increase Part D premiums for all beneficiaries by about 50%.

· Because of the agreement, the pharmaceutical industry is fully supporting health reform efforts. So far this year:

- o HEN
- o Harry and Louise
- o FOBs
- o SCHIP

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Talking Points:

The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

The White House and the Finance Committee determined the \$80 billion number, not the industry. Despite reports from critics, this agreement caused considerable concern within the industry. However, considering the importance of fundamental reform to the system, the pharmaceutical industry was the first group to put real money on the table.

Under the \$80 billion agreement, the industry agreed to:

- A proposal to close the Medicare Part D “doughnut hole.” Pharmaceutical companies will pay half the cost of drugs in the coverage gap under Medicare Part D.
- An increase and expansion of the Medicaid rebate, the size and scope to be determined pending CBO scores.
- A Health Reform Fee, to be determined pending CBO scores.

Under the \$80 billion agreement, the White House and Senator Baucus agreed that:

- Price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan will not be included in a bill that is signed into law.
- The White House will oppose the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible beneficiaries to fund a further narrowing of coverage gap. CBO found this proposal would increase Medicare Part D premiums for all beneficiaries by about 50%.
- Any savings from a Follow-on Biologics (FOBs) proposal signed into law as part of health reform will be applied to the total \$80 billion commitment from the industry, regardless of the underlying policy. There was no agreement on any policy regarding FOBs.

Because access to high quality, affordable insurance coverage is a goal of the industry, we are fully supporting health reform efforts and have been over the last 18 months.

- Healthy Economy Now -- The industry provides the majority of financial support for positive TV ads advocating passage of health reform.
- Harry and Louise – PhRMA and Families USA are running ads bringing back Harry and Louise, but this time in favor of passing reform.
- SCHIP -- The industry provided the majority of the financial support for a series of TV ads designed to thank lawmakers that supported efforts to expand SCHIP.

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Talking Points:

The pharmaceutical industry reached an agreement in June with the White House and Senate Finance Committee Chairman Max Baucus to contribute up to \$80 billion over ten years to health reform legislation.

The White House and the Finance Committee determined the \$80 billion number, not the industry. Despite reports from critics, this agreement caused considerable concern within the industry. However, considering the importance of fundamental reform to the system, the pharmaceutical industry was the first group to put real money on the table.

Under the \$80 billion agreement, the industry agreed to:

- A proposal to help close the Medicare Part D “doughnut hole.” As part of health reform legislation, pharmaceutical companies will pay half the cost of drugs in the coverage gap under Medicare Part D for beneficiaries not eligible for the low income subsidy but with incomes below the level that requires higher Part B premiums.
- An increase and expansion of the Medicaid rebate, the size and scope to be determined pending CBO scores.
- A Health Reform Fee, to be determined pending CBO scores.

Under the \$80 billion agreement, the White House and Senator Baucus agreed that:

- Price controls in Medicare Part D, repeal of non-interference, and the creation of a government-run Medicare Part D plan will not be included in a bill that is signed into law.
- The White House will oppose the [REDACTED] proposal to impose price controls in Medicare Part D on dual eligible beneficiaries to fund a further narrowing of coverage gap. CBO found a similar proposal to close the coverage gap could increase Medicare Part D premiums for all beneficiaries by about 50%.
- Any savings from a Follow-on Biologics (FOBs) proposal signed into law as part of health reform will be applied to the total \$80 billion commitment from the industry, regardless of the underlying policy. There was no agreement on any policy regarding FOBs.

Because access to high quality, affordable insurance coverage is a goal of the industry, we are fully supporting health reform efforts and have been over the last 18 months.

- Healthy Economy Now -- The industry provides the majority of financial support for positive TV ads advocating passage of health reform.
- Harry and Louise – PhRMA and Families USA are running ads bringing back Harry and Louise, but this time in favor of passing reform.
- SCHIP -- The industry provided the majority of the financial support for a series of TV ads designed to thank lawmakers that supported efforts to expand SCHIP.

From: Bryant Hall [REDACTED]
Sent: Wednesday, August 05, 2009 8:27 AM
To: Neal Comstock; Billy Tauzin; Mimi Simoneaux Kneuer; Rick Smith; Wes Metheny; Diane Bieri; Ken Johnson; Christopher Singer; Christopher Badgley
Subject: Re: RPM Report: The 77% Solution: Source of Obama Rx Drug Overpayment Claim Revealed

The WH has agreed to go on the record (Messina) as supporting our deal when we get a reporter to ask the question.

Obama will clarify his statements in any new q and a or town halls.

----- Original Message -----

From: Neal Comstock
To: Billy Tauzin; Mimi Simoneaux Kneuer; Rick Smith; Bryant Hall; Wes Metheny; Diane Bieri; Ken Johnson; Christopher Singer; Christopher Badgley

Sent: Wed Aug 05 02:10:15 2009

Subject: Fw: RPM Report: The 77% Solution: Source of Obama Rx Drug Overpayment Claim Revealed

see below.

(as if we needed) another reason why McKinsey is no good.

----- Original Message -----

From: Robert Feeney [REDACTED]
To: Neal Comstock
Sent: Tue Aug 04 13:10:35 2009
Subject: Fw: RPM Report: The 77% Solution: Source of Obama Rx Drug Overpayment Claim Revealed

FYI Neal.

Best,

Bob

----- Forwarded by Robert Feeney/NJ/EisaiInc on 08/04/2009 01:09 PM -----

From: Robert Feeney/NJ/EisaiInc

To: [REDACTED]

Date: 08/04/2009 01:09 PM

Subject: RPM Report: The 77% Solution: Source of Obama Rx Drug Overpayment Claim Revealed

Detail, details...

Best,

Bob

Monday, August 03 2009

The 77% Solution: Source of Obama Rx Drug Overpayment Claim Revealed
By Ramsey Baghdadi

President Obama has been using an effective claim that the US overpays for drugs by 77% compared to the rest of the world during town hall meetings. Where did the number come from?

If you're wondering what the source is of the claim by President Barack Obama that the U.S. overpays for brand prescription drugs by 77 percent compared to the rest of the world, the answer is a McKinsey analysis of the country's health care system.

The December 2008 report, *Why Americans Pay More for Health Care*, was co-authored by a member of Obama's health care team.

Robert Kocher, MD, was a principal at McKinsey before joining the administration as health liaison and special assistant to the President for the National Economic Council.

"When we adjust for U.S. wealth, we find that the country's branded-drug prices should carry a premium of some 30 percent, not 77 percent for branded small-molecule drugs," the analysis states.

Obama has cited the 77 percent figure repeatedly to highlight needless overspending in the U.S. health system during a series of town hall meetings aimed at winning public support for the administration's health care reform effort.

At a July 29 town hall meeting in Raleigh, North Carolina, Obama said a 25 percent to 30 percent premium for prescription drugs in the U.S. was acceptable, but the rest was due to the fact that pharmaceutical companies "can get away with it."

In addition to the 77 percent overpayment for prescription brand small-molecule drugs, the McKinsey report notes that the U.S. pays 35 percent more for biologics, and 11 percent less for generic drugs; the figures average out to a weighted 50 percent overpayment.

In June, the pharmaceutical industry agreed to provide \$80 billion in savings to help fund health reform which is theoretically to be used toward covering half of the coverage gap known as the donut hole under Medicare Part D. Beneficiaries must pay out-of-pocket for prescription drugs through the "donut hole" in coverage before reaching a catastrophic coverage threshold.

While pharma can argue they have addressed the overpayment with the donut

hole deal for the most needy Americans, the math is less important than the message: the administration believes they can get more concessions.

Obama suggested during a July 22 press briefing that the drug industry could afford to give another \$20 bil. to help pay for health care reform ('The Pink Sheet' July 27, 2009), a suggestion called "misinformed" by the Pharmaceutical Research and Manufacturers of America ('The Pink Sheet,' DAILY, July 29, 2009).

The RPM Report

Comments? Email the author at: 

Robert R. Feeney
Sr. Director, Public Policy
Eisai Corp. of North America

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From: Bryant Hall [REDACTED]

Sent: Tuesday, August 04, 2009 5:42 PM

To: Ken Johnson; Mimi Simoneaux Kneuer; Wes Metheny; Rick Smith

Subject: Ok...pls read

So here's how the WH wants to handle the "deal" problem.

Ken - Jim Messina will go on the record as the Deputy Chief of Staff to the President as saying everything we want about the deal.

And they have assured me that the next time the President talks about it - no missteps.

Ken - can you get Ceci or Shailagh Murray or WSJ? I think we need a mainstream publication.

From: Ken Johnson [REDACTED]
Sent: Wednesday, August 05, 2009 5:11 PM
To: Bryant Hall
Cc: Mimi Simoneaux Kneuer; sally.susman [REDACTED]
Subject: Re: Urgent Attention

Reporter is calling now.

From: Bryant Hall
To: Ken Johnson
Cc: Mimi Simoneaux Kneuer; 'sally.susman' [REDACTED]
Sent: Wed Aug 05 17:06:55 2009
Subject: RE: Urgent Attention
[REDACTED]

From: Ken Johnson
Sent: Wednesday, August 05, 2009 5:04 PM
To: Bryant Hall
Cc: Mimi Simoneaux Kneuer; 'sally.susman' [REDACTED]
Subject: Re: Urgent Attention

Ok. Do you have a number?

From: Bryant Hall
To: Ken Johnson
Cc: Mimi Simoneaux Kneuer; 'Susman, Sally'
Sent: Wed Aug 05 16:53:04 2009
Subject: RE: Urgent Attention
Ken - I need the reporter to call Jim.....

From: Ken Johnson
Sent: Wednesday, August 05, 2009 4:50 PM
To: Bryant Hall
Cc: Mimi Simoneaux Kneuer; 'Susman, Sally'
Subject: Urgent Attention
Importance: High

I think I have found our story. David Kirkpatrick of the New York Times is writing about health care reform. Yesterday, he talked to me at length and asked me why I thought the tone of the debate is changing in August and why the Democrats are going after insurers and not us. I told him that our agreement and our willingness to help the White House try to pass comprehensive health care reform has insulated us to some extent from the hostilities. He called back again this afternoon, and I put him on with Billy who explained the genesis of the agreement and why it's solid (although the reporter remained skeptical). When I followed up with him later today, I found out that he's having a hard time getting anyone from the White House to return his calls.

I just got off the phone with Sally Susman and told her that this is the time to strike. She agreed.

I then called the reporter back and pitched him the idea of getting an exclusive interview with Messina to clarify the situation and he's all pumped up about it. As I suspected, his story right now is PhRMA saying one thing but the White House won't confirm it.

Bryant, it's really important for Messina to talk to David. Here's his contact information: [REDACTED]
[REDACTED] Please have Messina call him ASAP. He's standing by. This is a 2-for-1 opportunity for us. We prevent another story creating doubt about the agreement and we finally put to bed the issue of whether the

White House will stand behind it. I will be on my phone until 6 pm before getting on a plane.

Ken Johnson
Senior Vice President
Pharmaceutical Research & Manufacturers of America



From: Joel Johnson [REDACTED]
Sent: Friday, October 23, 2009 6:08 PM
To: Bryant Hall
Subject: RE: Re:

I've seen them. But I don't believe them.

From: BHall [REDACTED]
Sent: Friday, October 23, 2009 6:02 PM
To: Joel Johnson
Subject: Re: Re:

Apparently, you haven't seen our ads about the bill.

From: Joel Johnson
To: Bryant Hall
Sent: Fri Oct 23 18:02:26 2009
Subject: RE: Re:
Why? Just because it raises taxes, raises premiums and cuts Medicare?

From: BHall [REDACTED]
Sent: Friday, October 23, 2009 5:57 PM
To: Joel Johnson
Subject: Re: Re:

Yes - he likes it. I think he is pretty freaked about state of Senate bill.

From: Joel Johnson
To: Bryant Hall
Sent: Fri Oct 23 17:55:02 2009
Subject: RE: Re:
Just called his cell again and got his butt boy... any further developments on the proposal? Did Messina think it would fly?

From: BHall [REDACTED]
Sent: Friday, October 23, 2009 5:48 PM
To: Joel Johnson
Subject: Re:

Went well. I hope you get to RE soon. Need to know about donut.

From: Joel Johnson
To: Bryant Hall
Sent: Fri Oct 23 17:50:02 2009
Subject:
RE and I are still trying to connect. How did it go with Messina?

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 16, 2012 Memorandum,
Footnote 1

From: Messina, Jim [REDACTED]
Sent: Friday, January 15, 2010 6:04 PM
To: Bryant Hall
Subject: FW: TAUZIN EMAIL

What the hell? This wasn't part of our deal.

From: Douglass, Linda D.
Sent: Friday, January 15, 2010 6:03 PM
To: Messina, Jim; DeParle, Nancy-Ann M.; Fenn, Sarah B.; Pfeiffer, Dan; Feinberg, Sarah E.; Schiliro, Philip M.; Oleske, James M.
Cc: Cherlin, Reid H.; Gibbs, Robert L.
Subject: TAUZIN EMAIL

Reporters are asking about Tauzin's threat to withdraw support for the bill because of the generic biologic issue. Here is the text of the email he sent to his board.

Sent this email to his board today:

Mr. Waxman is pushing hard, with the support of the President, to drop our 12-year FOB period down. We are all letting everyone we know hear that we could not support the bill if this happens. Please activate immediately all of your contacts.

Billy

We have not commented at all on the generic biologic issue except to refer reporters back to POTUS's 7 year timetable in the budget. Also reporters have confirmed that he told House Dems yesterday that he would like 7 years in the bill. Let us know if/when we have anything to say about our friends at PhRMA.

Linda Douglass
Communications Director, Office of Health Reform

[REDACTED]

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 16, 2012 Memorandum,
Footnote 7

From: Messina, James A. [REDACTED]
Sent: Wednesday, June 17, 2009 1:29 PM
To: Billy Tauzin
Cc: Sheehy, Kristin J.; DeParle, Nancy-Ann M.
Subject: RE:

We are working on this

From: Billy Tauzin [REDACTED]
Sent: Wednesday, June 17, 2009 12:14 PM
To: Messina, James A.
Cc: Sheehy, Kristin J.
Subject:

Jim,

Our five principal CEOs have accepted the terms discussed with the Committee yesterday, and we are prepared to recommend acceptance by the full Board tomorrow morning. Our understanding is that amendment on importation has been filed with the HELP Committee and that the regular order would probably postpone action on this amendment until later tomorrow. It would obviously be in all of our interests to make sure that the amendment does not arise before I can affirmatively report to you tomorrow the full Board's action. I can assure you that we will deliver a final yes to you by morning.

Billy

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 16, 2012 Memorandum,
Footnote 8

From: DeParle, Nancy-Ann M. [REDACTED]
Sent: Thursday, July 16, 2009 8:59 AM
To: Bryant Hall
Subject: Re: This sucks

I agree

From: Bryant Hall
To: DeParle, Nancy-Ann M.
Sent: Thu Jul 16 08:57:45 2009
Subject: Re: This sucks

Well - on us, they have not yielded, as you know, but even before we began our discussions, I met w [REDACTED] separately to discuss and they were not willing to move on any of the material items.

Nobody likes being cut out but you marginalize yourself when you are unwilling to compromise.

From: DeParle, Nancy-Ann M.
To: Bryant.Hall
Sent: Thu Jul 16 08:52:09 2009
Subject: Re: This sucks

With hospitals we included them and this is exactly what happened--they did not agree (bcs of public plan) but they are less angry.

From: Bryant Hall
To: DeParle, Nancy-Ann M.
Sent: Thu Jul 16 08:46:03 2009
Subject: Re: This sucks

But also I agree that if we had included them they would be less angry but they wouldn't have conceded on any of the major issues. So I think it was handled the right way.

From: DeParle, Nancy-Ann M.
To: Bryant Hall
Sent: Thu Jul 16 08:38:14 2009
Subject: RE: This sucks

Yes. I think we should have included the House in the discussions, but maybe we never would have gotten anywhere if we had. I know this is tough for you guys, it is tough for us too. I am the one up there walking the halls in Longworth and Rayburn and getting yelled at by members who don't like it.

From: Bryant Hall [REDACTED]
Sent: Wednesday, July 15, 2009 11:48 PM
To: DeParle, Nancy-Ann M.
Subject: This sucks

Subject: WSJ: Big Pharma Gets Played

Big Pharma Gets Played

Congress repays business silence with price controls.

As an old Washington hand, pharmaceutical lobbyist Billy Tauzin should know better than to trust a politician. His corporate clients and their shareholders may soon pay for his attempt to get cozy with ObamaCare.

Mr. Tauzin -- the former Democratic Congressman turned Republican turned pharmaceutical frontman -- has been assuring his CEO employers that he can get them a good deal if they negotiate with Democrats instead of opposing them on health care. And to show its bona fides, the drug lobby announced in June an agreement with Senate Finance Chairman Max Baucus, promising \$80 billion over the next decade to defray drug costs for seniors and to finance the Obama plan. Mr. Tauzin believed this giveaway would spare his industry from price controls and the reimportation of cheaper foreign drugs that would reduce company margins and profits.

Mr. Tauzin should have demanded a pre-nup. House Democrats declared last week that they aren't bound by Senator Baucus's deal. And this week they released a health-care bill that pocketed the industry concessions for senior drug coverage, and also imposed the very price controls Mr. Tauzin thought he'd shelved. These mandatory "rebates" on drugs for seniors would cost the industry \$50 billion more over a decade than the \$80 billion the industry promised Mr. Baucus. And that's optimistic. Democrat Henry Waxman cheerfully explained it was only "equitable" to devote the industry's "windfall" profits to seniors.

Meanwhile, Mr. Tauzin's fellow Cajun, Louisiana Republican David Vitter, sponsored an amendment that passed the Senate last week to allow Americans to buy cheap drugs from Canada over the Internet. Among the 55 Senators who voted for this form of drug reimportation was none other than Mr. Baucus. As for the White House, Mr. Waxman last week said he'd been told that the Administration also doesn't feel bound by the \$80 billion agreement. This isn't surprising since Mr. Obama had co-sponsored the same legislation with Mr. Vitter when he was an Illinois Senator in 2006.

In case this isn't enough of a doublecross, Senate Democrats are also considering hefty new taxes on health insurance and . . . pharmaceutical companies. Price tag: \$100 billion. Let's just say the companies' return on their investment in Mr. Tauzin's political strategy is looking negative.

Meanwhile, the insurance and hospital industries that struck similar deals with Democrats are also being taken for a ride. Liberal Senators may pare back billions of dollars of tax breaks now claimed by nonprofit hospitals. The House legislation contains the new "public option" that insurance lobbyist Karen Ignagni hoped to forestall with her industry's cost savings proposals. It also guts payments for Medicare Advantage, which allows seniors to buy into private plans offered by Mrs. Ignagni's members.

Democrats remember the failure of HillaryCare, and they blame industry ads that alerted the public to the rationing and loss of choice that will accompany government health care. Their negotiations this time around are intended to buy business silence, at least long enough for Democrats to spring legislation into law before the companies have enough time to educate the public and defeat it.

Big Pharma and others have been played for suckers. We'd say these companies deserve what they get, except that the real victims of government health care will be American patients.

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 16, 2012 Memorandum,
Footnote 11

From: Currie, Rodger [REDACTED]
Sent: Monday, July 06, 2009 10:26 AM
To: Bryant Hall
Subject: RE: White House tomorrow

Wow. That will be a very interesting discussion.

I guess the White House feels it can just slam [REDACTED] on the duals rebate... and stuff)?

From: Bryant Hall [REDACTED]
Sent: Monday, July 06, 2009 10:24 AM
To: Currie, Rodger
Subject: Re: White House tomorrow

Sure. I can't believe that you haven't been told about this.

It's just to go over the principal elements of the deal w Rahm, Messina and DeParle. We haven't had a principals mtg since the deal was cut.

So it's duals and price controls, 80b cap, proportionality (if bill falls apart, we get a price break), importation, and a discussion on fobs, cer, public plan.

From: Currie, Rodger
To: Bryant Hall
Sent: Mon Jul 06 10:19:09 2009
Subject: RE: White House tomorrow
Thanks. Can you say a tad more about what that means? I know you gotta be busy.

From: Bryant Hall [REDACTED]
Sent: Monday, July 06, 2009 10:18 AM
To: Currie, Rodger
Subject: Re: White House tomorrow

CEO mtg of this Gang of 5 to affirm the "deal."

From: Currie, Rodger
To: Bryant Hall
Sent: Mon Jul 06 10:14:28 2009
Subject: White House tomorrow
Bryant,

Hope you had a great 4th of July. What is this meeting tomorrow?

From: Wells, Loren
Sent: Monday, July 06, 2009 10:08 AM
To: Currie, Rodger;
Subject: RE: READ: KWS in DC on July 6, 7

I just spoke to Marie – Kevin arrives tonight for meetings at the WH tomorrow afternoon. The schedule (from PhRMA) is as follows:

12:30 – Pre-meeting
2:30 – WH Meeting
3:30 – Debrief meeting/Depart

He has to get back to CA tomorrow night for a Board meeting on Wednesday.

E-mails and documents produced
through investigation into closed-door
health care negotiations

May 16, 2012 Memorandum,
Footnote 13

From: Bryant Hall
Sent: Thursday, June 18, 2009 8:11 PM
To: Ken Johnson; Mimi Simoneaux Kneuer; Billy Tauzin
Subject: Re: Tomorrow

We can't turn back. And yes, that's why they are doing it, but it's also why we got a good deal.

----- Original Message -----

From: Ken Johnson
To: Bryant Hall; Mimi Simoneaux Kneuer; Billy Tauzin
Sent: Thu Jun 18 20:07:08 2009
Subject: RE: Tomorrow

We have a real problem. The White House has already leaked to the Washington Post that there will be an important announcement tomorrow with PhRMA. That makes me very nervous.

It's pretty clear that the Administration has had a horrible week on health care reform, and we are now getting jammed to make this announcement so the story takes a positive turn before the Sunday talk shows beat up on Congress and the White House. Maybe that buys us some love from them -- that's your call.

But everyone just needs to understand why we are facing this "hurry-up, get-it-done now" timeline.

My one other serious concern: once we go to this event, there is no turning back on the commitment even if health care reform tanks.

Ken Johnson
Senior Vice President
Pharmaceutical Research & Manufacturers of America 950 F Street, NW Suite 300



-----Original Message-----

From: Bryant Hall
Sent: Thursday, June 18, 2009 7:49 PM
To: Mimi Simoneaux Kneuer; Ken Johnson; Billy Tauzin
Subject: Re: Tomorrow

Update 2:

They think our msgng is exactly right. Told them again that if 10:30, probably no ceo but pls let me know asap.

----- Original Message -----

From: Bryant Hall
To: Mimi Simoneaux Kneuer; Ken Johnson; Billy Tauzin
Sent: Thu Jun 18 19:47:20 2009
Subject: Tomorrow

They are having "problems" putting the event together. I told them that at this late hour would be very difficult to get a CEO.

Also told them that any event should link donut hole to health reform and be only positive msgs...nothing about what seniors have NOT been getting.

I'll keep you updated.