



Market Based Health Care: Big Money, Politics, and the Unraveling of U.S. Civil Democracy

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I. The Financialization of U.S. Politics

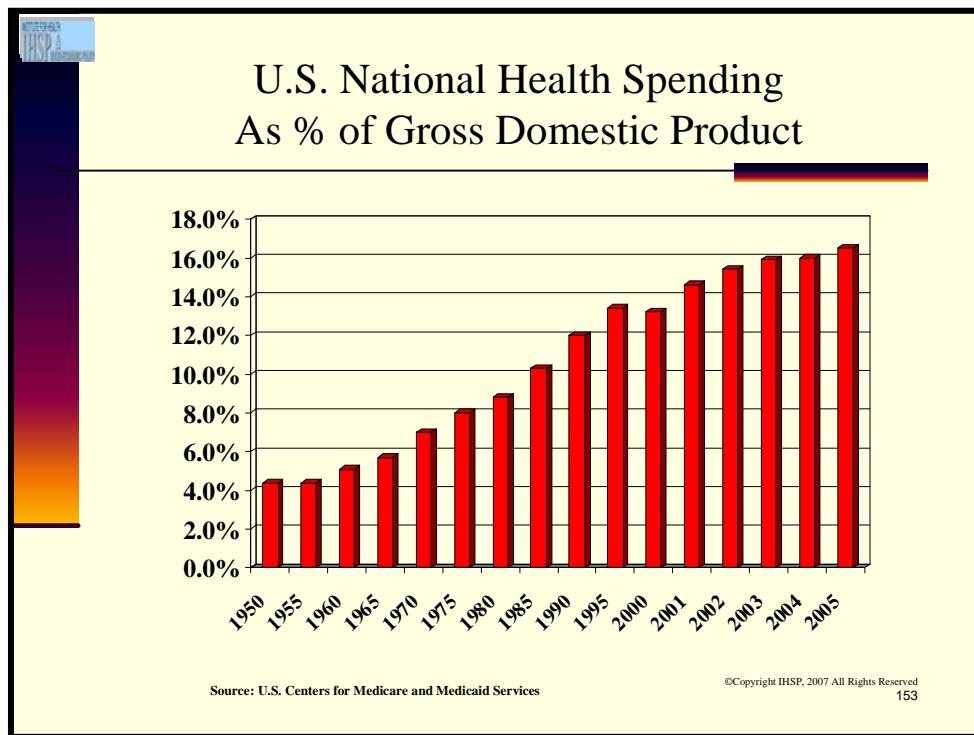
A. The Money

Money and politics is not new. In 1895, Senator Mark Hanna, then chair of the Republican National Committee remarked,

There are two things that are important in politics. The first is money, and I can't remember what the second one is.

Arguably, not much has changed since then, particularly within the health care arena.

The United States by anyone's political and economic yardstick spends more on health care than any other industrialized nation – about \$2 trillion – while at the same time health outcomes tend to be below other nations'. For example, ranking 27th internationally with respect to resident life expectancy, right behind Costa Rica, Finland and Barbados



There is a vast amount of money flowing into our political process – a veritable ‘Financialization Of U.S. Politics’ - and from the expanding coffers of the health care industry.

- Federal health care lobbying expenditures since 1998 total about \$2.2 Billion, and have surpassed all other sector's spending from 1999 through 2006 and account for more than 15% of all expenditures – from 1998 through 2006.
- Nationally, hospitals have amassed \$310 billion in profits from 1986 through 2005, the last four years of which have set records.
- For the year 2006, profits for publicly traded Pharmas, Insurance, Medical Device Manufacturers, HMOs, Biotech Manufacturers and Hospitals total more than \$193 billion. If non-profit Kaiser Permanente were a publicly traded concern, an additional billion or two could be added to the total.
- The health insurance that cost \$100 in 2000 would now cost \$188.

- Merger and Acquisition activity in just five health care arenas – Pharmas, Hospitals, Medical Devices, HMOs and Biotech - total about \$1.4 Trillion from 1993 through November of 2006.
- The top twenty-five publicly traded health care corporations have a market capitalization of about \$1.7 Trillion.
- The stock holdings only – exclusive of stock options, salaries, bonuses, and/or long term payouts – of just eighty health care executives total roughly \$9.6 billion.

B. The “Health Care War Economy”

In effect, the health care industry as a whole has itself contributed to the conditions which perpetuate a virtual Health Care Economy among its various sectors – pharmaceuticals, HMOs, hospitals, medical device manufacturers, long term care entities, bio-tech and others. Those conditions are not, however, simply to be found *in* the health care market.

Rather, *the intrinsically antagonistic relations among the sectors collectively constitute the health care market – a market that is sustained and reproduced day-by-day and year-by-year by the industry and the sectors that comprise it.*

The industry and its member sectors, dominated more and more by corporate giants, are locked in a never ceasing and irrational conflict for economic supremacy. It is a battle that is in the long term not winnable even for such behemoths as HCA, Pfizer, Tenet, the “Blues” or Kaiser. This same battle – and **not** its causal effects such as the medical arms race, drug costs, demands for

“greater” access to care by the patient population, rising insurance premiums, - is the real genesis of the current crisis in escalating health care spending, quality, and the dilemma of the un- and underinsured. The market that the industry has in good measure helped foster and currently sustains **demands** corporate giantism, inter and intra-sector greed and duplicity, “care containment” disguised as cost containment, and brutish disregard of human health as necessary for short-term industry survival.
 (2002; Pear, 2002; Kowalczyk, 2002a; Kowalczyk, 2001; Kowalczyk, 2002c; Kowalczyk, 2002b; White, 2002; Kristof & Frammolino, 2002; Kristof, 2002; Meckler, 2002; McVay & DeMoro, 2002)

*This same battle – and **not** its causal effects such as the medical arms race, drug costs, demands for “greater” access to care by the patient population, rising insurance premiums, ... is the real genesis of the current crisis in escalating health care spending, quality, and the dilemma of the un- and underinsured. The market that the industry has in good measure helped foster and currently sustains **demands** corporate giantism, inter and intra-sector greed and duplicity, “care containment” disguised as cost containment, and brutish disregard of human health as necessary for short-term industry survival.*

But the single-minded pursuit of market-based survival – or dominance - is not without costs for the industry. Long-term survival requires industry success in at least two fundamental strategic arenas: the first is predominantly economic and the second primarily political, but both have economic and political facets:

- The industry as a whole and the sectors within it need one another, other industries and most critically, they need health care’s status as a commodity to continue in perpetuity. When for-profit health insurers speak of the trading and selling of ‘covered lives’ on the open market, they are speaking of human lives as property – their property – they literally ‘own’ those lives, the lives of this nation’s residents. The buying and selling of those lives, and other health care related goods and services with firms within and without the

health care sector demands of those firms their political/legislative neutrality if not support regarding pricing levels and structures.

- The industry's survival as an industry is linked to its ability to be widely seen as legitimate, fair, and trustworthy by both the general public and the nation's caregivers. (DeMoro, 2000) And the health care industry needs *other* industries' political resources and support in promoting cut-rate care to their employees and the general population. Even ancient monarchies did not rule without a modicum of support and consent from the ruled.

Neither of the above demands is likely achievable or sustainable in the long-term. However, these demands are in part a significant element in understanding why health care lobbying has accounted for 15% of all federal lobbying since 1998 and has ranked first in terms of dollar expenditures from 1999 through 2006.

1. The Medicare Modernization Act of 2003 and Overpayment for drugs to Medicare Advantage Plans

Part of the inevitable economic, political and medical fallout from the market-based Permanent Health Care War Economy can be illustrated by findings from the Commonwealth Fund analysis on the Medicare Modernization Act (MMA) of 2003. In that study

Every MA (Medicare Advantage) plan in every county in the nation was paid more in 2005 than its enrollees would have been expected to cost had they been enrolled in traditional fee-for-service Medicare.

In 2005, payments to MA (Medicare Advantage) plans exceeded average

local fee-for-service costs by 12.4 percent, or \$922 per MA plan enrollee, for a national total of more than \$5.2 billion. (Biles et al., 2006)

Extra Payments to Medicare Advantage Plans Compared with Average Fee-for-Service Costs, by County Payment Category, 2005 (Biles & Guterman, 2006)				Average MA Plan Payment Greater than FFS Costs ^{b,c}	Average Extra Payment to MA Plans Greater than FFS Costs
County Payment Category	Medicare Beneficiaries ^d	MA Plan Enrollees ^d	Total Extra Payments to MA Plans (millions)	Average Extra Amount per MA Plan Enrollee	
National	42,985,118	5,659,802	\$5,220	\$922	12.4%
Blend	1,569,853	334,565	435	1,301	18.0
Large Urban Floor	11,765,208	1,503,677	2,096	1,394	21.5
Rural and Other Urban Floor	7,294,360	247,297	357	1,445	25.6
Minimum Update	2,555,913	440,688	442	1,003	11.5
100% FFS 2004 ^e	3,285,395	419,090	233	555	6.4
100% FFS 2005 ^e	16,491,985	2,714,485	1,657	610	6.5

^a Calculations of fee-for-service costs exclude payments to teaching hospitals for the IME expenses of both MA and fee-for-service beneficiaries.
^b Calculations at the county level, weighted by MA enrollment. Excludes MA enrollees in cost plans.
^c Calculations include budget neutral risk adjustment of 1.04. For more on risk adjustment and budget neutrality in 2005, see R. A. Berenson, "Medicare Disadvantaged and the Search for the Elusive 'Level Playing Field,'" *Health Affairs* Web Exclusive (Dec. 15, 2004);w4-572-w4-585.
^d Medicare and Medicare Advantage enrollment data as of December 2005.
^e CMS rebased the estimates of county-level per capita fee-for-service costs for 2005. Rebasing means that the estimates of per capita FFS expenditures for each county were recalculated so that they reflected more recent county trends. The MMA provides that the county level payment rate for MA plans in 2005 was the higher of the 2005 rebased 100 percent of FFS rate or the 2004 rate increased by 6.6 percent. See Centers for Medicare and Medicaid Services, "Note to Medicare Advantage Organizations and Other Interested Parties: Advance Notice of Methodological Changes for Calendar Year (CY) 2005 Medicare Advantage Payment Rates" (Baltimore, Md.: CMS, Mar. 26, 2004). Available at <http://www.cms.hhs.gov/healthplans/rates/2005/45day.pdf>. Accessed Sept. 15, 2004.
Source: George Washington University analysis of Centers for Medicare and Medicaid Services Medicare Managed Care Quarterly State, County Plan Data File for the quarter ending December 2005, Medicare Managed Care Quarterly State County Market Penetration File for the quarter ending December 2005 and Medicare Advantage Revised 2005 Ratebook.

¹ The MMA included in the drug measure a \$10 billion payment to entice preferred provider organizations to participate in Medicare. The Commonwealth Fund did not include this money in its estimate of overpayments. (Cocco, 2006)

All of this is an unsurprising and even predictable consequence of the Health Care War Economy dynamic. The latent intent of the MMA was the privatization of Medicare and opening up another avenue for a profit maximization advantage for insurers in competing for the health care dollar with both Pharma and hospitals.

The overpayments enable the Medicare Advantage plans to both cope with high pharma costs and increase profits. At the same instant, Big Pharma turned substantially higher profits after the MMA to the tune of \$248,886,407,332 from 2004 through 2006. Nationwide hospital drug charges as a percent of costs in fiscal year 2004-2005 ranged from 1,700% to 6,600% for the top twenty hospitals.²

No amount of market tinkering via ‘incremental change’ or politically motivated flights of wishful thinking (Goldstein & Dewar, 2003) that the often-cited-but-never-seen “magic of the marketplace” will resolve the health care crisis (Brubaker, 2003a; White, 2003; Anderson, Reinhardt, Hussey, & Petrosyan, 2003; Lynam et al., 2003) is a likely scenario in the foreseeable future. (Lagnado, 2003; Tieman, 2003; Robbins, 2003; Treaster, 2003; Cleeland & Bernstein, 2000; Noonan, 2000; AFL-CIO & Kaiser Permanente, 2000; Brubaker, 2003b; Kemper, 2003; Ornstein & Kemper, 2003; Pear, 2003h; Toner & Pear, 2003; Pear, 2003g; Pear, 2003f; Pear, 2003e; Pear, 2003b; Pear, 2003d; Pear, 2003a; Pear, 2003c; Pear, 2003i; Silber, 2003; Kowalczyk, 2003b; Kowalczyk, 2003a; Neurath, 2003; Stout, 2003; Bennett, 2003; Zwillich, 2003; Rovner, 2003)

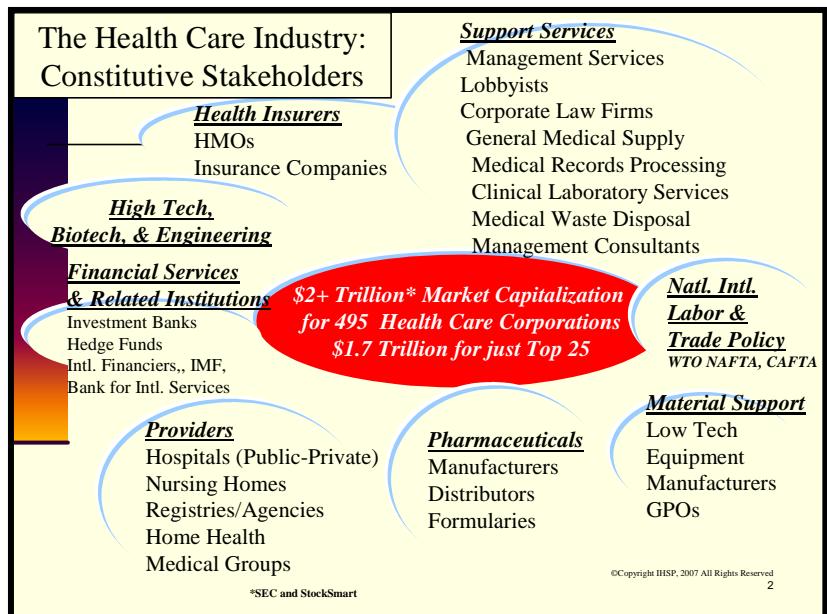
Incremental tinkering with the market by changing to some degree how deeply, how often, and to what degree medical injustice befalls the populace as the market engages in the buying and selling of covered lives is an exercise as cynical as it is pointless.

We do not need incremental tinkering and/or fine tuning of a market by nature blind and indifferent to the health needs of a nation of 300 million souls. We need a new template of health care politics and economics. We need a single payer national health plan that removes the market from the health care funding equation and its perverse ‘economistic’ incentives that fuel the profit wars – wars for which ultimately we all pay – some with all too scarce funds and others with our health.

² See Slide: “The Nation’s Hospitals with the Highest Drug Charges Compared to Drug Costs 2004 – 2005, The Top 20*”

C. Health Care Industry Constitutive Stakeholders

Contrary to most mass media reporting the industry is not comprised simply of insurers, institutional and individual providers and groups of providers, HMOs, or drug manufacturers. Rather, it includes a vast interlocking web of support service corporations, research institutions, a booming medical device manufacturing sector linked to research in artificial intelligence in the production of computerized, digitized and otherwise automated clinical decision support systems in patient care, national and international financial services firms, corporate law firms, the management consultant industry and various material support firms such as group purchasing organizations (GPOs), etc.



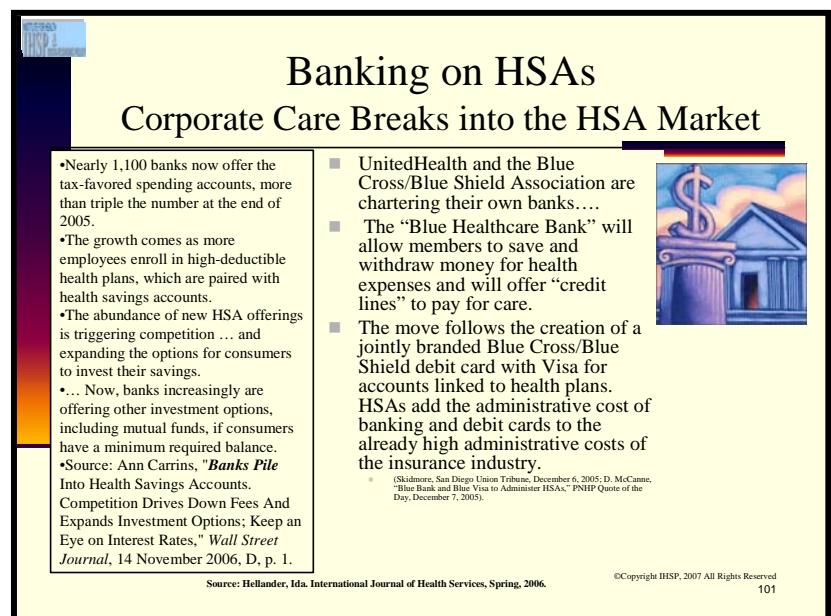
This vast network explains how at the time of this writing just 495 health care corporations - limited to Drugs, Medical Equipment, Biomedics, Medical Services and Medical Products arenas - have an aggregated market capitalization³ of more than \$2.4 trillion and the top 25 alone about \$1.7 Trillion.

The various constitutive stakeholders all have an interest in maintaining the market's central role in health care. For purposes of illustration – and brevity – two of those constitutive stakeholders – the fabulously wealthy finance sector and the management consultant industry are discussed below.

1. International Finance Sector and Insurers Find a Commonality of Interests

The finance sector and insurers have a deep commonality of interests in the outcome of the health care debate.

When it comes to medical benefits, millions of Americans already have a



³ Market capitalization is the value of all outstanding stock.

health insurer. Soon, many will also have a debit card and a bank tied to their medical plan.

Banks, credit unions and money management firms are now quietly positioning themselves to become central players in the business of health care, offering 401(k)-type accounts to cover future medical expenses.

Bank of America, J. P. Morgan Chase, Fidelity Investments and hundreds of others are hoping to capitalize on the latest wrinkle in medical care paid by consumers: health savings accounts, which have been around since 2003 but are moving to the fore of the national agenda in anticipation of the State of the Union address on Tuesday.

These supercharged checking accounts, which must be linked to a high-deductible health insurance plan, allow consumers to invest their own money for current and future medical expenses and have it grow tax-free.

They are the centerpiece of President Bush's plans on health care, just as private accounts were offered as a Social Security fix. (Dash, 2006)

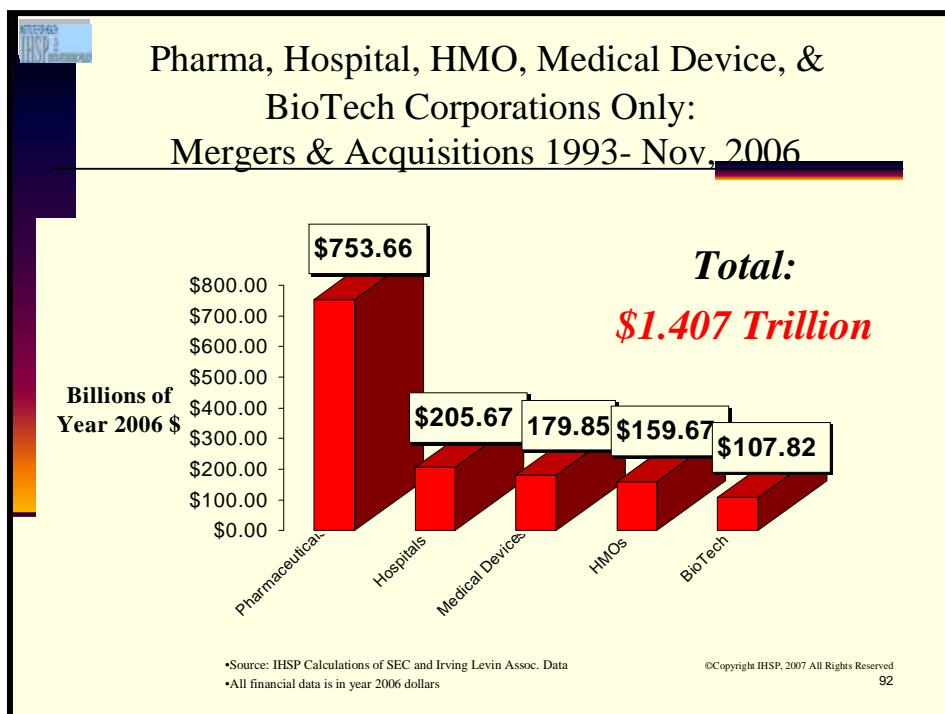
In 2005, a relative handful of banks were offering tax favored spending accounts (Health Savings Accounts) By November of 2006, that number had more than tripled to over 1,100 and is still growing, even though HSAs have stalled somewhat in growth. (Fuhrmans, 2007). The large banks are looking to reap upwards of \$75 billion in new funds to manage through HSA offerings. (Dash, 2006) Not to be outdone, insurers for the first time are chartering their own banks (Hellander, 2006) and issuing health care credit cards. More consumer debt on an already debt-heavy U.S. population is their regressive answer to ‘affordable health care’ --- and greater corporate revenue flows.

Apart from the lucrative prospect of HSA accounts for both the traditional banking and investment community and the newly chartered banks among the larger health insurers, financing mergers and acquisitions in health care is a financially fruitful pastime for the financial markets.

In any given major health care merger and acquisition, anywhere from 10 to 20 national and international investment banks are involved in financing the deal. The investment community is not interested in health care, but it is tunnel-vision focused to a fault on generating investment income through the issuance of credit facilities for major mergers and acquisitions. In 2006 dollars, financiers have helped finance about \$1.4 Trillion in health care mergers and acquisitions in just five health care sectors from 1993 through November of 2006.

Health care merger and acquisition activity has been significant for more than a dozen years, with multibillion dollar deals not uncommon - particularly since a 1994 Department of Justice and Federal Trade Commission Ruling.

The (health care merger and acquisition) binge was fueled by a Department of Justice and Federal Trade Commission 1994 ruling that impacted U.S. anti-trust law (both the Sherman and Clayton acts, and ironically, the only major change adopted by Congress in response to the Clinton administration's 1993 health care plan) that granted extraordinary latitude to merging health care corporations, reputedly to encourage competition. (DeMoro, 2000)



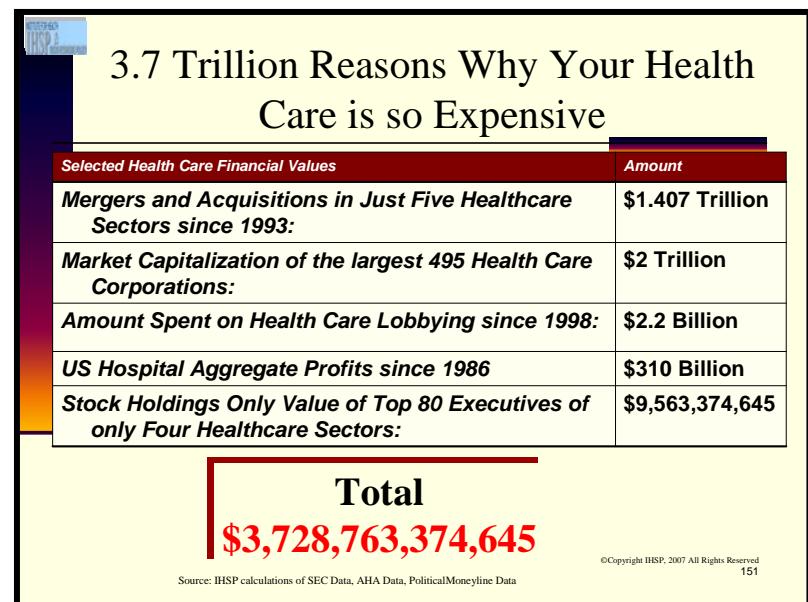
And, for the investment community, particularly the executive elite, the deals have paid off. (Dash, 2007; Guerra & Politi, 2007; Heath, 2007; Anderson, 2006; Blackburn, 2006; Kolko, 2006; Lazarus, 2006)

The payoff has been substantial in part due to the finance sector lobbying prowess which helped usher in the 1994 Justice Department and Federal Trade Commission ruling that essentially set up ‘free trade zones’ for much of the industry and in effect skirted both the Sherman Anti-trust and the Clayton Acts.

A more detailed rendering of the ruling’s impact can be summarized as follows:

In September 1994, the Justice Department and Federal Trade Commission issued comprehensive “non-enforcement” antitrust policy statements in health care, expanding safe-harbors and areas of non-enforcement established a year earlier.

Statements of Enforcement Policy and Analysis, reprinted in 4 Trade Reg. Rep. (CCH) ¶ 13, 152 at 20, 769 (Sept. 30, 1994). The



stated purpose of the policies is “to provide education and instruction to the health care community in a time of tremendous change, and to resolve, as completely as possible, the problem of antitrust uncertainty that some have said may deter mergers, joint ventures, or other activities that would lower health care costs.” *Id.*

The statements provide antitrust “safety zones” and other relief for nine separate areas of collective activity: (1) hospital mergers; (2) joint ventures involving high technology or other expensive health care equipment; (3) joint ventures involving specialized clinical or other expensive health care services; (4) providers’ collective provision of non-fee-related information to purchasers; (5) providers’ collective provision of fee-related information to purchasers; (6) provider participation in exchanges of price and cost information; (7) joint purchasing arrangements among health care providers; (8) physician network joint ventures; and (9) multi-provider networks.

The initial 1993 non-enforcement policies (Antitrust Enforcement Policy Statements in the Health Care Area, reprinted in 4 Trade Reg. Rep. (CCH) ¶ 13, 151 (Sept. 30, 1994)) were limited to the first six of these “safety zones,” yet were severely criticized by dissenting FTC Commissioner Deborah K. Owen:

“The risks of higher prices and reduced output or lower quality care posed to some health care consumers by the more relaxed enforcement proposed in some of these Statements far outweigh any benefits generated. Moreover, the premises implicitly underlying some of the Statements—that sufficient guidance is not available and that the agencies’ past enforcement efforts have been unreasonable—are simply unsupportable.... Some of today’s action effectively constitutes a special-interest antitrust exemption that should more appropriately be accomplished through legislative action, if at all....” 4 Trade Reg. Rep. (CCH) ¶ 13, 235, (Sept. 15, 1993) [Emphases added].

The DOJ/FTC non-enforcement policies were again revised in August 1996, providing even more relief from federal enforcement for physician and multi-provider networks. The new revisions to Statements 8 and 9 were promoted by DOJ/FTC as giving providers greater flexibility in the creation of networks in an attempt to remedy a perceived “chilling effect” of existing law on the development of new and innovative provider networks. Statements of Antitrust Enforcement Policy in Health Care, 4 Trade Reg. Rep. (CCH) ¶ 13, 153 (Sept. 5, 1996) (Eggleston, 1999)

If the market and the Permanent Health Care War Economy to which it gives rise were an appropriate vehicle to provide and equitably allocate cost-effective, accessible quality care, the 1994 legislation with its stated purpose of,

“... provide(ing) education and instruction to the health care community in a time of tremendous change, and to resolve, as completely as possible, the problem of antitrust uncertainty that some have said may deter mergers, joint ventures, or other activities that would lower health care costs.” *Id.*[. *Statements of Enforcement Policy and Analysis, reprinted in 4 Trade Reg. Rep. (CCH) ¶ 13, 152 at 20, 769 (Sept. 30, 1994)]*

would have long ago achieved those ends. Instead the ruling - arguably the largest ‘natural experiment’ in the history of U.S. health care - has been noteworthy only to the extent that it has been an unqualified and historically spectacular failure.

Health costs have climbed skyward – as have the number and value of health care mergers and acquisitions - the numbers of the uninsured have set new records and uniform quality of care accessible to all is more fantasy than reality. This is to say that the often-cited-but-never-seen magic of the market place has predictably not materialized, but the power of financial interests over the public health has increased geometrically.

FTC Commissioner Owen's concerns have proven prescient over the last decade.

Not unexpectedly then, we find that:

- HCA, the largest hospital chain, was founded by the father of formerly Senate Majority Leader Bill Frist. HCA was recently taken private by the Frist family members and a group of private equity firms, including Bain Capital. Bain Capital was co-founded by Mitt Romney, Presidential Candidate.
- Fortress Investment Group, a large private equity firm and second largest contributor to John Edwards, recently purchased Long-term Care company Holiday Retirement Corporation for \$6.6 Billion.
- Goldman Sachs, one of the world's largest investment banks, recently helped acquire Medical Devices Manufacturer, Biomet, Inc for \$10.9 Billion. Goldman Sachs is one of the leading campaign contributors to presidential candidates Hillary Clinton, John Edwards, Barack Obama, and Mitt Romney.
- Robert Rubin, formerly Treasury Secretary with the Clinton Administration and principal with Goldman Sachs, is currently Director and Chairman of the Executive Committee of Citigroup. Citigroup, along with Goldman Sachs, is involved in many Mergers and Acquisitions in Health Care. Citigroup is a major contributor to presidential candidates Hillary Clinton, Christopher Dodd, and John McCain

2. Management Consulting Industry

The management consulting industry is not blind to the health care debate and the opportunity it presents them to secure greater revenue streams. Consultants are ubiquitous in the industry and are adept at selling advice to corporate entities – either for purposes of ‘increasing throughput’ and various other technical efficiencies or for supplying business plans for use in securing funding for merger or acquisition purposes.

The \$1.4 Trillion in merger and acquisition activity in only five health care areas (Pharma, Hospital, HMO, Medical Device, & BioTech) did not simply ‘happen.’ Funding had to be secured in each transaction, and as is the case when an individual wishes to obtain credit to finance a home, auto, or other large purchase, the first question that the ten to twenty financial firms ask of a corporation seeking billions in securities for a large scale merger or acquisition is: how do you plan to meet the terms and obligations of the credit facility? In direct terms, the question is simply how do you plan on paying us our fees and keeping up to date with the terms of credit?

It is at this juncture that the firm presents their management consultant acquired business plan to its prospective creditor group, detailing how the acquisition or merger will be cost effective, how it will tend to increase revenues and profits, and most importantly of all how the financial community is protected from any risk that the firm may default on the financial securities it seeks.

In terms of increasing organizational efficiencies, as long ago as 1995, Kaiser Permanente paid out \$96.1 million to its top 4 consultants alone. McKinsey & Co. was a particular beneficiary of

Kaiser's consulting largess, sometimes pulling in as much as a reported \$3 million a month over a five year period.

McKinsey's \$16.2 million and Andersen's \$14 million were in this instance not for a merger or acquisition but for restructuring the Kaiser system. Part of that restructuring included plans to eliminate hundreds of job classifications, reduce the RN workforce by about 1,600 in tandem with staff reductions elsewhere and to enhance throughput.

Kaiser Permanente 1995 Management Consultants: The Top Four	Payment
<i>Deloitte & Touche, consulting, accounting:</i>	\$41.1 million
<i>Kresser, Stein, Robaire, advertising services:</i>	\$24.8 million
<i>McKinsey & Co., strategic planning:</i>	\$16.2 Million
<i>The now defunct-due-to-fraud Andersen Consulting,</i>	\$14 Million
Total:	\$96.1 Million

II. Conclusion

There are numerous health care proposals on the national and state scenes. However, there are only **two** plans: a publicly financed and patient focused plan exemplified by California's Sheila Kuehl's SB 840 single payer proposal, and US Representative John Conyers' HR 676 single payer proposal.

The other plan is market based, financially irresponsible, morally questionable and manifest in a burgeoning number of proposals with multiple risk pools and payers – normally inclusive of and **reliant** on the private insurance industry - and some combination of employer and/or individual insurance mandates conjoined with health savings accounts and a smattering of elite 'boutique proposals' that cater to the well off. The Massachusetts proposal with its stress on individual mandates and the California proposals which, save for Kuehl's SB 840, emphasize both individual and employer mandates and '*incrementalized*' reform are good examples of the market based plan. For an overview of many of the nation's proposals in this vein see State of the States publications at www.stateline.org (Burton et al., 2007).

There are Only Two Health Reform **PLANS**,
... but Many Proposals

1. Plan I: Publicly Based (Single Payer)	Conyers	HR 676	(Federal)
	Kuehl	SB 840	(State: California)
2. Plan II: Market Based	(Multiple Payers and Multiple Risk Pools. Some combination of Insurance Companies, Corporations, Individuals, Government)		
	1. Employer Mandates (Pay or Play)		
	2. Individual Insurance Mandates		
	3. Consumer Directed Care "Health Savings Accounts"		
	4. Some combination of 1 through 3		
	"Boutique" Health Care		

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These proposals share many of the same difficulties that all proposals relying upon market mechanisms to transform our health care industry into a health care system possess: a nascent

political cynicism, a resolute but irrational commitment to never strive past merely apparent forced choices among lesser evils and a profound misreading of history supporting the long discredited belief that deep societal change and social movements are precipitated by incremental change put forward by elites within the status quo rather than a rejection of that status quo and its transformation by the population at large. Examples of the latter include the Suffragette movement, the struggle to end slavery,

New Deal in the dark days of our national depression - and the very founding of this nation.

Meaningful health care reform will not come in small bits of change pushed by elites; it will explode and be pulled into being by our nation's general population. It is a population that has already informed us in myriad ways that it will no longer stand for the health, lives and livelihoods of individuals, families, fathers, mothers sons and daughters to be reduced to statistics in the market's spread sheet-infected health care nightmare.

A publicly based, single payer proposal is the only defensible exit from the nightmare – both financially and morally - and when asked, the public demands it. It is long past time for our Congress to begin listening to the public demand for medical justice rather than health care lobbying and political contribution dollars.

A good start would be for Congress to ask the public in clear terms and without apology if they would prefer that the provision of their care be left to the vagaries of the market, or a single payer national health care plan guided by a universal respect for the sanctity of life over and above the generation of corporate profit in an interminable – and unwinnable - health care war economy.

It is a simple question.

It will require Congressional courage to ask.

It will require Congressional courage to listen to the answer.

It will require even more Congressional courage to act.



On Knowing the Price of Everything and the Value of Nothing

How Much is a Healthy Society Worth?

Exactly the Same as...

A Single Human Life

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III. Addendum

A. Three Management Consulting Firms and Industries Represented⁴

The three firms listed here and their respective client industries are a minuscule part of the sheer size of the health care related Management Consulting Industry. However, they are some of the most prominent – and powerful – consulting firms in the U.S.

For greater detail, see Kennedy Information publications (2004) for a 1,250 page listing of Management Consulting firms, including thousands that are health care specific.

Bain & Company

Automotive
Consumer Products
Energy & Utilities
Financial Services
Healthcare
Industrial Products
Media
Mining
Nonprofit & Public Sector
Retail
Services
Technology
Telecommunications
Transportation Services

Boston Consulting Group

Automotive
Consumer
Energy
Financial Services
Healthcare
Industrial Goods
Media and Entertainment
Oil
Power and Gas
Retail
Sustainable Development
Technology and Communications
Travel and Entertainment

McKinsey & Co

Automotive & Assembly
Insurance
Pharmaceuticals & Medical Products

⁴ See Kennedy Information publications (2004) for a 1,250 page listing of Management Consulting firms, including thousands that are health care specific.

Banking & Securities
Media & Entertainment
Private Equity
Chemicals
Metals & Mining
Pulp & Paper/Forest Products
Consumer Packaged Goods
Nonprofit
Retail
Electric Power & Natural Gas
Payor/Provider
Telecommunications
High Tech
Petroleum
Travel & Logistics

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Market Based Health Care:

Big Money, Politics, and the Unraveling of U.S. Civil Democracy

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“In a civil democracy, access to a universal single standard of excellence in
care is a civil right.”*
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Market Based Health Care: Big Money, Politics, and the Unraveling of U.S. Civil Democracy

The Health Care Industry
More than Hospitals, Pharmas and HMOs

The Health Care Industry: Constitutive Stakeholders

Support Services

Management Services
Lobbyists

Corporate Law Firms
General Medical Supply
Medical Records Processing
Clinical Laboratory Services
Medical Waste Disposal
Management Consultants

Health Insurers

HMOs
Insurance Companies

High Tech, Biotech, & Engineering

Financial Services

& Related Institutions

Investment Banks
Hedge Funds
Intl. Financiers, IMF,
Bank for Intl. Services

**\$2+ Trillion* Market Capitalization
for 495 Health Care Corporations
\$1.7 Trillion for just Top 25**

Providers

Hospitals (Public-Private)
Nursing Homes
Registries/Agencies
Home Health
Medical Groups

Pharmaceuticals

Manufacturers
Distributors
Formularies

Natl. Int'l. Labor & Trade Policy

WTO NAFTA, CAFTA

Material Support

Low Tech
Equipment
Manufacturers
GPOs

Market Based Health Care

Lobbyists:
The U.S. Congress, Space for Rent

How Many Federal Lobbyists are Too Many?



■ Current Firms/Orgs.

2,742

■ Current Clients

18,102

■ Current Ind. Lobbyist

31,264

■ Lobbyists per
Congressperson

58



Source: Political Money Line & IHSP Calculations

Overall Spending for Federal Lobbying 1998 thru June 30, 2006

The Top Industries:

<i>Industry</i>	<i>Sum</i>	<i>% of Total Sum</i>
<i>Health Care</i>	\$2,204,323,235	15.0%
<i>Communication, Technology</i>	\$1,953,575,268	13.3%
<i>Finance, Insurance</i>	\$1,893,146,949	12.9%
<i>Energy, Natural Resources</i>	\$1,255,601,322	8.5%
<i>Transportation</i>	\$1,190,003,099	8.1%
<i>Business - Retail, Services</i>	\$1,099,488,747	7.5%
<i>Miscellaneous</i>	\$954,331,156	6.5%
<i>Manufacturing</i>	\$649,435,969	4.4%
<i>Single-Issue Groups</i>	\$587,849,287	4.0%
<i>Defense</i>	\$582,604,036	4.0%
<i>Agriculture</i>	\$581,041,350	3.9%
<i>City/County</i>	\$502,702,109	3.4%
<i>Real Estate/Construction</i>	\$394,494,928	2.7%
<i>Undetermined</i>	\$204,672,206	1.4%
<i>Organized Labor</i>	\$195,893,974	1.3%
<i>Law</i>	\$191,139,465	1.3%
<i>Foreign Countries</i>	\$161,064,647	1.1%
<i>State/Territories</i>	\$94,466,208	.6%
<i>Public Employees</i>	\$32,788,967	.2%
<i>Political Parties/Candidates</i>	\$555,000	.0%

Source: IHSP calculations of Political Money Line Data

Health Care #1 in Federal Lobbying Expenditures 1999 through June 30, 2006

Date	Rank	Sum for Health Care
1998	2	\$92,607,656
1999	1	\$210,824,540
2000	1	\$230,126,758
2001	1	\$234,699,579
2002	1	\$263,999,700
2003	1	\$296,802,675
2004	1	\$324,786,013
2005	1	\$356,537,602
2006	1	\$193,938,712
Total		\$2,204,323,235

Source: IHSP calculations of Political MoneyLine Data

Overall Spending for Federal Lobbying 1998 thru 2006

The Top Industries

Total:

\$14,729,177,922

Health Care Total:

\$2,204,323,235

Health Care as % of Total:

15%

Source: IHSP calculations of Political MoneyLine Data

Overall Federal Lobbying Spending (1/1/06-6/30/06)

Rank	Sector	Amount
1	Health Care	\$193,938,712
2	Communication, Technology	\$168,030,377
3	Finance, Insurance	\$153,949,073
4	Energy, Natural Resources	\$98,672,006
5	Business - Retail, Services	\$88,411,209
6	Transportation	\$85,768,050
7	Miscellaneous	\$81,549,829
8	Defense	\$59,816,539
9	Manufacturing	\$54,776,813
10	City/County	\$48,219,602
11	Single-Issue Groups	\$38,570,546
12	Real Estate/Construction	\$38,214,238
13	Agriculture	\$38,159,541
14	Law	\$18,198,913
15	Foreign Countries	\$16,414,351
16	Organized Labor	\$12,038,961
17	Undetermined	\$11,223,119
18	State/Territories	\$6,965,581
19	Public Employees	\$2,584,227
	Total	\$1,215,501,687

Source: Political Money Line

2005 Federal Lobby Filings, the Top 20 July 1 through December 31

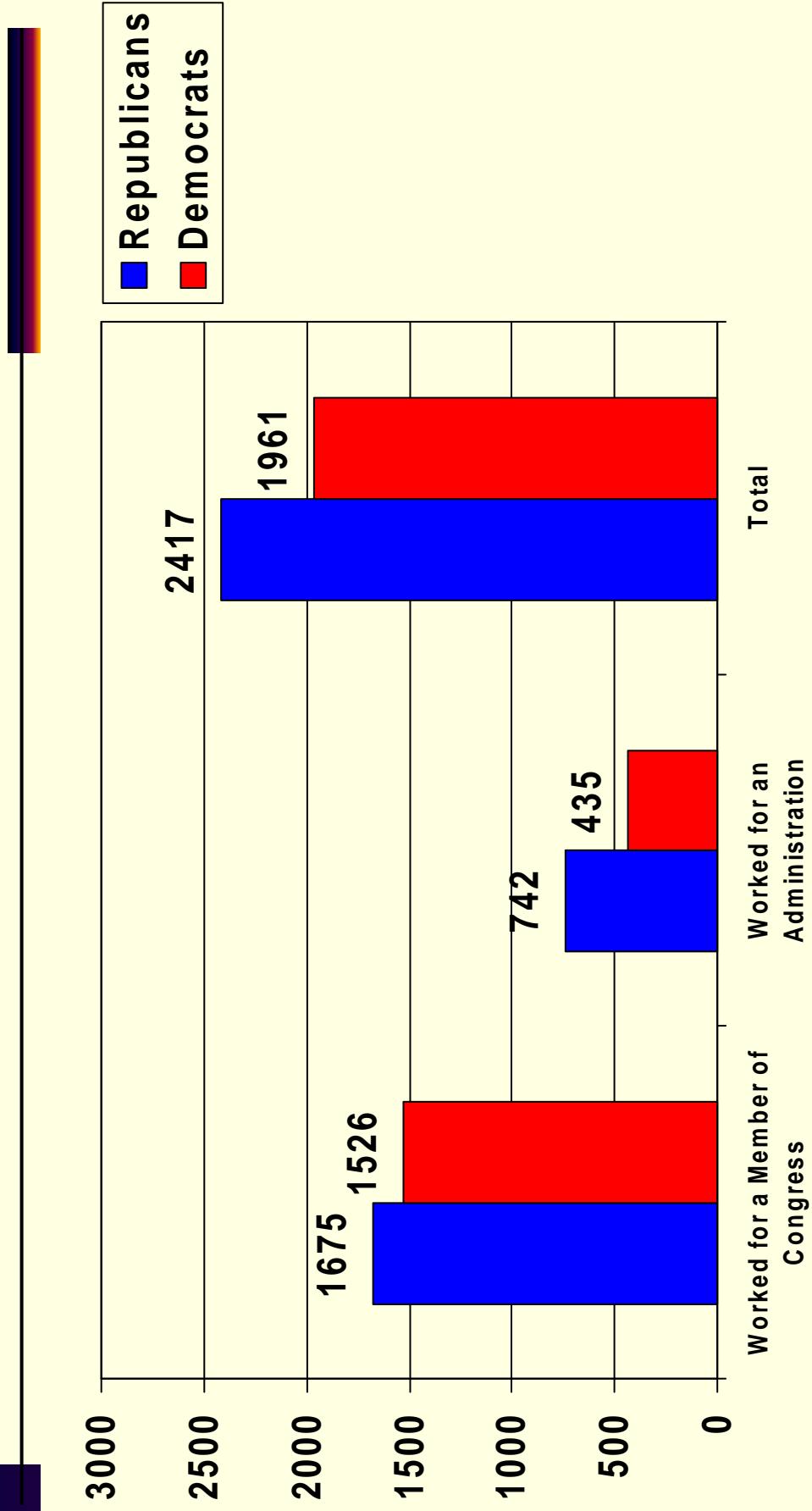
	Organization: (Those in red tend to lobby extensively on health care)	Amount
1	Chamber Of Commerce Of The US	\$10,540,000
2	General Electric (GE has a \$40 billion medical division)	\$10,360,000
3	At&T Services Inc & Sbc	\$10,360,000
4	Us Chamber Of Commerce Inst For Legal Reform	\$10,250,000
5	American Medical Assn (Ama)	\$9,720,000
6	AARP	\$8,472,064
7	Northrop Grumman	\$7,507,000
8	Pharmaceutical Research & Manufacturers Of America (Pharma)	\$7,220,000
9	American Hospital Assn	\$7,080,000
10	Southern Co	\$7,020,000
11	Altria Group Inc F/K/A Philip Morris	\$6,960,000
12	Natl Assn Of Realtors	\$5,940,000
13	Edison Electric Institute	\$5,500,000
14	Chevron Corp	\$5,350,000
15	Us Telecom Assn	\$5,340,000
16	Federal Home Loan Mortgage Corp (Freddie Mac)	\$5,300,000
17	American Farm Bureau Fed	\$5,235,709
18	Federal National Mortgage Assn (Fannie Mae)	\$5,200,000
19	Boeing Corp	\$5,100,000
20	Natl Comm To Preserve Social Security & Medicare	\$4,920,000
	Total	\$143,374,773

Source: Political Money Line

Market Based Health Care

The Revolving Door
Former Government Employees and the Lobbying Industry

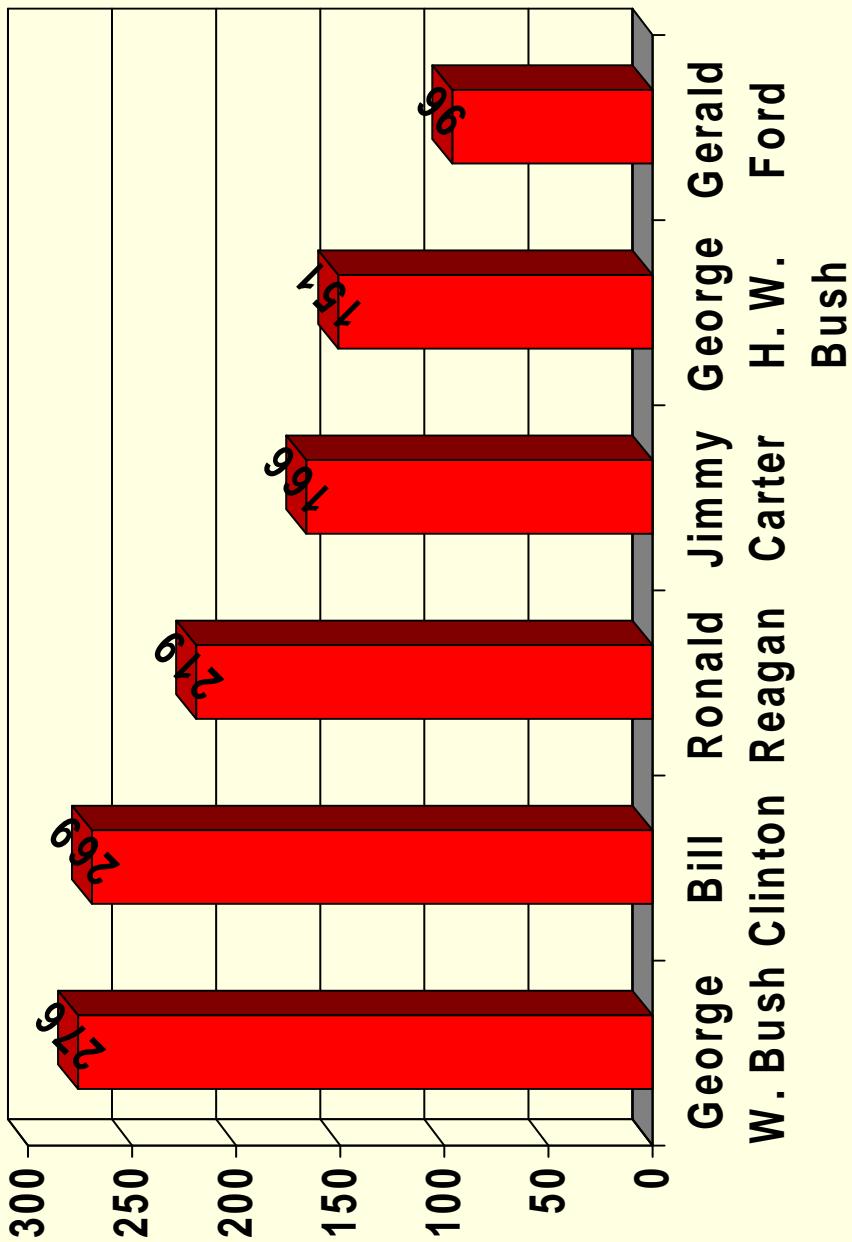
The Revolving Door: Number of Current and Former Government Employees Who have Worked as Lobbyists



Center for Responsive Politics: OpenSecrets.org

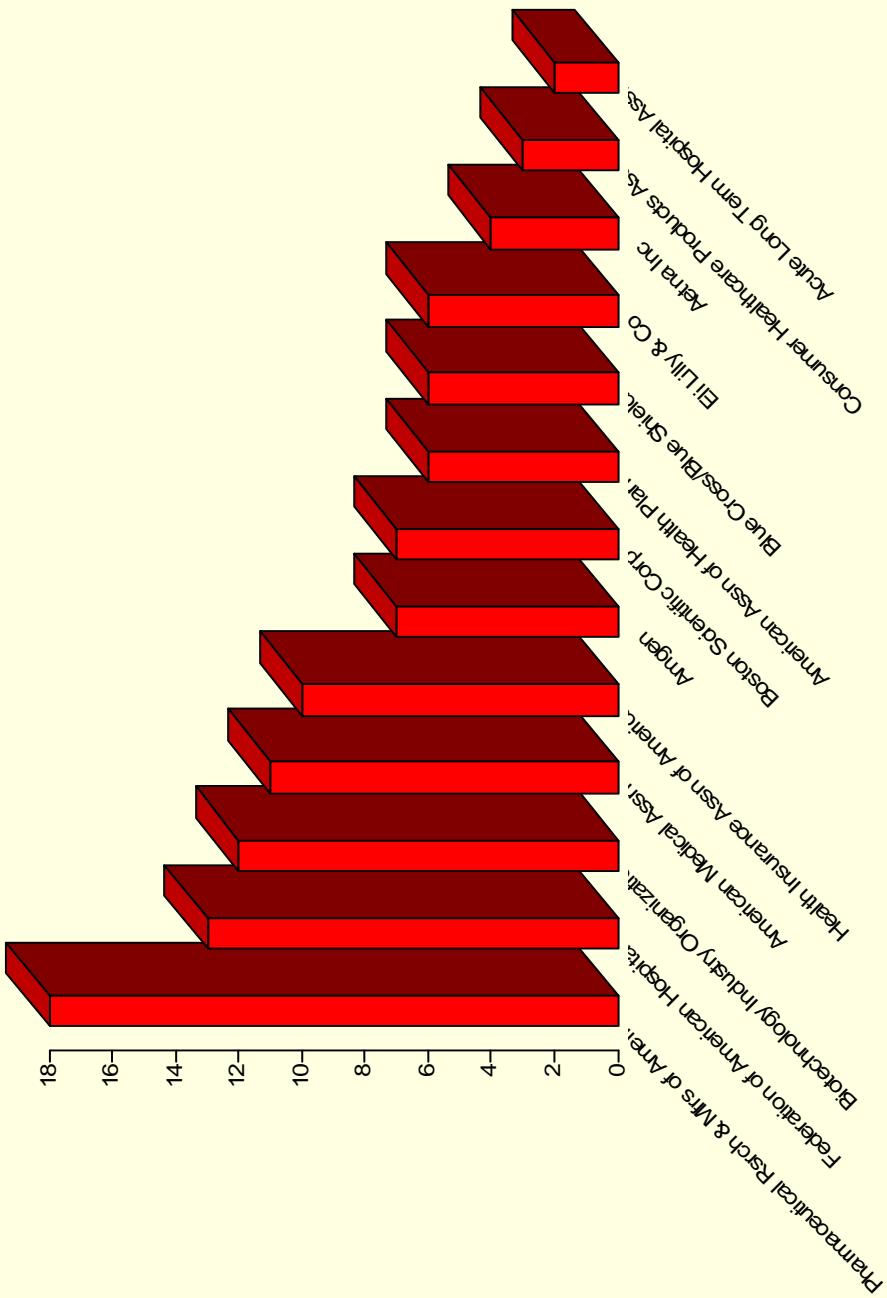
Revolving Door

Number of Former Administration Officials that have Worked as Lobbyists

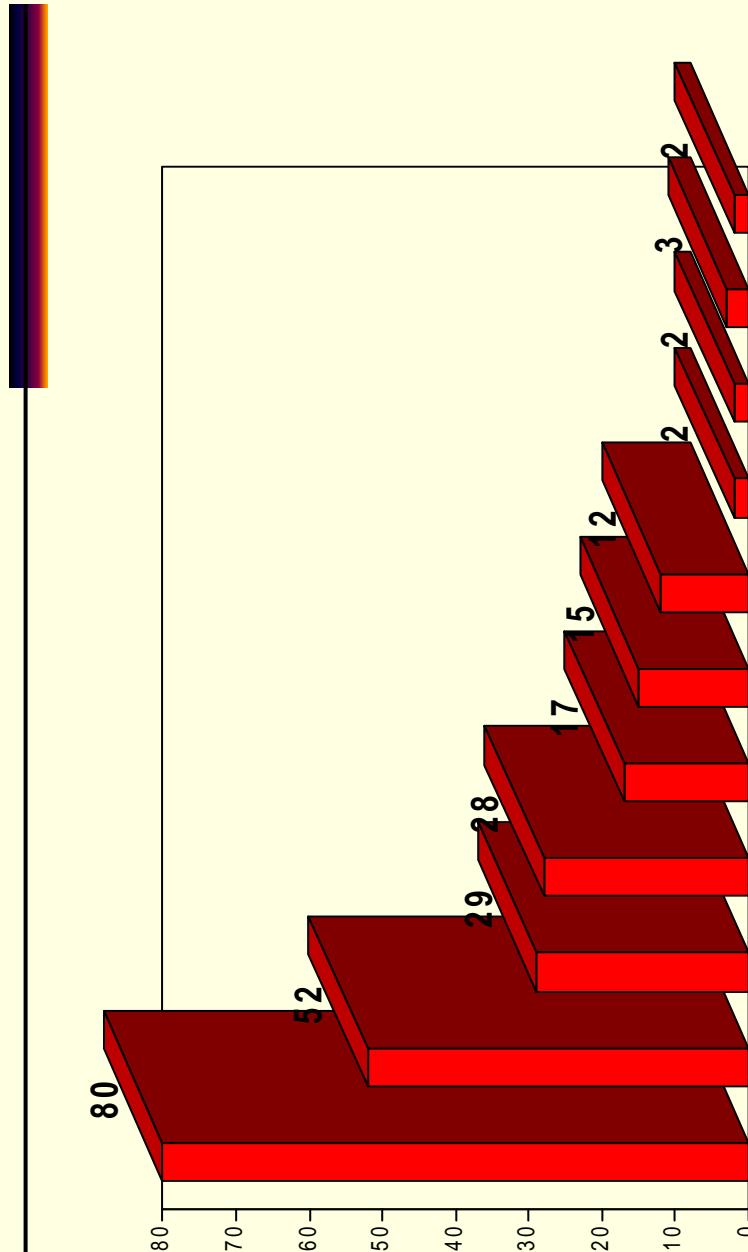


Revolving Door Health Care

Number of Former Government Employees Now Working or Worked as Lobbyists in Health Care



Revolving Door: 195 Former Department of Health and Human Services Employees Now Working or Worked as Lobbyists



Health and Human Services (executive offices) Administration and Welfare
Dept of Health, Education and Welfare, Food and Drug Administration, Medicaid Services,
Dept of Health and Human Services, Medicare and Medicaid
Centers for Medicare and Medicaid Services, Dept of Health and Human Services
Office of National Disease Control and Prevention, National Institutes of Health
Office of National Health Care Policy and Research, Research Products Assn
Centers for Disease Control and Prevention, National Institutes of Health
Acute Care Long Term Hospital Assn
Agency for Health Care Policy and Research, National Institutes of Health

The Health Care Revolving Door Selling Advice ... Or Selling Out?

- Wilbert “Billy” Tauzin, former Congressman from Louisiana, pushed through Medicare Part D, ensuring CMS could not negotiate prices with drug companies. Shortly after, became head of PhRMA, salary \$2 Million a year (Source: USA Today 12/15/2004)
- John McManus, staff director of the Ways and Means subcommittee on Health. He left Congress and started his own lobbying firm, McManus Group . His clients include PhRMA, Pfizer, Eli Lilly and Merck. From 2004-06 received \$4.9 Million in Lobbying Income.
(Source: Center for Responsive Politics)
- Former Medicare Chief Thomas Scully, the administration's lead negotiator on the prescription drug bill, threatened to fire Medicare's Chief Actuary who had revised the cost estimates of the bill much higher if he presented the new cost estimates to Congress before the bill was voted on. At the same time Scully was negotiating a new job with firms that would directly benefit from the passage of the bill. He took the job 10 days after Bush signed the bill. (source: 60 Minutes, Under The Influence, April 1, 2007)



Market Based Health Care

General Health Care Political Contributions
*There are two things that are important in politics. The first is money, and I can't remember what the second one is.**

U.S. House of Representatives Kills Hospital Cost Containment Bill

November 15, 1979

*Of those receiving this amount
from the American Medical
Association in 1977 through 1980 . . .*

*... this percent voted
against containing
hospital costs in 1979*

More than \$15,000	100%
\$10,000 to \$15,000	95%
\$5,000 to \$10,000	82%
\$2,500 to \$5,000	80%
\$100 to \$2,500	38%

Health Care Sector:

Long-Term Contribution Trends*

Election Cycle	Total Contributions	Contributions from Individuals	Contributions from PACs	Soft Money Contributions
2006*	\$98,644,248	\$54,542,574	\$44,101,674	N/A
2004*	\$123,936,595	\$88,184,260	\$35,752,335	N/A
2002	\$95,261,761	\$38,371,541	\$27,391,216	\$29,499,004
2000	\$96,559,093	\$47,054,518	\$24,508,697	\$24,995,878
1998	\$58,910,134	\$27,032,603	\$20,465,124	\$11,412,407
1996	\$68,295,654	\$34,687,782	\$19,636,163	\$13,971,709
1994	\$48,881,286	\$24,697,494	\$19,074,243	\$5,109,549
1992	\$44,200,125	\$23,304,556	\$16,727,914	\$4,167,655
1990	\$21,583,085	\$9,389,953	\$12,193,132	N/A
Total	\$656,271,981	\$347,265,281	\$219,850,498	\$89,156,202

*These figures do not include donations of "Levin" funds to state and local party committees. Levin funds were created by the Bipartisan Campaign Reform Act of 2002.

Levin Funds are contributions that state and local parties can spend on voter registration and get-out-the-vote activities related to federal elections. Levin funds are limited to the lesser of \$10,000 per donor or the amount that may be given to state and local parties under the applicable state law. Corporations and labor unions may make Levin fund contributions if state law otherwise allows such entities to contribute to state elections. Levin funds are not considered "hard money" and do not count against contribution limits or prohibitions on hard money contributions. They are named after Sen. Carl Levin (D-Mich.), whose amendment to the Bipartisan Campaign Reform Act created them so that state and local parties could use nonfederal funds for "generic" party-building activities without violating the soft money ban.

METHODOLOGY: The numbers on this page are based on contributions of \$200 or more from PACs and individuals to federal candidates and from PAC, soft money and individual donors to political parties, as reported to the Federal Election Commission. While election cycles are shown in charts as 1996, 1998, 2000 etc. they actually represent two-year periods. For example, the 2002 election cycle runs from January 1, 2001 to December 31, 2002. **Data for the current election cycle were released by the Federal Election Commission on Monday, February 19, 2007.**

*These figures DO NOT include lobbying expenses

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Source: Center for Responsive Politics/Open Secrets.org

Health Care Top 20 Contributors to Federal Candidates and Parties, 2006

Rank	Organization	Amount	Dems	Repubs
1	American Medical Assn	\$2,220,009	33%	67%
2	American Hospital Assn	\$1,917,083	44%	56%
3	American Dental Assn	\$1,857,097	37%	63%
4	Pfizer Inc	\$1,744,339	32%	67%
5	American Health Care Assn	\$1,252,070	40%	57%
6	Amgen Inc	\$1,155,825	37%	63%
7	GlaxoSmithKline	\$1,107,701	30%	69%
8	American Society of Anesthesiologists	\$1,074,350	34%	66%
9	American Physical Therapy Assn	\$989,818	45%	54%
10	American Assn of Orthopaedic Surgeons	\$924,236	34%	66%
11	American College of Radiology Assn	\$911,530	18%	82%
12	American Academy of Ophthalmology	\$889,000	41%	59%
13	American Optometric Assn	\$824,449	46%	53%
14	American College of Emergency Physicians	\$802,175	38%	62%
15	UnitedHealth Group	\$794,100	44%	55%
16	Johnson & Johnson	\$746,565	39%	61%
17	American Podiatric Medical Assn	\$722,963	49%	50%
18	American Assn of Nurse Anesthetists	\$701,538	47%	51%
19	Abbott Laboratories	\$675,896	18%	82%
20	Eli Lilly & Co	\$671,660	26%	72%
Total		\$21,982,404		

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org data

Health Services/HMOs Top 20 Contributors to Federal Candidates and Parties, 2006

<i>Rank</i>	<i>Organization</i>	<i>Amount</i>	<i>Dem</i>	<i>Repub</i>
1	UnitedHealth Group	\$794,100	44%	55%
2	Blue Cross/Blue Shield	\$616,345	18%	81%
3	Aetna Inc	\$591,450	43%	46%
4	DaVita Inc	\$471,300	32%	68%
5	Medco Health Solutions	\$387,220	32%	68%
6	Express Scripts	\$367,813	36%	61%
7	Humana Inc	\$238,947	20%	80%
8	Acadian Ambulance Service	\$204,969	30%	70%
9	PacifiCare Health Systems	\$191,600	34%	66%
10	Health Net Inc	\$177,620	41%	56%
11	Solomont Bailis Ventures	\$154,500	99%	0%
12	Radiation Therapy Services Inc	\$126,000	33%	67%
13	Universal Health Care	\$125,900	0%	100%
14	Quest Diagnostics	\$115,169	38%	62%
15	Kaiser Permanente	\$111,346	68%	32%
16	Vitas Healthcare	\$110,150	93%	7%
17	Fresenius Medical Care North America	\$100,950	31%	69%
18	First Health Group	\$100,750	29%	71%
19	Renal Care Group	\$94,220	23%	77%
20	HealthSouth Corp	\$93,450	21%	79%
Total		\$5,173,799		

Source: IHSP
calculations of
Center for
Responsive
Politics/Open
Secrets.org
data

Pharma Top 20 Contributors to Federal Candidates and Parties, 2006

Rank	Organization	Amount	Dems	Repubs
1	Pfizer Inc	\$1,744,339	32%	67%
2	Amgen Inc	\$1,155,825	37%	63%
3	GlaxoSmithKline	\$1,107,701	30%	69%
4	Abbott Laboratories	\$675,896	18%	82%
5	Eli Lilly & Co	\$671,660	26%	72%
6	Merck & Co	\$540,671	22%	78%
7	AstraZeneca Pharmaceuticals	\$525,980	26%	74%
8	Schering-Plough Corp	\$463,438	23%	77%
9	Wyeth	\$449,185	34%	64%
10	Novartis AG	\$376,683	29%	71%
11	Sanofi-Aventis	\$277,035	27%	72%
12	Hoffmann-La Roche	\$265,275	46%	54%
13	Bristol-Myers Squibb	\$247,073	35%	59%
14	Purdue Pharma	\$215,200	8%	43%
15	Pharmaceutical Rsrch & Mfrs of America	\$207,243	26%	74%
16	Bayer Corp	\$206,033	18%	82%
17	Mylan Laboratories	\$132,100	53%	47%
18	Alza Corp	\$127,400	98%	0%
19	King Pharmaceuticals	\$123,200	0%	100%
20	Mutual Pharmaceutical	\$122,100	3%	97%
Total				\$9,634,037

Source: IHSP
calculations of
Center for
Responsive
Politics/Open
Secrets.org
data

Pharmaceutical manufacturing PAC Contributions to Federal Candidates 2005-2006

PAC Name	Total	Dems	Repubs
Abbott Laboratories	\$566,474	\$101,774	\$462,200
Allergan Inc	\$91,250	\$13,750	\$77,500
Amgen Inc	\$732,500	\$251,500	\$476,000
AstraZeneca Pharmace	\$379,320	\$105,820	\$271,500
Bayer Corp	\$255,000	\$52,500	\$198,500
Boehringer Ingelheim Corp	\$16,800	\$4,300	\$11,500
Branded Pharmaceutical Assn	\$14,000	\$7,000	\$7,000
Bristol-Myers Squibb	\$182,000	\$59,000	\$113,500
Cephalon Inc	\$39,500	\$12,000	\$27,500
Consumer Healthcare Products Assn	\$44,500	\$17,500	\$27,000
Eli Lilly & Co	\$582,350	\$159,000	\$413,350
Generic Pharmaceutical Assn	\$30,884	\$15,384	\$15,500
GlaxoSmithKline	\$891,413	\$256,686	\$624,727
Hoffmann-La Roche	\$168,900	\$67,000	\$101,900
Medimmune Inc	\$33,000	\$7,000	\$26,000
Merck & Co	\$347,693	\$96,401	\$250,292
Millennium Pharmaceuticals	\$15,500	\$5,000	\$10,500
Mylan Laboratories	\$81,250	\$27,000	\$54,250
Novartis Corp	\$239,663	\$65,618	\$174,045
Pfizer Inc	\$1,384,250	\$433,500	\$951,000
Pharmaceutical Rsrch & Mfrs of America	\$123,343	\$25,843	\$96,500
Purdue Pharma	\$78,500	\$3,500	\$60,000
Sanofi-Aventis	\$125,500	\$21,500	\$99,000
Sanofi-Pasteur Inc	\$120,335	\$34,000	\$86,335
Schering-Plough Corp	\$294,150	\$61,050	\$233,100
Sepracor Inc	\$12,500	\$5,500	\$7,000
Solvay Pharmaceuticals	\$59,000	\$11,000	\$48,000
Watson Pharmaceuticals	\$17,000	\$6,000	\$11,000
	\$271,000	\$03,000	\$173,000

Total to Democrats: \$2,019,126 (28%)
Total to Republicans: \$5,107,699 (71%)

Source: Center for Responsive Politics/Open Secrets.org

Healthcare: 2006 Top Contributors to Federal Candidates and Parties

... numbers are based on contributions from PACs, soft money donors, and individuals giving \$200 or more. (Only those groups giving \$5,000 or more are listed here. Soft money applies only to cycles 1992-2002.) *In many cases, the organizations themselves did not donate; rather the money came from the organization's PAC, its individual members or employees or owners, and those individuals' immediate families.*
Organization totals include subsidiaries and affiliates...

Rank	Organization	Amount	Dems	Repubs
1	American Medical Assn	\$2,220,009	33%	67%
2	American Hospital Assn	\$1,917,083	44%	56%
3	American Dental Assn	\$1,857,097	37%	63%
4	Pfizer Inc	\$1,744,339	32%	67%
5	American Health Care Assn	\$1,252,070	40%	57%
6	Amgen Inc	\$1,155,825	37%	63%
7	GlaxoSmithKline	\$1,107,701	30%	69%
8	American Society of Anesthesiologists	\$1,074,350	34%	66%
9	American Physical Therapy Assn	\$989,818	45%	54%
10	American Assn of Orthopaedic Surgeons	\$924,236	34%	66%
11	American College of Radiology Assn	\$911,530	18%	82%
12	American Academy of Ophthalmology	\$889,000	41%	59%
13	American Optometric Assn	\$824,449	46%	53%
14	American College of Emergency Physicians	\$802,175	38%	62%
15	UnitedHealth Group	\$794,100	44%	55%
16	Johnson & Johnson	\$746,565	39%	61%
17	American Podiatric Medical Assn	\$722,963	49%	50%
18	Assn of Nurse Anesthetists	\$701,538	47%	51%
19	Abbott Laboratories	\$675,896	18%	82%
20	Eli Lilly & Co	\$671,660	26%	72%

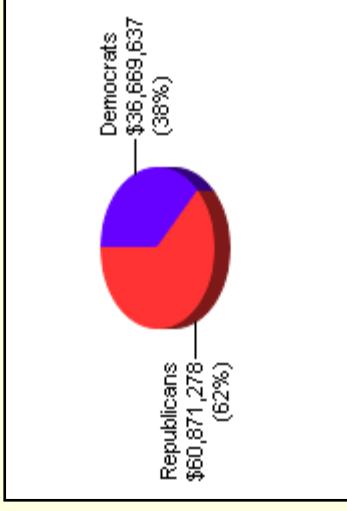
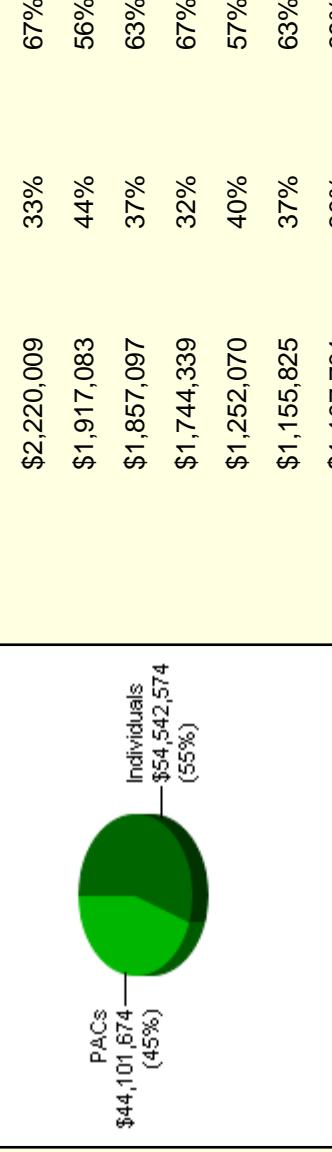
Rank

Organization

Amount

Dems

Repubs



Total contributions:
\$98,644,248

Source: Center for Responsive Politics/Open Secrets.org

Health Services/HMOs: 2006 Top Contributors to Federal Candidates and Parties

... numbers are based on contributions from PACs, soft money donors, and individuals giving \$200 or more. (Only those groups giving \$5,000 or more are listed here.) Soft money applies only to cycles 1992-2002.) In many cases, the organizations themselves did not donate; rather the money came from the organization's PAC, its individual members or employees or owners, and those individuals' immediate families.
Organization totals include subsidiaries and affiliates..

Rank	Organization	Amount	Dems	Repubs
1	UnitedHealth Group	\$794,100	44%	55%
2	Blue Cross/Blue Shield	\$616,345	18%	81%
3	Aetna Inc	\$591,450	43%	46%
4	DaVita Inc	\$471,300	32%	68%
5	Medco Health Solutions	\$387,220	32%	68%
6	Express Scripts	\$367,813	36%	61%
7	Humana Inc	\$238,947	20%	80%
8	Acadian Ambulance Service	\$204,969	30%	70%
9	PaciCare Health Systems	\$191,600	34%	66%
10	Health Net Inc	\$177,620	41%	56%
11	Solomont Bailis Ventures	\$154,500	99%	0%
12	Radiation Therapy Services Inc	\$126,000	33%	67%
13	Universal Health Care	\$125,900	0%	100%
14	Quest Diagnostics	\$115,169	38%	62%
15	Kaiser Permanente	\$111,346	68%	32%
16	Vitas Healthcare	\$110,150	93%	7%
17	Fresenius Medical Care North America	\$100,950	31%	69%
18	First Health Group	\$100,750	29%	71%
19	Renal Care Group	\$94,220	23%	77%
20	HealthSouth Corp	\$93,450	21%	79%

**Total contributions:
\$7,602,410**

Source: Center for Responsive Politics/Open Secrets.org

Health Services/HMOs

Contributors to Federal Candidates & Parties

Election Cycle	Total Contributions	Donations to Democrats	Donations to Republicans	% to Dems	% to Repubs
2006*	\$7,602,410	\$2,936,211	\$4,531,428	39%	60%
2004*	\$7,921,805	\$3,444,391	\$4,462,737	43%	56%
2002	\$8,115,189	\$2,641,393	\$5,469,217	33%	67%
2000	\$8,342,189	\$3,257,949	\$5,057,178	39%	61%
1998	\$5,499,590	\$2,170,751	\$3,311,511	39%	60%
1996	\$4,875,760	\$2,503,748	\$2,369,320	51%	49%
1994	\$2,499,060	\$1,594,522	\$903,038	64%	36%
1992	\$1,818,834	\$1,125,782	\$679,537	62%	37%
1990	\$407,940	\$286,408	\$121,532	70%	30%
Total	\$47,082,777	\$19,961,155	\$26,905,498	42%	57%

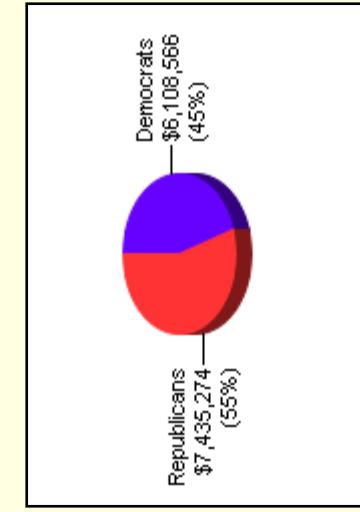
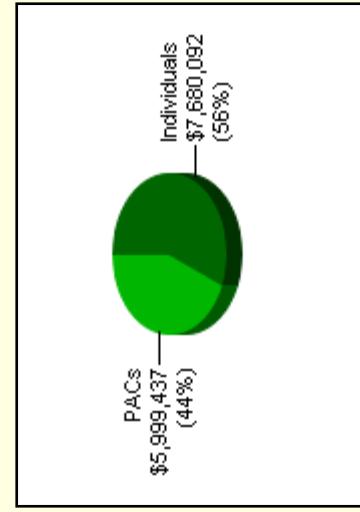
Source: Center for Responsive Politics/Open Secrets.org

Hospitals/Nursing Homes:

... numbers are based on contributions from PACs, soft money donors, and individuals giving \$200 or more. (Only those groups giving \$5,000 or more are listed here.) Soft money applies only to cycles 1992-2002.) **In many cases, the organizations themselves did not donate; rather the money came from the organization's PAC, its individual members or employees or owners, and those individuals' immediate families. Organization totals include subsidiaries and affiliates...**

2006 Top Contributors to Federal Candidates and Parties

Rank	Organization	Amount	Dems	Repubs
1	American Hospital Assn	\$1,917,083	44%	56%
2	American Health Care Assn	\$1,252,070	40%	57%
3	Federation of American Hospitals	\$469,493	37%	62%
4	Kindred Healthcare	\$416,000	25%	75%
5	Manor Care Inc	\$309,975	61%	39%
6	Beverly Enterprises	\$307,940	49%	51%
7	HCA Inc	\$301,387	31%	68%
8	UPMC Health System	\$237,230	66%	34%
9	Genesis HealthCare	\$235,422	36%	63%
10	Leon Medical Center	\$120,500	1%	98%
11	Triad Hospitals	\$120,350	44%	55%
12	National HealthCare Corp	\$118,950	21%	79%
13	Erickson Retirement Communities	\$112,608	52%	48%
14	Sun Healthcare	\$110,000	33%	68%
15	Select Medical Corp	\$105,800	16%	84%
16	American Surgical Hospital Assn	\$98,500	31%	69%
17	Teaching Hospital Education PAC	\$95,700	81%	19%
18	Greater New York Hospital Assn	\$94,828	58%	42%
19	Vanguard Health Management	\$90,600	53%	45%
20	LifePoint Hospitals	\$85,250	50%	50%



Total contributions:
\$13,679,529

Source: Center for Responsive Politics/Open Secrets.org

Hospital/Nursing Homes

Contributors to Federal Candidates & Parties

<i>Election Cycle</i>	<i>Total Contributions</i>	<i>Donations to Democrats</i>	<i>Donations to Republicans</i>	<i>% to Dems</i>	<i>% to Repubs</i>
2006*	\$13,679,529	\$6,108,566	\$7,435,274	45%	54%
2004*	\$16,561,470	\$7,897,380	\$8,621,342	48%	52%
2002	\$11,945,821	\$5,374,331	\$6,540,921	45%	55%
2000	\$11,721,885	\$5,550,555	\$6,098,888	47%	52%
1998	\$7,860,211	\$3,723,608	\$4,101,140	47%	52%
1996	\$10,779,902	\$5,341,511	\$5,416,866	50%	50%
1994	\$7,276,633	\$4,383,019	\$2,884,264	60%	40%
1992	\$5,269,311	\$3,277,527	\$1,962,632	62%	37%
1990	\$2,557,593	\$1,693,164	\$863,429	66%	34%
Total	\$87,652,355	\$43,349,661	\$43,924,756	49%	50%

Source: Center for Responsive Politics/Open Secrets.org

Market Based Health Care

Contributions to Selected
Presidential Candidates

How to Read Charts Concerning Organization Contributions

- In many instances, organizations themselves did not donate, rather the money came from:
 - the organization's PAC,
 - its individual members or employees or owners,
 - and those individuals' immediate families.
- Organization totals include subsidiaries and affiliates.
- Due to contribution limits,
 - organizations that bundle together many individual contributions are often among the top donors to presidential candidates.
- These contributions can come from the organization's members or employees (and their families).

Corporations Prohibited from Making Contributions

Corporations, Labor Organizations and National Banks

Contributions made from the treasuries of corporations, labor organizations and national banks are prohibited. Additionally, national banks and federally chartered corporations may not make contributions in connection with any election, including state and local elections. Contributions may, however, be made from separate segregated funds (also called political action committees or PACs) established by corporations, labor organizations, national banks, and incorporated membership organizations. 11 CFR 114.2 and 114.5.

Contribution Limits 2007-08: I

To each candidate or candidate committee per election	To national party committee per calendar year	To state, district & local party committee per calendar year	To any other political committee per calendar year [1]	Special Limits
Individual may give	\$2,300* [2]	\$28,500* (combined limit)	\$10,000 (combined limit)	\$5,000 \$108,200* overall biennial limit: • \$42,700* to all candidates • \$65,500* to all PACs and parties [2]
National Party Committee may give	\$5,000	No limit	No limit	\$5,000 \$39,900* to Senate candidate per campaign [3]
State, District & Local Party Committee may give	\$5,000 (combined limit)	No limit	No limit (\$5,000 combined limit)	No limit
PAC (multicandidate) [4] may give	\$5,000	\$15,000	\$5,000 (combined limit)	\$5,000 No limit
PAC (not multicandidate) may give	\$2,300* [5]	\$28,500* (combined limit)	\$10,000 (combined limit)	\$5,000 No limit
Authorized Campaign Committee may give	\$2,000 [5]	No limit	No limit	\$5,000 No limit

Source: Federal Election Commission Website (accessed June 15, 2007)

* These contribution limits are increased for inflation in odd-numbered years.

Contribution Limits 2007-08: II

1. A contribution earmarked for a candidate through a political committee counts against the original contributor's limit for that candidate. In certain circumstances, the contribution may also count against the contributor's limit to the PAC. **11 CFR 110.6**. See also **11 CFR 110.1(h)**.
2. No more than \$42,700 of this amount may be contributed to state and local party committees and PACS.
3. This limit is shared by the national committee and the Senate campaign committee.
4. A multicandidate committee is a political committee with more than 50 contributors which has been registered for at least 6 months and, with the exception of state party committees, has made contributions to 5 or more candidates for federal office. **11 CFR 100.5(e)(3)**.
5. A federal candidate's authorized committee(s) may contribute no more than \$2,000 per election to another federal candidate's authorized committee(s). **U.S.C. 432(e)(3)(B)**.

2008 Presidential Candidates

Donor Contribution Demographics

Candidate	No. of \$200+ Contributors	% from Donors of \$200 or less	No. of \$2,300+ Contributors	% from Donors of \$2,300+	No. of \$4,600 Contributors	% from Donors of \$4,600
<u>Clinton, Hillary</u>	11,232	9%	5,267	74%	2,590	48%
<u>Dodd, Chris</u>	3,854	-77%	992	86%	285	35%
<u>Biden, Joe</u>	2,972	-87%	425	64%	112	25%
<u>Edwards, John</u>	8,278	14%	2,236	47%	485	16%
<u>Giuliani, Rudy</u>	8,245	8%	3,459	63%	477	16%
<u>Obama, Barack</u>	15,195	22%	4,821	49%	549	10%
<u>McCain, John</u>	7,319	17%	2,261	45%	163	6%
<u>Gillmore, Jim</u>	105	11%	24	37%	2	5%
<u>Romney, Mitt</u>	12,146	6%	4,111	48%	123	3%
<u>Huckabee, Mike</u>	382	11%	131	59%	3	3%
<u>Tancredo, Tom</u>	406	77%	15	3%	1	0%
<u>Richardson, Bill</u>	4,227	10%	1,551	58%	4	0%
<u>Thompson, Tommy</u>	225	3%	74	55%	0	0%
<u>Hunter, Duncan</u>	385	16%	63	31%	0	0%
<u>Paul, Ron</u>	427	38%	69	25%	0	0%
<u>Gravel, Mike</u>	12	0%	0	0%	0	0%
<u>Brownback, Sam</u>	601	59%	54	10%	0	0%
<u>Kucinich, Dennis</u>	161	67%	11	8%	0	0%

Source: Center for Responsive Politics/Open Secrets.org

Health Care Contributions to Presidential Candidates

1989 – March, 2007

Candidate

Sum

% of Total Sum

<i>Biden, Joe</i>	\$472,845	3.68
<i>Brownback, Sam</i>	\$578,527	4.50
<i>Clinton, Hillary</i>	\$3,531,934	27.50
<i>Dodd, Chris</i>	\$1,169,010	9.10
<i>Edwards, John</i>	\$814,634	6.34
<i>Gilmore, Jim</i>	\$7,500	0.06
<i>Giuliani, Rudy</i>	\$952,117	7.41
<i>Gravel, Mike</i>	\$500	0.00
<i>Huckabee, Mike</i>	\$126,267	0.98
<i>Hunter, Duncan</i>	\$137,670	1.07
<i>Kucinich, Dennis</i>	\$290,262	2.26
<i>McCain, John</i>	\$1,808,989	14.08
<i>Obama, Barack</i>	\$1,238,230	9.64
<i>Paul, Ron</i>	\$241,156	1.88
<i>Richardson, Bill</i>	\$426,825	3.32
<i>Romney, Mitt</i>	\$933,385	7.27
<i>Tancredo, Tom</i>	\$104,600	0.81
<i>Thompson, Tommy</i>	\$9,100	0.07
Total	\$12,843,551	100.00

Source: IHSP calculations of Center for Responsive
Politics/Open Secrets.org Data

Health Care 1st Qtr. 2007 Campaign Contributions to Current Presidential Candidates

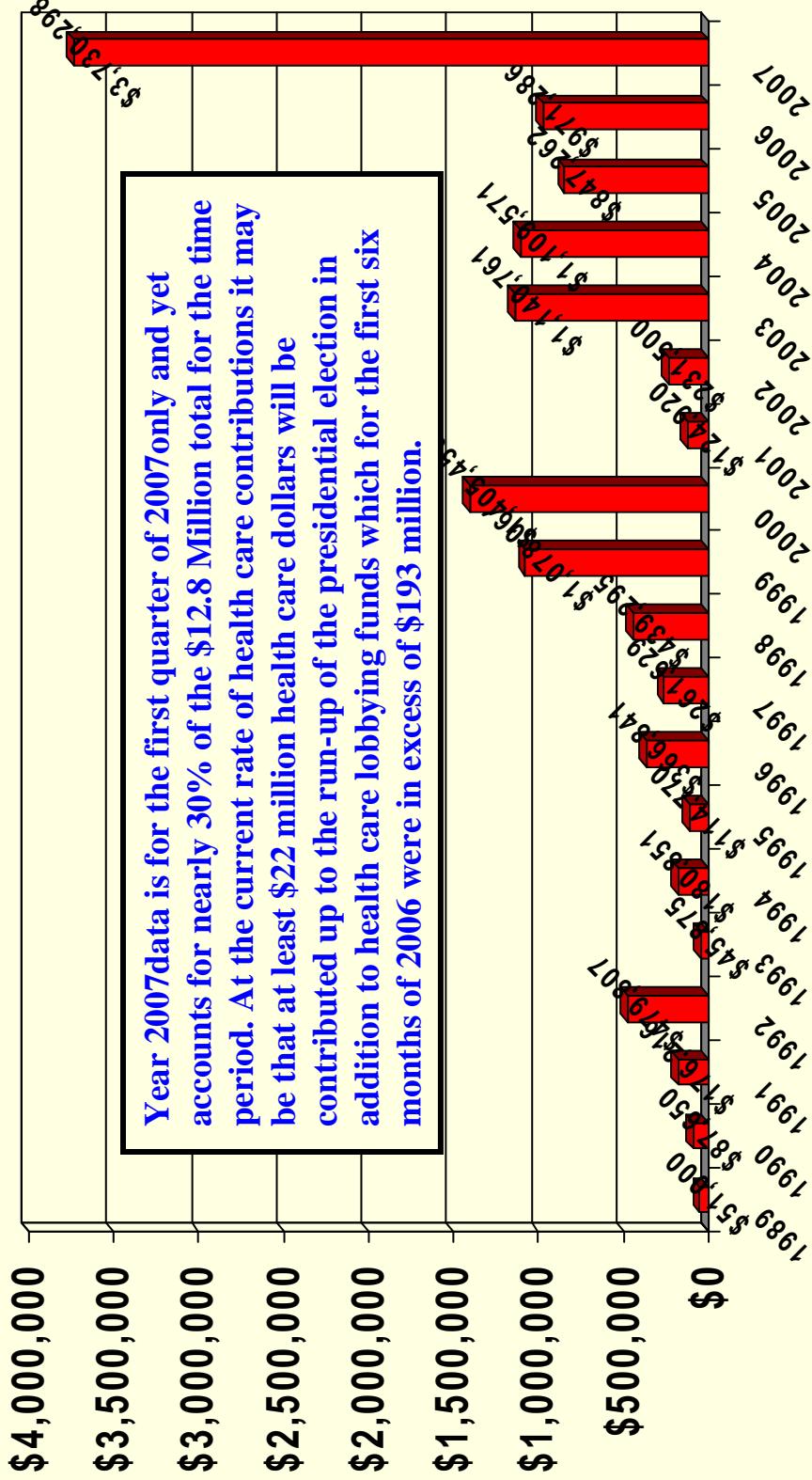
Candidates

Candidate	Contributions	% of Contributions
Clinton, Hillary	\$868,722	23.29%
Romney, Mitt	\$833,385	22.34%
Obama, Barack	\$574,268	15.39%
McCain, John	\$423,751	11.36%
Giuliani, Rudy	\$408,822	10.96%
Edwards, John	\$222,950	5.98%
Richardson, Bill	\$185,000	4.96%
Dodd, Chris	\$68,150	1.83%
Biden, Joe	\$52,000	1.39%
Brownback, Sam	\$29,500	0.79%
Huckabee, Mike	\$18,050	0.48%
Paul, Ron	\$11,000	0.29%
Thompson, Tommy	\$9,100	0.24%
Kucinich, Dennis	\$8,300	0.22%
Gilmore, Jim	\$7,500	0.20%
Tancredo, Tom	\$5,050	0.14%
Hunter, Duncan	\$4,250	0.11%
Gravel, Mike	\$500	0.01%

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Health Care Campaign Contributions to Current Presidential Candidates

1989 - 2007



Year 2007 data is for the first quarter of 2007 only and yet accounts for nearly 30% of the \$12.8 Million total for the time period. At the current rate of health care contributions it may be that at least \$22 million health care dollars will be contributed up to the run-up of the presidential election in addition to health care lobbying funds which for the first six months of 2006 were in excess of \$193 million.

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Joe Biden

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Simmons Cooper LLC</i>	\$48,400
<i>Broadway Partners</i>	\$29,900
<i>Thornton & Naumes</i>	\$23,200
<i>Kasowitz, Benson et al</i>	\$23,200
<i>Young, Conaway et al</i>	\$21,325
<i>Duane Morris LLP</i>	\$20,400
<i>Boies, Schiller & Flexner</i>	\$19,100
<i>Adler Group</i>	\$19,050
<i>Skadden, Arps et al</i>	\$18,450
<i>Weil Gotshal & Manges</i>	\$16,800
<i>Cushman & Wakefield</i>	\$16,700
<i>Clifford Chance LLP</i>	\$16,550
<i>Bank of America</i>	\$15,400
<i>Law Offices of Peter G Angelos</i>	\$14,500
<i>Cozen & O'Connor</i>	\$14,450
<i>Castlebrook Development</i>	\$13,800
<i>Sullivan & Cromwell</i>	\$13,500
<i>Lehman Brothers</i>	\$13,500
<i>Grunfeld, Desiderio et al</i>	\$12,600
<i>Citizens Financial Group</i>	\$12,250
Total	\$383,075

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Sam Brownback

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Omega Advisors</i>	\$11,500
<i>VGX Pharmaceuticals</i>	\$6,700
<i>LF Driscoll Co</i>	\$4,600
<i>Lario Enterprises</i>	\$4,600
<i>Korean POW Rescue Cmte</i>	\$4,600
<i>Google Inc</i>	\$4,600
<i>Murdle Rate Capital</i>	\$4,200
<i>K&B Underwriting</i>	\$4,200
<i>BZ Productions</i>	\$4,200
<i>Brickell Motors</i>	\$4,200
<i>Citizens United</i>	\$3,861
<i>Mary Ann Johnson DDS</i>	\$3,150
<i>Truth Christian Media</i>	\$2,600
<i>Masco Corp</i>	\$2,500
<i>US Postal Service</i>	\$2,400
<i>Zandel Inc</i>	\$2,300
<i>US Inspect L/c</i>	\$2,300
<i>Stormont Vail Regional Medical Center</i>	\$2,300
<i>SMB Ventures</i>	\$2,300
<i>Silver Bells</i>	\$2,300
Total	\$79,411

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Total

Hillary Clinton

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
Citigroup Inc	\$101,450
DLA Piper	\$87,350
Morgan Stanley	\$79,350
NRG Energy	\$73,250
Goldman Sachs	\$68,700
Time Warner	\$65,550
Farallon Capital Management	\$59,800
Bear Stearns	\$55,550
Avenue Capital Group	\$52,600
JP Morgan Chase & Co	\$47,950
Skadden, Arps et al	\$45,650
Akin, Gump et al	\$44,450
Cisco Systems	\$44,050
Lehman Brothers	\$41,650
Comcast Corp	\$39,800
Saban Capital Group	\$39,100
Paul, Weiss et al	\$38,900
Ernst & Young	\$38,900
Merrill Lynch	\$37,650
Emily's List	\$36,425
Total	\$1,098,125

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Chris Dodd

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
SAC Capital Advisors	\$207,300
Citigroup Inc	\$139,950
United Technologies	\$135,250
Bear Stearns	\$112,350
St Paul Travelers Companies	\$88,300
The Hartford	\$85,650
Royal Bank of Scotland	\$72,250
Aig Financial Products	\$69,300
Merrill Lynch	\$64,350
Goldman Sachs	\$55,100
Credit Suisse Securities	\$52,000
Morgan Stanley	\$49,700
PricewaterhouseCoopers	\$47,500
Liberty Mutual Insurance	\$41,000
Ernst & Young	\$40,750
US Smokeless Tobacco	\$39,600
DLA Piper	\$37,650
Taconic Capital Advisors	\$35,800
Brown Brothers Harriman & Co	\$32,300
Manafort Brothers	\$31,300
Total	\$1,437,400

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

erved

40

John Edwards

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>ActBlue</i>	\$1,290,438
<i>Fortress Investment Group</i>	\$182,250
<i>Lerach, Coughlin et al</i>	\$89,300
<i>Goldman Sachs</i>	\$62,300
<i>Watts Law Firm</i>	\$61,000
<i>Beasley, Allen et al</i>	\$53,550
<i>Skadden, Arps et al</i>	\$46,300
<i>Deutsche Bank North America</i>	\$45,350
<i>Whitten, Nelson et al</i>	\$43,100
<i>Sidley Austin LLP</i>	\$42,700
<i>Motley Rice LLC</i>	\$39,500
<i>Citigroup Inc</i>	\$34,250
<i>Brent Coon & Assoc</i>	\$29,850
<i>Kramer, Dillof et al</i>	\$29,500
<i>Brayton Purcell</i>	\$27,700
<i>Baron & Budd</i>	\$26,300
<i>Girardi & Keese</i>	\$25,300
<i>Waters & Kraus</i>	\$24,600
<i>Provost & Umphrey</i>	\$24,500
Total	\$2,214,288

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Jim Gilmore

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Paramont Grading</i>	\$12,600
<i>West Group Management</i>	\$4,600
<i>Massey Energy Co Vic</i>	\$4,600
<i>Falk Holding Corp</i>	\$4,600
<i>CCA Industries</i>	\$4,600
<i>Stone Tower Capital</i>	\$4,200
<i>Prosperity Mortgage</i>	\$4,200
<i>Community Development Group of Delaware</i>	\$4,200
<i>Chandler Management Corp</i>	\$4,200
<i>Barr Laboratories</i>	\$4,200
<i>McGuire, Woods et al</i>	\$4,100
<i>Shape Technologies</i>	\$2,300
<i>Pn Consulting</i>	\$2,300
<i>McKinley Capital Management</i>	\$2,300
<i>Aviles Engineering</i>	\$2,300
<i>Apatoff Peters</i>	\$2,300
<i>Advantus Strategies</i>	\$2,300
<i>Woodhaven Consultants Inc</i>	\$2,100
<i>Peace Corps</i>	\$2,100
<i>Moss & Rocovich</i>	\$2,100
Total	\$76,200

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Rudy Giuliani

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Elliott Management</i>	\$195,800
<i>Credit Suisse Securities</i>	\$106,500
<i>Bear Stearns</i>	\$79,041
<i>Lehman Brothers</i>	\$75,750
<i>Ernst & Young</i>	\$69,600
<i>Station Casinos</i>	\$69,200
<i>Bracewell & Giuliani</i>	\$67,400
<i>Merrill Lynch</i>	\$66,200
<i>Sandler O'Neill & Partners</i>	\$65,350
<i>UBS Americas</i>	\$62,050
<i>Citigroup Inc</i>	\$47,600
<i>Gibson, Dunn & Crutcher</i>	\$44,725
<i>S&B Technical Products</i>	\$43,700
<i>JP Morgan Chase & Co</i>	\$37,350
<i>Kleinberg, Kaplan et al</i>	\$37,000
<i>Omnicon Group</i>	\$35,000
<i>Morgan Stanley</i>	\$31,700
<i>Bank of America</i>	\$31,100
<i>Milbank, Tweed et al</i>	\$28,100
<i>Mudd-Lyman Sales & Service Corp</i>	\$23,000
Total	\$1,216,166

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Mike Gravel

Top 20 Contributors to Pres. 2008 Campaign

<i>Contributor</i>	<i>Amount</i>
<i>Raynault Foundation</i>	\$500
<i>Berbee Information Networks</i>	\$500
<i>Emerson Power Transmission</i>	\$200
Total	\$1,200

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Mike Huckabee

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
Stephens Inc	\$20,400
First Tape & Label	\$9,200
Mt Vernon Investments	\$6,600
Friday, Eldredge & Clark	\$5,800
Tyson Foods	\$5,600
TDL Partners	\$4,600
TC Residential	\$4,600
Tango	\$4,600
Procter & Gamble	\$4,600
McWilliams & Assoc	\$4,600
Inland Group	\$4,600
Haury & Smith Contractors	\$4,600
Grace Group Interiors	\$4,600
Gibson Guitar Corp	\$4,600
Fellowship Assoc	\$4,600
Evets Corp	\$4,600
Arvest Bank Group	\$4,600
Alltel Corp	\$4,600
Huffines Auto Dealerships	\$4,300
Enterprise Rent-A-Car	\$4,300
Total	\$116,000

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Duncan Hunter

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Milliken & Co</i>	\$11,650
<i>Maxor Pharmacies</i>	\$10,200
<i>Downey Financial Corp</i>	\$6,900
<i>Trex Enterprises</i>	\$6,300
<i>Dupont Aerospace</i>	\$6,300
<i>General Atomics</i>	\$6,000
<i>Sportfishing/Marinas</i>	\$5,600
<i>SAXPAC</i>	\$5,000
<i>McMillin Companies</i>	\$4,850
<i>Teklaunch</i>	\$4,200
<i>International Foundation of Hope</i>	\$4,200
<i>Edados Enterprises</i>	\$4,200
<i>American Defense International</i>	\$4,200
<i>Cassidy & Assoc</i>	\$3,350
<i>RA Capital Advisors</i>	\$3,300
<i>RTI</i>	\$2,600
<i>GET Engineering</i>	\$2,550
<i>Bartlett Holdings</i>	\$2,550
<i>American Maritime Officers</i>	\$2,500
<i>TC Construction</i>	\$2,300
Total	\$98,750

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Dennis Kucinich

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
Institute For Democracy Studies	\$6,300
Krasner Law Office	\$4,200
Joyce (Surname Unknown)	\$2,300
Conval School District	\$2,300
Shirley Bogs Estate	\$2,100
Case Western Reserve University	\$2,000
Farm Credit Services	\$1,250
University of Iowa	\$1,000
Prison Health Service	\$1,000
Morgan, Lewis & Bockius	\$1,000
Mark Ruffalo	\$1,000
Lions Gate Films	\$1,000
Group Health Permanente	\$1,000
Des-Son Assoc	\$1,000
American Hellenic Council of California	\$1,000
Valley Orthopedic Assoc	\$500
University of Kentucky	\$500
United Supply Co	\$500
Smith College	\$500
Pacific Clinic	\$500
Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data	
Total	\$30,950

John McCain

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Blank Rome LLP</i>	\$122,900
<i>Bank of New York</i>	\$69,300
<i>IDT Corp</i>	\$67,550
<i>Univision Communications</i>	\$63,600
<i>Citigroup Inc</i>	\$51,250
<i>Wachovia Corp</i>	\$43,750
<i>Pinnacle West Capital Corp</i>	\$39,300
<i>Goldman Sachs</i>	\$35,400
<i>Bridgewater Assoc</i>	\$32,100
<i>Merrill Lynch</i>	\$30,900
<i>Credit Suisse Securities</i>	\$30,200
<i>Hensley & Co</i>	\$29,300
<i>AM General Corp</i>	\$26,300
<i>Web Service Co</i>	\$26,050
<i>Telstra Corp</i>	\$25,800
<i>Greenberg Traurig LLP</i>	\$25,100
<i>Contran Corp</i>	\$23,000
<i>JPMorgan Chase & Co</i>	\$22,800
<i>Triwest Healthcare Alliance</i>	\$22,250
<i>Gallagher & Kennedy</i>	\$22,150
Total	\$809,000

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Barack Obama

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>UBS Americas</i>	\$162,200
<i>Exelon Corp</i>	\$159,800
<i>Goldman Sachs</i>	\$146,100
<i>Sidley Austin LLP</i>	\$105,750
<i>Jenner & Block</i>	\$81,322
<i>Jones, Day et al</i>	\$76,000
<i>Kirkland & Ellis</i>	\$72,251
<i>Time Warner</i>	\$63,300
<i>Williams & Connolly</i>	\$58,350
<i>Harvard University</i>	\$57,500
<i>Citigroup Inc</i>	\$56,000
<i>Credit Suisse Securities</i>	\$47,500
<i>Skadden, Arps et al</i>	\$43,550
<i>WilmerHale</i>	\$41,950
<i>Morgan Stanley</i>	\$41,850
<i>Level 3 Communications</i>	\$38,900
<i>Viacom Inc</i>	\$38,700
<i>Lehman Brothers</i>	\$38,400
<i>Ariel Capital Management</i>	\$37,900
<i>Pajicic & Pajicic</i>	\$36,800
Total	\$1,404,123

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Ron Paul

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Geocapital Partners/Equity Mgmt Assoc</i>	\$4,600
<i>Northern Tier Orthopedic Assoc</i>	\$4,200
<i>Walker Die Casting</i>	\$2,300
<i>Van Pelt, Yi & James</i>	\$2,300
<i>United Parcel Service</i>	\$2,300
<i>Time Logic Corp</i>	\$2,300
<i>Texas Instruments</i>	\$2,300
<i>Praetorian Capital Management</i>	\$2,300
<i>Pentennea Llc</i>	\$2,300
<i>Netqos Performance Experts</i>	\$2,300
<i>Net Impression, Inc</i>	\$2,300
<i>Marijuana Policy Project</i>	\$2,300
<i>Libra Securities</i>	\$2,300
<i>Halcyon Search International</i>	\$2,300
<i>Davey Large Tree Moving</i>	\$2,300
<i>Confluence Management LLC</i>	\$2,300
<i>CLK Energy Llc</i>	\$2,300
<i>City of Gadsden</i>	\$2,300
<i>Century Publications</i>	\$2,300
<i>California Equities</i>	\$2,300
Total	\$50,200

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Bill Richardson

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>ActBlue</i>	\$238,285
<i>State of New Mexico</i>	\$154,930
<i>Sutin, Thayer & Browne</i>	\$31,165
<i>University of New Mexico</i>	\$22,600
<i>Forest City Enterprises</i>	\$22,400
<i>Brownstein, Hyatt et al</i>	\$20,750
<i>Lions Gate Entertainment</i>	\$18,400
<i>Qwest Communications</i>	\$17,800
<i>Cozen & O'Connor</i>	\$17,000
<i>Thornburg Investment Management</i>	\$15,200
<i>Modrall Sperling Law Firm</i>	\$14,250
<i>Welsh, Carson et al</i>	\$13,800
<i>Lucky Services</i>	\$13,800
<i>Psilios Group</i>	\$12,500
<i>Xcel Energy</i>	\$12,000
<i>Peterson Properties</i>	\$11,500
<i>Angel Fire Resort</i>	\$11,500
<i>WWC Inc</i>	\$10,350
<i>New Mexico Banquet Corp</i>	\$10,200
<i>Meyners & Co</i>	\$9,750
Total	\$678,180

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

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Mitt Romney

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>Goldman Sachs</i>	\$147,925
<i>Marriott International</i>	\$108,950
<i>Bain Capital</i>	\$99,800
<i>Kirkland & Ellis</i>	\$73,850
<i>HIG Capital</i>	\$72,475
<i>Bain & Co</i>	\$71,250
<i>Morgan Stanley</i>	\$66,550
<i>Merrill Lynch</i>	\$56,250
<i>American Financial Group</i>	\$54,100
<i>Affiliated Managers Group</i>	\$53,975
<i>PricewaterhouseCoopers</i>	\$51,600
<i>Ropes & Gray</i>	\$46,000
<i>Citigroup Inc</i>	\$44,800
<i>Liberty Mutual Insurance</i>	\$42,350
<i>JP Morgan Chase & Co</i>	\$38,950
<i>Staples Inc</i>	\$38,100
<i>Xango LLC</i>	\$35,210
<i>Pyramid Management Group</i>	\$34,300
<i>Melaleuca Inc</i>	\$34,300
<i>Huron Consulting Group</i>	\$33,550
Total	\$1,204,285

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

Tom Tancredo

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>US Immigration Reform PAC</i>	\$5,000
<i>US Dept of Health & Human Services</i>	\$2,300
<i>Mattson Construction Co</i>	\$2,300
<i>General Motors</i>	\$2,300
<i>Pmic</i>	\$2,100
<i>Millennium Ranch</i>	\$2,100
<i>McS Group</i>	\$2,100
<i>Home Real Estate</i>	\$2,100
<i>EW Systems</i>	\$2,100
<i>Droste Design & Development/Real Es</i>	\$2,100
<i>Choice Electric</i>	\$2,100
<i>Tran Am International</i>	\$2,000
<i>JP Instruments</i>	\$2,000
<i>Mr Arlene Inc</i>	\$1,600
<i>Omni Anesthesia Assoc</i>	\$1,500
<i>Young Americas Foundation</i>	\$1,000
<i>Wn Blair</i>	\$1,000
<i>Wasatch Management & Development</i>	\$1,000
<i>US Inc</i>	\$1,000
<i>Stockman Cass Ryan</i>	\$1,000
Total	\$38,700

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

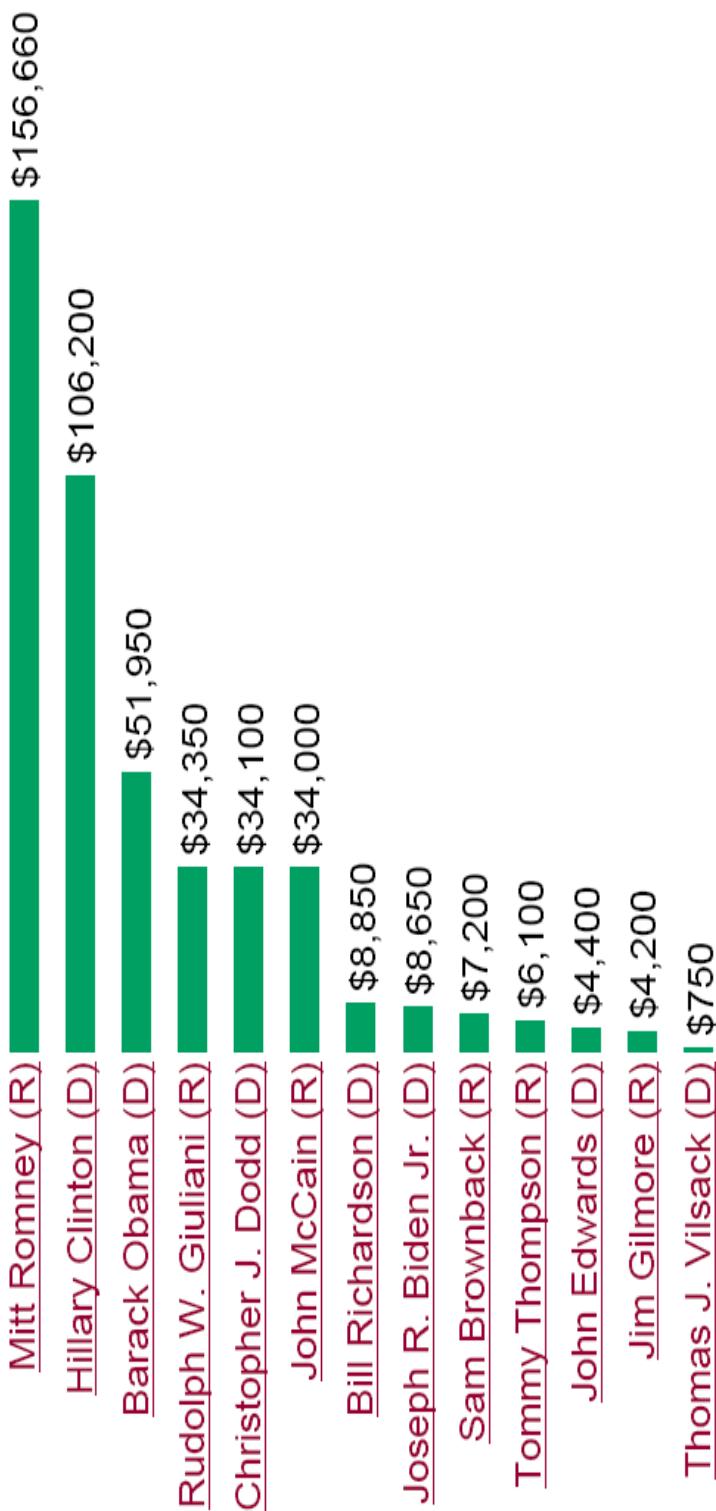
Tommy Thompson

Top 20 Contributors to Pres. 2008 Campaign

Contributor	Amount
<i>ABC Supply</i>	\$13,800
<i>Johnson Timber</i>	\$9,200
<i>Infuture Inc</i>	\$9,200
<i>JF Ahern Co</i>	\$8,000
<i>Michael, Best & Friedrich</i>	\$6,100
<i>William Blair & Co</i>	\$4,600
<i>Promotions Unlimited</i>	\$4,600
<i>National Football League</i>	\$4,600
<i>Barbour, Griffith & Rogers</i>	\$4,450
<i>Summit Lake Game Farm</i>	\$4,400
<i>JP Cullen & Sons</i>	\$4,200
<i>Ungaretti & Harris</i>	\$2,920
<i>Akin, Gump et al</i>	\$2,750
<i>WPP Group</i>	\$2,550
<i>American Beverage Assn</i>	\$2,550
<i>Ww Grainger Inc</i>	\$2,300
<i>Wirtz Corp</i>	\$2,300
<i>Walnut Capitol Management</i>	\$2,300
<i>Tamarack Petroleum</i>	\$2,300
<i>TA Solberg Co</i>	\$2,300
Total	\$95,420

Source: IHSP calculations of Center for Responsive Politics/Open Secrets.org Data

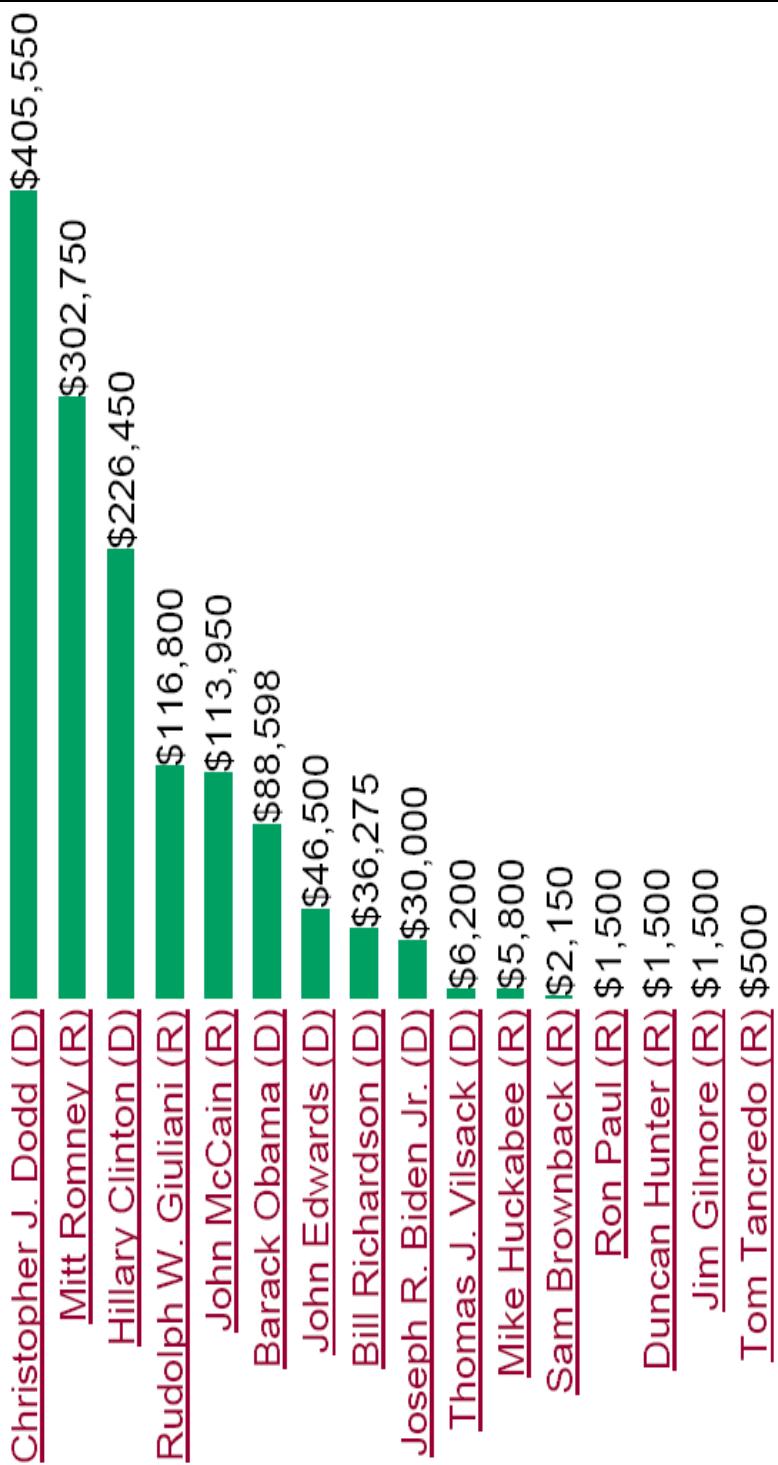
Pharmaceuticals/Health Products Contributions to 2008 Presidential Candidates



METHODOLOGY: The totals on these charts are calculated from PAC contributions and contributions from individuals giving more than \$200, as reported to the Federal Election Commission. Individual contributions are generally categorized based on the donor's occupation/employer.

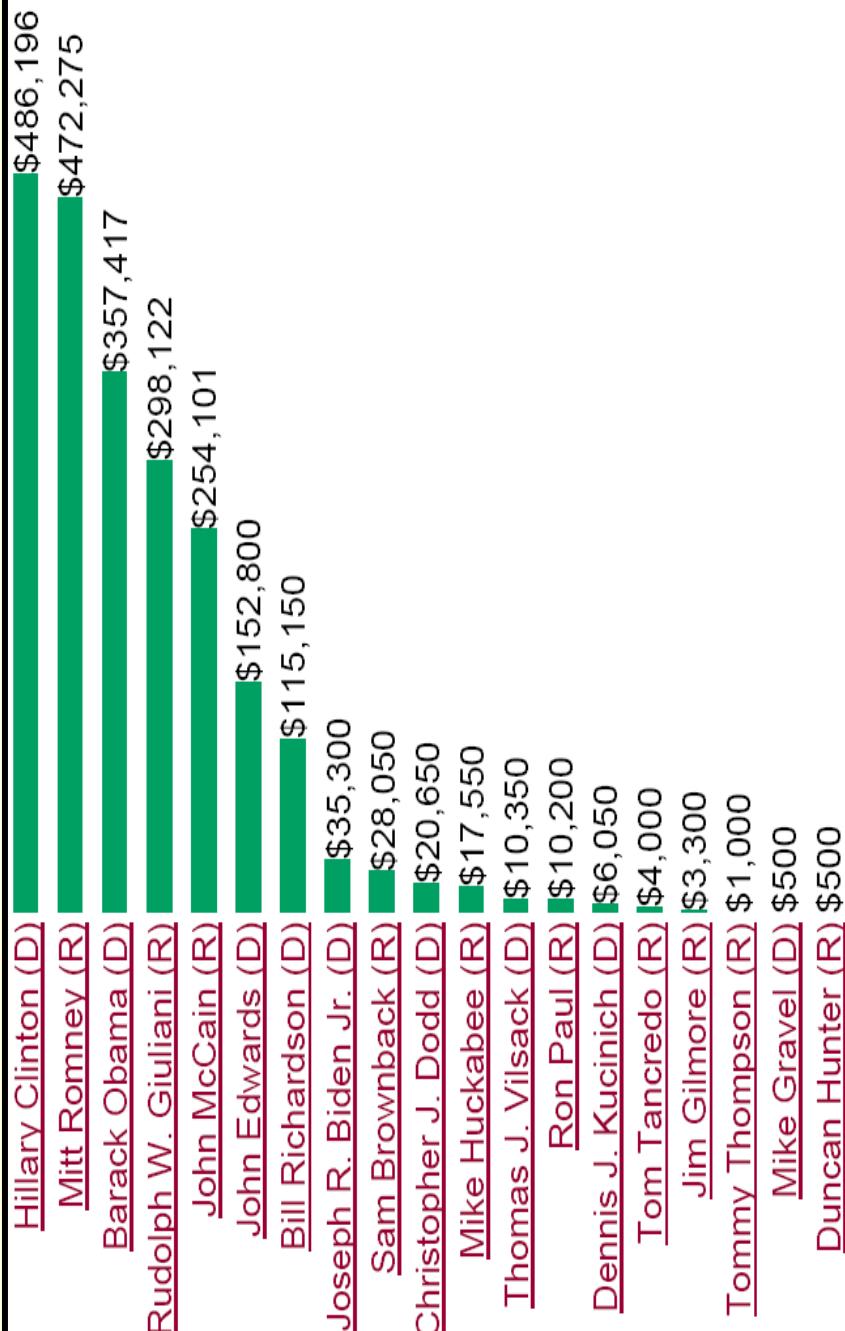
Source: Center for Responsive Politics/Open Secrets.org

Insurance Contributions to 2008 Presidential Candidates



METHODOLOGY: The totals on these charts are calculated from PAC contributions and contributions from individuals giving more than \$200, as reported to the Federal Election Commission. Individual contributions are generally categorized based on the donor's occupation/employer,

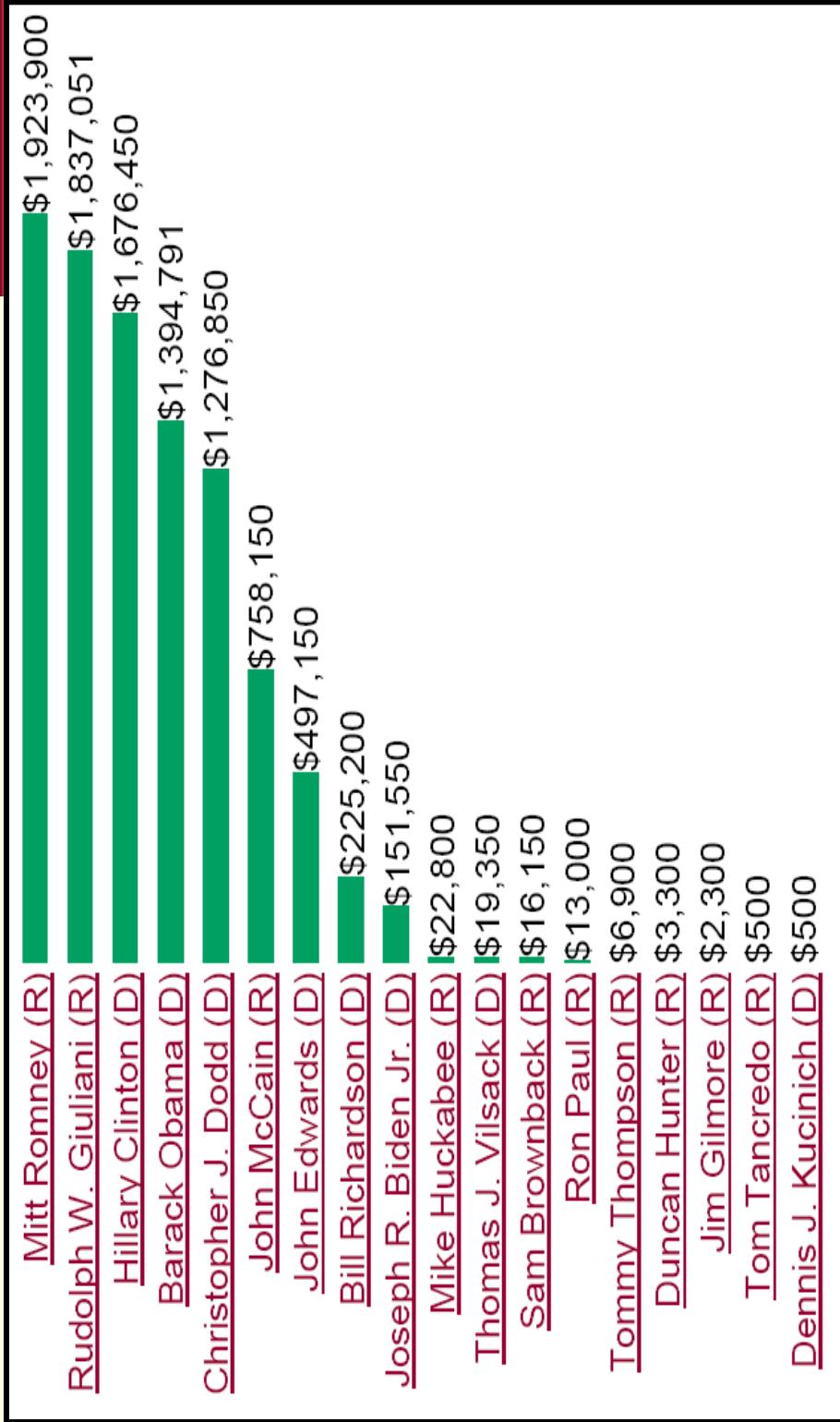
Health Professionals Contributions to 2008 Presidential Candidates



Source: Center
for Responsive
Politics/Open
Secrets.org

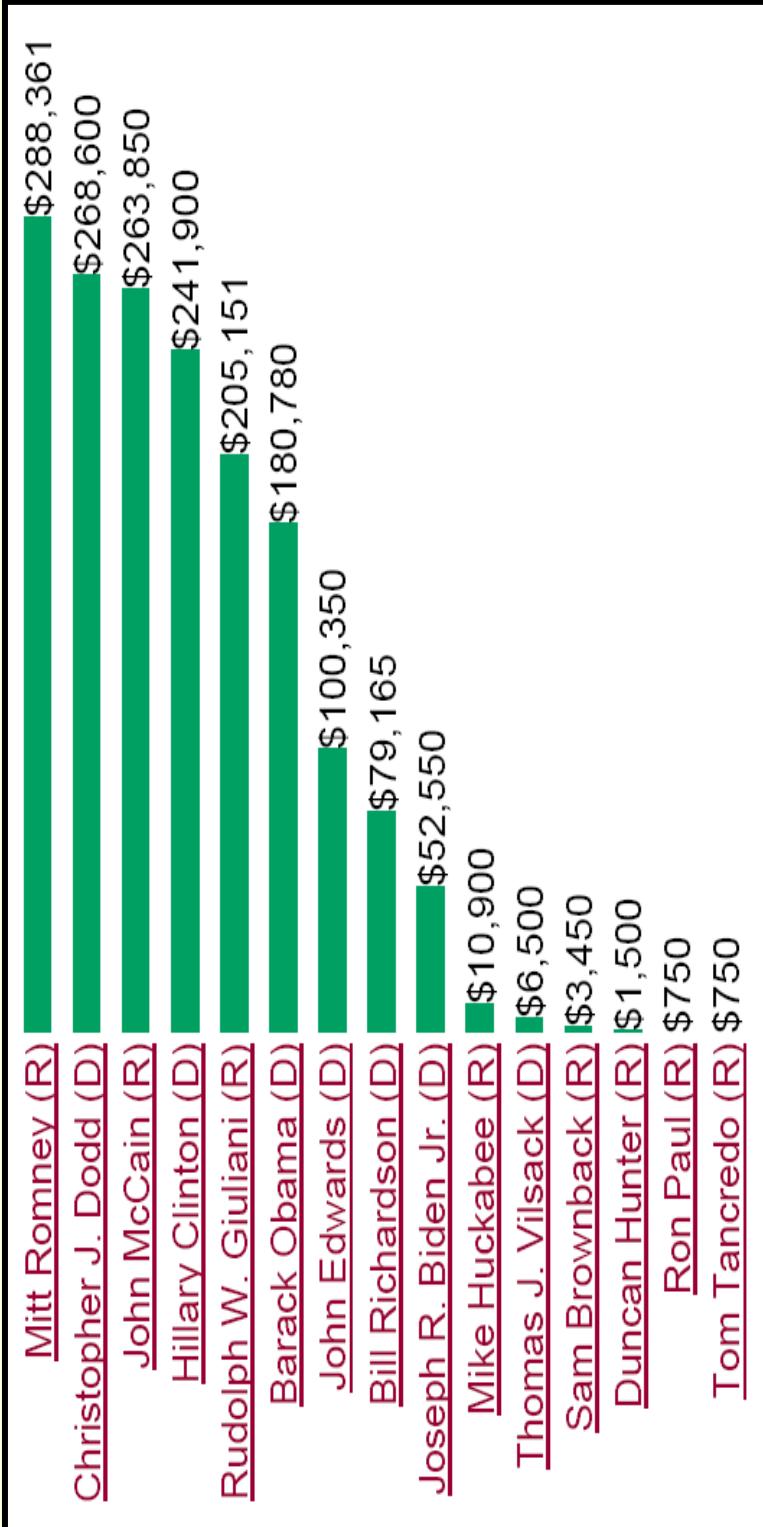
METHODOLOGY: The totals on these charts are calculated from PAC contributions and contributions from individuals giving more than \$200, as reported to the Federal Election Commission. Individual contributions are generally categorized based on the donor's occupation/employer.

Securities and Investment Firms Contributions to 2008 Presidential Candidates



METHODOLOGY: The totals on these charts are calculated from PAC contributions and contributions from individuals giving more than \$200, as reported to the Federal Election Commission. Individual contributions are generally categorized based on the donor's occupation/employer.

Commercial Banks Contributions to 2008 Presidential Candidates

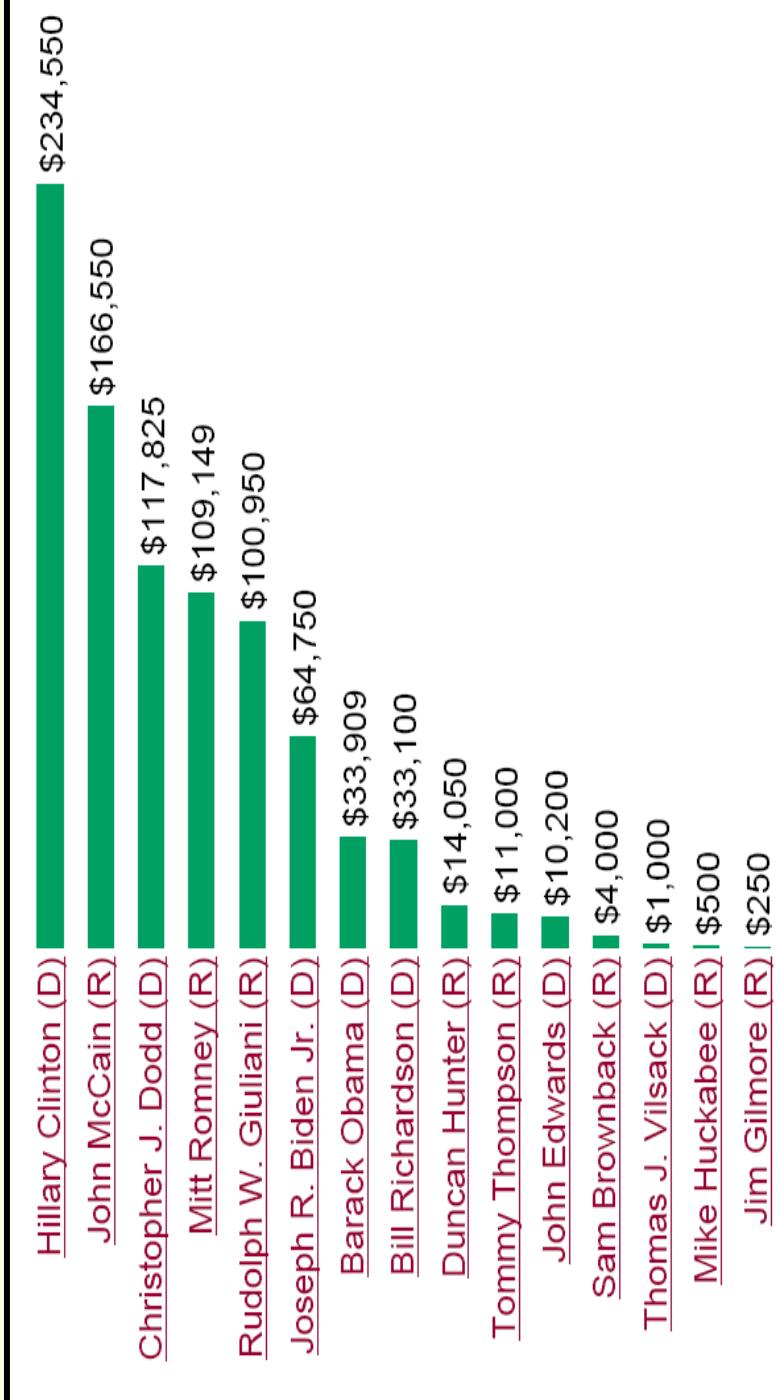


METHODOLOGY: The totals on these charts are calculated from PAC contributions and contributions from individuals giving more than \$200, as reported to the Federal Election Commission. Individual contributions are generally categorized based on the donor's occupation/employer.

Source: Center for Responsive Politics/Open Secrets.org

Lobbyists

Contributions to 2008 Presidential Candidates



METHODOLOGY: The totals on these charts are calculated from PAC contributions and contributions from individuals giving more than \$200, as reported to the Federal Election Commission. Individual contributions are generally categorized based on the donor's occupation/employer,

Source: Center for Responsive Politics/Open Secrets.org

Pharmaceuticals/Health Products: Top 20 Recipients

Rank	Candidate	Office	Amount	Year
20	Clinton, Hillary (D-NY)	Senate	\$129,755	2006
19	Clinton, Hillary Rodham (D-NY)	Senate	\$78,125	2000
12	Dodd, Christopher J (D-CT)	Senate	\$124,550	2004
11	Giuliani, Rudolph W (R-NY)	Senate	\$99,389	2000

Applies only to a current presidential candidate that is/was among the top 20 recipients for a given industry in a given year

Source: Center for Responsive Politics/Open Secrets.org

Insurance:

Top 20 Recipients

Rank	Candidate	Office	Amount	Year
20	Clinton, Hillary (D-NY)	Senate	\$158,675	2000
4	Clinton, Hillary (D-NY)	Senate	\$381,730	2006
19	Dodd, Christopher J (D-CT)	Senate	\$123,492	2002
13	Dodd, Christopher J (D-CT)	Senate	\$240,850	2006
4	Dodd, Christopher J (D-CT)	Senate	\$333,116	2004
12	Giuliani, Rudolph W (R-NY)	Senate	\$197,500	2000
13	McCain, John (R-AZ)	Senate	\$190,422	2000

Applies only to a current presidential candidate that is/was among the top 20 recipients for a given industry in a given year

Source: Center for Responsive Politics/Open Secrets.org

Health Services/HMOs:

Top 20 Recipients

Rank	Candidate	Office	Amount	Year
6	Clinton, Hillary (D-NY)	Senate	\$111,720	2006
7	Clinton, Hillary Rodham (D-NY)	Senate	\$58,650	2000
10	Dodd, Christopher J (D-CT)	Senate	\$59,300	2004
17	McCain, John (R-AZ)	Senate	\$33,500	2000

Applies only to a current presidential candidate that is/was among the top 20 recipients for a given industry in a given year

Source: Center for Responsive Politics/Open Secrets.org

Hospitals/Nursing Homes: Top 20 Recipients

Rank	Candidate	Office	Amount	Year
17	Clinton, Hillary (D-NY)	Senate	\$77,325	2004
2	Clinton, Hillary (D-NY)	Senate	\$263,686	2006
4	Clinton, Hillary Roadham (D-NY)	Senate	\$152,150	2000
16	Giuliani, Rudolph W (R-NY)	Senate	\$59,760	2000
14	McCain, John (R-AZ)	Senate	\$64,015	2000
6	Obama, Barack (D-IL)	Senate	\$125,850	2004

Applies only to a current presidential candidate that is/was among the top 20 recipients for a given industry in a given year

Source: Center for Responsive Politics/Open Secrets.org

Market Based Health Care

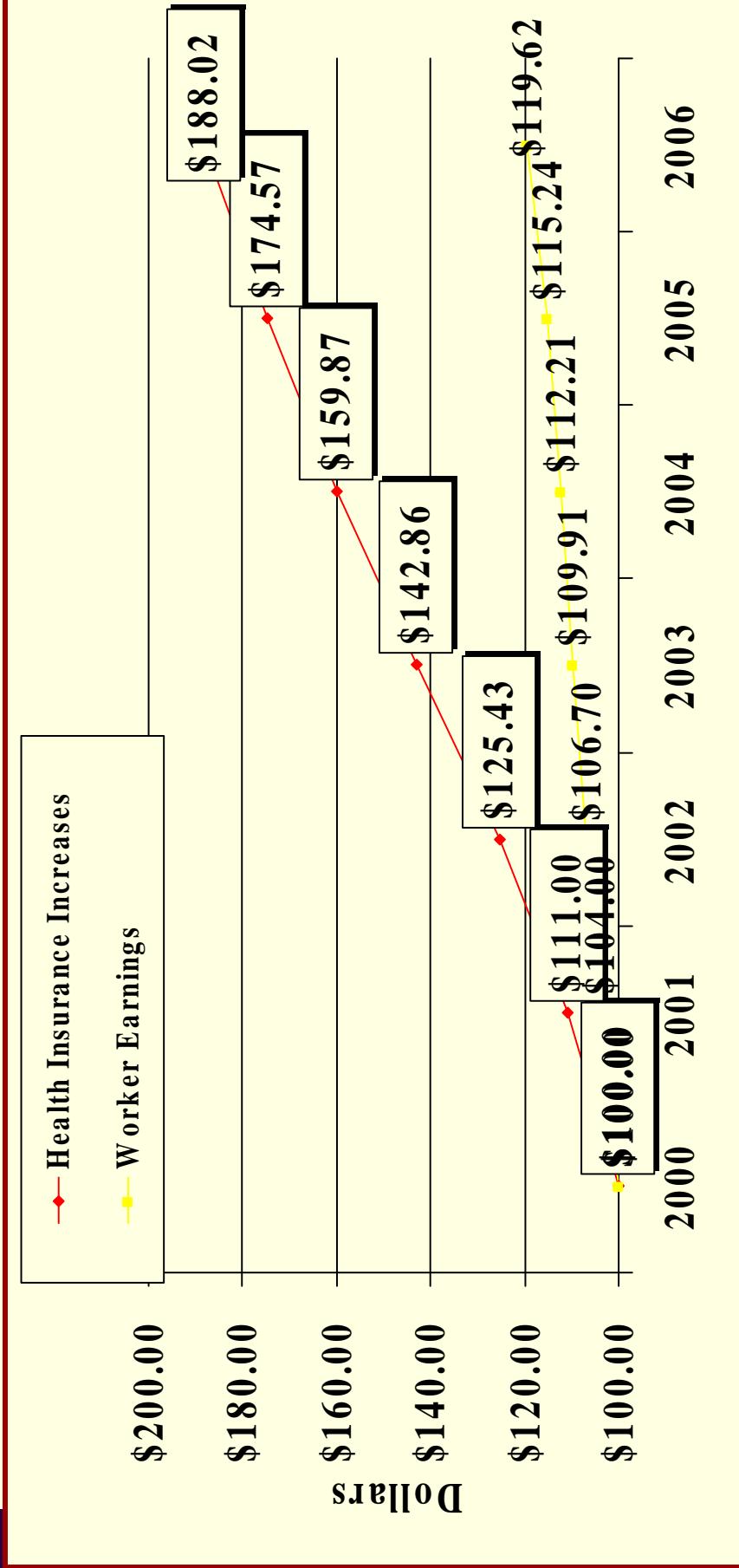
Insurance

Richard Nixon, The HMO Act of 1973, Kaiser Permanent and

"... **the less care they give them, the more money they make.**"

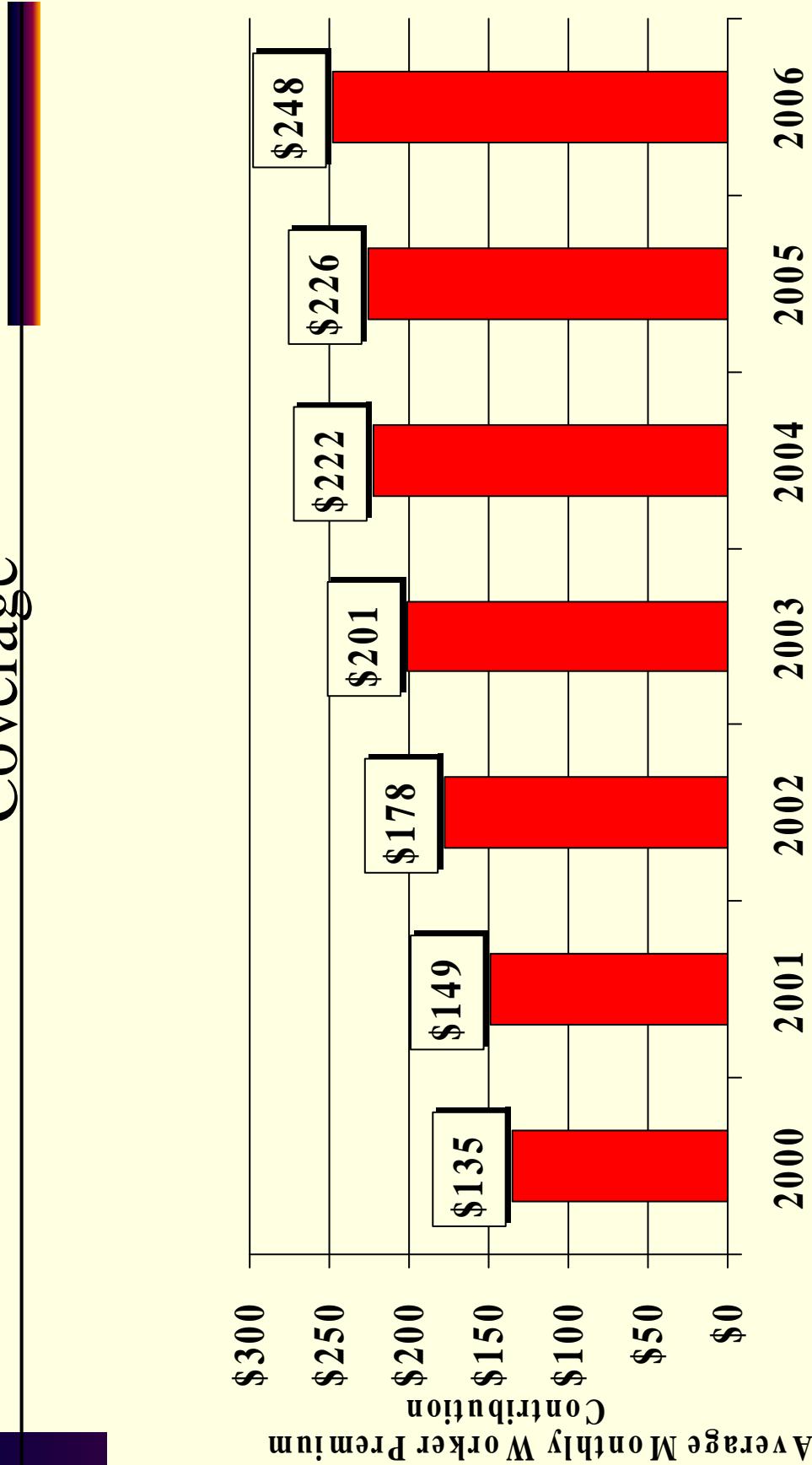
- "Perhaps the best introduction to the Kaiser HMO and Kaiser Permanente Medical Care Plan is the summary by Mr. Edgar Kaiser that **the less Kaiser does for patients the more money it makes**. To get the full context one can go to the University of Virginia and review the presentation Mr. Edgar Kaiser (then Kaiser CEO) made to President Nixon through Mr. Erlichman – **the less we do the more we earn**. This convinced President Nixon to go forward with the HMO Act of 1973 with Kaiser as the template. The conversation is recorded below within the Nixon Whitehouse Tapes."
- Ehrlichman: "Edgar Kaiser is running his Permanente deal for profit. And the reason that he can ... the reason he can do it ... I had Edgar Kaiser come in ... talk to me about this and I went into it in some depth. All the incentives are toward less medical care, because ..."
President Nixon: [Unclear.]
- Ehrlichman: "... **the less care they give them, the more money they make.**"
- President Nixon: "Fine." [Unclear.]
- Ehrlichman: [Unclear] "... and the incentives run the right way."
- President Nixon: "Not bad."

If It Cost You \$100 In 2000 To Purchase Health Insurance, It Would Cost \$188 Today



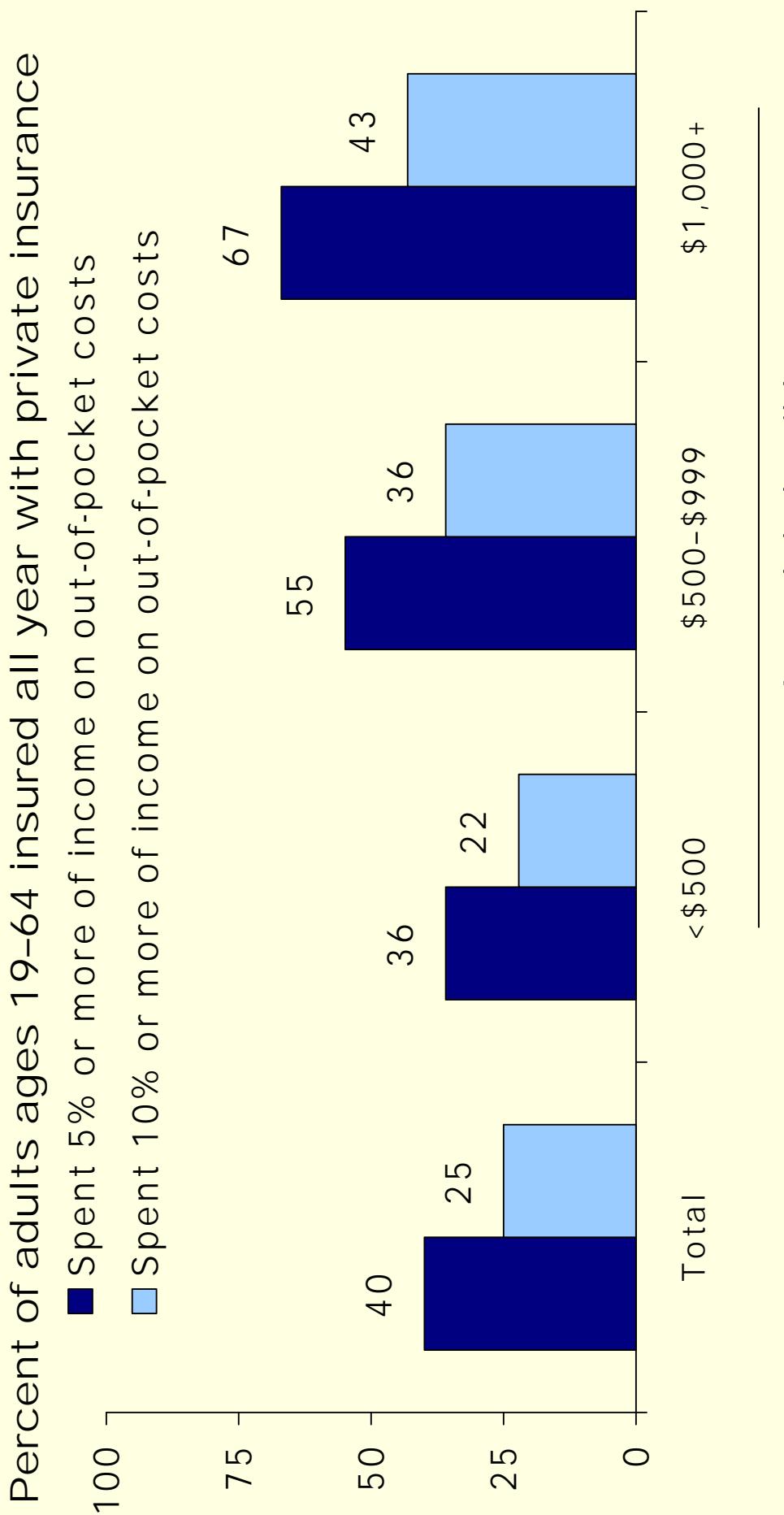
Source: Kaiser Family Foundation & Modern Healthcare

Average Monthly Worker Premium Contributions Paid by Covered Worker Family



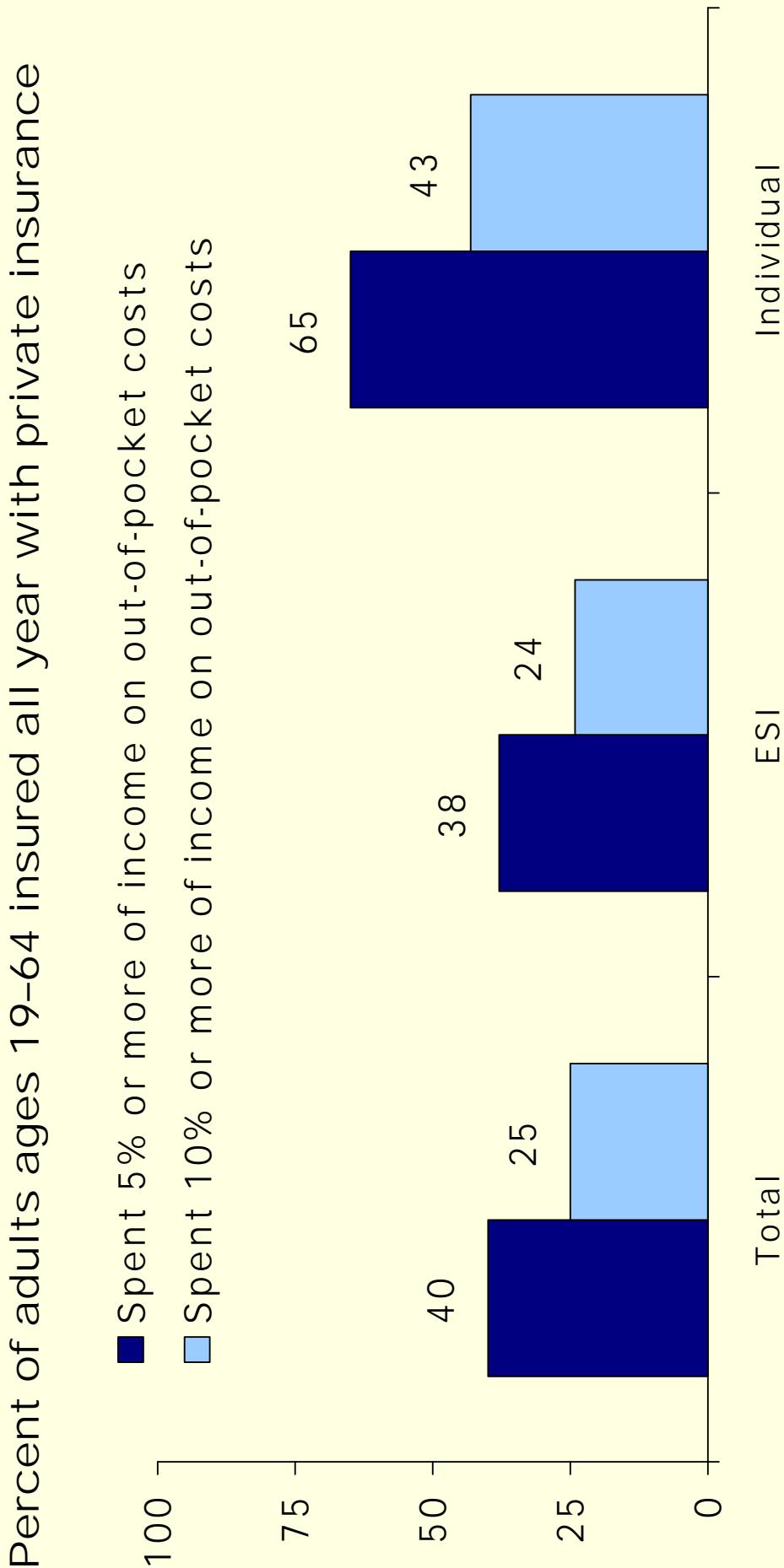
Source: Kaiser Family Foundation Annual Employer Benefits 2006

Adults with Higher Deductibles Are More Likely to Spend a Greater Share of Household Income on Family Out-of-Pocket Expenses and Premiums



Source: The Commonwealth Fund Biennial Health Insurance Survey (2005). Collins, et al. "Squeezed: Why Rising Exposure to Health Care Costs Threatens the Health and Financial Well-Being of American Families," Commonwealth Fund, September 2006

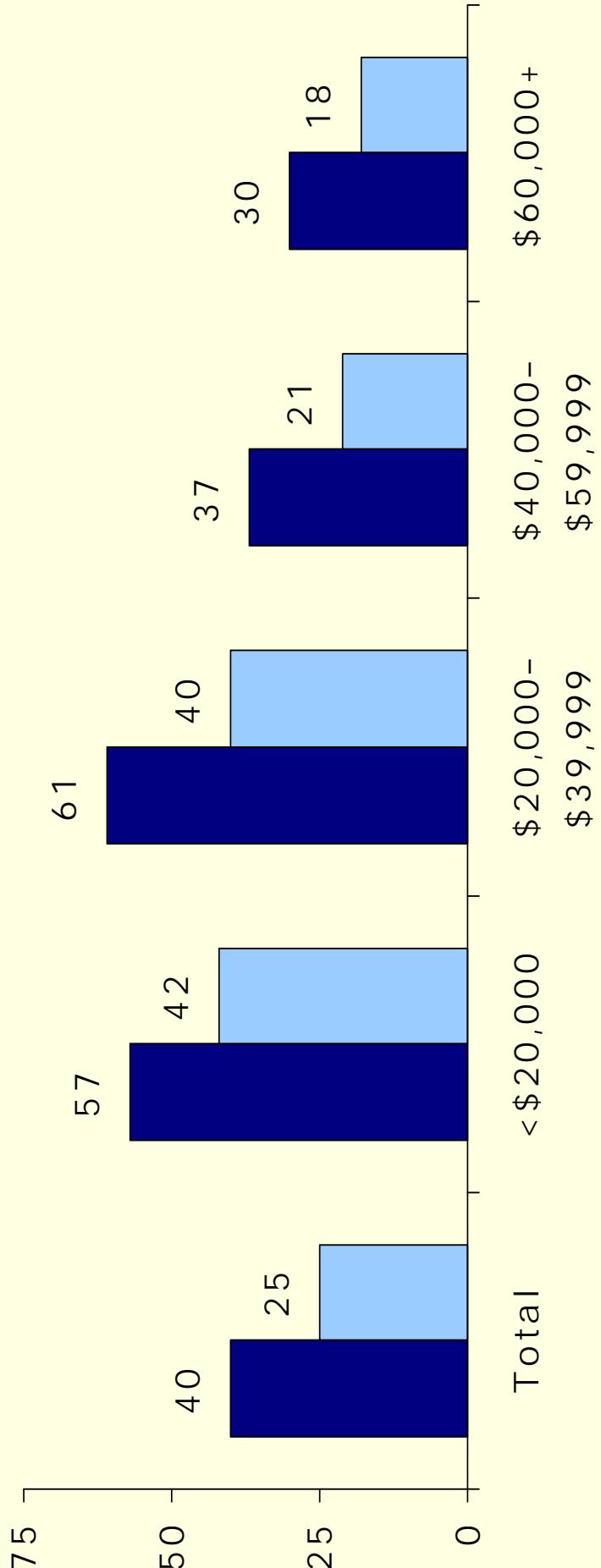
One-Quarter of Adults Spent 10 Percent or More of Their Household Income Annually on Family Out-of-Pocket Expenses and Premiums



Low-Income Households at Most Risk for Spending Greater Shares of Income on Family Out-of-Pocket Expenses and Premiums

Percent of adults ages 19–64 insured all year with private insurance

- Spent 5% or more of income on out-of-pocket costs
- Spent 10% or more of income on out-of-pocket costs

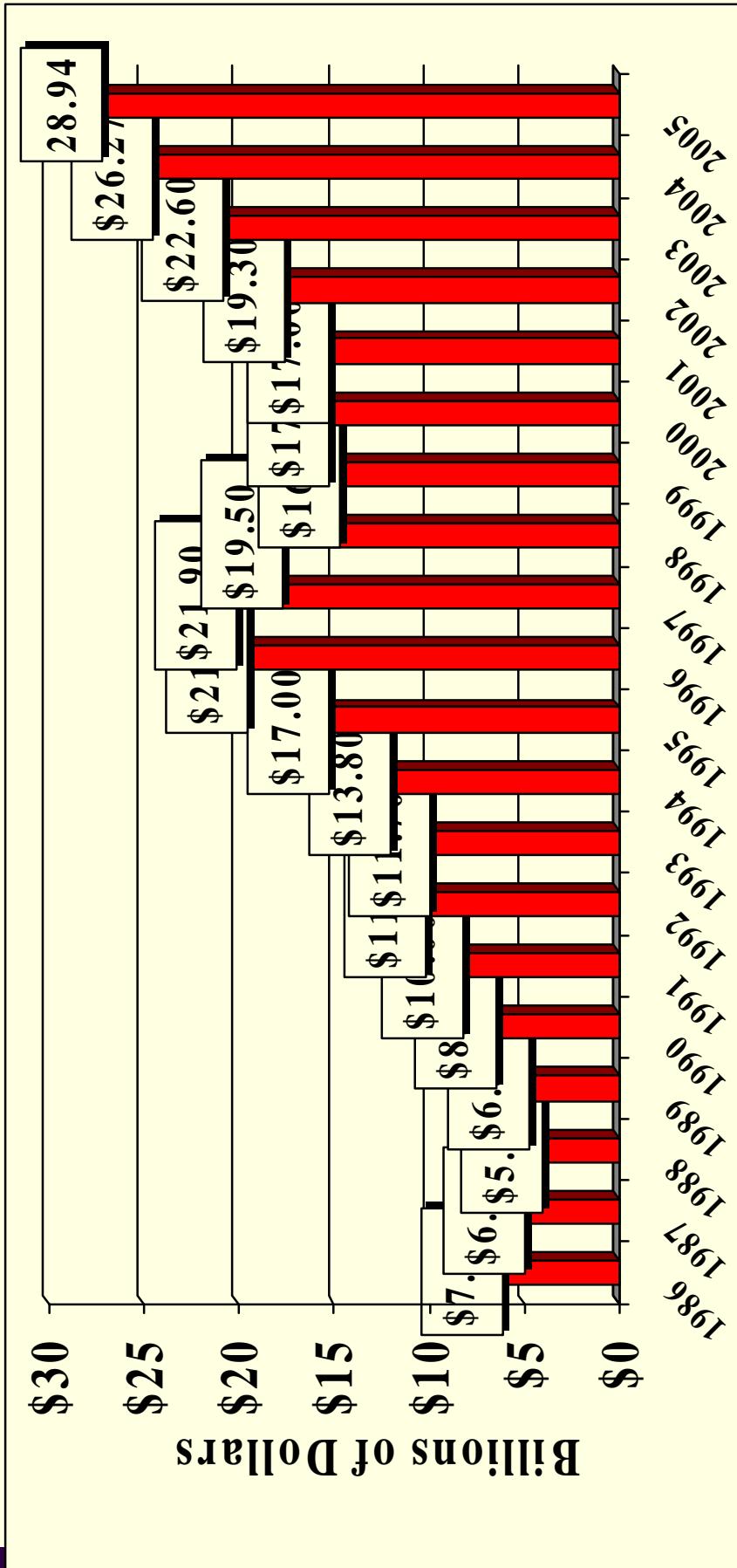


Source: The Commonwealth Fund Biennial Health Insurance Survey (2005). Collins, et al. "Squeezed: Why Rising Exposure to Health Care Costs Threatens the Health and Financial Well-Being of American Families," Commonwealth Fund, September 2006
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Market Based Health Care

The Four Goals of Market Based Health Care
Money, Profits, Net Income, Net Surplus

U.S. Hospital Aggregate Profits \$310 Billion (1986-2005)



Source: IHSP Calculations of American Hospital Association
Figures (includes both non-profit and for-profit entities)

Top 10 HMOs by Profit (Net Income, 2006)

Total:

\$11,894,744,000

Corporation	Net Income	Sales	Market Cap
Unitedhealth Group Inc	\$4,159,000,000	\$71,546,000,000	\$71,920,427,147
Wellpoint Inc	\$3,094,900,000	\$57,009,200,000	\$50,049,667,708
Aetna Inc	\$1,701,700,000	\$25,145,700,000	\$26,767,675,000
Cigna Corp.	\$1,155,000,000	\$16,591,000,000	\$15,799,940,779
Coventry Healthcare Inc	\$560,045,000	\$7,835,256,000	\$9,431,594,625
Humana Inc	\$487,423,000	\$21,416,737,000	\$10,604,814,565
Health Net Inc	\$329,313,000	\$12,908,350,000	\$6,297,312,348
Sierra Health Services Inc (Acquired by Unitedhealth Group, Inc March 2007)	\$141,192,000	\$1,718,892,000	\$2,338,301,260
Wellcare Health Plans	\$139,187,000	\$3,762,926,000	\$3,725,905,193
Proassurance Corp.	\$126,984,000	\$740,635,000	\$1,857,472,225

IHSP calculations
of SEC data
Publicly Traded
For-Profit
Corporations
Only

Top 10 Insurance Companies by Profit

(Net Income, 2006)

IHSP calculations of SEC data
Publicly Traded For-Profit
Corporations Only

Corporation	Net Income	Sales	Yr End Market Cap
Ing Groep N.V.	\$9,739,841,160	\$152,319,871,620	\$95,022,611,810
Allianz Se	\$8,890,200,830	\$122,339,343,910	\$87,670,470,622
Axa	\$6,438,779,550	\$118,065,817,660	\$83,337,215,541
US Bancorp	\$4,703,000,000	\$19,109,000,000	\$63,865,008,744
Aegon N.V.	\$3,249,146,180	\$46,675,770,260	\$29,981,123,745
Countrywide Financial Corp.	\$2,674,860,000	\$24,263,087,000	\$24,840,988,550
Chubb Corp.	\$2,528,000,000	\$13,982,000,000	\$21,760,662,895
China Life Insurance Co Ltd	\$2,507,670,960	\$15,013,102,840	\$9,396,343,731
XL Capital Limited	\$1,722,445,000	\$9,715,559,000	\$13,034,439,664
Prudential Plc	\$1,623,848,300	\$66,784,012,750	\$33,890,391,773

Top 10 Hospital Corporations by Profit (Net Income, 2006)

Corporation	Net Income	Sales	Market Cap
Universal Health Services Inc	\$264,256,000	\$4,191,300,000	\$2,986,215,089
Triad Hospitals Inc	\$207,900,000	\$5,537,900,000	\$3,695,222,420
Health Management Association A	\$185,066,000	\$4,056,599,000	\$5,081,324,770
Community Health Systems Inc	\$171,614,000	\$4,365,576,000	\$3,434,740,511
Manor Care Inc	\$169,669,000	\$3,613,185,000	\$3,411,084,000
Lifepoint Hospitals Inc	\$142,200,000	\$2,439,700,000	\$1,933,175,528
Rhoen-Klinikum AG	\$138,719,856	\$2,548,911,428	\$2,473,226,782
Network Healthcare Holdings Limited	\$93,883,459	\$1,495,325,482	\$1,887,456,601
Magellan Health Services Inc	\$86,262,000	\$1,684,070,000	\$1,633,370,240
Kindred Healthcare Inc	\$78,743,000	\$4,266,661,000	\$1,009,444,500

Top 10 Pharmaceutical Companies by Profit (Net Income, 2006)

Corporation	Net Income	Sales	Market Cap
Johnson & Johnson	\$11,057,000,000	\$53,324,000,000	\$191,011,044,600
Pfizer Inc	\$11,019,000,000	\$48,371,000,000	\$184,511,600,000
Glaxosmithkline PLC	\$10,547,081,350	\$45,454,808,750	\$151,296,855,349
Novartis AG	\$7,177,883,740	\$36,988,891,453	\$135,138,870,684
Roche Holdings Limited	\$6,439,044,390	\$34,440,695,318	\$154,395,309,865
Astrazeneca PLC	\$6,365,677,131	\$27,888,681,458	\$82,258,030,107
Sanofi-Aventis	\$5,282,431,029	\$37,413,483,670	\$124,567,083,258
Merck & Company Inc	\$4,433,800,000	\$22,636,000,000	\$94,515,445,402
Wyeth	\$4,196,706,000	\$20,350,655,000	\$68,500,122,260
Bayer Schering Pharma AG	\$3,135,701,694	\$7,472,675,147	\$25,459,727,687

IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

Top 10 Biotech Firms by Profit (Net Income, 2006)

Corporation	Net Income	Sales	Market Cap
Amgen Inc	\$2,950,000,000	\$14,268,000,000	\$79,649,460,000
Genentech Inc	\$2,113,000,000	\$9,284,000,000	\$85,426,351,677
Merck Serono SA	\$756,490,539	\$2,569,945,318	\$13,724,445,232
Imclone Systems Inc	\$370,674,000	\$677,847,000	\$2,278,317,767
Biogen Idec Inc	\$213,732,000	\$2,683,049,000	\$16,634,779,060
Actelion	\$197,504,989	\$774,711,250	\$5,039,966,951
BB Medtech	\$177,019,652	\$43,915,757	\$844,136,247
Cephalon Inc	\$144,970,000	\$1,764,069,000	\$4,618,630,343
CSL Limited	\$87,191,002	\$2,116,611,216	\$7,263,528,043
Celgene Corp.	\$74,552,000	\$898,873,000	\$21,633,279,513

Top 10 Medical Device Manufacturers by Profit (Net Income, 2006)

Corporation	Net Income	Sales	Market Cap
Medtronic Inc	\$2,546,700,000	\$11,292,000,000	\$61,816,736,686
Alcon Inc	\$1,678,195,766	\$6,095,581,476	\$33,644,459,064
Baxter International Inc	\$1,397,000,000	\$10,378,000,000	\$30,175,702,440
Zimmer Holdings Inc	\$834,500,000	\$3,495,400,000	\$18,560,384,000
Stryker Corp.	\$777,700,000	\$5,405,600,000	\$22,479,369,000
Becton Dickinson & Company	\$752,280,000	\$5,834,827,000	\$17,219,587,215
Saint Jude Medical Inc	\$548,251,000	\$3,302,447,000	\$12,939,753,920
Synthes Inc	\$522,260,949	\$2,454,882,154	\$14,125,167,455
Fresenius AG	\$435,147,838	\$14,209,554,860	\$10,994,316,558
Essilior International	\$432,885,069	\$3,547,058,813	\$11,032,855,724

IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

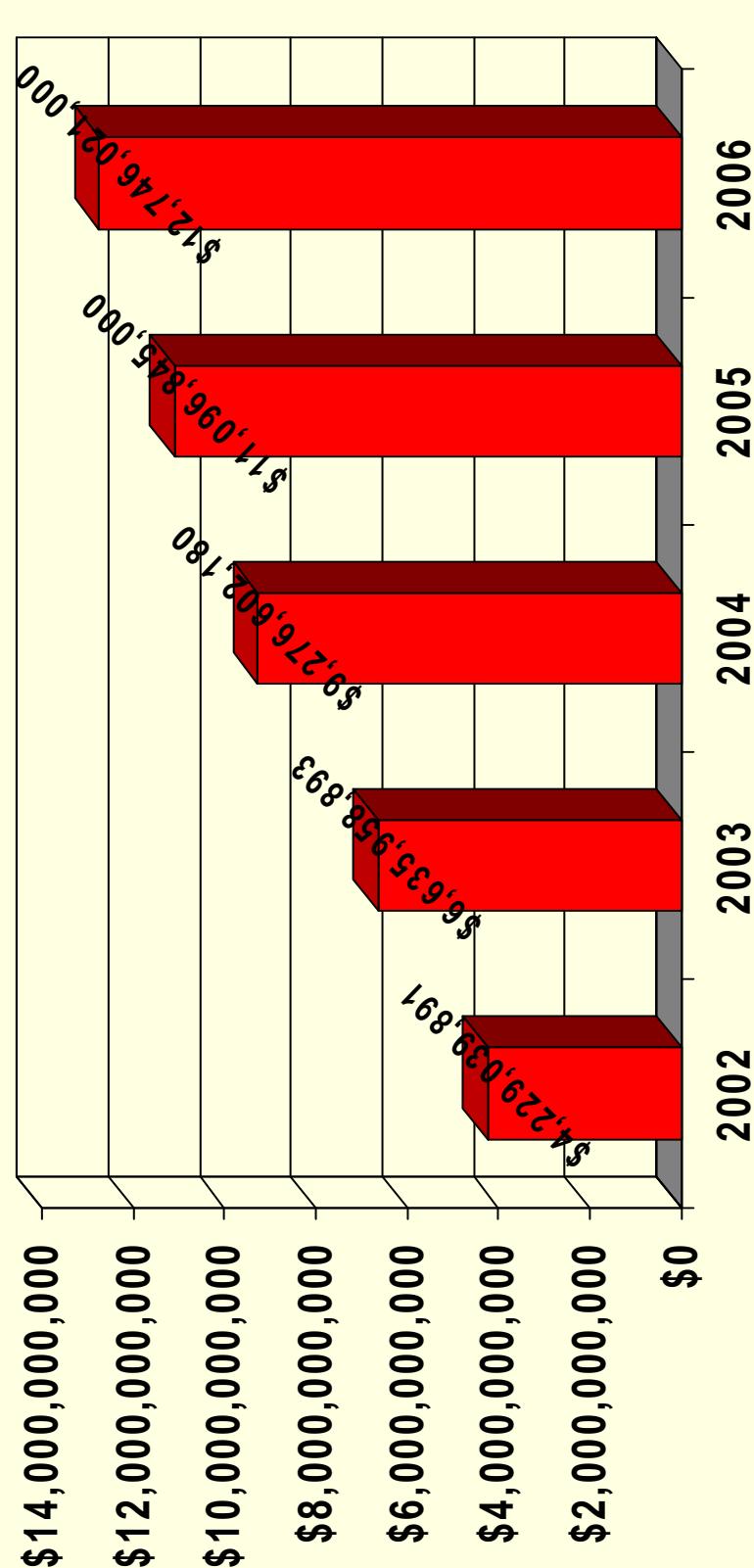
2006 Top 10 Health Care Corporations

Selected Sectors

Industry	Net Income	Sales	Yr End Market Cap
Pharmaceuticals	\$69,654,325,335	\$334,340,890,797	\$1,211,654,089,212
Insurance	\$47,985,398,680	\$640,323,193,290	\$536,575,038,705
HMOs	\$11,894,744,000	\$218,674,696,000	\$198,793,110,850
Medical Devices	\$9,924,920,623	\$66,015,351,302	\$232,988,332,060
Biotech	\$7,085,134,182	\$35,081,021,541	\$237,112,894,832
Hospital	\$1,538,313,315	\$34,199,227,909	\$27,545,260,441

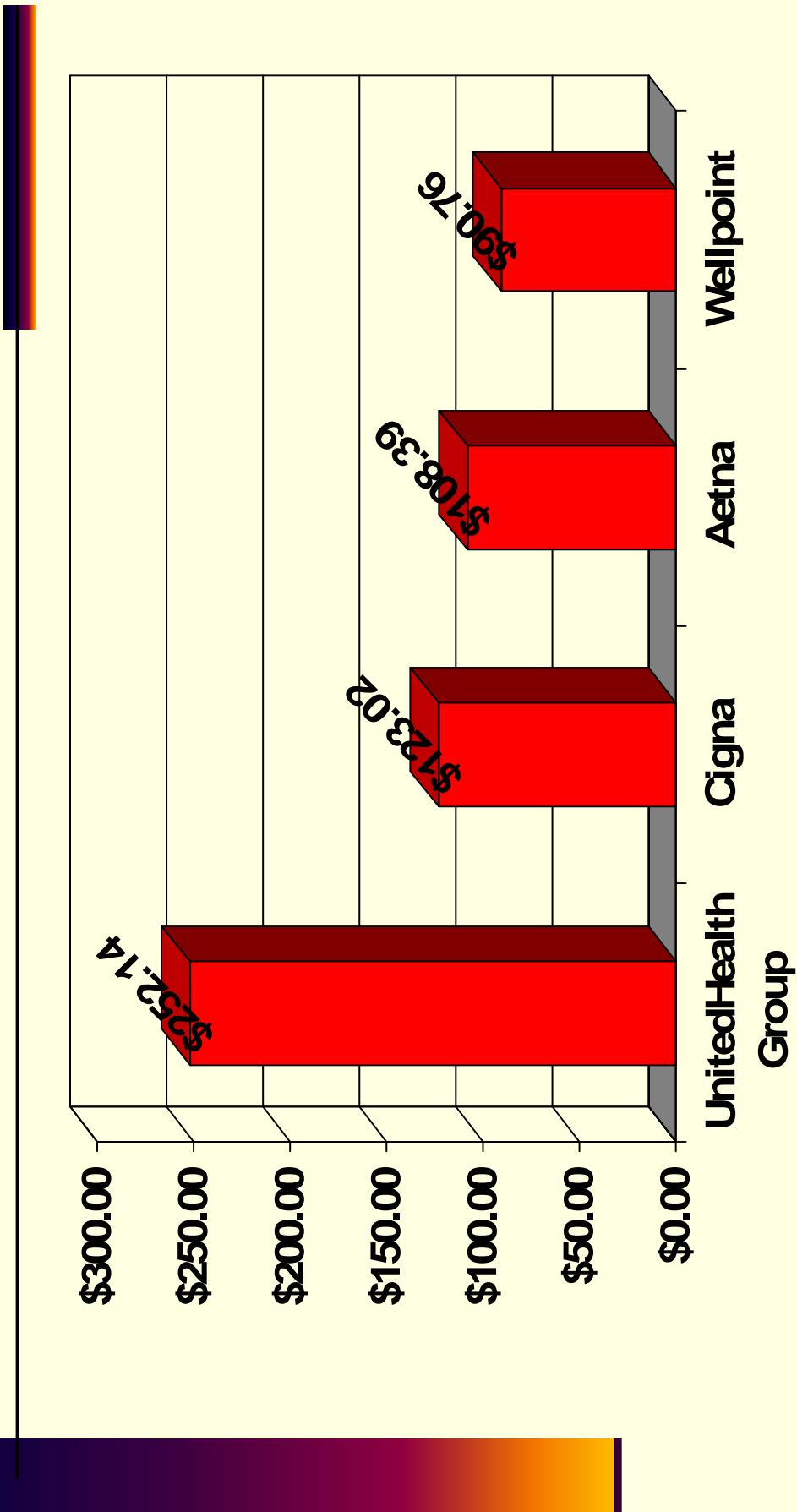
IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

HMO profits



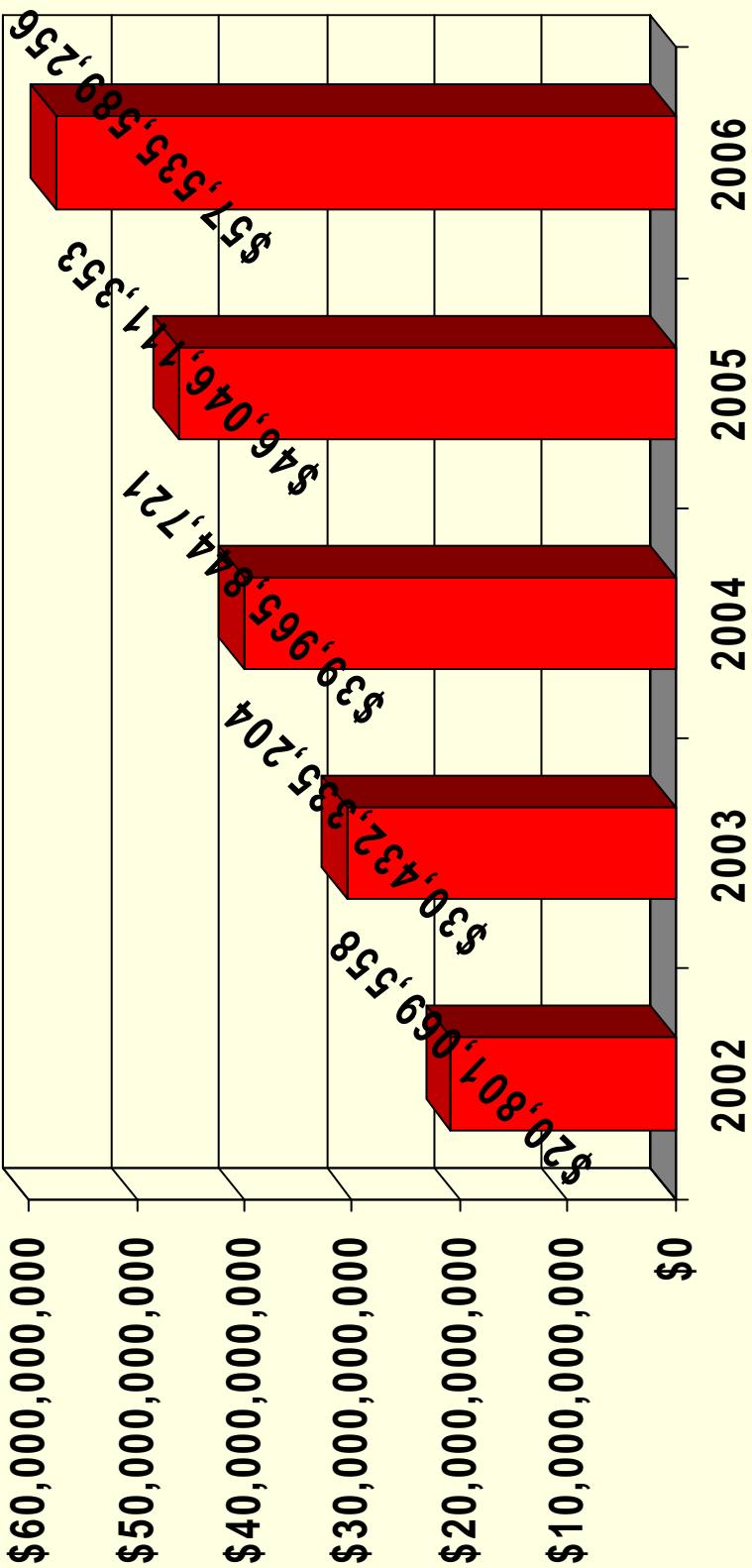
IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

HMO Profit Per “Covered Life” 2006



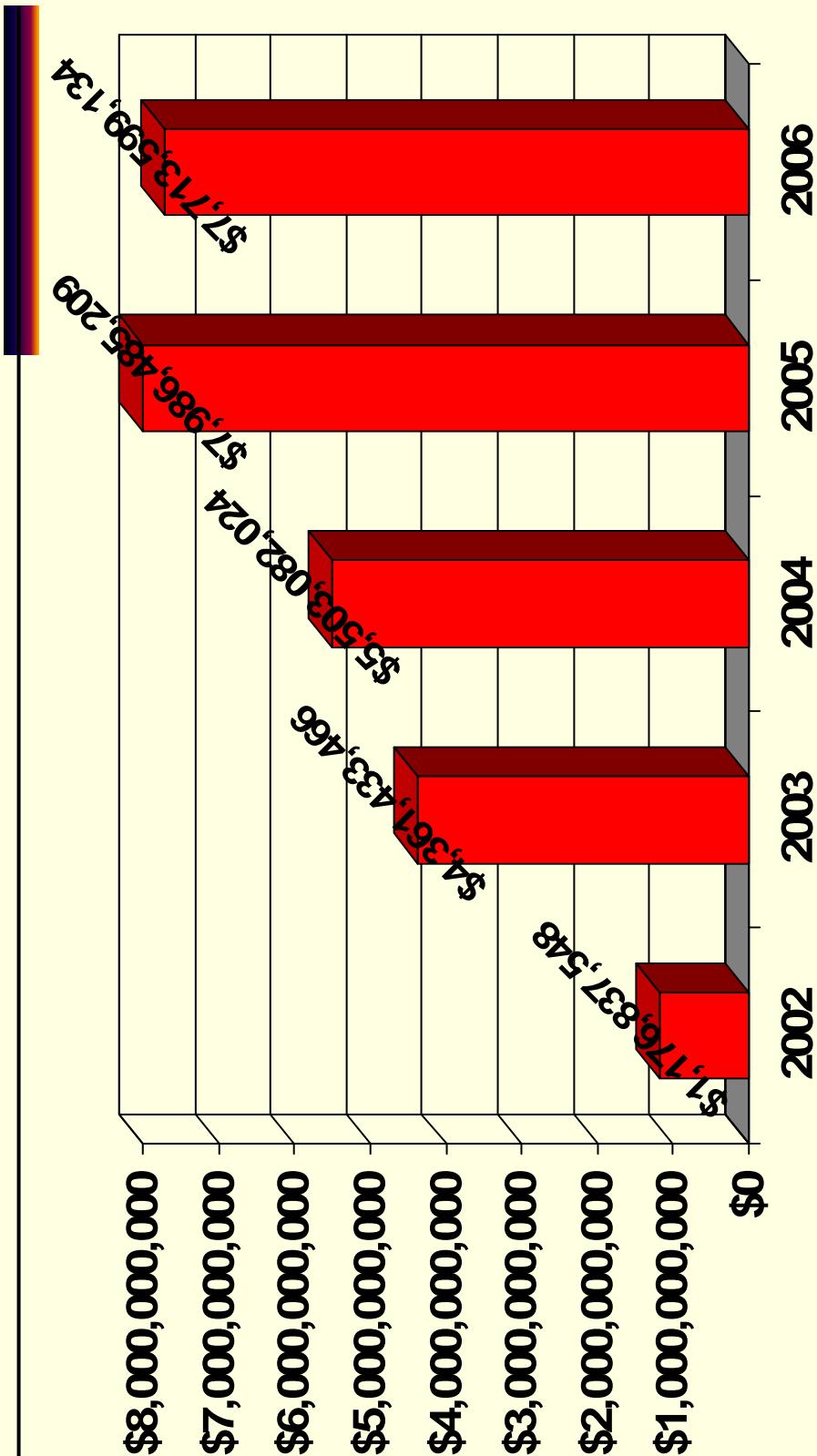
IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

Insurance Profits 2002 – 2006



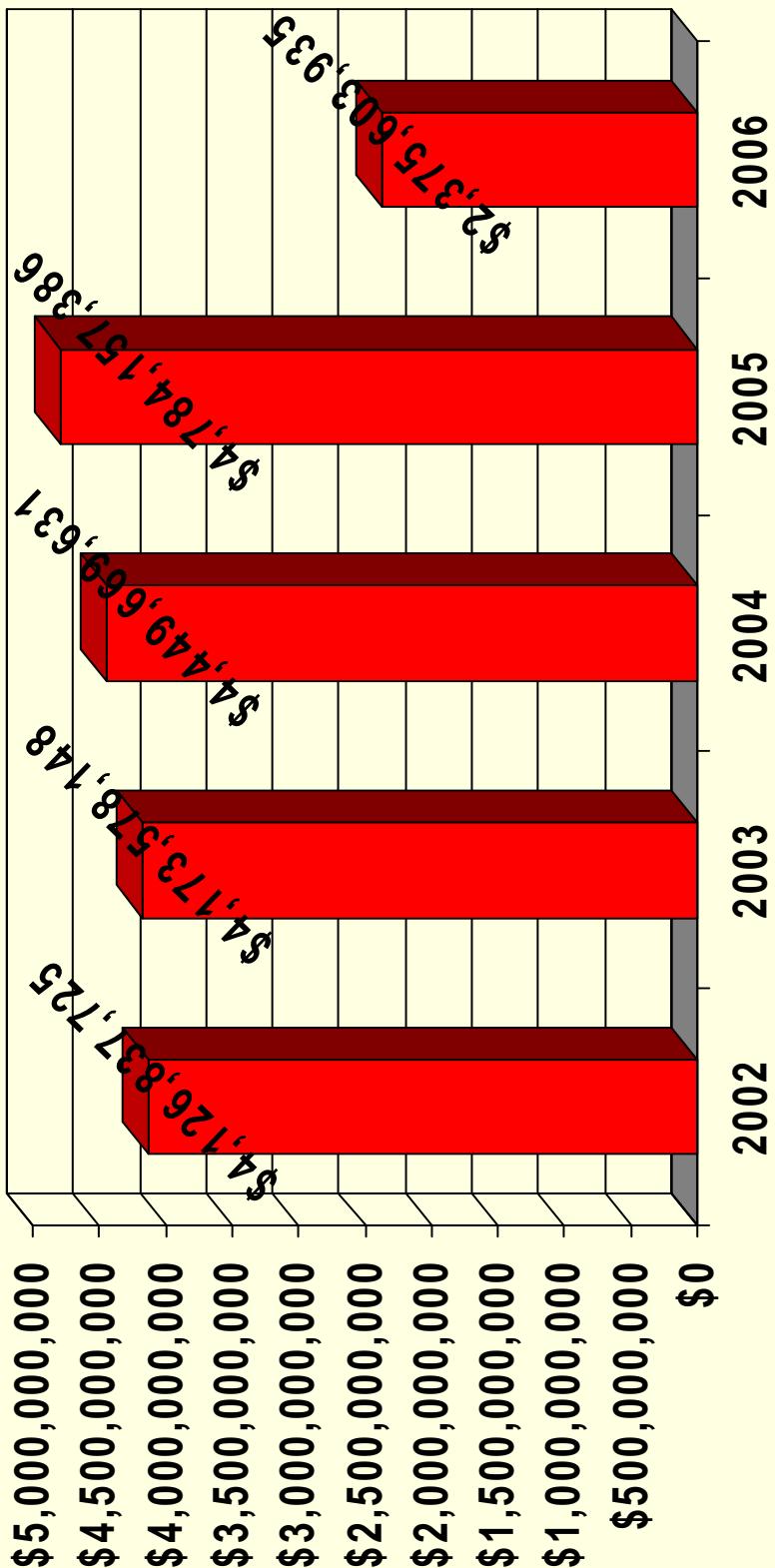
IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

Biotech Profits



IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

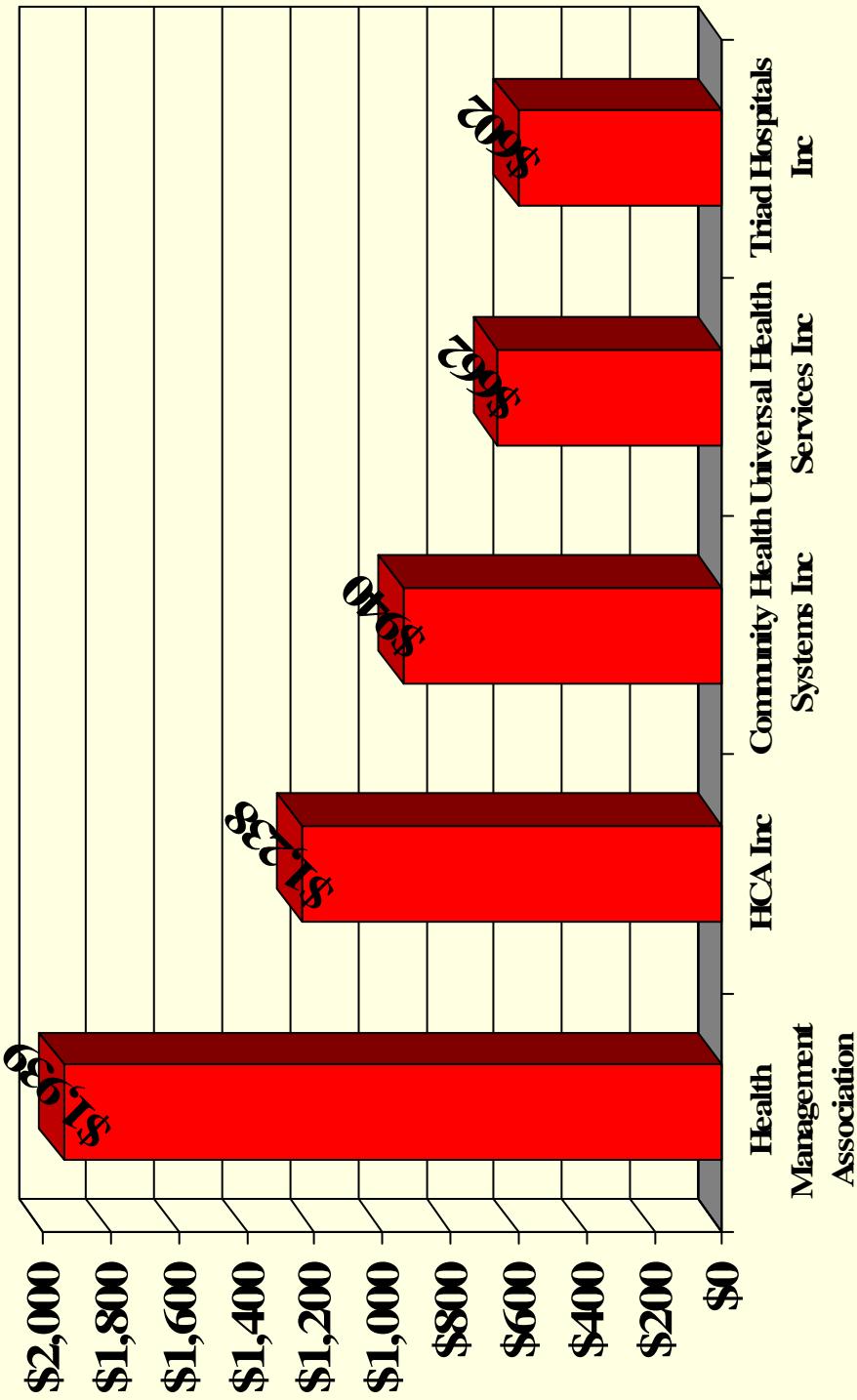
Hospital Profits (For-Profits Only)



HCA has recently been taken private in one of the largest private equity buyouts in history. Thus, it's normally prodigious profits are not included in year 2006, substantially reducing the 2006 profit figure.

IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

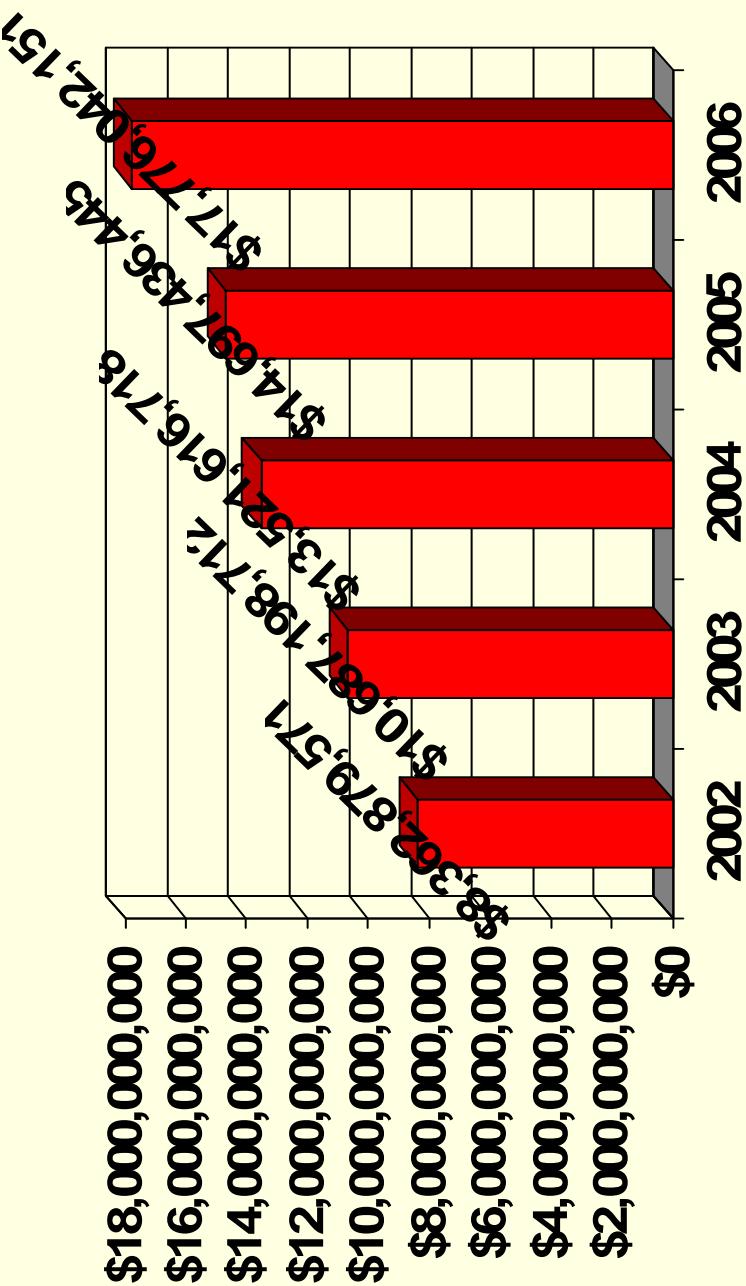
Large For-Profit Hospital Systems: Profits per Discharge, 2005



Source: IHSP calculations of Medicare Cost Reports, June 2006

Medical Device Profits

A 112% Increase in Profits Since 2002

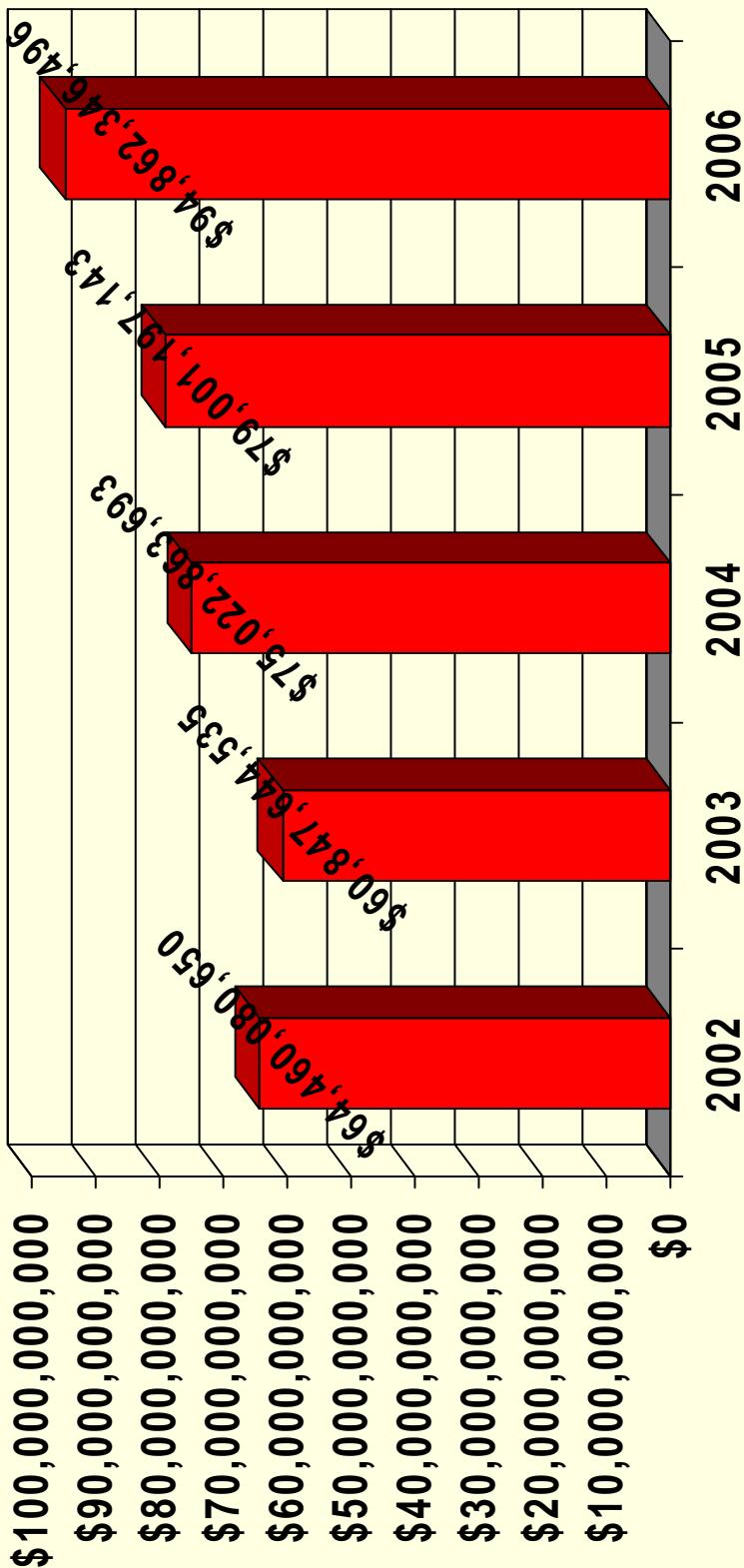


Total Profits, 2002 -2006
\$65,045,173,597

IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

Pharmaceutical Profits

Total Profits, 2002-2006
\$374,194,132,517



IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

2006 Selected Health Care Finances:

Pharma, Insurance, Medical Devices, Biotech Hospitals and HMOs

Industry	Employees	Net Income	Sales	Yr End Market Cap
Pharmaceuticals	1,582,932	\$94,862,346,496	\$545,118,696,470	\$1,850,625,101,523
Insurance	667,159	\$57,535,589,256	\$722,306,692,689	\$620,162,937,642
Medical Device	714,735	\$17,776,042,151	\$155,388,809,576	\$449,208,009,513
HMOs	285,132	\$12,746,021,000	\$267,484,380,000	\$204,535,876,190
Biotech	84,100	\$7,713,599,134	\$42,578,735,899	\$268,012,530,581
Hospital	434,490	\$2,375,603,935	\$47,072,398,325	\$49,937,691,615

Total Profits
\$193,009,201,972

IHSP calculations of SEC data
Publicly Traded For-Profit Corporations Only

Individual Market Capitalization in Millions

Company

<i>Johnson & Johnson</i>	\$191,011.00
<i>Pfizer Inc.</i>	\$189,563.00
<i>Novartis Ag</i>	\$151,531.00
<i>Sanofi Aventis</i>	\$126,762.00
<i>Merck & Co Inc</i>	\$109,101.00
<i>Abbott Laboratories</i>	\$82,852.00
<i>AstraZeneca Plc</i>	\$81,198.00
<i>Genentech Inc</i>	\$78,932.00
<i>Wyeth</i>	\$75,719.00
<i>Amgen Inc</i>	\$66,072.00
<i>Lilly Eli & Company</i>	\$64,421.00
<i>Medtronic Inc</i>	\$59,375.00
<i>Bristol Myers Squibb Co</i>	\$57,364.00
<i>Schering Plough Corp</i>	\$45,417.00
<i>Baxter International Inc</i>	\$36,371.00
<i>Gilead Sciences Inc</i>	\$35,899.00
<i>Shire Plc</i>	\$33,792.00
<i>Cardinal Health Inc</i>	\$30,165.00
<i>Stryker Corp</i>	\$26,340.00
<i>Teva Pharmaceutical Industries</i>	\$24,673.00
<i>Medco Health Solutions Inc</i>	\$24,066.00
<i>Zimmer Holdings Inc</i>	\$20,947.00
<i>Celgene Corp</i>	\$19,417.00
<i>McKesson Corp</i>	\$18,769.00
<i>Becton Dickinson & Co</i>	\$18,419.00
<i>Biogen Idec Inc</i>	\$17,262.00

Top 25 Health Care Corporations by Market Capitalization

Source: IHSP calculations of SEC and StockSmart Data

IHSP
Institute for Health Services Policy

\$1.7 Trillion

Collective Total

Market Based Health Care

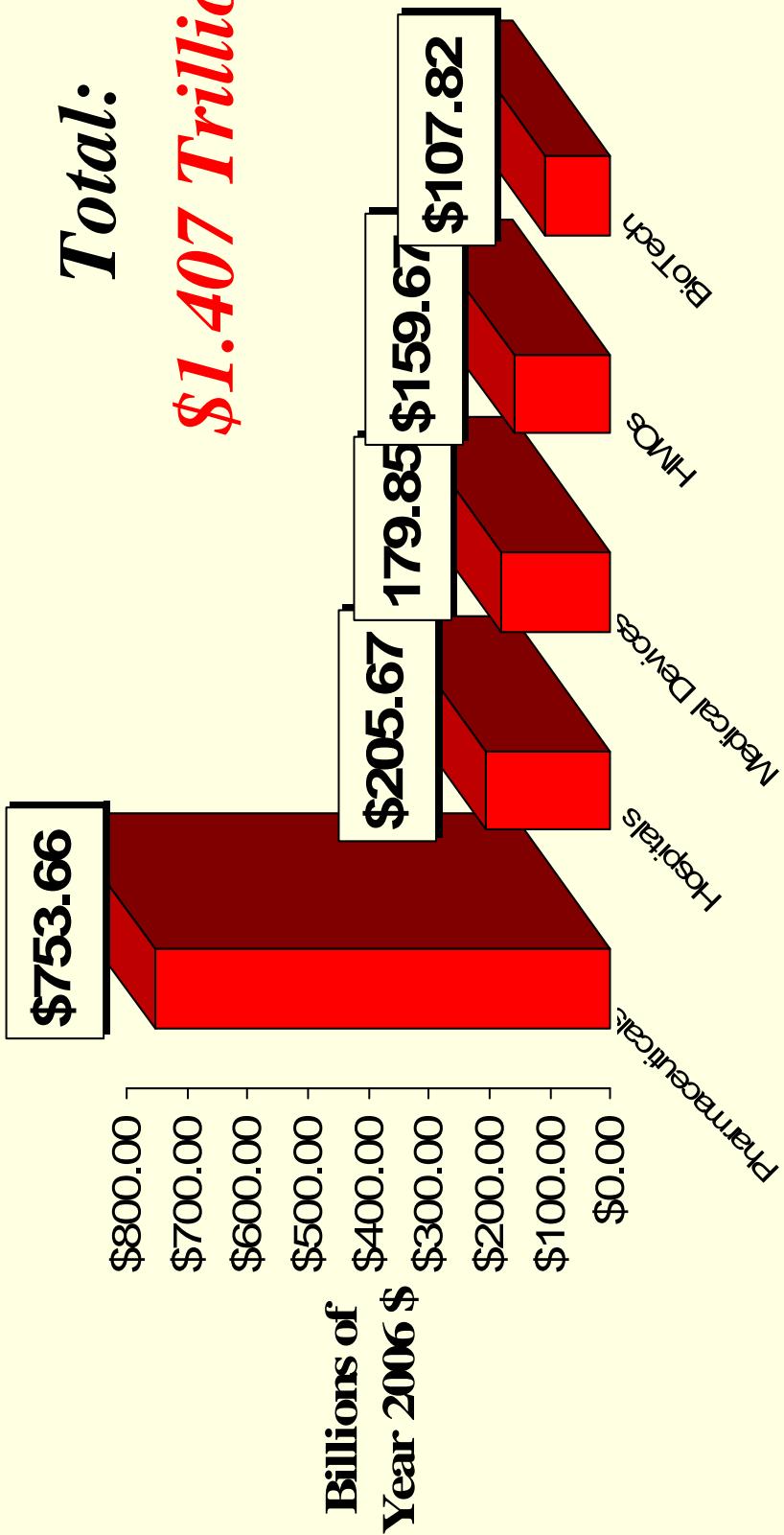
The Industry Cannibalizes Itself:
Health Care Mergers and Acquisitions

Number of Health Care Mergers and Acquisitions 1993 through May 29, 2007

Sector	No. of Mergers and Acquisitions
<i>Behavioral Care</i>	447
<i>Biotech</i>	755
<i>e-Health</i>	481
<i>Home Health Care</i>	957
<i>Hospital</i>	1418
<i>Laboratories MRI Dialysis</i>	849
<i>Long-Term Care</i>	1264
<i>Managed Care</i>	603
<i>Medical Devices</i>	1074
<i>Other</i>	1820
<i>Pharmaceuticals</i>	950
<i>Physician Medical Groups</i>	1534
<i>Rehabilitation</i>	450
Total Transactions	12,602

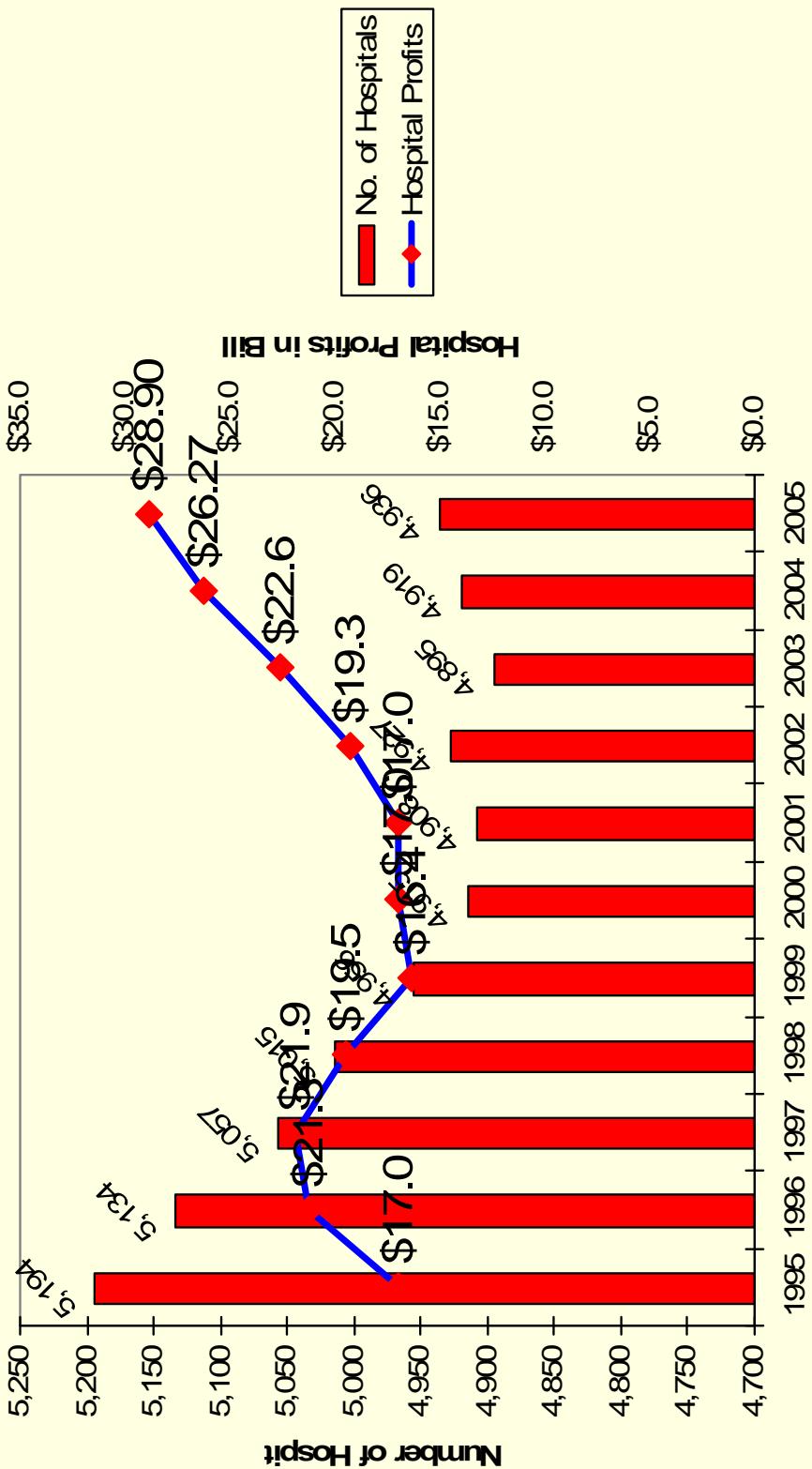
Pharma, Hospital, HMO, Medical Device, & BioTech Corporations Only:

Mergers & Acquisitions 1993- Nov, 2006



- Source: IHSP Calculations of SEC and Irving Levin Assoc. Data
- All financial data is in year 2006 dollars

Impact of Hospital Consolidation: More Profits, Fewer Hospitals



Source: IHSP Calculations of American Hospital Association Data.

Market Based Health Care

Medical Debt, Credit and
the U.S. Finance Sector

Medical Debt and Bankruptcy: The Straw that Broke the Patient's Back

- “Medical bills often play a critical role in an individual’s decision to file for bankruptcy.” (Source: Edmiston, “A New Perspective on Rising Nonbusiness Bankruptcy Filing Rates,” Federal Reserve Bank of Kansas City Economic Review, 2006)
- “In terms of the decision to declare bankruptcy, health problems leading to medical debt are found to constitute the most important factor in assessing the impact on household conditions.” (Source: Domowitz and Sartain, “Determinants of the Consumer Bankruptcy Decision,” The Journal of Finance, 1999)
- “Households with high medical debt exhibit a filing probability greater than 28 times that of the baseline.” (Source: Domowitz and Sartain, “Determinants of the Consumer Bankruptcy Decision,” The Journal of Finance, 1999)
- A 2005 Study found that 54% of personal bankruptcy filers identified medical causes as contributing to bankruptcy, with 28% specifically identifying illness or injury as the cause. (Himmelman et al., “Illness And Injury As Contributors To Bankruptcy,” Health Affairs, 2005)

Many Americans Report Medical Bill Problems and Medical Debt

- One-fifth (21%) of working-age adults, both insured and uninsured, currently have medical debt they are paying off over time and more than two of five (44%) of these individuals are carrying \$2,000 or more in debt.
- More than one-third (34%) of adults ages 19 to 64 either had medical bill problems in the past year or were paying off accrued medical debt. Problems include not being able to pay bills, being contacted by a collection agency about unpaid medical bills, or having to change way of life to pay bills.
- Three of five (62%) of all adults with medical bills or debt problems said they or their family member were insured at the time the debt was incurred.
- More than half (51%) of uninsured adults reported medical debt or bill problems. Of those, nearly half (49%) used up all their savings to pay their bills. Two of five were unable to pay for basic necessities like food, heat, or rent because of medical bills.
- Rates of medical bill problems and debt were high among people in both lower income and higher-income households who experienced a time uninsured. Indeed, rates were highest among those with higher incomes. Nearly three of five (59%) adults with incomes of \$40,000 or more reported difficulties with medical bills or accrued debt.
- Forty-six percent of adults with higher incomes were paying off unpaid medical bills over time, with over half (54%) of these individuals carrying \$2,000 or more in medical debt.

Source: Collins, et al. Gaps in Health Insurance: An All American Problem, Commonwealth Fund, April 2006.

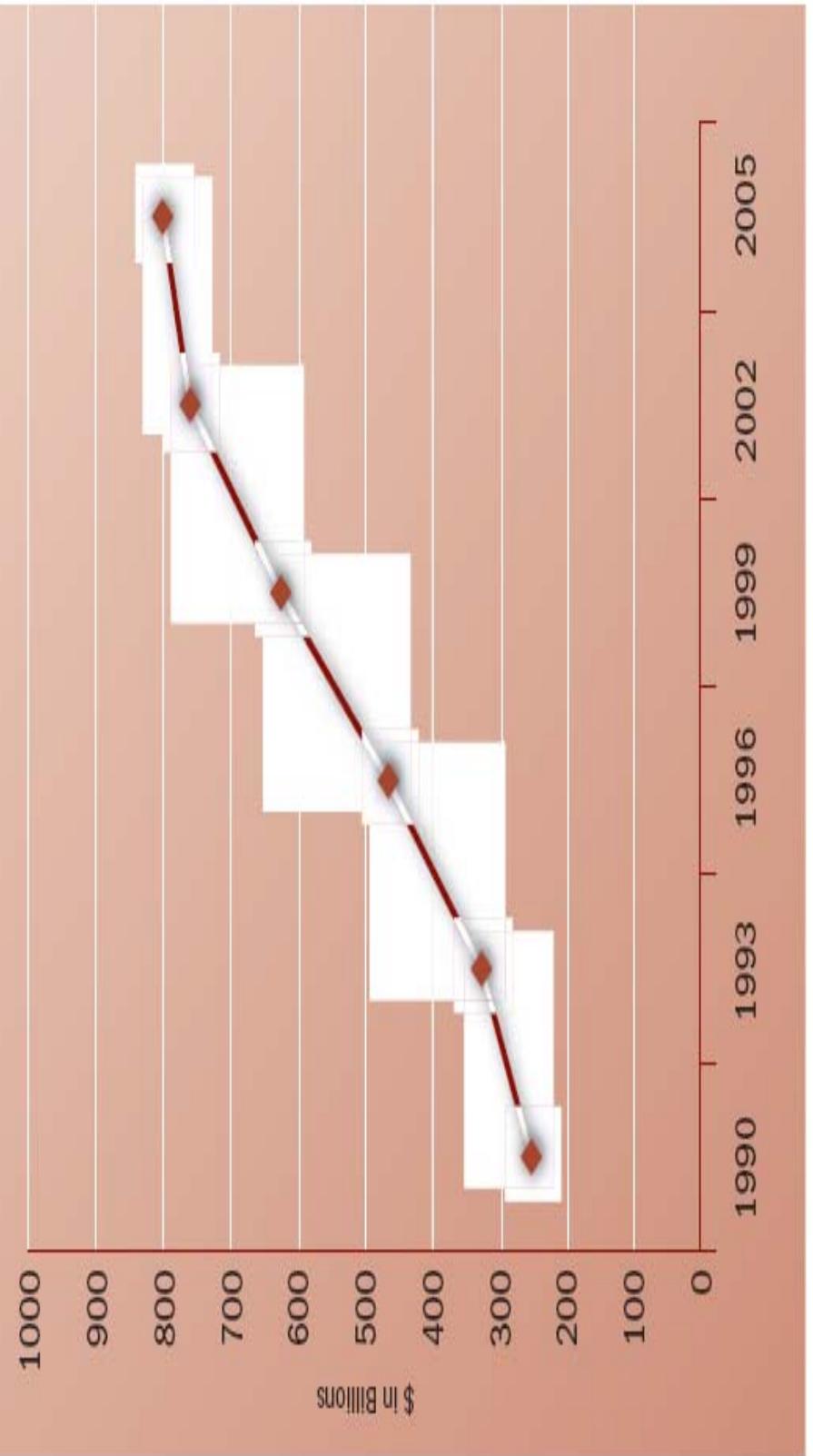
Credit Card Debt & the Medically Indebted

- “... 29 percent of low and middle income households with credit card debt reported that medical expenses contributed to their current level of credit card debt. Within that group:
 - “Fifty-four percent had credit card debt higher than \$10,000 and 57 percent had credit card debt higher than \$5,000.
 - Average credit card debt was higher for low- and middle-income households, (\$11,623) as compared to households without a major medical expense in the previous three years or medical expenses contributing to their credit card debt (\$7,964).
 - Average credit card debt was higher for those without health insurance (\$14,512) than for those with health insurance (\$10,973).
 - Average credit card debt was higher for households with children (\$12,840) than for those without children (\$10,669).
- The medically indebted are more likely to be called by bill collectors than those without such medical expenses (62 percent versus 38 percent).
- Levels of credit card debt within certain demographic groups were considerably higher among those who had a major medical expense in the previous three years and who reported medical expenses as a contributor to their current level of credit card debt as compared to those without such medical expenses:
 - For low- and middle-income Americans between the ages of 18 and 34, average credit card debt was 79 percent higher (\$13,303 versus \$7,450).
 - For low- and middle-income Hispanic households with credit card debt, average credit card debt was 64 percent higher (\$9,200 versus \$5,620).
 - With the exception of those households earning less than \$20,000 (where it was high for all households), the debt-to-income ratio was higher in each income group.”

Source: Zeldin, Cindy and Rukavina, Mark. Borrowing to Stay Healthy: How Credit Card Debt is Related to Medical Expenses. 1, 1-23. 1-16-2007. New York and Boston, Demos and The Access Project.

U.S Families:

Drowning in Credit Card Debt



Source: Federal Reserve Board and “The Plastic Safety Net: The Reality Behind Debt in America. Findings from a National Household Survey of Credit Card Debt Among Low and Middle Income Households.” 1-44. 2005. New York and Boston, Demos and Center for Responsible Lending.

Market Based Health Care

Finance & Health Care Sector's Solution to Medical Debt: More Debt

Finance Capital Targets HSAs for Profits

- Nearly 1,100 banks now offer the tax-favored spending accounts, **more than triple the number at the end of 2005.**
- The growth comes as more employees enroll in high-deductible health plans, which are paired with health savings accounts.

Comparing HSAs

More banks are offering health-savings accounts to employees of companies that have high-deductible health plans. But the accounts can vary widely. A selection:

BANK	SET-UP FEE	MONTHLY FEE	ANNUAL FEE	INVEST. OPTION	MIN. BALANCE FOR INVEST. OPTION
J.P. Morgan Chase	\$10-\$20	\$3 to \$4	No	Yes	\$2,000
HSA Bank	\$18-\$25	\$2.25 ¹	No	Yes, thru Ameritrade	Varies
BB&T	No	\$4	No	Yes	\$3,000
U.S. Bancorp	No	No	\$20	Yes ²	\$2,500
Huntington	No	No	\$36	Coming 2007	N/A
KeyCorp	\$25 ³	Varies	\$10 ³	Coming 2007	\$2,500
Bank of America	No	\$5	No	Coming January	\$1,000

¹HSA monthly fee waived on balances of \$3,000 or more

²Only with accounts opened through employers; not available to individual and small business clients

³KeyCorp fees waived if customer has existing account with the bank

Sources: the companies

• Source: Ann Carrins, "Banks Pile Into Health Savings Accounts. Competition Drives Down Fees And Expands Investment Options; Keep an Eye on Interest Rates," *Wall Street Journal*, 14 November 2006, D, p. 1.

Banking on HSAs

Corporate Care Breaks into the HSA Market

- Nearly 1,100 banks now offer the tax-favored spending accounts, more than triple the number at the end of 2005.
- The growth comes as more employees enroll in high-deductible health plans, which are paired with health savings accounts.
- The abundance of new HSA offerings is triggering competition ... and expanding the options for consumers to invest their savings.
- Now, banks increasingly are offering other investment options, including mutual funds, if consumers have a minimum required balance.
- Source: Ann Carrins, "**Banks Pile Into Health Savings Accounts.**" Competition Drives Down Fees And Expands Investment Options; Keep an Eye on Interest Rates," *Wall Street Journal*, 14 November 2006, D, p. 1.



- UnitedHealth and the Blue Cross/Blue Shield Association are chartering their own banks....
 - The "Blue Healthcare Bank" will allow members to save and withdraw money for health expenses and will offer "credit lines" to pay for care.
 - The move follows the creation of a jointly branded Blue Cross/Blue Shield debit card with Visa for accounts linked to health plans.
 - HSAs add the administrative cost of banking and debit cards to the already high administrative costs of the insurance industry.
- (Skidmore, San Diego Union Tribune, December 6, 2005; D. McCanne, "Blue Bank and Blue Visa to Administer HSAs," PNHP Quote of the Day, December 7, 2005).

Source: Hellander, Ida. International Journal of Health Services, Spring, 2006.

Health Savings Accounts Credit Card Debt & Health Care

- By 2010, more than 15 million Americans, or about 10 percent of all those insured, will have a health savings account,...

.... the ballooning balances may mean that \$75 billion or so in new money to manage will soon be at stake.

"Billions of dollars that used to be written in the form of checks with insurance companies' names on them would instead go to credit unions, banks, and long-term investment houses," said Dan Perrin, the publisher of H.S.A. Insider and executive director of the H.S.A. Coalition, a lobbying group backed by 70 small-business and medical industry groups as well as the American Bankers Association. "You

know America: you see a financial opportunity and it sets off a gold rush."



Terms & Conditions

Dash, Eric. Savings Accounts for Health Costs Attract Wall Street. The New York Times Web Site . 1-27-2006. The New York Times Company.

Health Plans Give New Meaning to “The Blues”

Blue Cross To Open Bank

Healthcare Bank Would Only Offer Services Related To Health Plans

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(AP)

The Blue Cross and Blue Shield Association wants to launch a bank that will administer its consumer-directed health plans, a responsibility currently shared by third-party financial institutions.

QUOTE

"There is money to be made in the administration of these accounts. And if you want to create a bank, that tells me you want to make the money yourself rather than handing it off to someone else."

The association announced Monday that its board of directors has approved development of the Blue Healthcare Bank. The aim is to simplify the administration of health savings

Alwyn Cassil, Studying Health accounts and other System Change spokeswoman similar plans offered by



Consumer Directed Health Care

... Not So User Friendly

Consumer-Directed Plans

A look at two types of accounts to help consumers pay for medical care

Health Savings Accounts

Pros

The accountholder owns the funds, which can be rolled over if the accountholder leaves his or her employer.

Cons

Contribution limits: For instance, accountholders can contribute up to the amount of their annual health-plan deductible, but not more than \$2,700 for single coverage and \$5,450 for family. **Generally,** cannot be used to pay for health-insurance premiums.

Health Reimbursement Accounts

Pros

No contribution limits.
Can be used to pay for health-insurance premiums.

Cons

The employer owns the money so accountholders can't roll it over when they leave the company.
Contributions can only be made by employer.

Source: www.irs.gov

- Number of U.S. workers (excluding dependents) enrolled in such plans through work was 2.7 million in 2006, vs. 2.4 million in 2005.
- 40% of employees in a consumer-directed plan say it was the only choice available from their employer.
- Where employees have a choice of health-plan options, only 19% choose consumer-driven plans. (The Kaiser Family Foundation)
- In a survey published last month by Towers Perrin, an employee-benefits firm, employees enrolled in them said they felt less capable of finding a quality doctor or hospital, though they often were in the same network as colleagues in other plans. Only 29% said they tried to save money in their accounts for future medical expenses.*

*Vanessa Fuhrmans, "Health Savings Plans Start to Falter. Despite Employer Enthusiasm for Consumer-Directed Approach, Patients Express Dissatisfaction With How the Accounts Work," *Wall Street Journal*, 12 June 2007, D, p. 1

Private Equity Moves Into Health Care: Recent Deals

Target	Acquirer	Amount	Sector
HCA	KKR, Bain Capital (Co-founded by Romney), Merrill Lynch, Frist Family	\$33 Billion	Hospital
Biomet, Inc	Blackstone Group, Goldman Sachs, KKR, TPG	\$10.9 Billion	Medical Devices
Holiday Retirement Corp	Fortress Investment Group	\$6.6 Billion	Long-term Care
Molnlycke Health Care Group	Investor AB, Morgan Stanley	\$3.7 Billion	Medical Devices
Pharmaceutical Technologies and Service	Blackstone Group	\$3.3 Billion	Medical Devices

Source: Irving Levin Associates, Inc.

Finance Capital Ascendant:

1,498 U.S Corporations with \$50 million or more in Profits, 2005

Industry	Sales in Millions	Profit in Millions
Oil and Gas	\$1,203,220.94	\$113,025.41
Sum		
% of Total Sum	12.10%	12.70%
Basic Materials	\$379,321.16	\$29,430.51
Sum		
% of Total Sum	3.80%	3.30%
Industrials	\$1,296,711.74	\$94,546.45
Sum		
% of Total Sum	13.10%	10.60%
Consumer Goods	\$1,125,610.08	\$81,203.90
Sum		
% of Total Sum	11.40%	9.10%
Health Care	\$670,506.39	\$72,338.41
Sum		
% of Total Sum	6.80%	8.10%
Consumer Services	\$1,867,268.76	\$94,646.04
Sum		
% of Total Sum	18.80%	10.60%
Telecommunications	\$241,028.25	\$28,880.94
Sum		
% of Total Sum	2.40%	3.20%
Utilities	\$539,693.27	\$37,885.68
Sum		
% of Total Sum	5.40%	4.20%
Financials	\$1,888,682.05	\$256,017.77
	19.10%	28.70%
Technology	\$699,228.91	\$83,806.63
Sum		
% of Total Sum	7.10%	9.40%
Total	\$9,911,271.56	\$891,781.74
	100.00%	100.00%

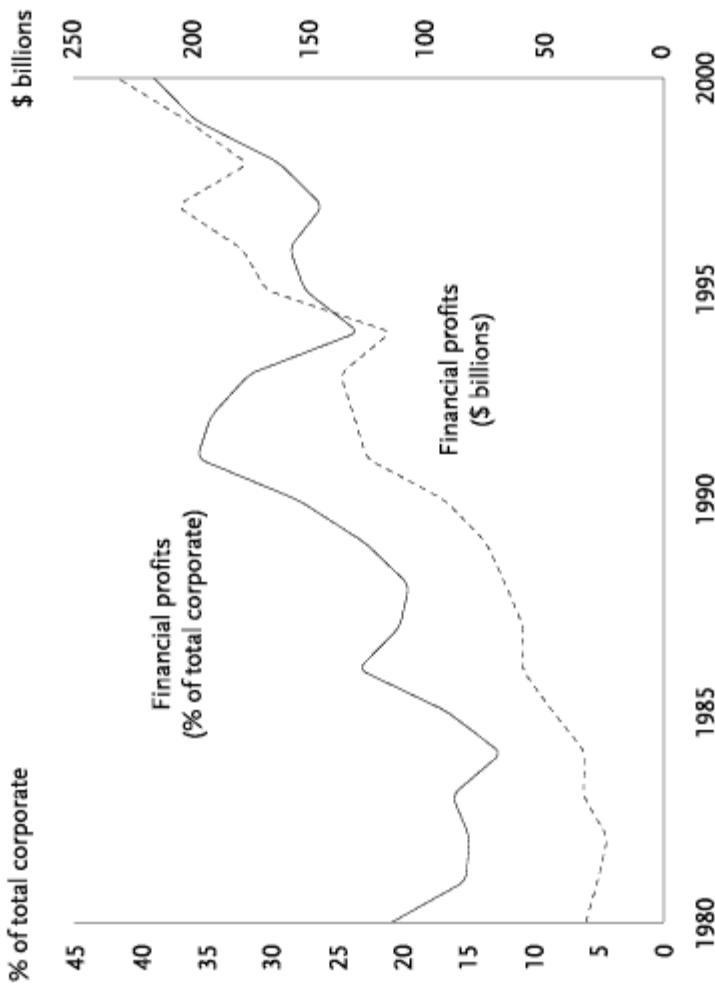
Source: IHSP Calculations of SEC and Thomson Financial Data

U.S. Finance Sector Profits

1980-2000

*Finance Sector accounts for nearly half of
all U.S. corporate profits. (IHSP)*

FIGURE 2: *Financial-sector profits as a proportion of total corporate profits*



Percentage figure is financial profits divided by total corporate profits, minus net interest.

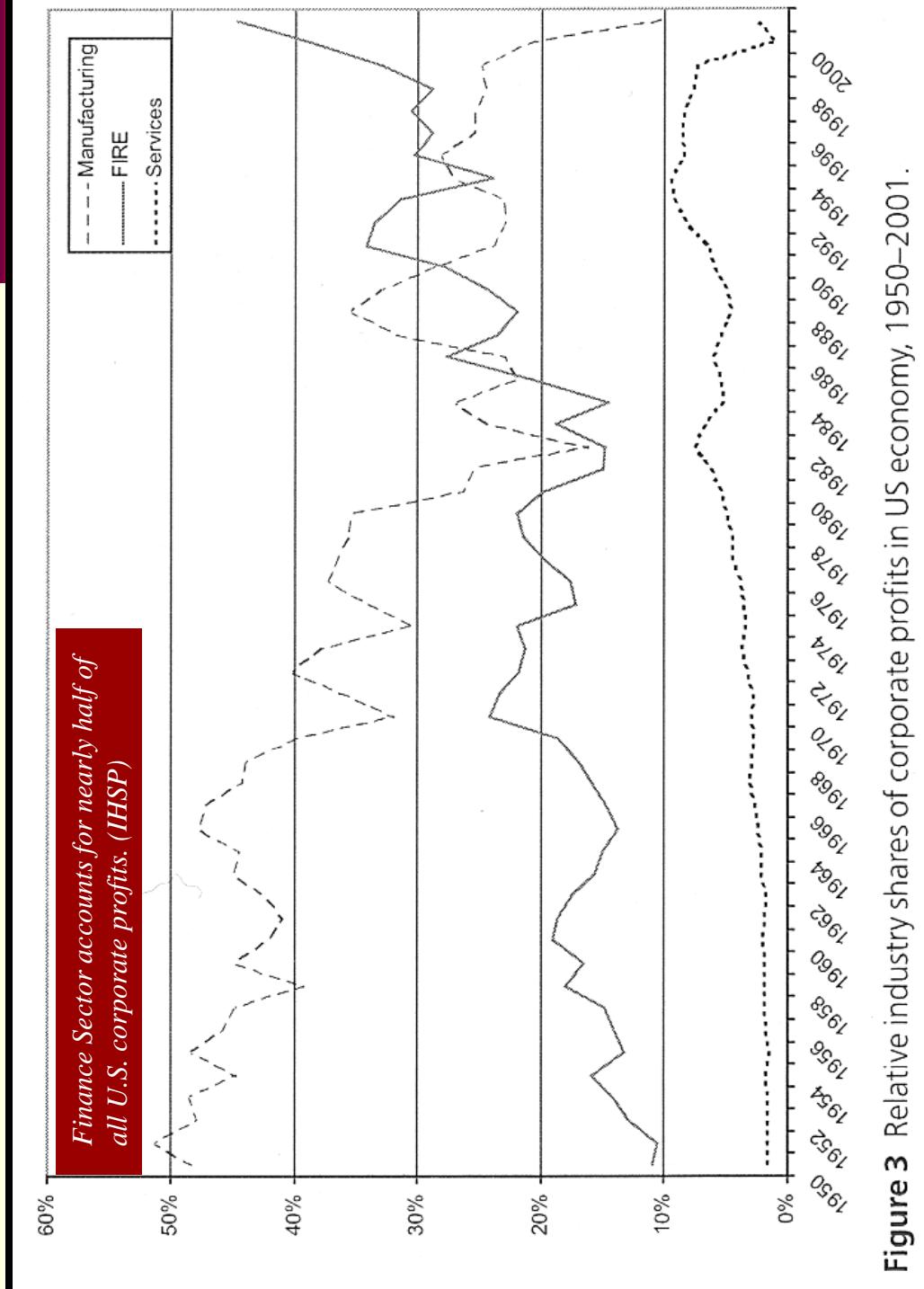
Sources: NIPA Table 1.16 and GPO by Industry, BEA website.

(Brenner, Robert, "New Boom or New Bubble," *New Left Review* (25) (2004).)



The US Economy 1950 through 2001

Finance Sector Dominance



ed
109
Figure 3 Relative industry shares of corporate profits in US economy, 1950–2001.

Market Based Health Care

The Uninsured & the Underinsured

Sicker and Poorer: The Consequences of Being Uninsured

Having health insurance
would reduce mortality rates
for the uninsured by 10–15
percent...

Source: Kaiser Commission on Medicaid and the Uninsured. June, 2003.

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Facts About the Uninsured

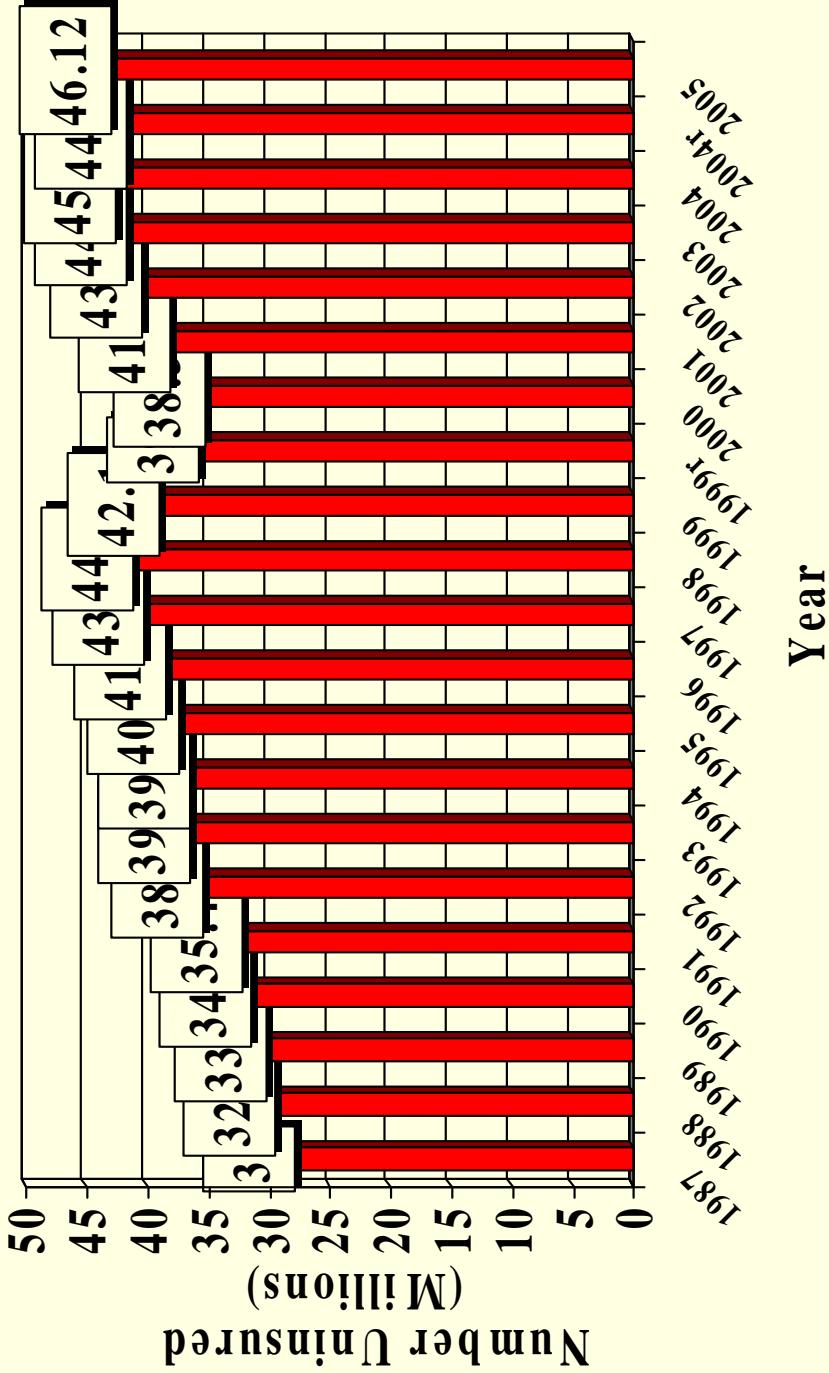
- Since 2000, 19.7% increase in the number of uninsured in the U.S.
- 74% of uninsured report they don't have health insurance because it is too expensive (Source: National Survey on the Uninsured, (Source: *The NewsHour with Jim Lehrer* / Kaiser Family Foundation National Survey on the Uninsured, April 2000 (conducted January - February 2000))
- **Two-thirds of uninsured reported being uninsured longer than six months.** (Source: Stall, "Going without Health Insurance: Nearly One in Three Americans," Robert Woods Johnson Foundation, March 2003)
- Two of five (41%) working-age Americans with incomes between \$20,000 and \$40,000 a year were uninsured for at least part of the past year (2005)—a dramatic and rapid increase from 2001 when just over one-quarter (28%) of those with moderate incomes were uninsured. (Source: Collins, et al., Gaps in Health Insurance: An All American Problem, Commonwealth Fund, April 2006)
- Most people who are uninsured are in working families. Of the estimated 48 million American adults who had any time uninsured in the past year, 67 percent were in families where at least one person was working full-time. (Source: Collins, et al., Gaps in Health Insurance: An All American Problem, Commonwealth Fund, April 2006)
- Nearly half (45 percent) of non-elderly adults who do not have health insurance report having one or more chronic health conditions. (Source: Davidoff and Kenney, "Uninsured Americans with Chronic Health Conditions: Key Finds from the National Health Interview Survey," Robert Wood Johnson Foundation, May 2005)
- Almost one of every two (49 percent) uninsured adults with chronic conditions reported forgoing needed medical care or prescription drugs due to cost; one-third (34 percent) reported unmet need for medical care and one of three (34 percent) reported unmet need for prescription drugs. More than one in 10 (11 percent) reported unmet need for mental health services, 40 percent reported unmet need for dental care, and one in four (25 percent) reported unmet need for vision care services. (Source: Davidoff and Kenney, "Uninsured Americans with Chronic Health Conditions: Key Finds from the National Health Interview Survey," Robert Wood Johnson Foundation, May 2005)

People with Gaps in Coverage Have Difficulty Managing Chronic Conditions and Preventive Care

- An alarmingly high proportion—59 percent—of uninsured adults who had a chronic illness, such as diabetes or asthma, did not fill a prescription or skipped their medications because they could not afford them.
- More than one-third (35%) of uninsured adults who had a chronic condition went to an emergency room or stayed overnight in the hospital in the past year because of their condition—about two times the rate of people with chronic health problems who were insured all year.
- Only 18 percent of uninsured adults ages 50 to 64 had a colon cancer screen in the past five years, compared with 56 percent of adults insured all year.
- Less than half (48%) of uninsured women ages 50 to 64 had a mammogram in the past two years, compared with 75 percent of women who were insured all year.

Source: Collins, et al. Gaps in Health Insurance: An All American Problem, Commonwealth Fund, April 2006.

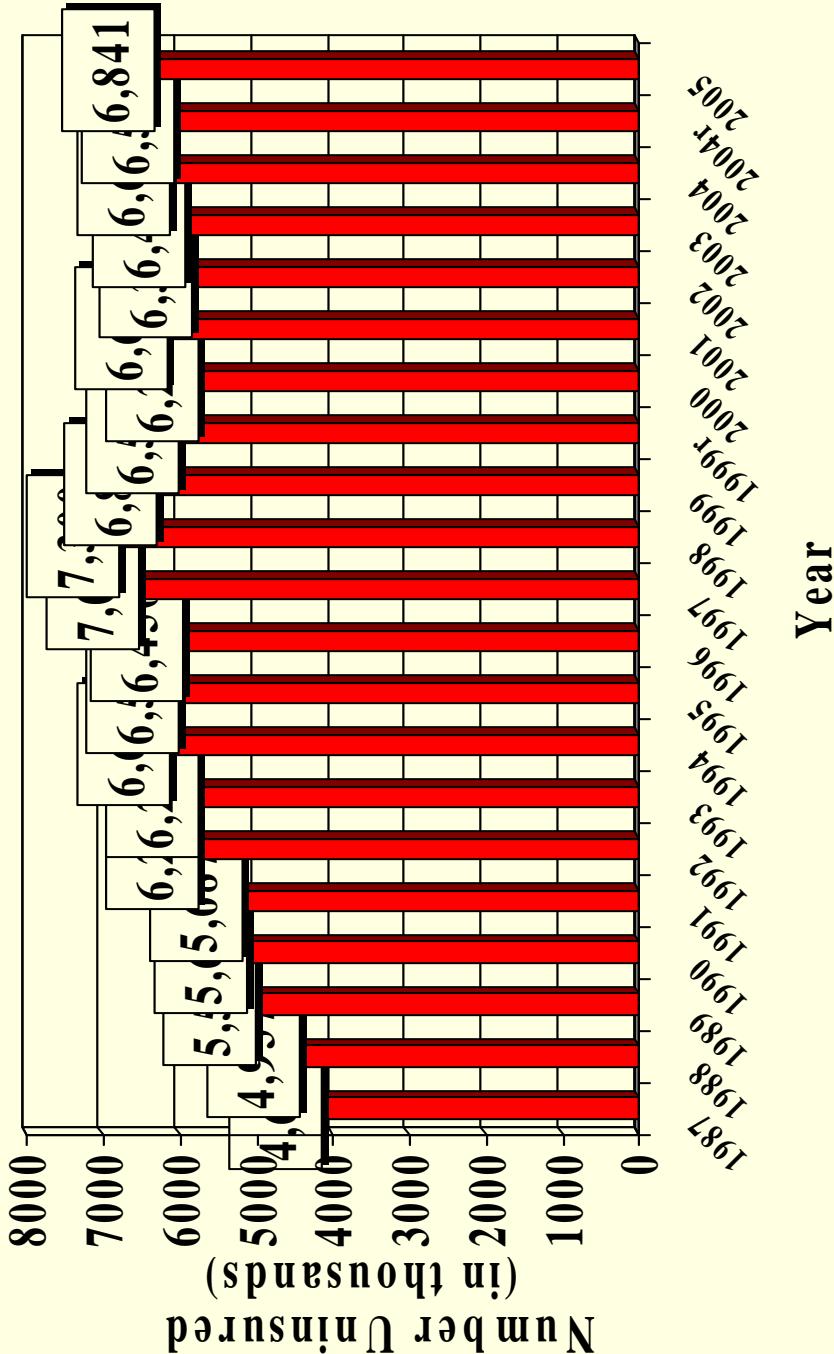
Number of U.S. Under 65 Uninsured



Years 1999r and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

United States Bureau of the Census

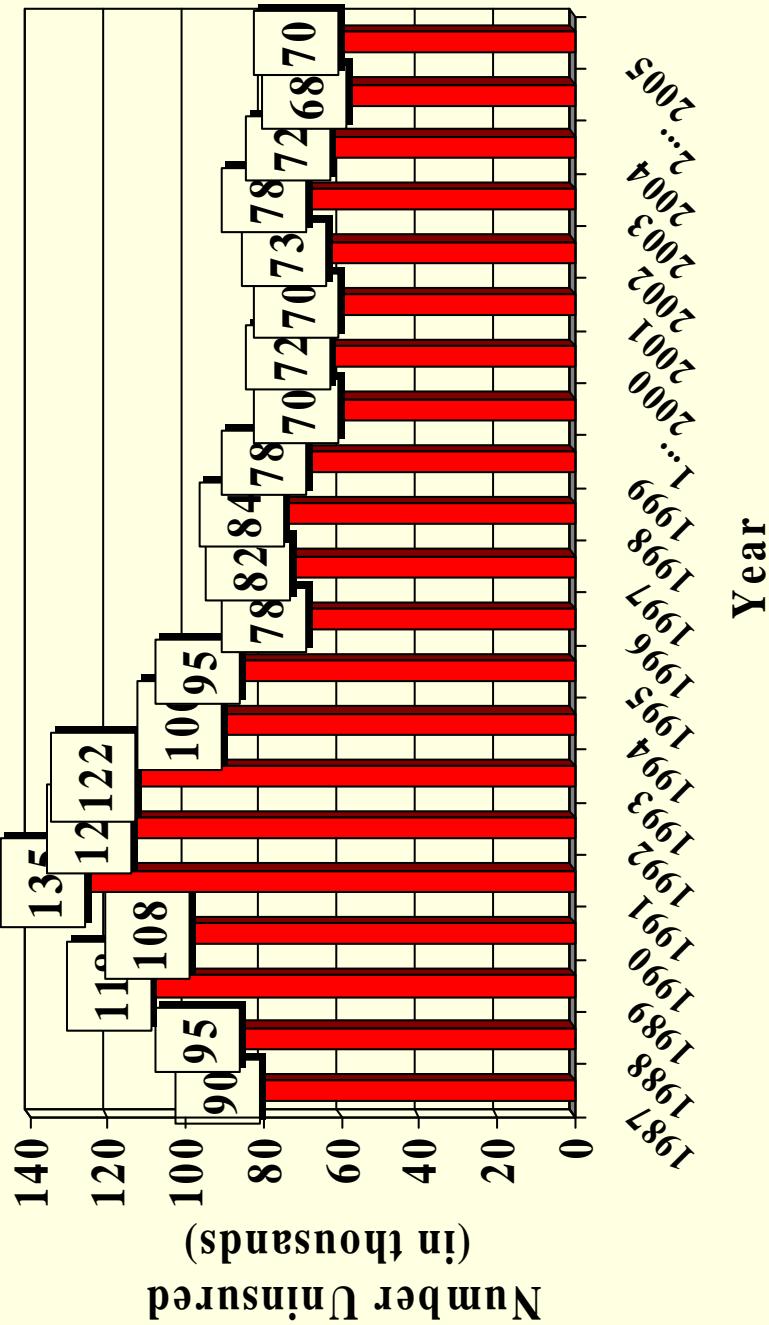
Under 65 Uninsured in California



Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

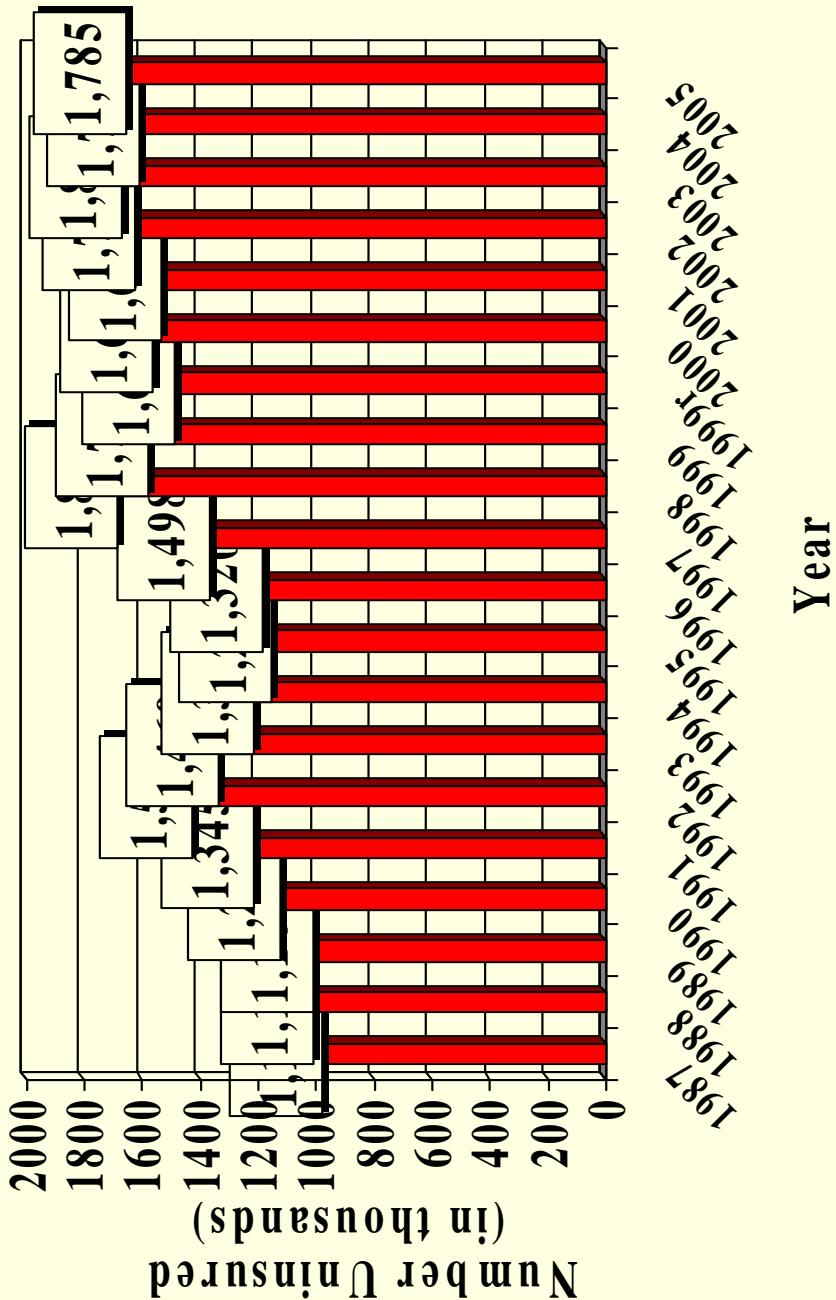
United States Bureau of the Census

Under 65 Uninsured in The District of Columbia



Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

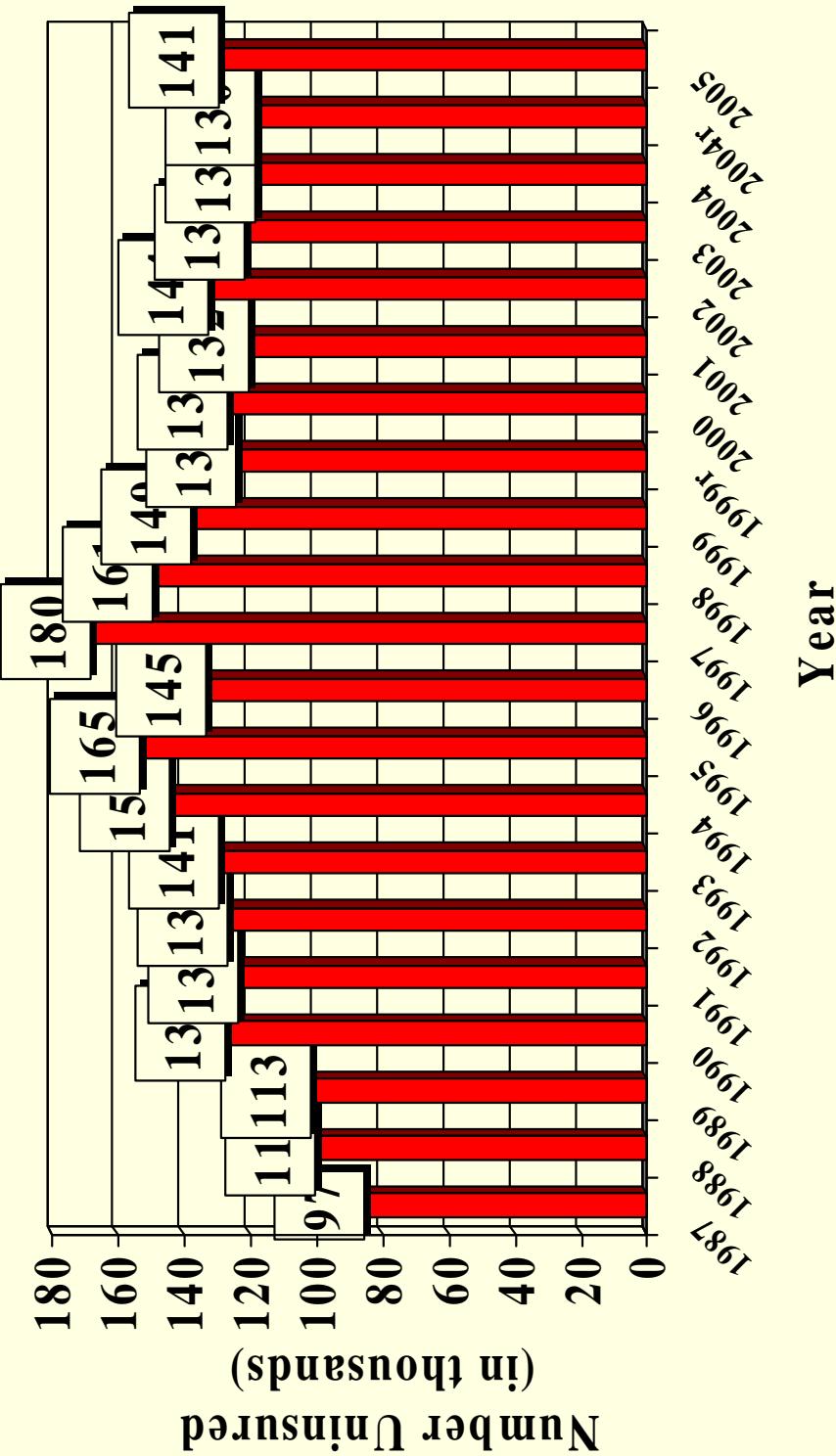
Under 65 Uninsured in Illinois



Years 1999r and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

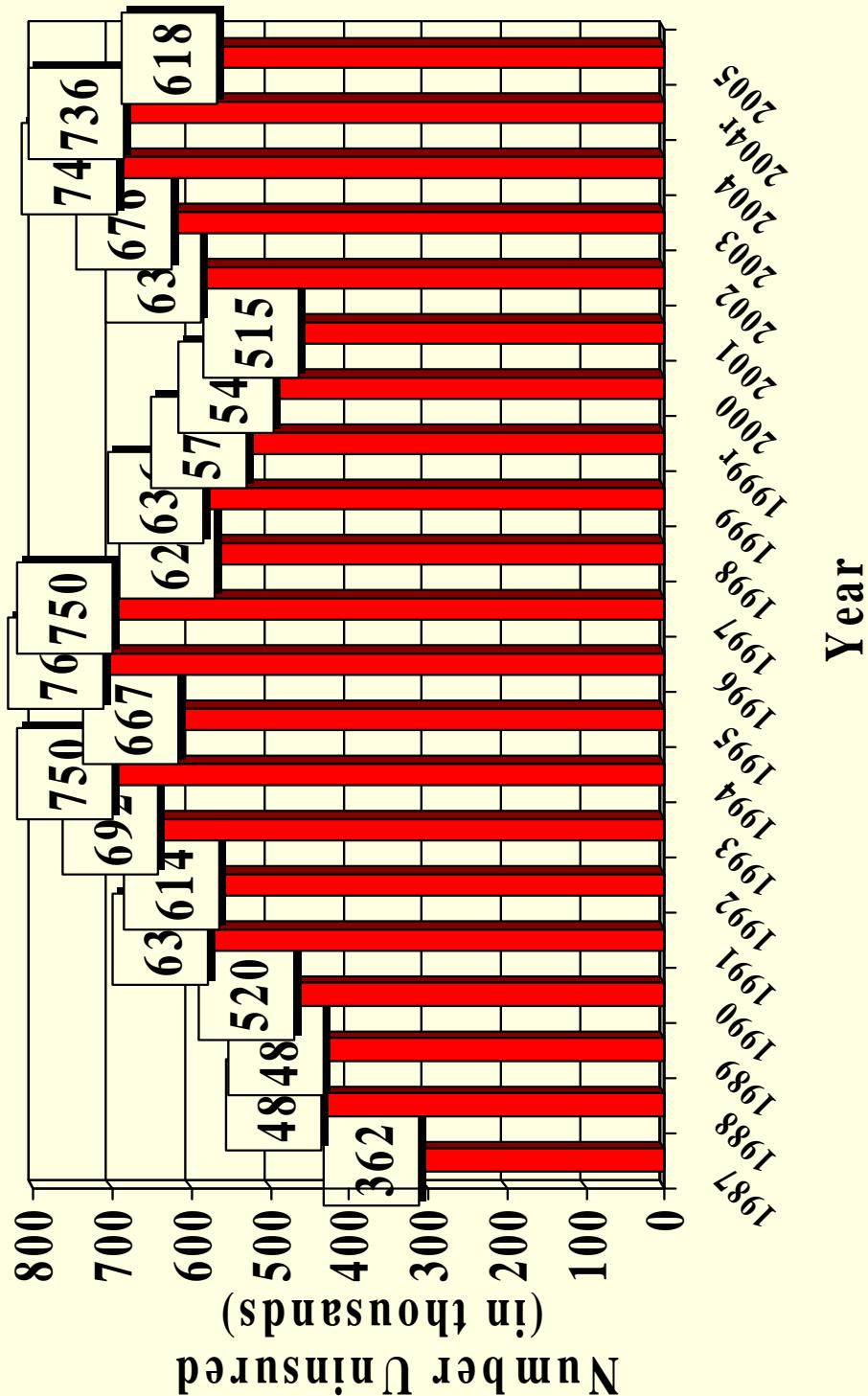
United States Bureau of the Census

Under 65 Uninsured in Maine



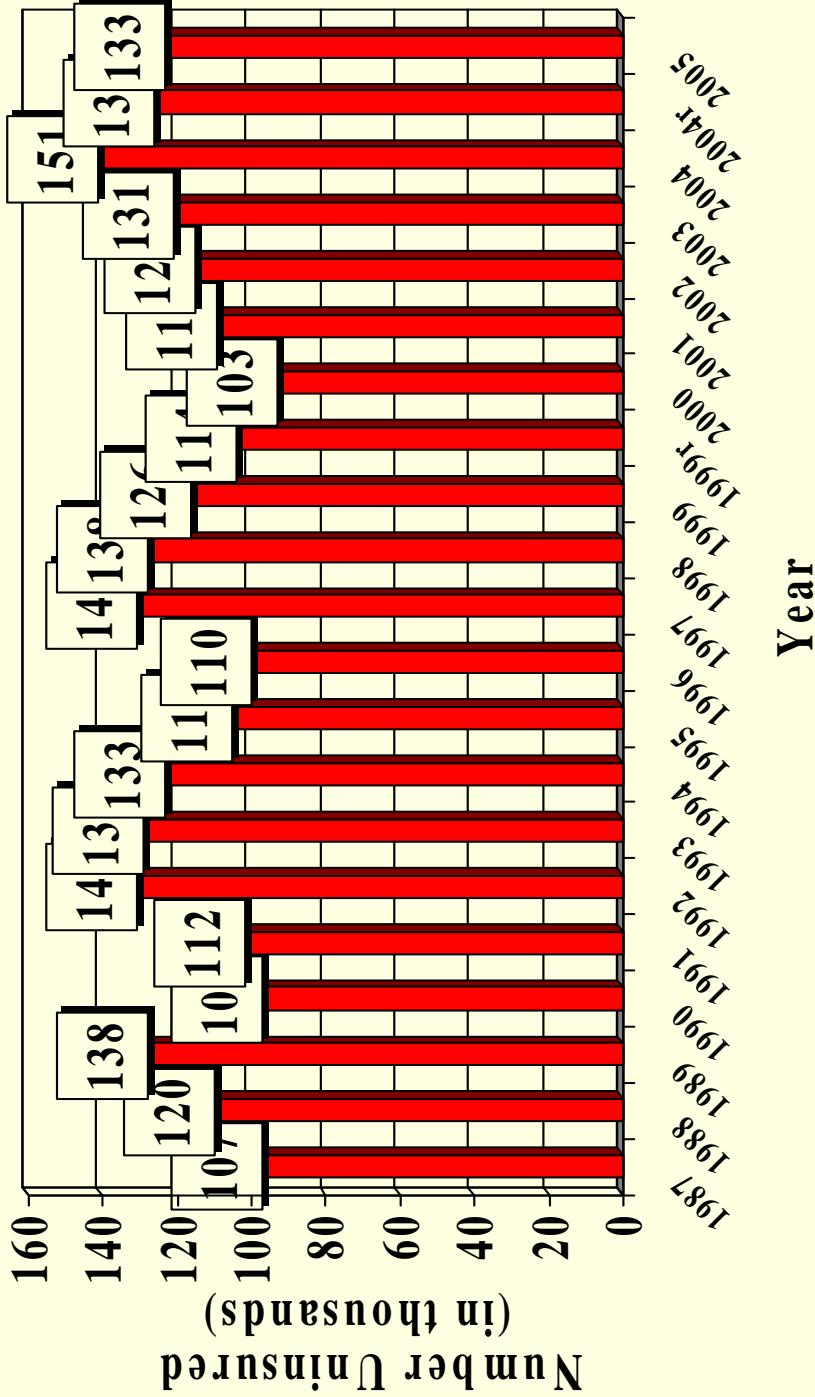
Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in Massachusetts



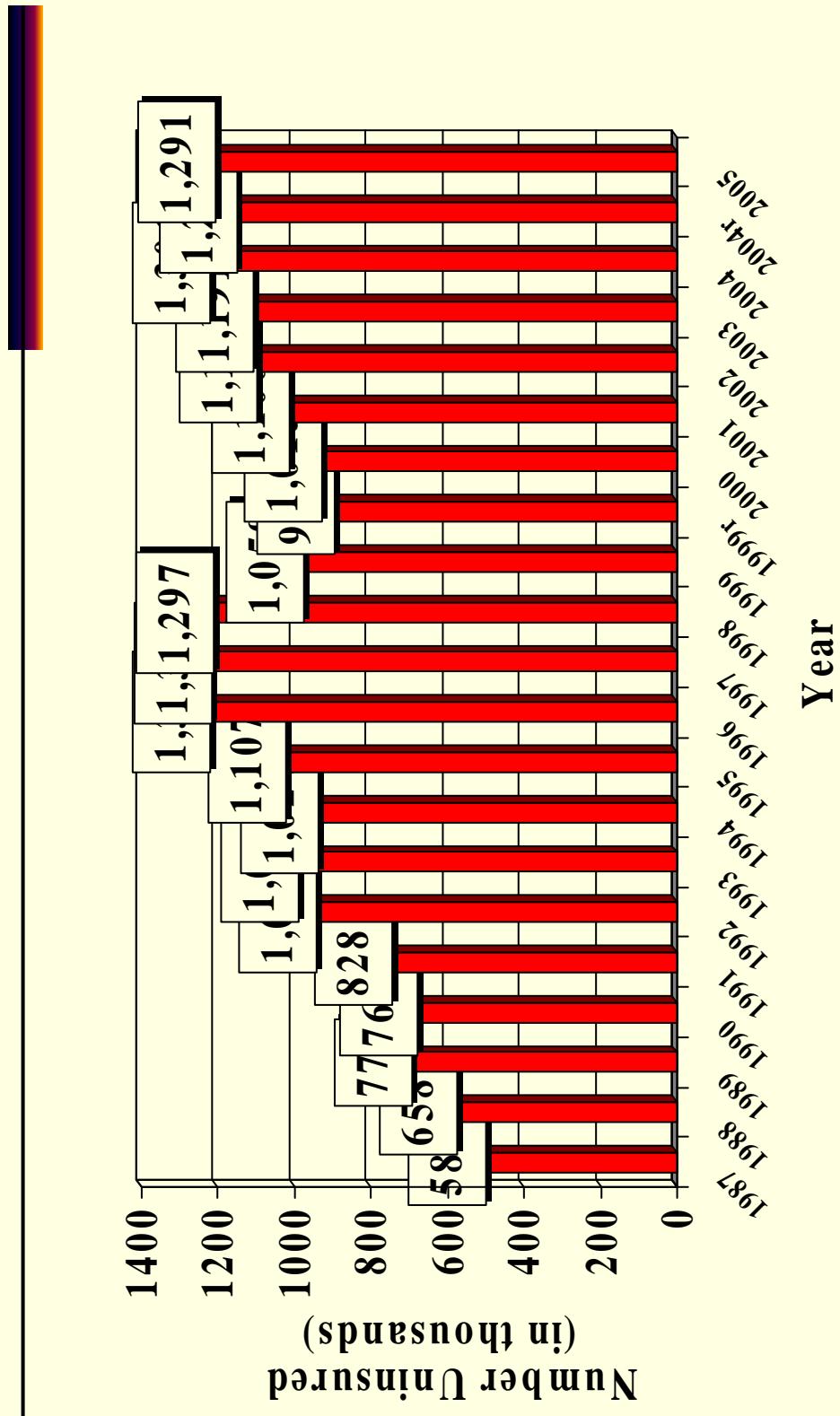
Years 1999r and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in New Hampshire



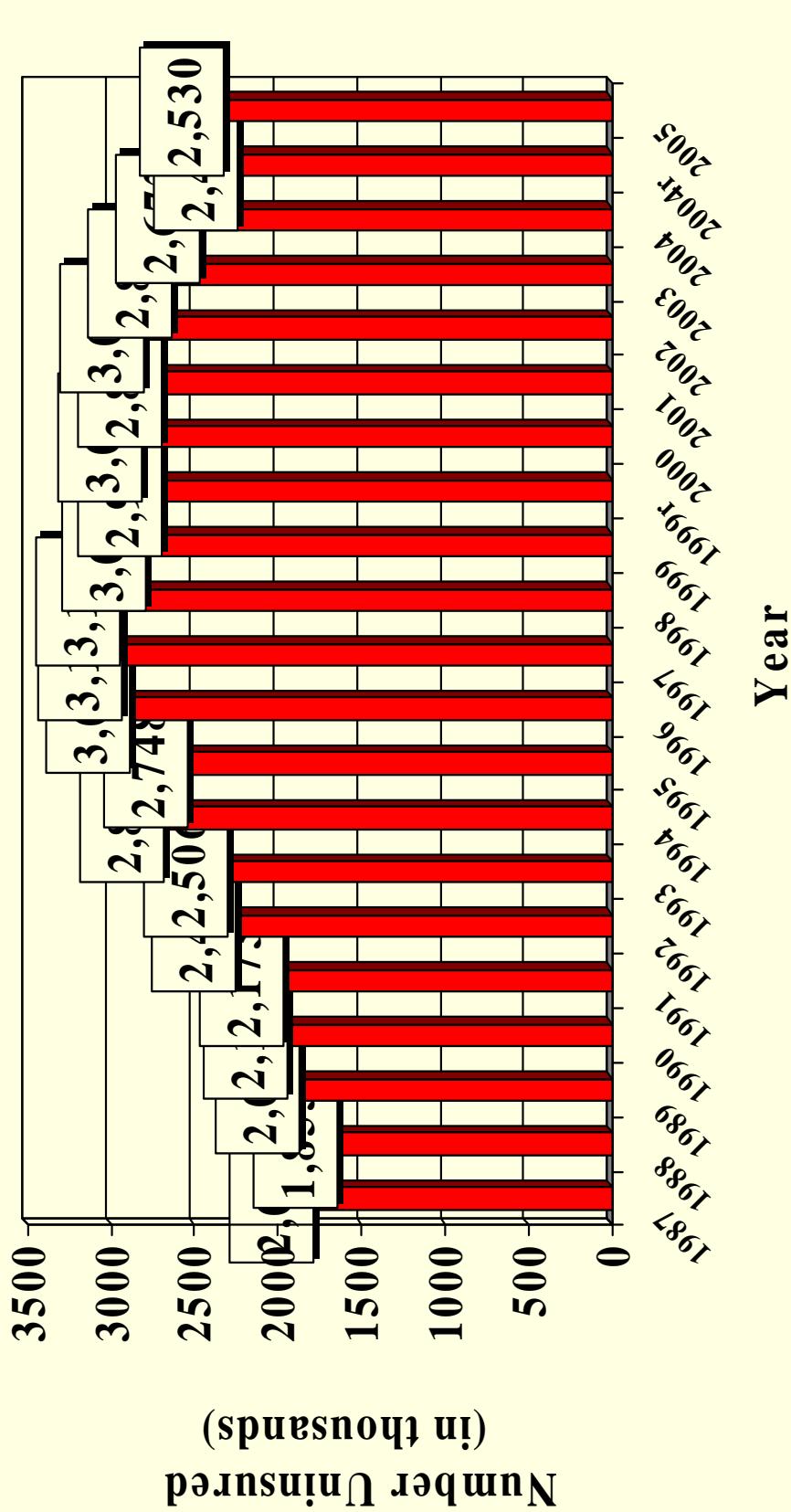
Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in New Jersey



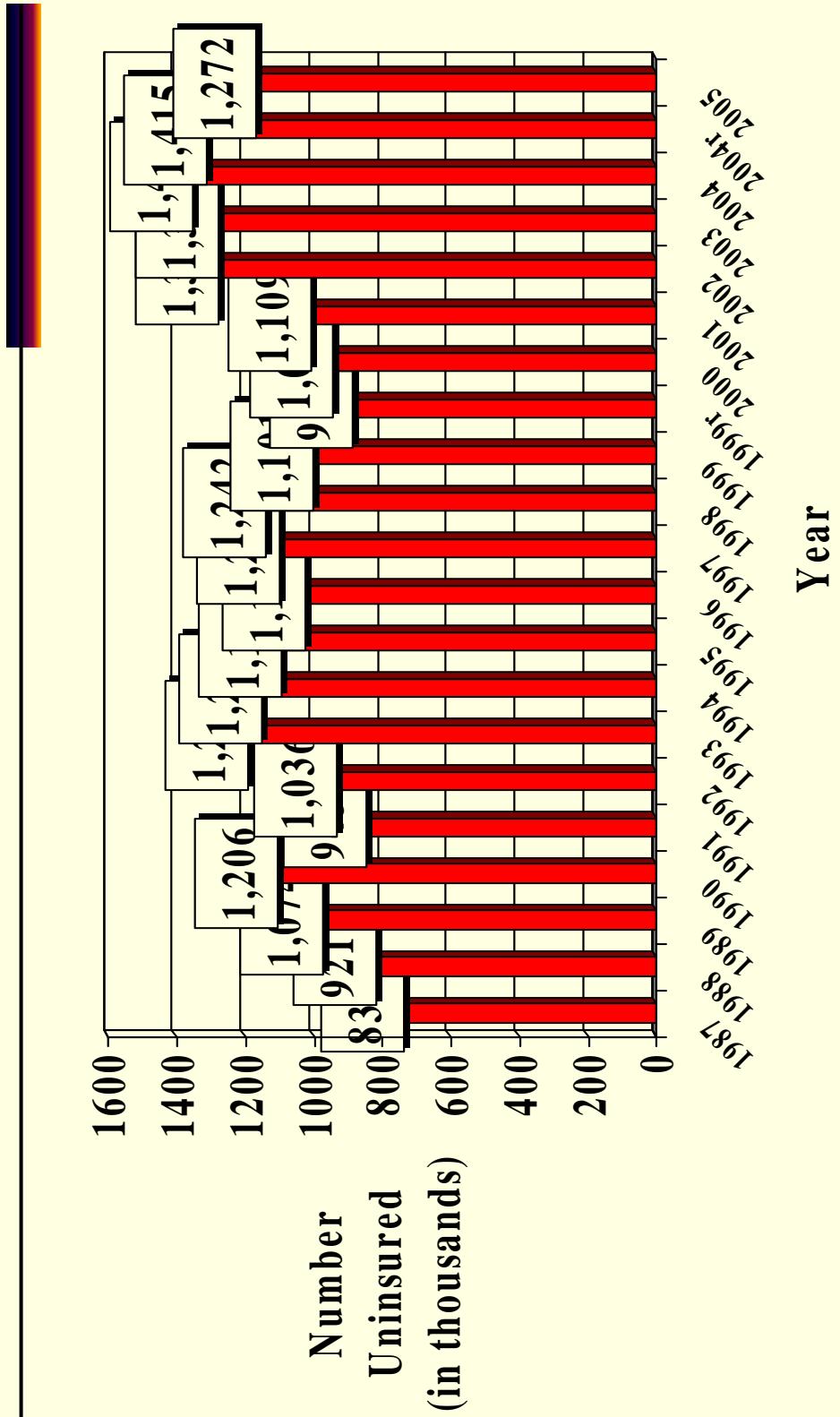
Years 1999r and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in New York



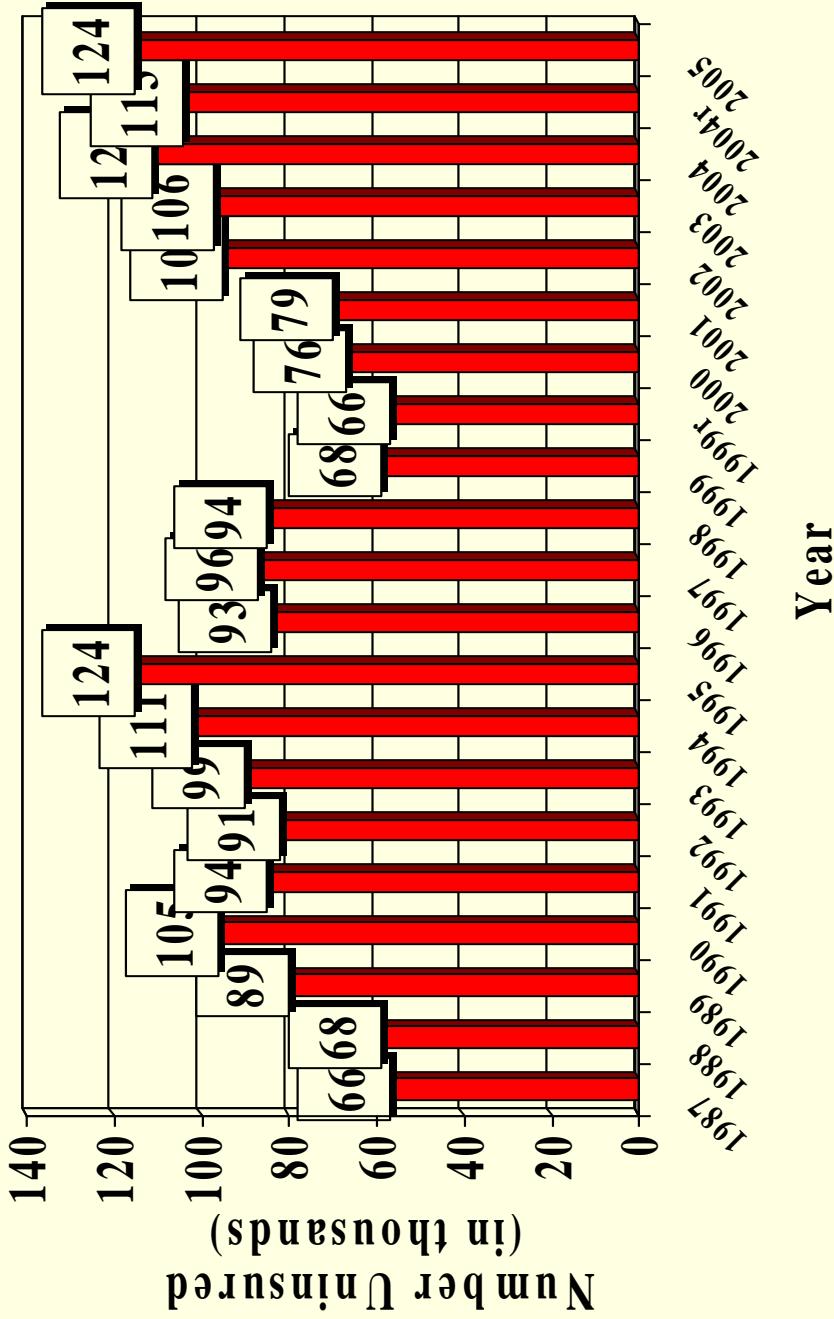
Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in Pennsylvania



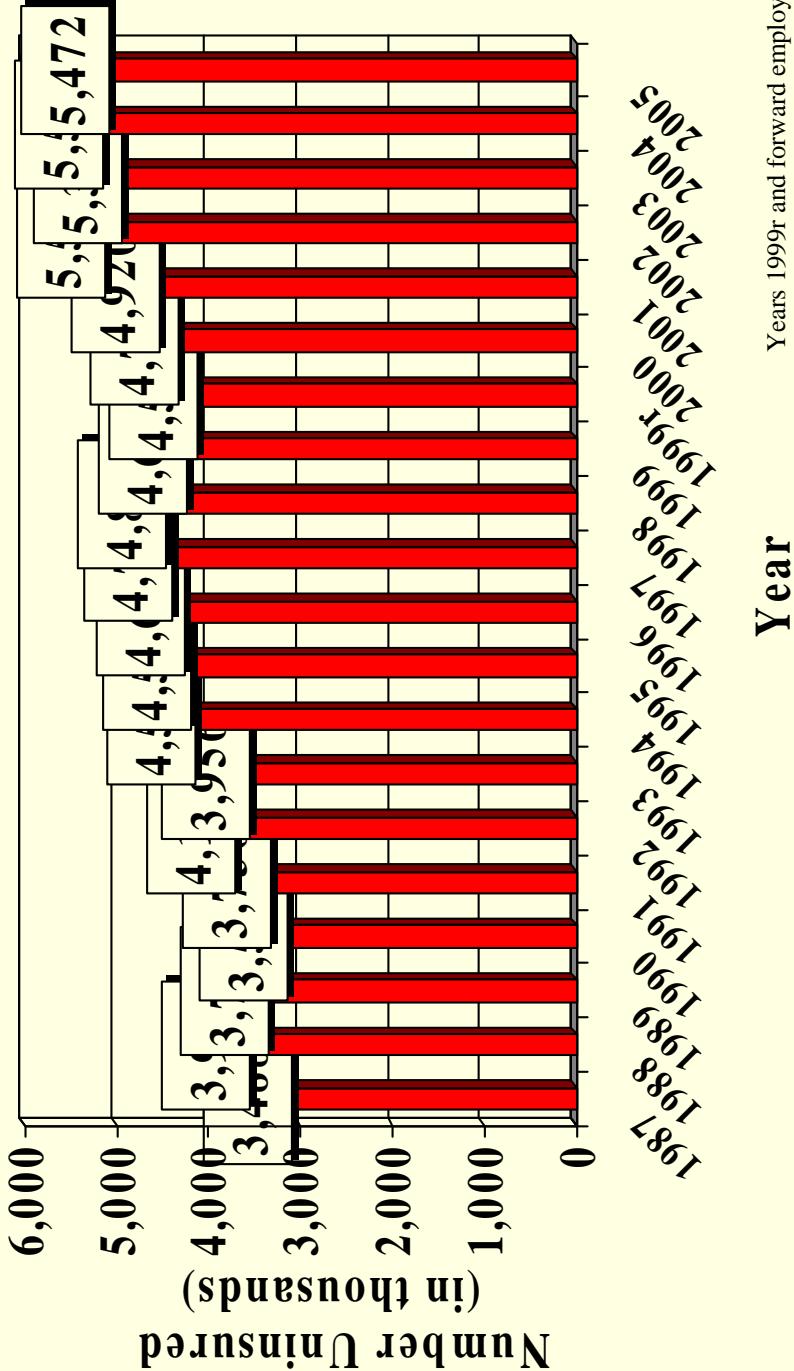
Years 1999r and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in Rhode Island



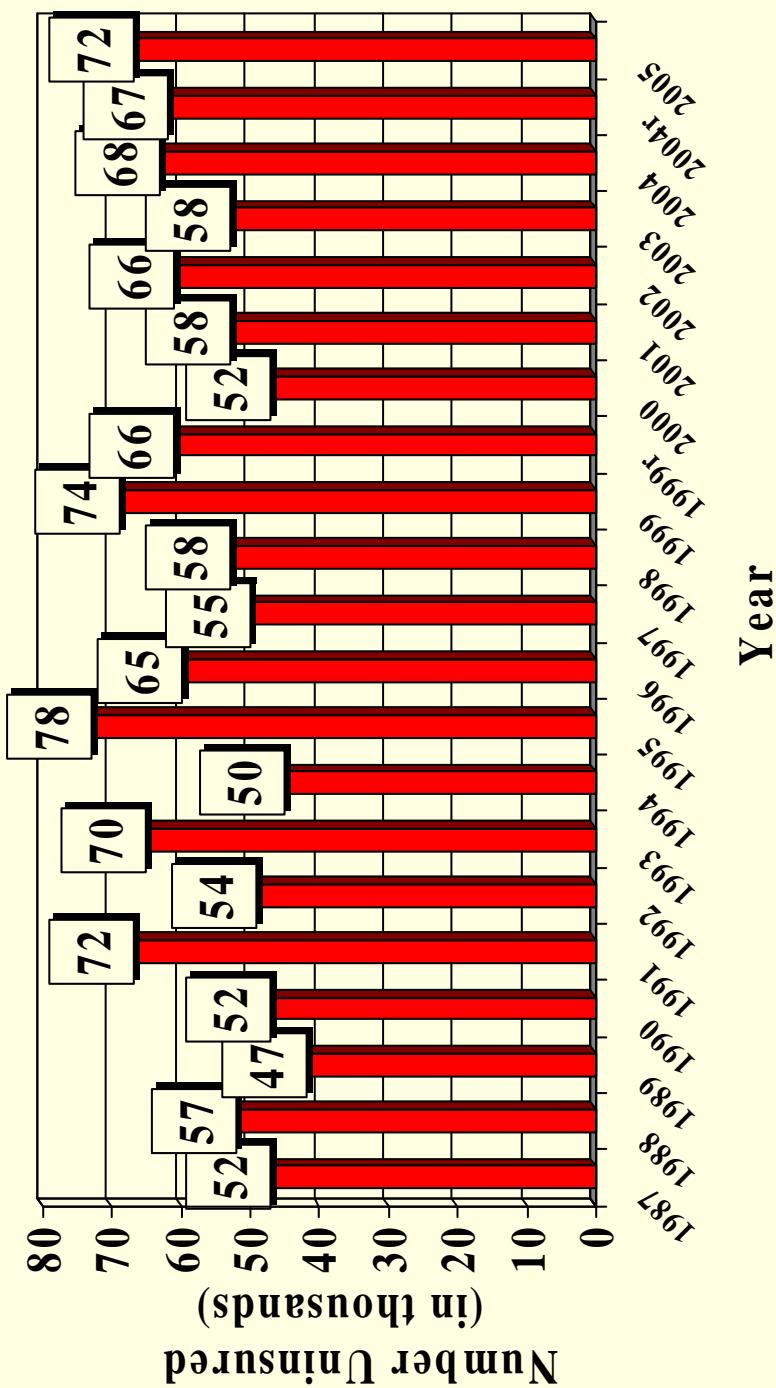
Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in Texas



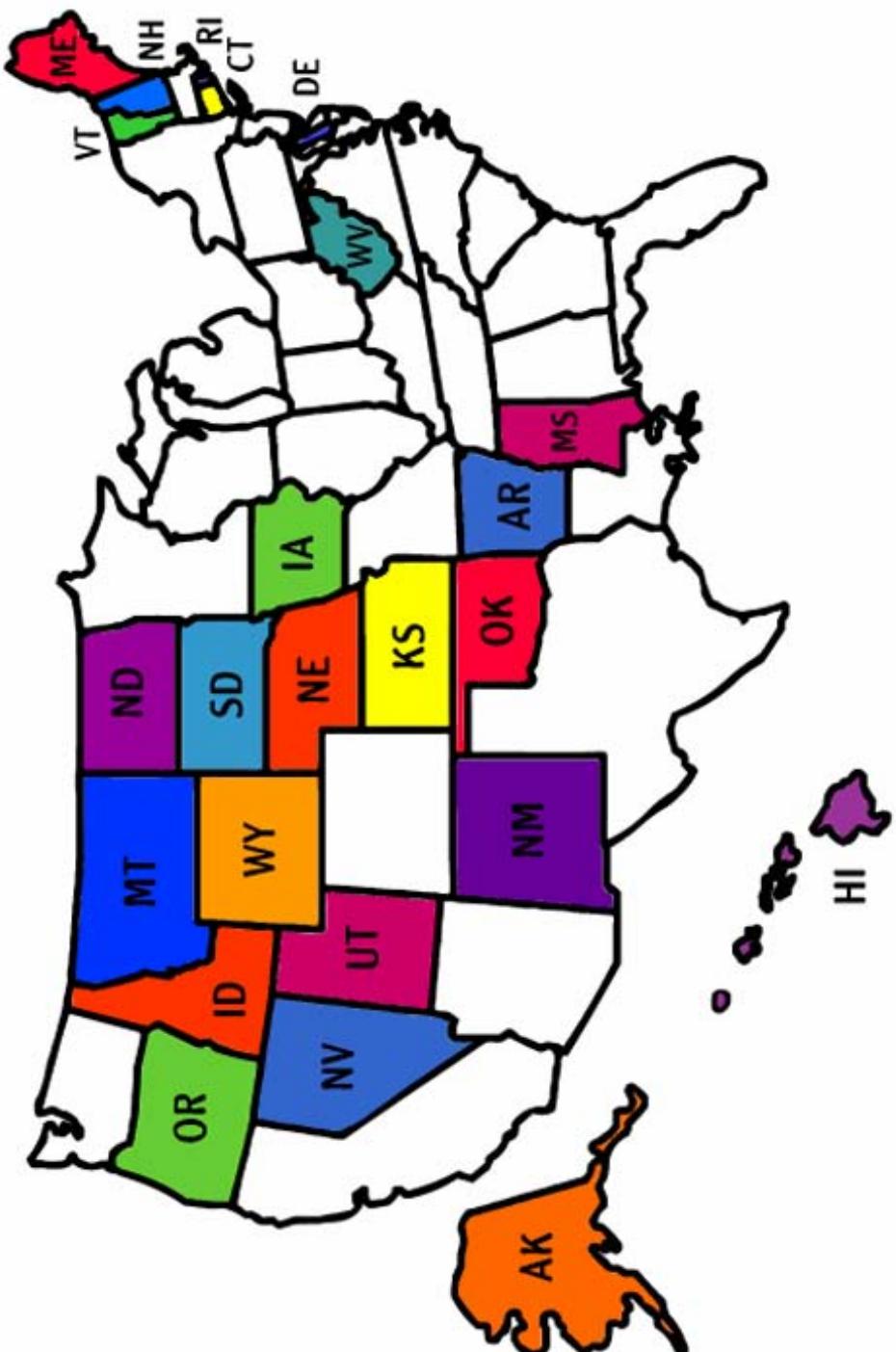
Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

Under 65 Uninsured in Vermont



Years 1999 and forward employ a new Census Bureau methodology for counting the uninsured. Therefore, those figures are **not** directly comparable to previous years.

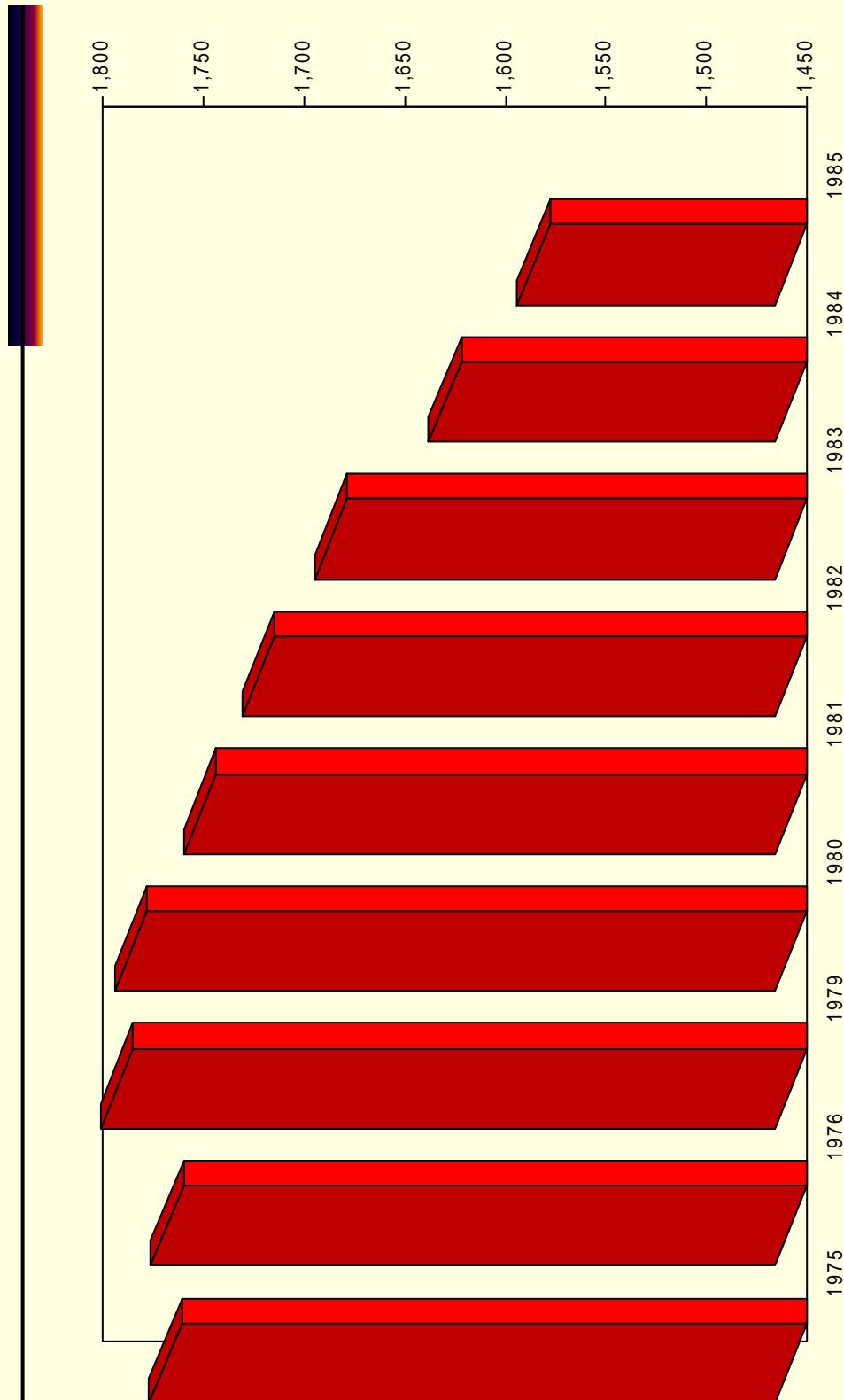
Number of uninsured in this country
equal to combined populations of:



Market Based Health Care

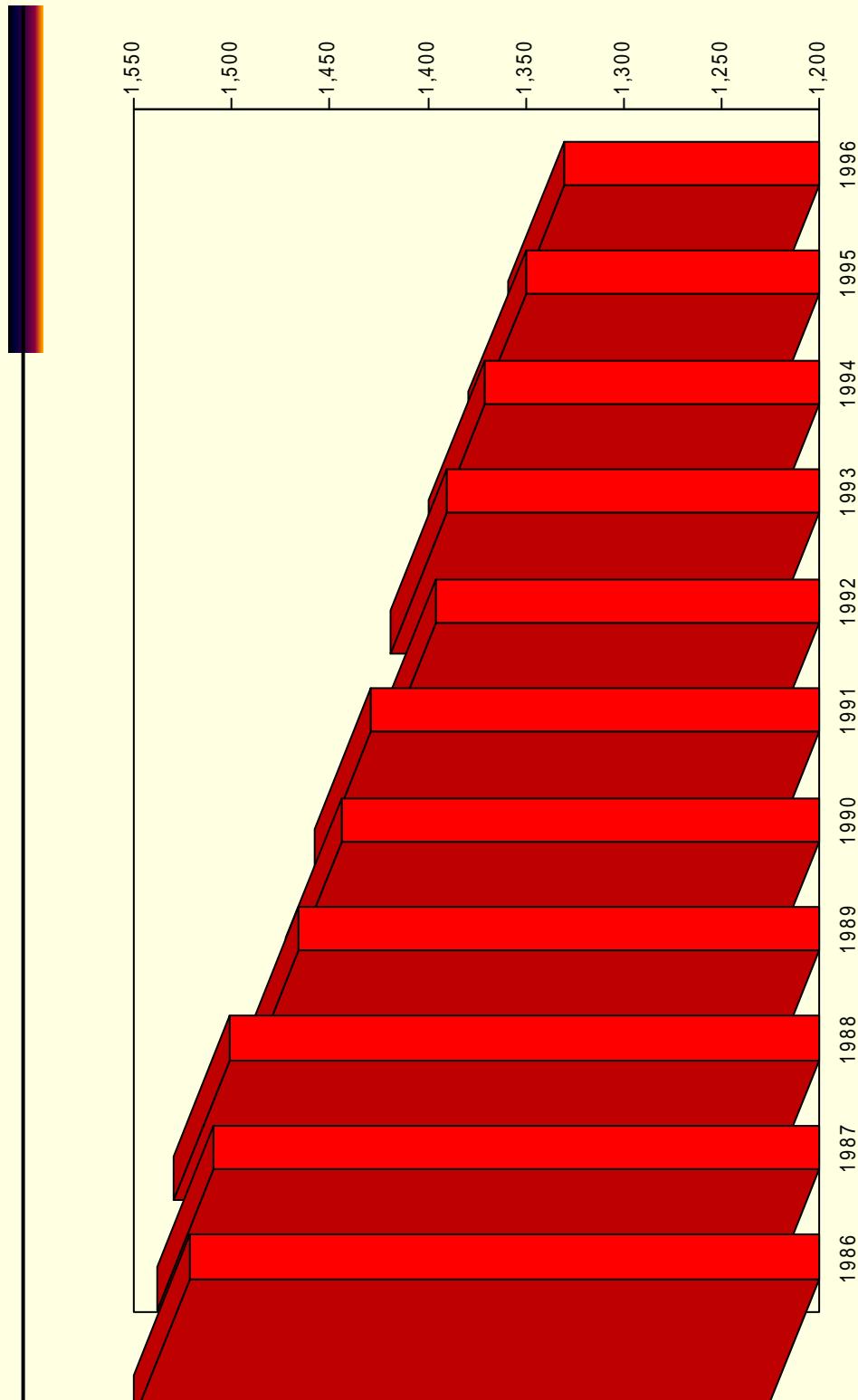
The Disappearing Public Hospital

Public Sector Hospitals Decline 1975 - 1985



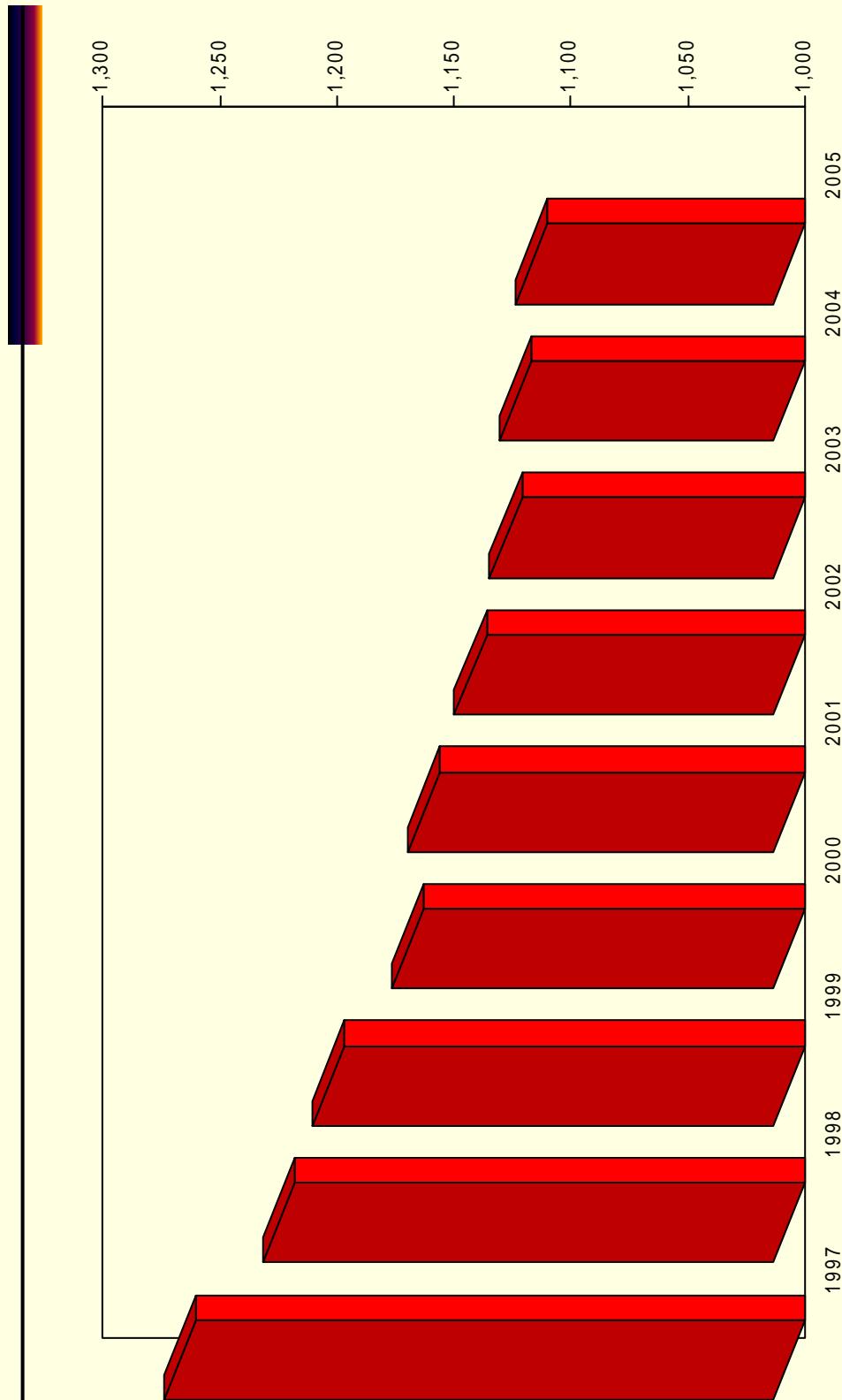
Source: AHA data

Public Sector Hospitals Decline 1986-1996



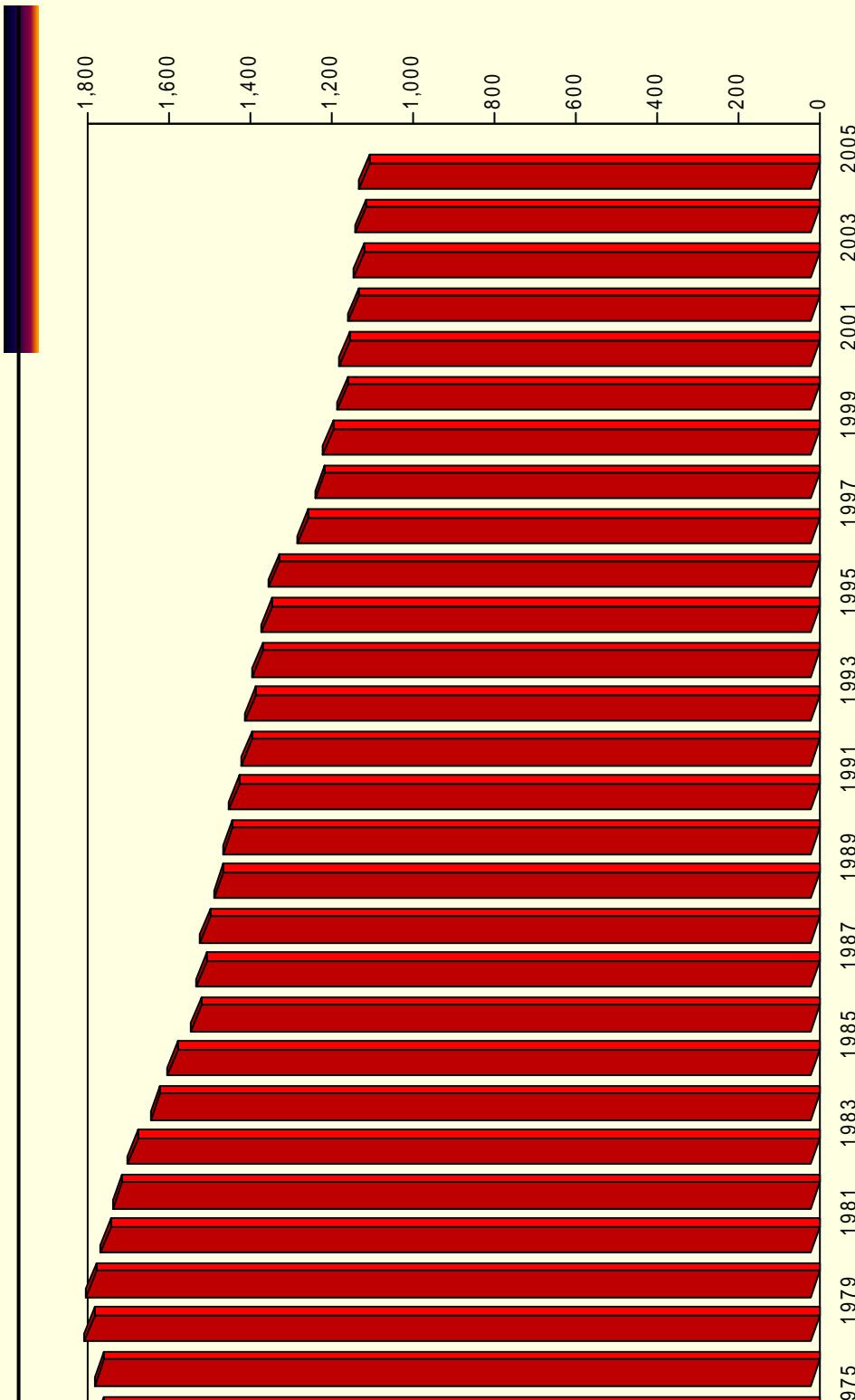
Source: AHA data

Public Sector Hospitals Decline 1997-2005



Source: AHA data

Public Sector Hospitals Decline by 37% 1975 - 2005



Source: AHA data

Market Based Health Care The Haves & the Have-Nots

“Affordable” Health Care?
For Whom?

Companies offering limited medical benefit plans

Source: Appleby, Julie. Is a little medical coverage that much better than none? USA Today Web Site . 6-6-2007. Gannett Company, Inc. Access Date 6-6-2007.

A number of insurers offer limited benefit medical insurance. A few are highlighted below. The benefits provided by such plans vary widely. In general, they set daily or annual limits on how much will be paid for such services as hospital care, surgery, drugs and doctor office visits.

Some, but not all, have annual deductibles that must be met before any care is covered. Others have office visit co-payments, say \$15 to \$20. Some plans have both. Employers can work with insurers to tailor an offering or select an off-the-shelf standard plan.

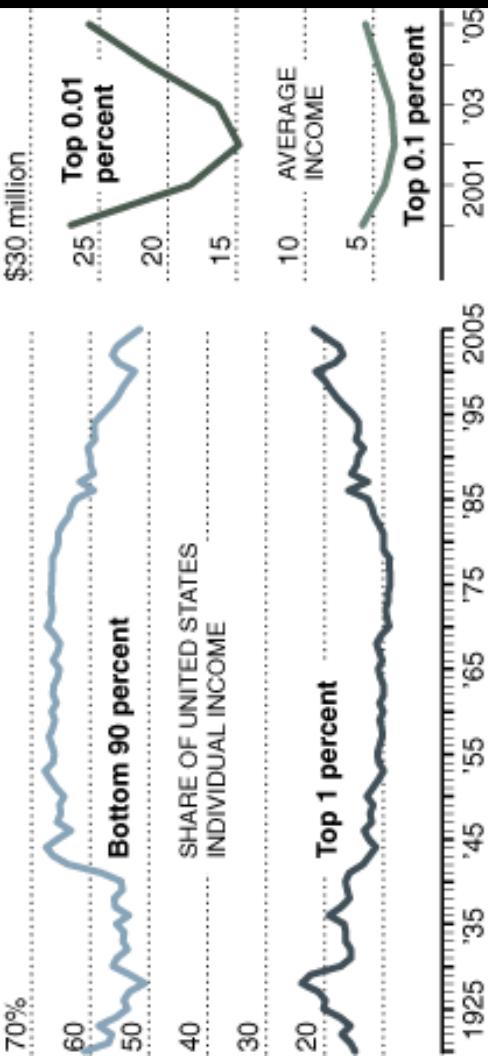
	Aetna	Century health care	Cigna Star HRG	Essential Care, BC'S ¹	AmWINS Group Benefits division
Benefits	Plans offered pay from \$2,000 to \$20,000 a year toward medical care. The \$2,000 plan mainly covers hospital care and limits emergency room payments \$1,000. An additional \$400 would be paid for diagnostic tests and \$200 for prescription drugs. Five doctor visits are covered. The \$20,000 plan limits outpatient care to \$2,000 annually. No daily cap on hospital room costs, but \$2,000 limit on hospital services, such as X-rays, drugs and surgical supplies.	The company does not set annual payout caps, but policies do limit payments for individual services: Depending on policy chosen, insurer pays from \$20 to \$125 per doctor visit; \$20 to \$1,000 per test; \$100 to \$5,000 a day in hospital; \$500 to \$5,000 per in-hospital surgery; \$50 to \$500 per emergency room visit.	Coverage ranges from \$25,000 to \$100,000 a year. Hospital payments subject to a per day maximum of \$750 a day, or in the intensive care unit, \$2,000 a day. Copay is \$25 to see a doctor. Some plans limit doctor visits to 5 annually for adults or 7 per child.	Plans vary, but generally range in coverage from \$2,500 to \$10,000 per year. No limit on daily maximum payment for in-hospital care, although patient pays 70% co-insurance for hospitalization. There are annual limits below the year's total for outpatient care. A \$5,000 annual limit plan, for example, allows up to \$1,250 in outpatient care each year, which includes doctor visits, emergency care, drugs and tests. The remaining \$3,750 for in-hospital care.	Plans limit benefit to a dollar amount ranging from \$10,000 to \$30,000, without separate limits on hospital and outpatient care. After reaching the annual maximum, payment stop until patients' medical bills reach a pre-set amount, ranging from \$25,000 to \$100,000, when insurance payments then resume.
Number of policyholders	200,000	67,000	200,000	67,000	NA
Offered in how many states?	46	50	42	38	

¹ -- subsidiary of Blue Cross Blue Shield of South Carolina Source: USA TODAY research

Talking From the Have -Nots – and Giving to the “Have Mores”

The Roaring 2000s

After a brief dip in the early 2000s because of a decline in the stock market, the share of the nation's income that goes to those at the top has begun to climb again, hitting a level not seen since the 1920s.



Sources: Thomas Piketty, Paris School of Economics, and Emmanuel Saez, University of California, Berkeley, from I.R.S. data

The New York Times

- In 2005, ... the top 1 percent of Americans - whose average income was \$1.1 million a year - received 21.8 percent of the nation's income, their largest share since 1929.
- ... the top 10 percent of Americans - those making more than about \$100,000 a year - collected 48.5 percent, also a share last seen before the Great Depression.

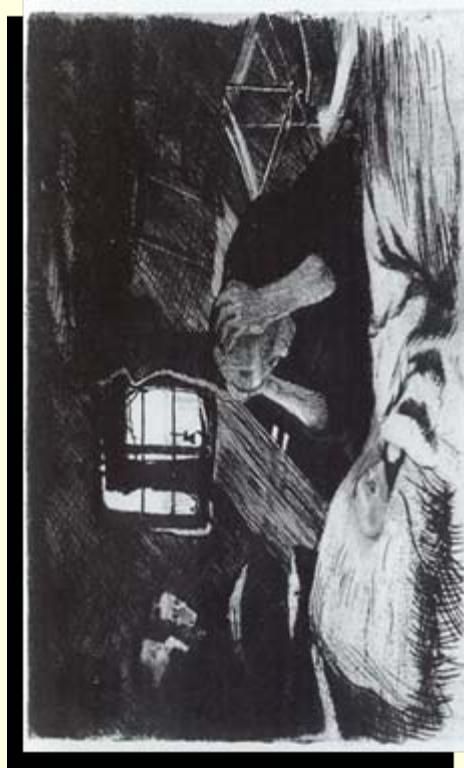
- For the bottom 90 percent of Americans ... average income actually dipped in 2005. The group's wages picked up in 2006, but not enough to make up for the lean years of this decade. [It Didn't End Well Last Time, *The New York Times*, 4 April 2007, Editorial, p. 1.]

“National policy is a matter of choices. Those choices reflect values. One of the cardinal policy issues in a democratic society, however, is whose values are reflected in which policies? (DeMoro, Don. *Wealth and Power: The U.S. Health Care Industry*. 1996. Orinda, Institute for Health & Socio-Economic Policy.)

The War No one Talks About, Part I:

‘As long as lions have no historians, tales of history will glorify the hunter.’ [African Proverb]

- ‘For every additional dollar earned by the bottom 90 percent of the population between 1950 and 1970, those in the top 0.01 percent earned an additional \$162.
- For every additional dollar earned by the bottom 90 percent between 1990 and 2002, … each taxpayer in that top bracket brought in an extra \$18,000.
- (The corporate elite, [IHSP]), … avoid their fair share of taxes, are reluctant to pay an honest dollar for an honest day’s work … , refuse to fight in their nation’s wars, and laugh all the way to their yachts.



The War No one Talks About, Part II:

‘As long as lions have no historians, tales of history will glorify the hunter.’ [African Proverb]

- Wages as a share of the GDP is lowest in 38 years.
- Share of after-tax corporate profits is highest since 1947.
- The U.S. borrows \$600 billion – 6% of GDP, to finance trade deficit.
- The richest 1% of the population own about 40% of all wealth, more than the bottom 90%.

Market Based Health Care

Executive Compensation
Income & Wealth

Executive Pay: Off the Charts



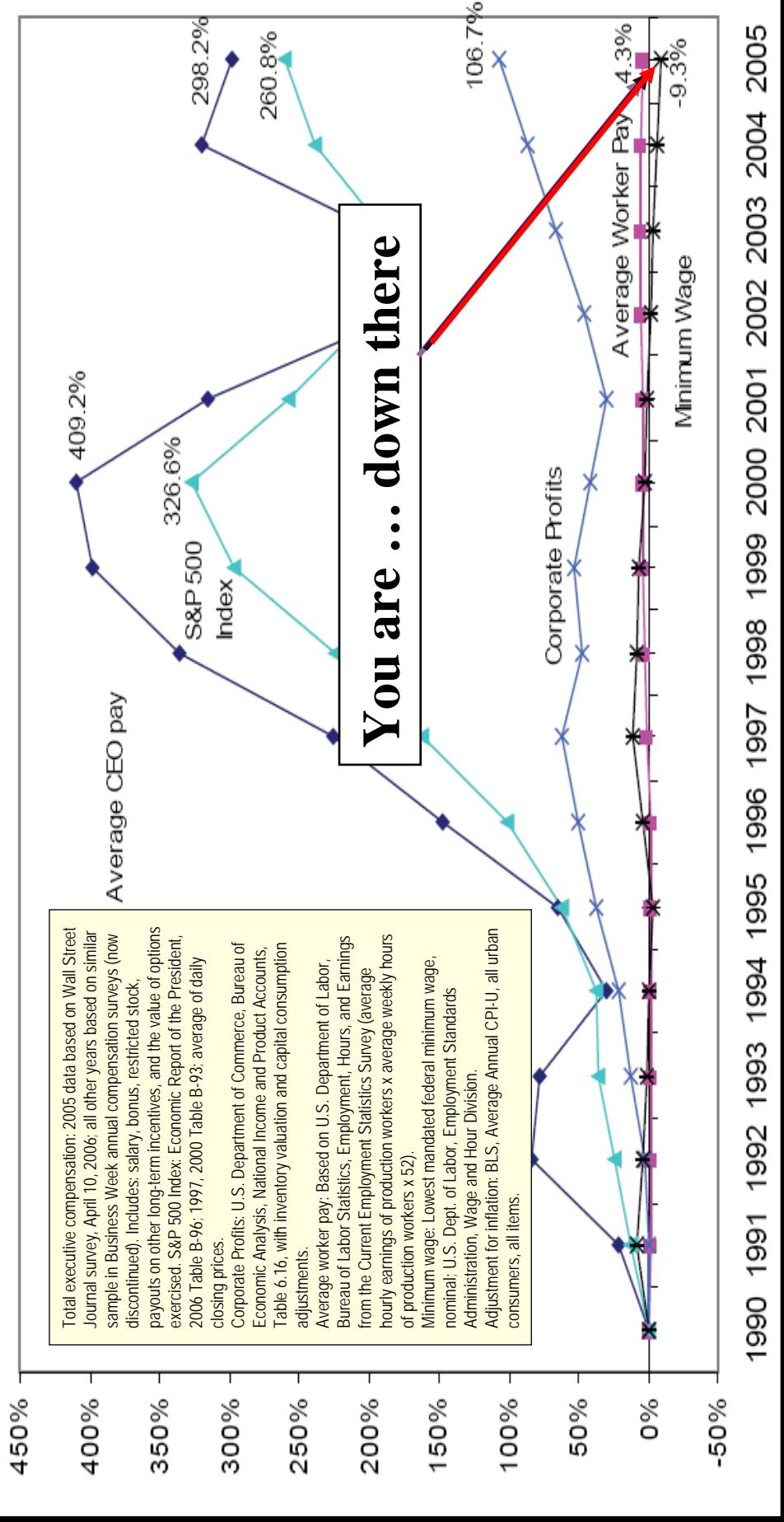
A Billion-Dollar Year for Top Hedge Fund Managers



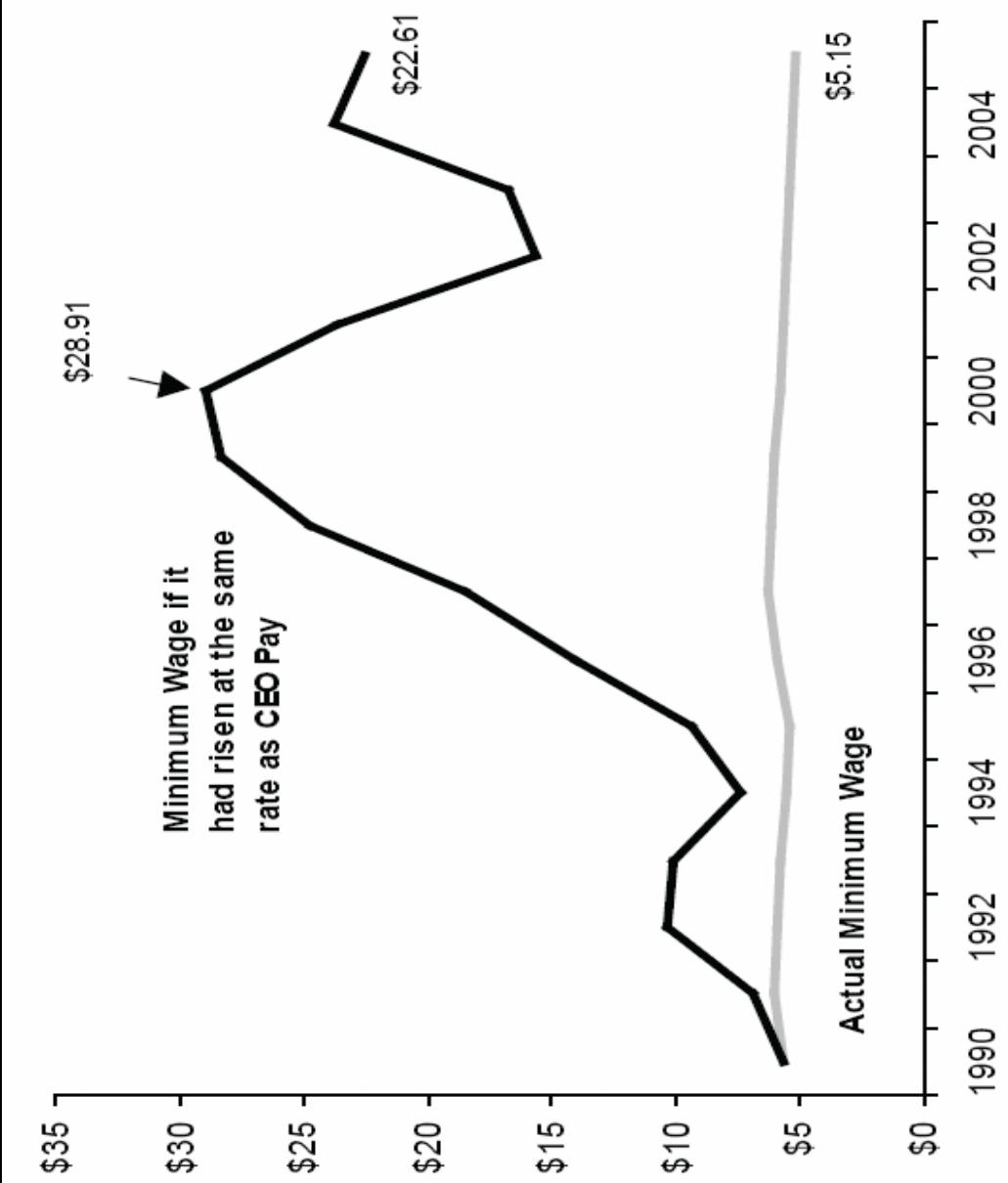
- ... **John Arnold of Centaurus Energy in Houston, who took home an estimated \$1.5 billion to \$2 billion last year** because his fund's bets on the direction of natural-gas prices paid off, ..
- Trader Monthly said **Mr. Arnold, a 33-year-old former trader at Enron, charged his investors a 3 percent management fee and a 30 percent incentive fee.**
- **All five of the hedge fund managers earned more than \$1 billion in 2006,** according to Trader Monthly, which also estimated that the average pay among the 100 best-paid fund managers was \$241 million.

Worker Pay Flatlines

Cumulative Change in US Economic Indicators, 1990-2005



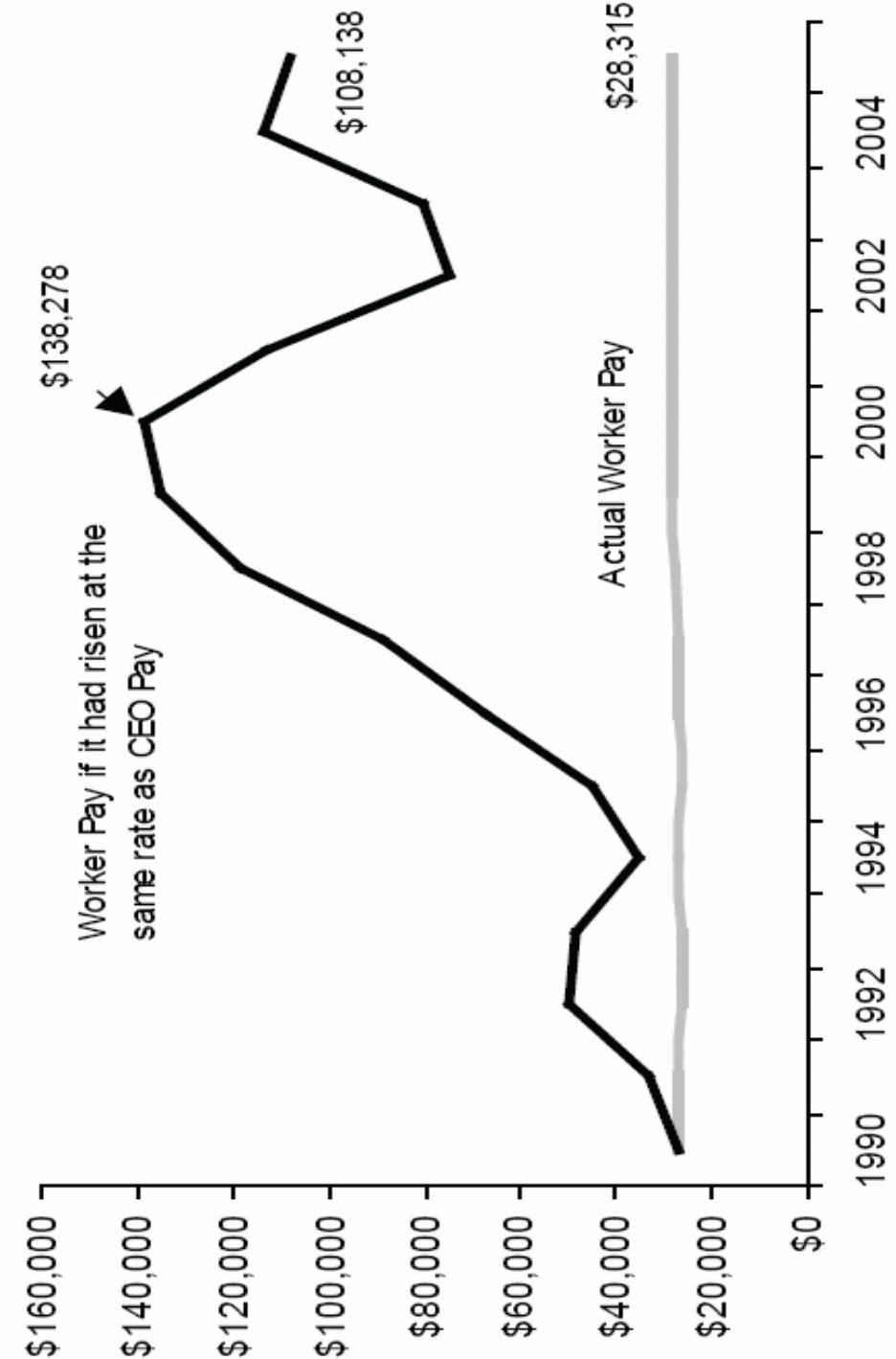
Value of CEO Pay and the Minimum Wage, 1990-2005 (in 2005 dollars)



Anderson, Sarah, Cavanagh,
John, Collins, Chuck, and
Benjamin, Eric. Executive
Excess 2006: Defense and
Oil Executives Cash in on
Conflict. Pizzigati, Sam. 13,
1-56. 9-30-2006.
Washington, Institute for
Policy Studies, United for a
Fair Economy.

Value of CEO Pay and Average Production

Worker Pay, 1990-2005 (in 2005 dollars)



Anderson, Sarah, Cavanagh, John, Collins, Chuck, and Benjamin, Eric. Executive Excess 2006: Defense and Oil Executives Cash in on Conflict. Pizzigati, Sam. 13, 1-56. 9-30-2006.
Washington, Institute for Policy Studies, United for a Fair Economy.

HMO Executive Comp.

The Top 20 – 2006*

IHSP calculations of SEC data and Salary.Com *Calculated using the new SEC reporting rules.
 Total Contingent Comp includes: Option awards reported present value, Stock awards value, Total value
 of unexercised/unearned options, Total value of unvested stock awards, Estimated future
 payout under non-equity incentive plan at target, Reported estimated future payout under
 equity incentive plan, Present value of accumulated pension benefit, Aggregate NQDC
 balance at last fiscal year end

Company Name	Executive Name	Executive Title	Total Earned & Contingent Compensation		
			Total Earned / Realized Compensation	Total Contingent Compensation	Total Earned & Contingent Compensation
UNITEDHEALTH GROUP INC	William W. McGuire MD	Former Chairman & Chief Executive	\$127,058,969	\$1,284,796,142	\$1,411,855,111
UNITEDHEALTH GROUP INC	Stephen J. Hemsley	Pres & CEO	\$4,258,717	\$447,123,723	\$451,382,440
AETNA INC	John W. Rowe	Former Chairman & CEO	\$46,713,367	\$229,734,147	\$276,447,514
AETNA INC	Ronald A. Williams	Chairman, CEO & Pres	\$10,174,392	\$219,104,868	\$229,279,260
CIGNA CORP	H. Edward Hanway	Chairman & CEO	\$39,414,723	\$127,498,309	\$166,913,032
WELLPOINT INC	Larry C. Glasscock	Chairman, Pres & CEO	\$36,494,196	\$111,919,330	\$148,413,526
WELLPOINT INC	David C. Colby	Vice Chairman, CFO & EVP	\$6,455,800	\$122,394,901	\$128,850,701
HUMANA INC	Michael B. McCallister	Pres & CEO	\$29,298,568	\$43,242,147	\$72,540,715
UNITEDHEALTH GROUP INC	David J. Lubben	Former Gen Counsel & Secretary	\$507,052	\$63,345,366	\$63,852,418
UNITEDHEALTH GROUP INC	David S. Wichmann	EVP & Pres of Individual & Employer Markets Group	\$1,610,052	\$59,657,945	\$61,267,997
HEALTH NET INC	Jay M. Gellert	Pres & CEO	\$7,867,474	\$51,201,794	\$59,067,268
WELLCARE HEALTH PLANS INC	Todd S. Farha	Chairman, Pres & CEO	\$1,047,021	\$52,044,037	\$53,091,058
UNITEDHEALTH GROUP INC	Lois E. Quam	EVP & Pres of Public & Senior Markets Group	\$1,600,916	\$46,471,361	\$48,072,277
ASSURANT INC	Robert B. Pollock	Pres & CEO	\$5,468,409	\$40,963,850	\$46,432,259
WELLPOINT INC	Michael A. Stocker M.D.	Former EVP, Pres & CEO East Region	\$22,885,587	\$21,347,223	\$44,232,810
CENTENE CORP	Michael F. Neidorff	Chairman, Pres & CEO	\$2,299,501	\$40,176,821	\$42,476,322
WELLPOINT INC	Joan E. Herman	Pres & CEO Specialty, Senior & State Sponsored Business & EVP	\$16,525,014	\$25,824,045	\$42,349,059
AETNA INC	Timothy A. Holt	SVP, Chief Investment Officer & Chief Enterprise Risk Officer	\$15,115,684	\$26,334,409	\$41,450,093
ASSURANT INC	J. Kerry Clayton	CEO (Retired)	\$3,217,776	\$37,050,603	\$40,268,379
UNITEDHEALTH GROUP INC	Patrick J. Erlandson	Former CFO	\$36,880,815	\$37,362,488	\$37,362,488

Pharma Executive Comp.

The Top 20 – 2006*

IHSP calculations of SEC data and Salary.Com *Calculated using the new SEC reporting rules.
 Total Contingent Comp includes: Option awards reported present value, Stock awards value, Total value
 of unexercised/unearned options, Total value of unvested stock awards,Estimated future
 payout under non-equity incentive plan at target, Reported estimated future payout under
 equity incentive plan, Present value of accumulated pension benefit, Aggregate NQDC
 balance at last fiscal year end

Company Name	Executive Name	Executive Title	Total Earned / Realized Compensation	Total Contingent Compensation	Total Earned & Contingent Compensation
PFIZER INC	Henry A. McKinnell	Former CEO and Former Chairman of the Board	\$12,622,214	\$209,151,287	\$221,773,501
WYETH	Robert Essner	Chairman and Chief Executive Officer	\$34,148,904	\$109,280,245	\$143,429,149
ALLERGAN INC	David E.I. Pyott	Chairman of the Board and Chief Executive Officer	\$18,066,808	\$110,924,159	\$128,990,967
JOHNSON & JOHNSON	William C. Weldon	Chairman/CEO	\$17,994,214	\$110,287,810	\$128,282,024
SCHERING-PLOUGH	Fred Hassan	Chairman of the Board & Chief Executive Officer	\$26,897,640	\$89,513,351	\$116,410,991
BRISTOL-MYERS SQUIBB CO	Anthony C. Hooper	President U.S. Pharmaceuticals	\$1,960,910	\$110,621,272	\$112,582,182
PFIZER INC	Karen Katen	Vice Chairman of the Board, President of Pfizer Human Health	\$27,198,025	\$84,997,750	\$112,195,775
ABBOTT LABORATORIES	Miles D. White	Chairman of the Board, Chief Executive Officer and Director	\$17,013,906	\$78,320,279	\$95,394,185
SEPRACOR INC	Timothy J. Barberich	Chief Executive Officer	\$1,414,627	\$75,220,807	\$76,635,434
LILLY (ELI) & CO	Sidney Taurel	Chairman of the Board and Chief Executive Officer	\$10,799,582	\$65,157,470	\$75,957,052
JOHNSON & JOHNSON	Robert J. Darretta	Vice Chairman/CFO	\$11,696,393	\$62,462,038	\$74,158,431
PFIZER INC	David Sheldarz	Vice Chairman of the Board	\$5,992,066	\$56,137,517	\$62,129,583
ABBOTT LABORATORIES	Richard A. Gonzalez	Chief Operating Officer and Director	\$6,046,636	\$53,654,348	\$59,700,984
WYETH	Bernard J. Poussot	President, Chief Operating Officer and Vice Chairman	\$13,526,449	\$39,249,216	\$52,775,665
BRISTOL-MYERS SQUIBB CO	Lamberto Andreotti	EVP & President WW Pharmaceuticals	\$3,382,003	\$42,392,471	\$46,274,474
JOHNSON & JOHNSON	Russell C. Deyo	VP, General Counsel/Cheif Compliance Officer	\$7,877,650	\$36,849,724	\$44,727,374
WYETH	Kenneth J. Martin	Chief Financial Officer and Vice Chairman	\$11,433,922	\$32,963,510	\$44,397,432
BRISTOL-MYERS SQUIBB CO	A.R.J. Bonfield	EVP & Chief Financial Officer	\$33,063,894	\$39,151,290	\$42,215,184
BRISTOL-MYERS SQUIBB CO	Elliott Sigal	EVP, Chief Scientific Officer & President PRI	\$2,802,362	\$37,305,730	\$40,108,092
SCHERING-PLOUGH	Carrie S. Cox	Executive Vice President & President, Global	\$10,956,470	\$28,758,561	\$39,715,031

**Total:
\$1,717,853,510**

IHSP calculations of SEC data and Salary.Com
 *Calculated using the new SEC reporting rules



Top 20 Biotech Executives

Total Value of Holdings:

\$3,352,249,374

Value of Stock Holdings Only

158,380,488

Company Name	Executive Name	Executive Title	Number of shares owned	Value
MANNKIND CORP	Alfred E. Mann	Chief Executive Officer and Chairman of the Board of Directors	30,583,629	\$504,324,042
GENENTECH INC	Arthur D. Levinson	Chief Executive Officer	4,514,791	\$366,284,994
GILEAD SCIENCES INC	John C. Martin	President and Chief Executive Officer	4,639,271	\$301,227,866
CELGENE CORP	Sol J. Barer	Chief Executive Officer and Chairman of the Board	4,722,509	\$271,685,943
EMERGENT BIOSOLUTIONS INC	Fuad El-Hibri	Chief Executive Officer and Chairman of the Board	22,454,327	\$250,590,289
GENZYME CORP	Henri A. Termeer	Chief Executive Officer	3,926,012	\$241,763,819
CARDIOVASCULAR BIOThERAPEUTC	Daniel C. Montano	President and Chief Executive Officer	30,812,131	\$206,133,156
CARDIOVASCULAR BIOThERAPEUTC	Thomas Stegmann	Chief Medical Officer	30,107,130	\$201,416,700
CELGENE CORP	Robert J. Hugin	President, Chief Operating Officer and Director	3,320,038	\$191,001,786
GENENTECH INC	Susan D. Desmond-Hellmann MD, MPH	President, Product Development	1,416,275	\$114,902,391
GTX INC	Mitchell S. Steinher	Chief Executive Officer and Vice-Chairman of the Board of Directors	5,062,147	\$90,308,702
CEPHALON INC	Frank Baldino Jr. Ph.D.	Chairman & Chief Executive Officer	1,182,506	\$83,260,247
OMRIX BIOPHARMACEUTICALS	Robert Taub	President, Chief Executive Officer and Director	2,724,374	\$82,439,557
UNITED THERAPEUTICS CORP	Martine A. Rothblatt	CEO	1,516,112	\$82,431,009
GILEAD SCIENCES INC	Norbert W. Bischofberger	Executive Vice President, Research and Development and Chief Scientific Officer	1,165,703	\$75,689,096
KERYX BIOPHARMACEUTICALS INC	John F. Milligan	Executive Vice President, Chief Operating Officer and Chief Financial Officer	1,057,491	\$68,662,891
REGENERON PHARMACEUT	Michael S. Weiss	Chairman and Chief Executive Officer	4,713,635	\$62,691,346
GENENTECH INC	Leonard S. Schleifer	President and Chief Executive Officer	3,104,099	\$62,299,267
GENZYME CORP	David A. Ebersman	Executive Vice President and Chief Financial Officer	587,809	\$47,447,328
Peter Wirth		Executive Vice President, Chief Legal Officer	770,499	\$47,447,328

IHSP calculations of
SEC data and
Salary.Com
*Calculated using the
new SEC reporting
rules

Top 20 Pharma Executives Value of Stock Holdings Only

Total Value of Holdings:

\$1,332,815,956

Total Number of Shares Held
44,173,1332

Company Name	Executive Name	Executive Title	Number of shares owned	Value
Allergan Inc	David E.I. Pyott	Chairman of the Board and Chief Executive Officer	1,650,766	\$197,662,721
Seprorcor Inc	Timothy J. Barberich	Chief Executive Officer	2,511,327	\$154,647,517
Watson Pharmaceuticals Inc	Allen Chao	Chairman of the Board, President and Chief Executive Officer	5,260,045	\$136,918,971
Medicis Pharmaceutical Cp -Cl A	Jonah Shacknai	Chairman of the Board, Chief Executive Officer	2,764,635	\$97,121,628
Schering-plough	Fred Hassan	Chairman of the Board & Chief Executive Officer	3,677,466	\$86,935,296
Pain Therapeutics Inc	Remi Barbier	President, Chief Executive Officer and Chairman of the Board	9,110,757	\$81,085,737
Pozen Inc	John R. Plachetka Pharm.D.	President and Chief Executive Officer	4,191,533	\$71,214,146
Barr Pharmaceuticals Inc	Bruce L. Downey	Chairman and Chief Executive Officer	1,397,756	\$66,658,984
Bristol-myers Squibb Co	Peter R. Dolan	Former Chief Executive Officer	2,478,844	\$65,243,174
Lilly (Eli) & Co	Sidney Taurel	Chairman of the Board and Chief Executive Officer	1,114,992	\$58,091,083
Seprorcor Inc	James W. O'Shea	Vice Chairman and Former President and Chief Operating Officer	753,351	\$46,391,355
Valeant Pharmaceuticals Int'l	Timothy C. Tyson	President and Chief Executive Officer	2,636,337	\$45,450,450
Seprorcor Inc	David P. Southwell	Executive Vice President and Chief Financial Officer	685,852	\$42,234,766
Bradley Pharmaceuticals -Cl A	Daniel Glassman	President and Chief Executive Officer	1,669,793	\$34,364,340
Schering-plough	Carrie S. Cox	Executive Vice President & President, Global	1,382,871	\$32,691,070
Barr Pharmaceuticals Inc	Paul M. Bisaro	President and Chief Operating Officer	654,114	\$31,194,697
Endo Pharmaceuticals Holdings	Peter A. Lankau	President and Chief Executive Officer	1,114,263	\$30,731,374
Medicines Co	Clive A. Meanwell	Chief Executive Officer	906,491	\$28,753,895
Allergan Inc	Douglas S. Ingram	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary	212,333	\$25,424,753

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IHSP calculations of SEC data and Salary.Com
*Calculated using the new SEC reporting rules

Value of Stock Holdings Only

27,557,413

Total Number of Shares Held

Company Name	Executive Name	Executive Title	Number of shares owned	Value
<i>Icu Medical Inc</i>	George A. Lopez	Chairman of the Board, President and Chief Executive Officer	4,026,487	\$163,797,491
<i>Boston Scientific Corp</i>	James R. Tobin	President and Chief Executive Officer	3,422,227	\$58,793,860
<i>Icu Medical Inc</i>	George A. Lopez	Chairman of the Board, President and Chief Executive Officer	1,186,843	\$48,280,773
<i>Boston Scientific Corp</i>	Lawrence C. Best	Executive Vice President - Finance & Administration and Chief Financial Officer	2,461,869	\$42,294,909
<i>I-flow Corp</i>	Donald M. Earhart	Chief Executive Officer	2,089,940	\$31,244,603
<i>Lemaitre Vascular Inc</i>	George W. LeMaire	Chairman, President and Chief Executive Officer	4,508,267	\$27,049,602
<i>Viaysys Healthcare Inc</i>	Randy H. Thurman	Chairman, President and Chief Executive Officer	910,243	\$25,322,960
<i>Boston Scientific Corp</i>	Paul A. LaViolette	Chief Operating Officer	1,330,956	\$22,865,824
<i>Merit Medical Systems Inc</i>	Fred P. Lampropoulos	Chairman of the Board, Chief Executive Officer and President	1,404,799	\$22,252,016
<i>Nuvasive Inc</i>	Alexis V. Lukianov	Chairman and Chief Executive Officer	831,133	\$19,199,172
<i>Atrion Corp</i>	Emile A. Battat	Chairman of the Board, President and Chief Executive Officer	229,400	\$17,833,556
<i>Bard (C.R.) Inc</i>	John H. Weiland	President and Chief Operating Officer	203,855	\$16,913,849
<i>Bard (C.R.) Inc</i>	Timothy M. Ring	Chairman and Chief Executive Officer	200,966	\$16,674,149
<i>Biomimetic Therapeutics Inc</i>	Samuel E. Lynch	Chief Executive Officer	1,250,386	\$16,492,591
<i>Merit Medical Systems Inc</i>	Kent W. Stanger	Chief Financial Officer, Secretary, Treasurer and Director	937,916	\$14,856,589
<i>Boston Scientific Corp</i>	Paul W. Sandman	Executive Vice President and General Counsel	796,766	\$13,688,440
<i>Conceptus Inc</i>	Mark Sieczkarek	President and CEO	613,791	\$13,067,610
<i>Neurometrix Inc</i>	Shai N. Gozani M.D. Ph.D.	Chairman of the Board, Chief Executive Officer and President	727,350	\$10,844,789
<i>Baxter International Inc</i>	Robert L. Parkinson Jr.	Chairman and Chief Executive Officer	220,964	\$10,250,520
<i>Orthofix International Nv</i>	Bradley R. Mason	Vice President of the Company and President, Breg, Inc.	203,255	\$10,162,750

Top 20 HMO Executives

Value of Stock Holdings Only

Total Value of Holdings:

\$4,276,423,260

Total Number of Shares Held
84,818,471

IHSP calculations of
SEC data and
Salary.com
*Calculated using the
new SEC reporting
rules

Company Name	Executive Name	Executive Title	Number of shares owned	Value
Unitedhealth Group Inc	William W. McGuire MD	Former Chairman and Chief Executive	32,113,607	\$1,725,464,104
Unitedhealth Group Inc	Stephen J. Hemsley	President and Chief Executive Officer	11,442,410	\$614,800,689
Aetna Inc	Ronald A. Williams	Chairman, Chief Executive Officer and President	6,891,007	\$297,553,682
Aetna Inc	John W. Rowe	Former Chairman and Chief Executive Officer	6,642,364	\$286,817,278
Wellpoint Inc	David C. Colby	Vice Chairman, Chief Financial Officer and EVP	2,364,886	\$186,092,879
Cigna Corp	H. Edward Hanway	Chairman and CEO	1,100,171	\$144,749,498
Molina Healthcare Inc	John C. Molina	Chief Financial Officer	4,204,963	\$136,703,347
Healthspring Inc	Herbert A. Fritch	President & Chief Executive Officer	5,783,291	\$117,689,972
Health Net Inc	Jay M. Gellert	President & Chief Executive Officer	2,400,225	\$116,794,949
Wellpoint Inc	Larry C. Glasscock	Chairman, President & CEO	1,381,059	\$108,675,533
Unitedhealth Group Inc	David S. Wichmann	Executive Vice President and President of Individual and Employer Markets Group	1,662,214	\$89,310,758
Humana Inc	Michael B. McCallister	President & Chief Executive Officer	1,386,622	\$76,694,063
Wellcare Health Plans Inc	Todd S. Farha	Chairman, President and Chief Executive Officer	1,064,854	\$73,368,441
Unitedhealth Group Inc	Lois E. Quam	Executive Vice President and President of Public and Senior Markets Group	1,360,212	\$73,084,191
Unitedhealth Group Inc	Patrick J. Erlandson	Former Chief Financial Officer	1,045,447	\$56,171,867
Aetna Inc	Timothy A. Holt	Senior Vice President, Chief Investment Officer and Chief Enterprise Risk Officer	854,019	\$36,876,540
Amerigroup Corp	Jeffrey L. McWaters	Chief Executive Officer	976,945	\$35,062,556
Unitedhealth Group Inc	George L. Milkman III	Executive Vice President and Chief Financial Officer	646,224	\$34,721,616
Humana Inc	James E. Murray	Chief Operating Officer	619,456	\$34,262,111
Amerigroup Corp	James G. Carlson	President and Chief Operating Officer	878,495	\$31,529,186

Top 20 Insurance Executives Value of Stock Holdings Only

Total Value of Holdings:
\$171,190,137

Total Number of Shares Held
8,713,431

Company Name	Executive Name	Executive Title	Number of shares owned	Value
<i>Universal American Finl Cp</i>	Richard A. Barasch	Chairman and Chief Executive Officer	2,794,738	\$52,093,916
<i>Unum Group</i>	Thomas R. Watjen	President and Chief Executive Officer	2,171,384	\$45,121,360
<i>Universal American Finl Cp</i>	Gary W. Bryant	Executive Vice President and Chief Operating Officer	853,391	\$15,907,208
<i>Universal American Finl Cp</i>	Robert A. Waeglein	Executive Vice President and Chief Financial Officer	723,004	\$13,476,795
<i>Conseco Inc</i>	Eugene M. Bullis	Executive Vice President and Chief Financial Officer	324,680	\$6,487,106
<i>Independence Holding Co</i>	Roy T.K. Thung	Chief Executive Officer and President	246,238	\$5,375,376
<i>Unum Group</i>	Robert O. Best	Executive Vice President - Chief Operating Officer, Unum US	227,789	\$4,733,455
<i>Independence Holding Co</i>	Scott M. Wood	Co-Chief Operating Officer and Senior Vice President	209,146	\$4,565,657
<i>Conseco Inc</i>	C. James Prieur	Chief Executive Officer	200,000	\$3,996,000
<i>Conseco Inc</i>	Eric R. Johnson	President, 40186 Advisors, Inc.	160,737	\$3,211,525
<i>Unum Group</i>	Kevin P. McCarthy	Executive Vice President - President, Unum US	150,376	\$3,124,813
<i>Unum Group</i>	Robert Greving	Executive Vice President & Chief Financial Officer	144,786	\$3,008,653
<i>Universal American Finl Cp</i>	Jason J. Israel	Chief Operating Officer of CHCS Services, Inc.	131,541	\$2,451,924
<i>Universal American Finl Cp</i>	Theodore M. Carpenter Jr.	Chief Executive Officer of Heritage Health Systems, Inc.	109,219	\$2,035,842
<i>Independence Holding Co</i>	David T. Kettig	Co-Chief Operating Officer and Senior Vice President	57,186	\$1,248,370
<i>Conseco Inc</i>	Scott J. Perry	EVP & COO Bankers Life and Casualty Company	59,920	\$1,197,202
<i>Independence Holding Co</i>	Teresa A. Herbert	Chief Financial Officer and Senior Vice President	43,593	\$951,635
<i>Conseco Inc</i>	Michael J. Dubes	President, Conseco Insurance Group	44,234	\$883,795
<i>Independence Holding Co</i>	Larry R. Gruber	Senior Vice President, Life and Annuities	40,169	\$876,889
<i>Unum Group</i>	Joseph M. Zubretsky	Senior Executive Vice President - Finance, Investments & Corp. Development	21,300	\$442,614

Market Based Health Care

How Expensive is U.S. Health Care?

3.7 Trillion Reasons Why Your Health Care is SO Expensive

<i>Selected Health Care Financial Values</i>	<i>Amount</i>
<i>Mergers and Acquisitions in Just Five Healthcare Sectors since 1993:</i>	\$1.407 Trillion
<i>Market Capitalization of the largest 495 Health Care Corporations:</i>	\$2 Trillion
<i>Amount Spent on Health Care Lobbying since 1998:</i>	\$2.2 Billion
<i>US Hospital Aggregate Profits since 1986</i>	\$310 Billion
<i>Stock Holdings Only Value of Top 80 Executives of only Four Healthcare Sectors:</i>	\$9,563,374,645
	Total
	\$3,728,763,374,645

Source: IHSP calculations of SEC Data, AHA Data, PoliticalMoneyline Data

How Much is \$3.7 Trillion?

- US spent about \$1,987,689,000,000 on health care in 2005 or slightly over half of the **\$3.7 Trillion**
 - (Source: CMS National Health Expenditures by Type of Service and Source of Funds)
- Total Centers for Medicaid and Medicare Programs (Medicaid, SCHIP and Medicare) spending in 2005: \$660,709,000,000 or only 17% of the **\$3.7 Trillion.**
 - (Source: CMS National Health Expenditures by Type of Service and Source of Funds)
- **\$3.7 Trillion** could employ all Full-time Registered Nurses working in Hospitals for about 76 years - or
- **\$3.7 Trillion** could pay each Full-time Hospital Based Registered Nurse about \$4,000,000 a year
 - Number of Full-time RNs working in Hospital: 861,789 (Source AHA 2007 Hospital Statistics)
 - Average Yearly Salary for RNs in 2005: \$56,880 (Bureau of Labor Statistics)
- **\$3.7 Trillion** is sufficient to sustain 80,500,440 Households in the US at the median household income level
 - There were 113,343,000 households in 2005, of which about 50,000,000 were below the median household income level of \$46,326 in 2005. (Source: White House <http://www.whitehouse.gov/fsbr/income.html>)

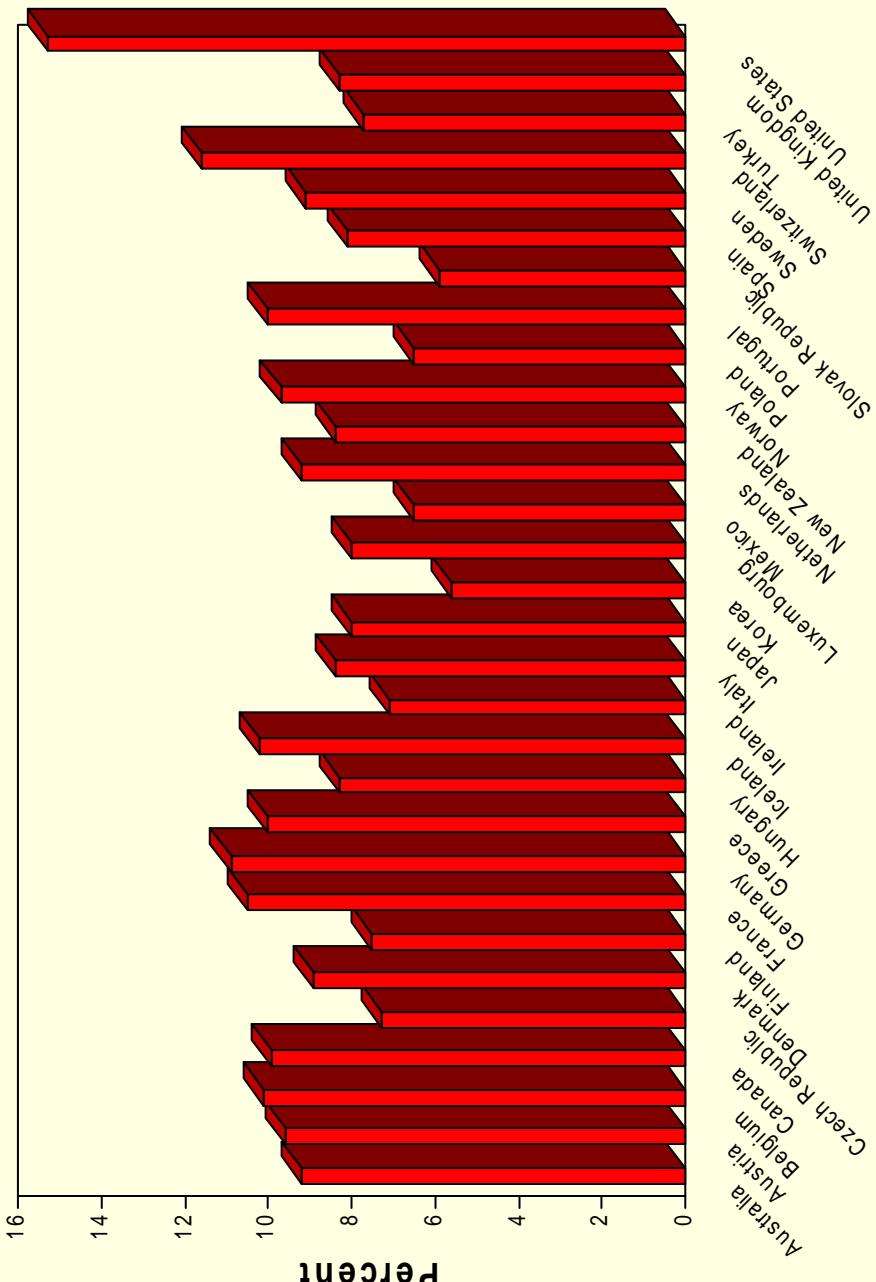
Source: IHSP calculations

U.S. National Health Spending As % of Gross Domestic Product



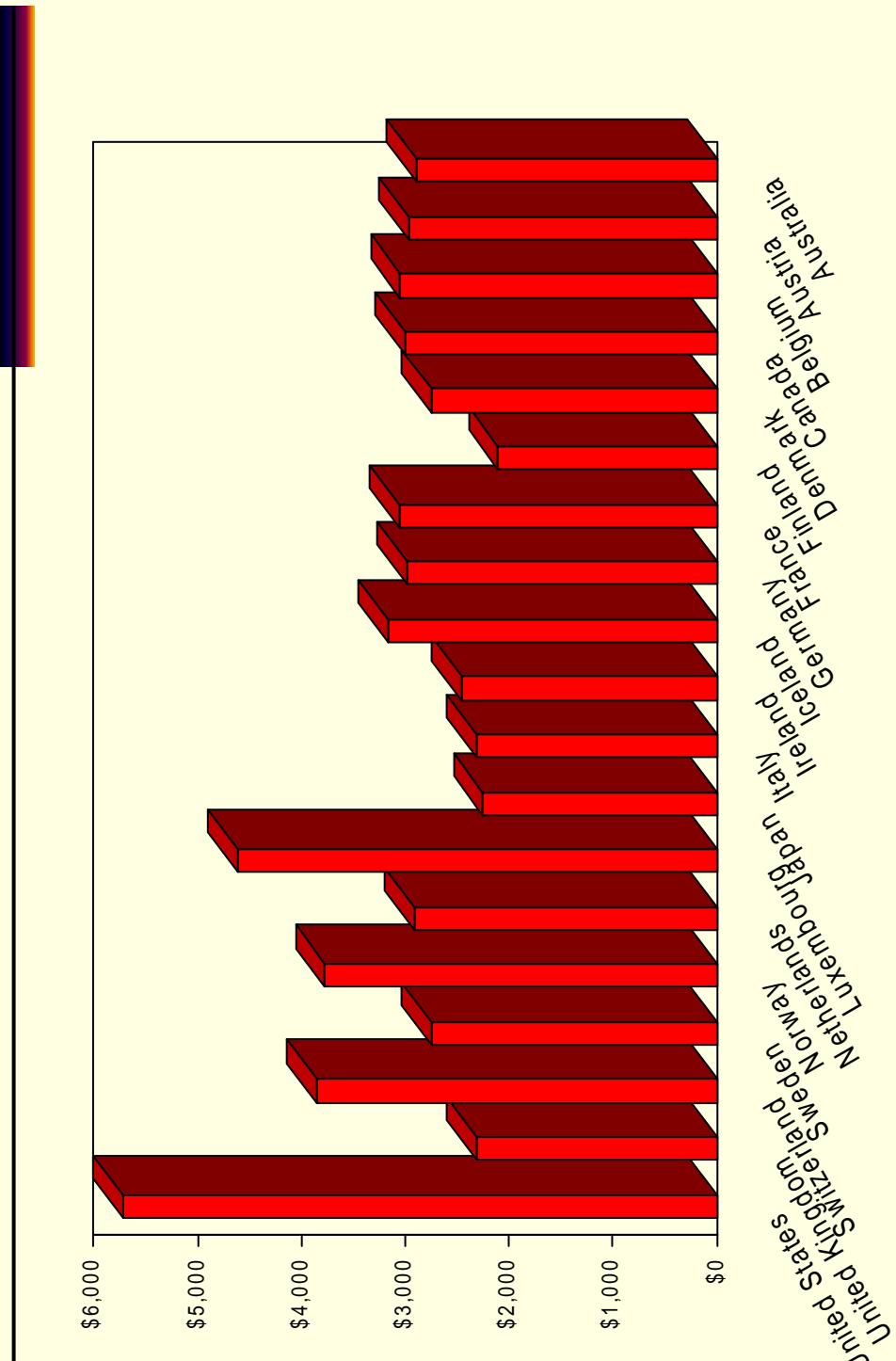
Source: U.S. Centers for Medicare and Medicaid Services

Health Care Expenditures as a Percent of Gross Domestic Product by Nation

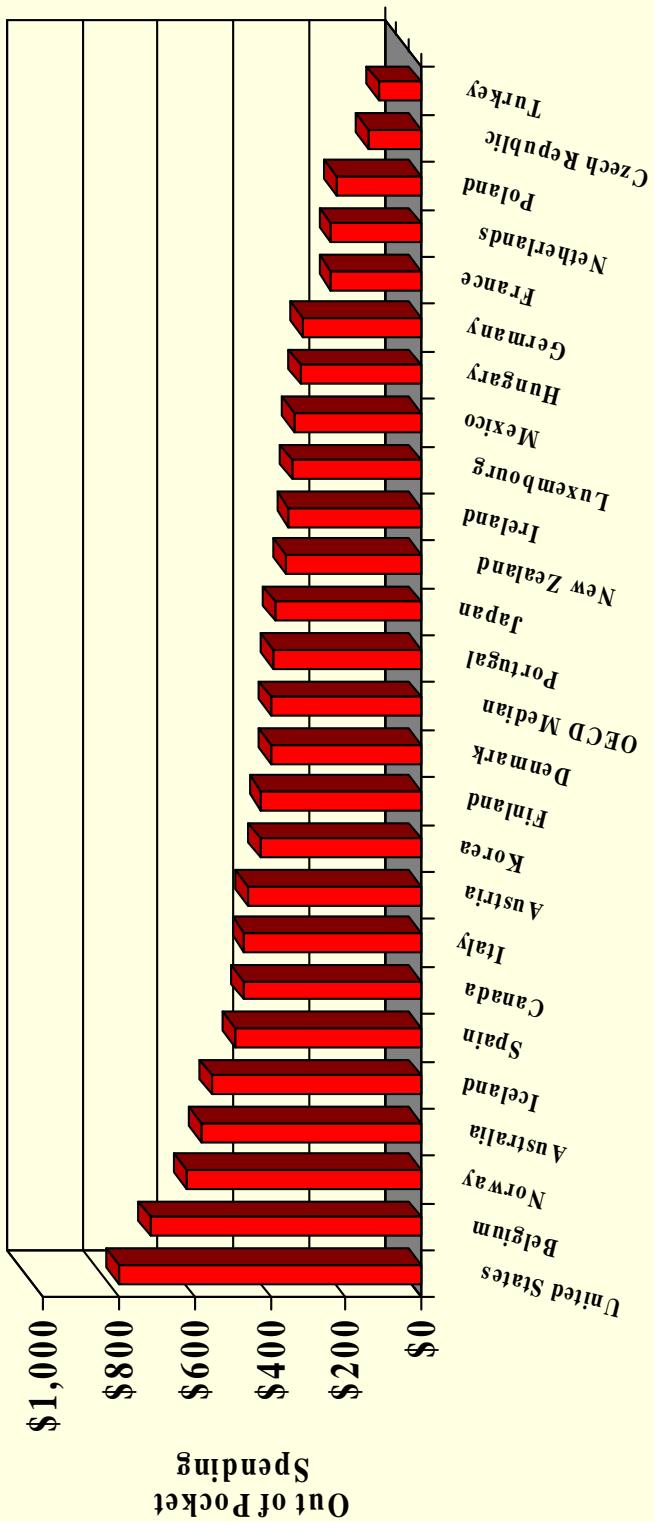


Source: 2004 OECD Data

Per Capita Health Care Spending by Nation, 2003



Not Only do Americans Spend Twice as much on a Per Capita Basis than Most Other Nations, We spend More On Out-of-Pocket Expenses As Well



Source: The Commonwealth Fund, calculated from OECD Health Data 2006.

Market Based Health Care

“Accomplishments” - I

- Prescription drugs in the U.S. cost 30% to 60% more than the exact same medication sold anywhere else in the industrialized world.
- Almost 1/3 of every health care dollar goes to CEO's, stockholders, and insurance companies generally fighting patient claims. This compares to just 3.2% overhead costs for U.S. Medicare, a single payer system that virtually all seniors agree should be maintained.

Sources: *Critical Condition: How Health Care in America Became Big Business & Bad Medicine* by Donald Barlett and James Steele; Physicians for a National Health Program; PLoS Medicine; Kaiser Foundation; Journal of American Medical Association, Aug. 13, 2003. Additional sources available at www.labor-religion.org.

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Market Based Health Care

“Accomplishments” - II

- Each year, one million families go bankrupt because they can't pay their medical bills.
- 18,000 Americans die every year because they lack health insurance.
- U.S. infant mortality rate is the highest in the industrialized world, 9.8 deaths per 100,000 births. For Canada, the number is 3.4.
- About 80% of uninsured Americans are employed

Sources: *Critical Condition: How Health Care in America Became Big Business & Bad Medicine* by Donald Barlett and James Steele; Physicians for a National Health Program; PLoS Medicine; Kaiser Foundation; Journal of American Medical Association, Aug. 13, 2003. Additional sources available at www.labor-religion.org.

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U.S. Health Care Life Expectancy ‘Costs’ Closing in on Barbados!

- | | |
|-------------------------------|-----------------------------------|
| 1. Japan,
Sweden, | 14. Austria,
Netherlands, |
| 3. Hong Kong,
Iceland, | 16. Luxembourg,
Malta, |
| 4. Canada,
Spain, | 18. New Zealand,
Germany, |
| 5. Australia,
Switzerland, | 20. Greece,
Cyprus, |
| 6. Israel,
Norway, | 22. United Kingdom,
Singapore, |
| 7. France,
Belgium, | 24. Costa Rica
Finland |
| 8. Italy, | 26. Barbados |
| | 27. United States |

Source: *UN 2004 Human Development Report*,
[Table 1, http://hdr.undp.org/reports/global/2004/](http://hdr.undp.org/reports/global/2004/).

The Nation's Hospitals with the Highest Charges

Compared to Costs

2004 – 2005. The Top 20*

Rank	Hospital Name	City	State	System	Total Charges as a % of Total Costs
1	Doctors Hospital Of Manteca	Manteca	CA	Tenet Healthcare Corporation	1024.050%
2	Doctors Medical Center Of Modesto	Modesto	CA	Tenet Healthcare Corporation	1010.050%
3	Temple University Hospital	Philadelphia	PA	Temple University Health Syst	990.460%
4	Meadowlands Hospital Medical Center	Secaucus	NJ	LibertyHealth	971.550%
5	Jeanes Hospital	Philadelphia	PA	Temple University Health Syst	941.150%
6	Brandywine Hospital	Coatsville	PA	Community Health Systems, Inc	935.810%
7	Bayonne Medical Center	Bayonne	NJ	No Affiliation	896.480%
8	Midway Hospital Medical Center	Los Angeles	CA	No Affiliation	839.460%
9	Warminster Hospital	Warminster	PA	Tenet Healthcare Corporation	831.290%
10	Warren Hospital	Phillipsburg	NJ	No Affiliation	827.860%
11	Crozer Chester Medical Center	Upland	PA	Crozer-Keystone Health System	805.270%
12	Graduate Hospital	Philadelphia	PA	Tenet Healthcare Corporation	797.810%
13	Columbus Hospital	Newark	NJ	Cathedral Healthcare Syst, Inc	791.440%
14	Valley Baptist Med Cntr Brown	Brownsville	TX	No Affiliation	790.230%
15	Brooksville Regional Hospital	Brooksville	FL	Health Management Associates	783.670%
16	Holy Redeemer Hospital and Medical Center	Meadowbrook	PA	No Affiliation	776.310%
17	Abington Memorial Hospital	Abington	PA	No Affiliation	771.190%
18	Twin Cities Community Hospital	Templeton	CA	Tenet Healthcare Corporation	770.760%
19	Hahnemann University Hospital	Philadelphia	PA	Tenet Healthcare Corporation	763.840%
20	Delaware County Memorial Hospital	Drexel Hill	PA	Crozer-Keystone Health System	761.540%

*Excerpted from: *The Fourth Annual IHSP Hospital 200: The Nation's Most – and Least – Expensive Hospitals, Fiscal Year 2004/2005 (In Press)*

The Nation's Hospitals with the Highest Drug Charges Compared to Drug Costs

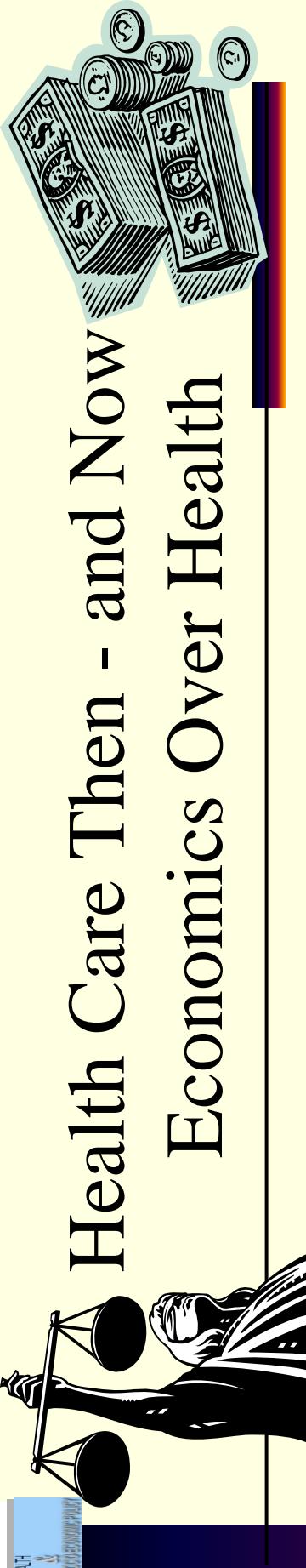
2004 – 2005, The Top 20*

Rank	Hospital	City	State	Affiliation	Drug Charges as a % of Drug Costs
1	Quincy Medical Center	Quincy	MA	No Affiliation	6620.13%
2	South Shore Hospital Corp	Chicago	IL	No Affiliation	6596.95%
3	Charlotte Hungerford Hospital	Torrington	CT	No Affiliation	5936.00%
4	St. Mary Hospital	Port Arthur	TX	Christus Health	5638.98%
5	Newton Wellesley Hospital	Newton	MA	Partners Healthcare System	5206.47%
6	Holy Redeemer Hospital And Medical Center	Meadowbrook	PA	No Affiliation	2837.08%
7	Marshall Regional Medical Center	Marshall	TX	No Affiliation	2557.79%
8	Midway Hospital Medical Center	Los Angeles	CA	No Affiliation	2401.69%
9	Doctors Medical Center Of Modesto	Modesto	CA	Tenet Healthcare Corporation	2288.31%
10	Doctors Hospital Of Manteca	Manteca	CA	Tenet Healthcare Corporation	2164.06%
11	JFK Medical Center	Atlantis	FL	Hca	2126.78%
12	Natchez Community Hospital	Natchez	MS	Health Management Associates	2031.90%
13	Medical Center Of Southeastern Oklahoma	Durant	OK	Health Management Associates	1944.92%
14	John.F. Kennedy Memorial Hospital	Indio	CA	Tenet Healthcare Corporation	1869.21%
15	Memorial Hospital Of Gardena	Gardena	CA	Healthplus	1813.97%
16	Macneal Hospital	Berwyn	IL	Vanguard Health System	1791.26%
17	St. Eugene Medical Center	Dillon	SC	No Affiliation	1789.40%
18	Biloxi Regional Medical Center	Biloxi	MS	Health Management Associates	1738.00%
19	Pacific Hospital Of Long Beach	Long Beach	CA	No Affiliation	1735.16%
20	Sierra Vista Regional Med Ctr	San Luis Obispo	CA	Tenet Healthcare Corporation	1731.71%

*Excerpted from: *The Fourth Annual IHS Hospital 200: The Nation's Most – and Least – Expensive Hospitals, Fiscal Year 2004/2005 (In Press)*

Challenging Market Based Health Care

“In a civil democracy, access to a universal single standard of excellence in care is a civil right.”*



Health Care Then - and Now Economics Over Health

Hippocratic Oath

I swear by... (the ancient Greek Gods)... making them my witnesses, that I will fulfill according to my ability and judgment this oath and this covenant. ... I will apply .. (medical) measures for the benefit of the sick according to my ability and judgment; I will keep them from harm and injustice. (Translated from the Original Greek)

Banc America Securities

“By doing what they’re doing (dropping Medicare patients), the managements are showing financial discipline,” said Todd Richter, a health care analyst with Banc of America Securities. “It’s real nice providing prescription drug coverage and vision care coverage for grandma, but if you can’t make a fair return on it, there’s no reason to do it. They don’t have an obligation to take care of grandma at a loss.” Rosenblatt, Robert A and Bernstein, Sharon (2000, June 30). HMOs Move to Dump 700,000 Medicare Patients. *Los Angeles Times*, pp. 1 A.

Putting a Price on the Priceless

Economists and a ‘Kelly Blue Book for Healthcare’

What Is Good Health Worth?

Attaching a dollar sign to a year of healthy life may seem difficult, but economists are doing it to help determine which medical services offer the most value for the money. By looking at the cost of a treatment, its chance for success and the quality of life it can bring, economists generate a measure of cost-effectiveness, known as “cost per quality-adjusted life year.”

Considered Cost-Effective

CHOICE OF TREATMENT	COST PER QUALITY-ADJUSTED LIFE YEAR*
Flu vaccinations for newborns vs. none	Less than \$0; costs less to vaccinate than to treat later in life
Yearly mammogram vs. one every two years	\$10,000 to 25,000
High blood pressure medication vs. none	\$10,000 to 60,000

Considered Less Cost-Effective

CHOICE OF TREATMENT	COST PER QUALITY-ADJUSTED LIFE YEAR*
Annual screening for depression vs. none	\$100,000 to 500,000
M.R.I. for high-risk children with headaches vs. no treatment	\$100,000 to 500,000
Heart pump for patients with end-stage heart failure vs. no device	\$500,000 to 1.4 million

EXAMPLE: 1,000 patients are given hypertension medication at a total cost of \$1 million. The treatment is expected to prevent one fatal and one nonfatal heart attack. This saves 30 years of full health – 25 from the prevented fatal attack and 5 from the nonfatal. The total cost is divided by 30 years, resulting in roughly \$33,000 for each quality-adjusted life year.

*The net costs to society for each year of healthy life gained.

On Knowing the Price of Everything and the Value of Nothing

How Much is a Healthy Society Worth?

Exactly the Same as...

A Single Human Life

Health Care Reform

Selected Historical Overview

- Kuehl SB 840 (CA)
- Conyers HR 676 (U.S.)
- Balanced Budget Act
 - Impact on Sherman-Antitrust and Clayton Act
- The Clinton Plan
 - Managed Competition and the Jackson Hole Group (Alain Enthoven and Paul Elwood)
- Labor Endorsed Plan
- Nixon and the HMO Act
- Medicare
- Truman
 - 2nd Wagner-Murray-Dingell Bill (national health insurance under Social Security)
- Roosevelt (Social Security, 1935)
- American Assoc. for Labor Legislation
- Single Payer on CA Ballot

Universal Health Insurance Implementation

by Nation

... and U.S. Failures to Do So

Germany.....	1883
Switzerland.....	1911
New Zealand.....	1938
Belgium.....	1945
United Kingdom.....	1946
Sweden.....	1947
USA...Failed.....	1948*
Greece.....	1961
Japan.....	1961
Canada.....	1966
Denmark.....	1973
Australia.....	1974
Italy.....	1978
Portugal.....	1979
Spain.....	1986
USA...Failed.....	1994*
South Africa.....	1996

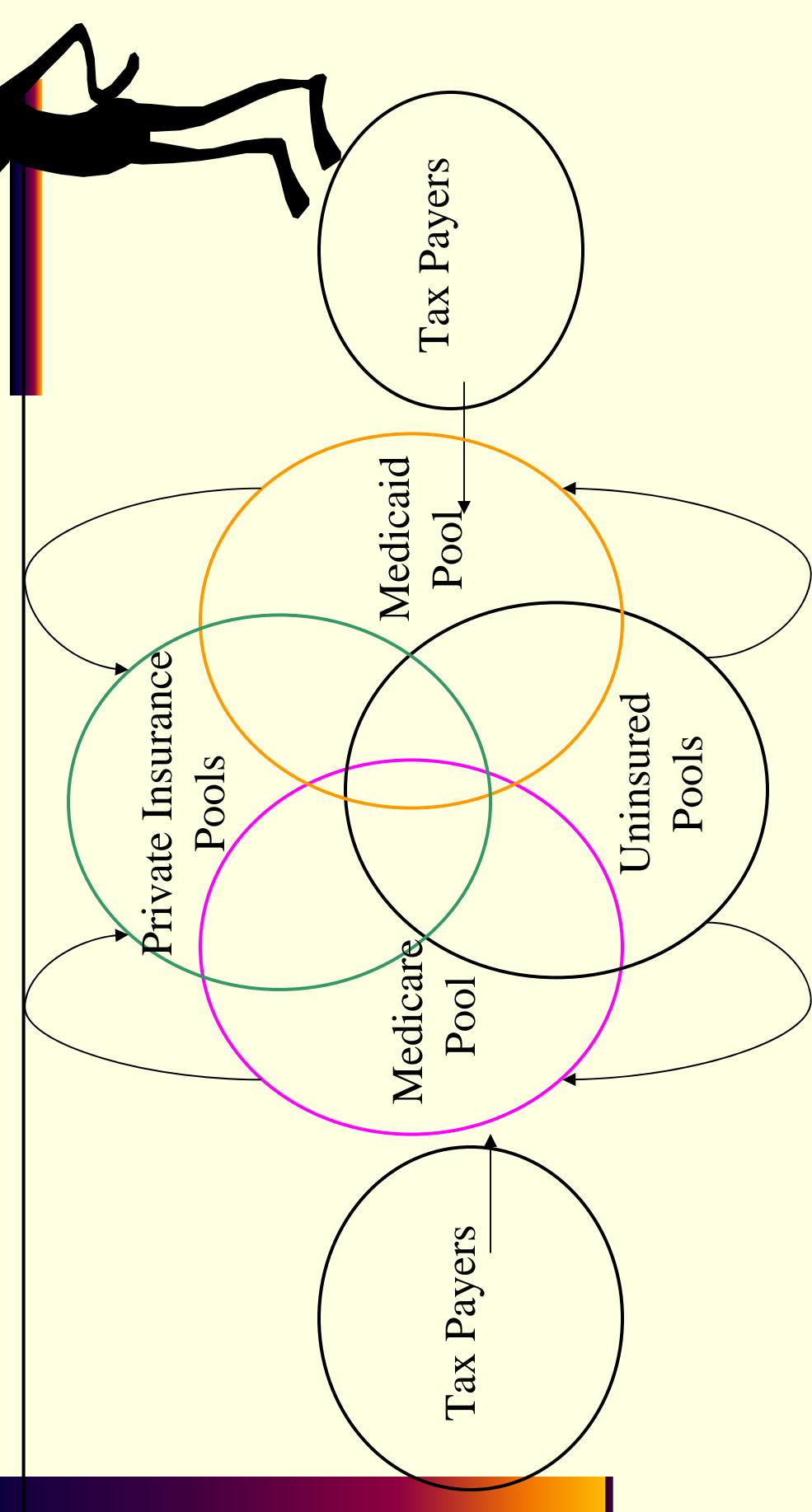


There are Only Two Health Reform PLANS,

... but Many Proposals

1. **Plan I: Publicly Based (Single Payer)**
 1. Conyers HR 676 (Federal)
 2. Kuehl SB 840Bill (State: California)
2. **Plan II: Market Based** (Multiple Payers and Multiple Risk Pools. Some combination of Insurance Companies, Corporations, Individuals, Government)
 1. Employer Mandates (Pay or Play)
 2. Individual Insurance Mandates
 3. Consumer Directed Care “Health Savings Accounts”
 4. Some combination of 1 through 3
 5. “Boutique” Health Care

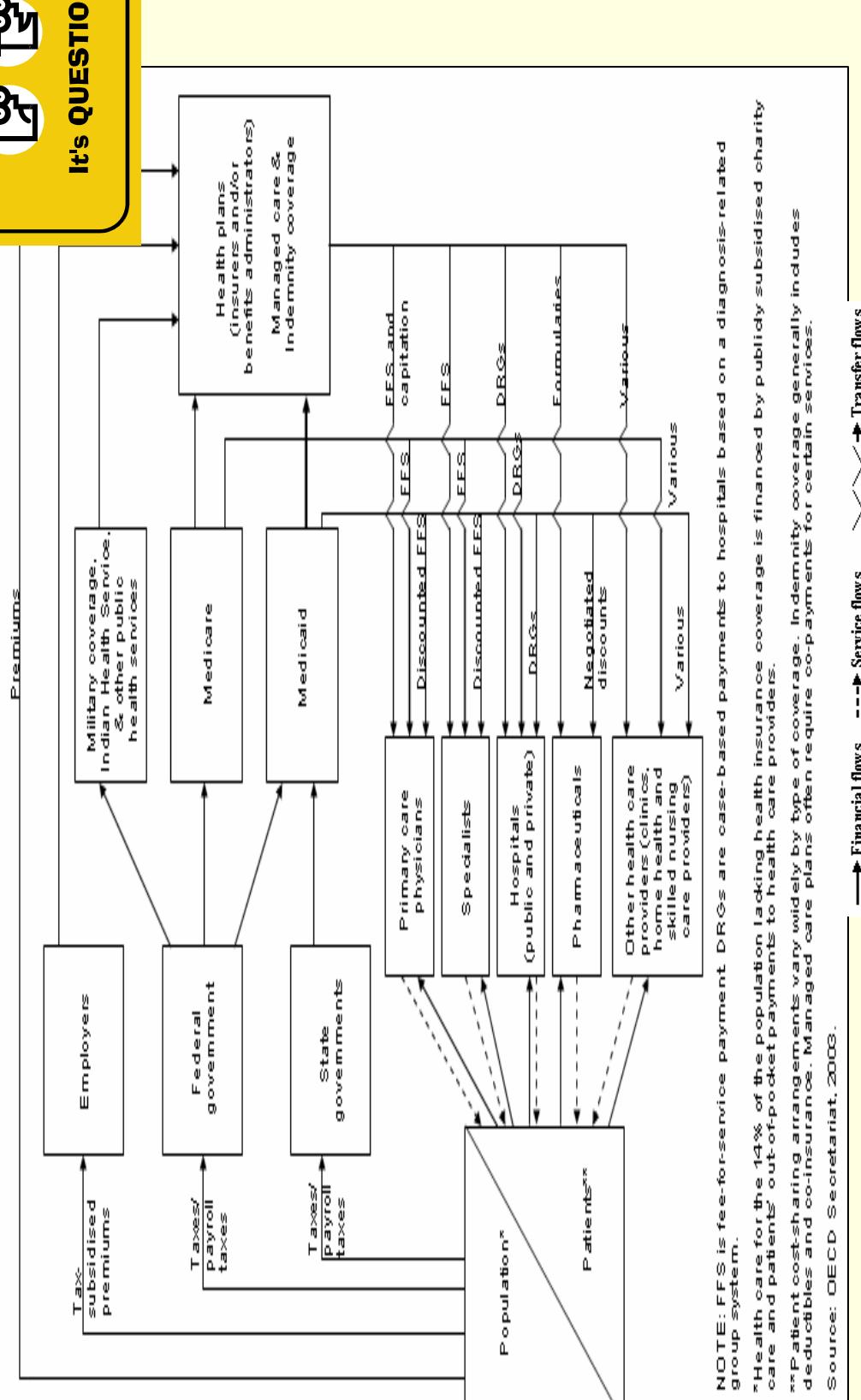
The Current Health Care Morass? Multi-Payer: Multiple Pools



Source: Main Access Foundation

U.S. Health Care Financing

Health care financing in the United States, 2003



NOTE: FFS is fee-for-service payment. DRGs are case-based payments to hospitals based on a diagnosis-related group system.
*Health care for the 14% of the population lacking health insurance coverage is financed by publicly subsidised charity care and patients' out-of-pocket payments to health care providers.

**Patient cost-sharing arrangements vary widely by type of coverage. Indemnity coverage generally includes deductible and co-insurance. Managed care plans often require copayments for certain services.

Source: OECD Secretariat, 2003.

Market Based Health Care Insurance (Multiple Payers) = Gross Economic

Inefficiencies

- Medicare About 3%
- Private Insurance 20 to 30%

I Already Have Health Insurance, So Why Care About Single Payer?

- Health insurance premiums increases continue to outpace inflation (the value of your earnings)
- Employers will shift more costs to you
- Health Savings Accounts (HSAs) & Defined Contributions:
 1. Fragment the risk pool
 2. Encourage you to gamble with your health
 3. Threaten to reduce benefits for those with major health disorders and/or chronic disease

Myths About Single Payer

Myth: We can't afford a national health care system, and if we try it, we will have to ration care.

A single-payer system would ... eliminate excess administrative costs, profits, cost-shifting and unnecessary duplication. ... it would permit the establishment of an overall budget and the fair and rational distribution of resources.

Myth: A single-payer system amounts to socialized medicine, which would subject doctors and other providers to onerous, bureaucratic regulations.

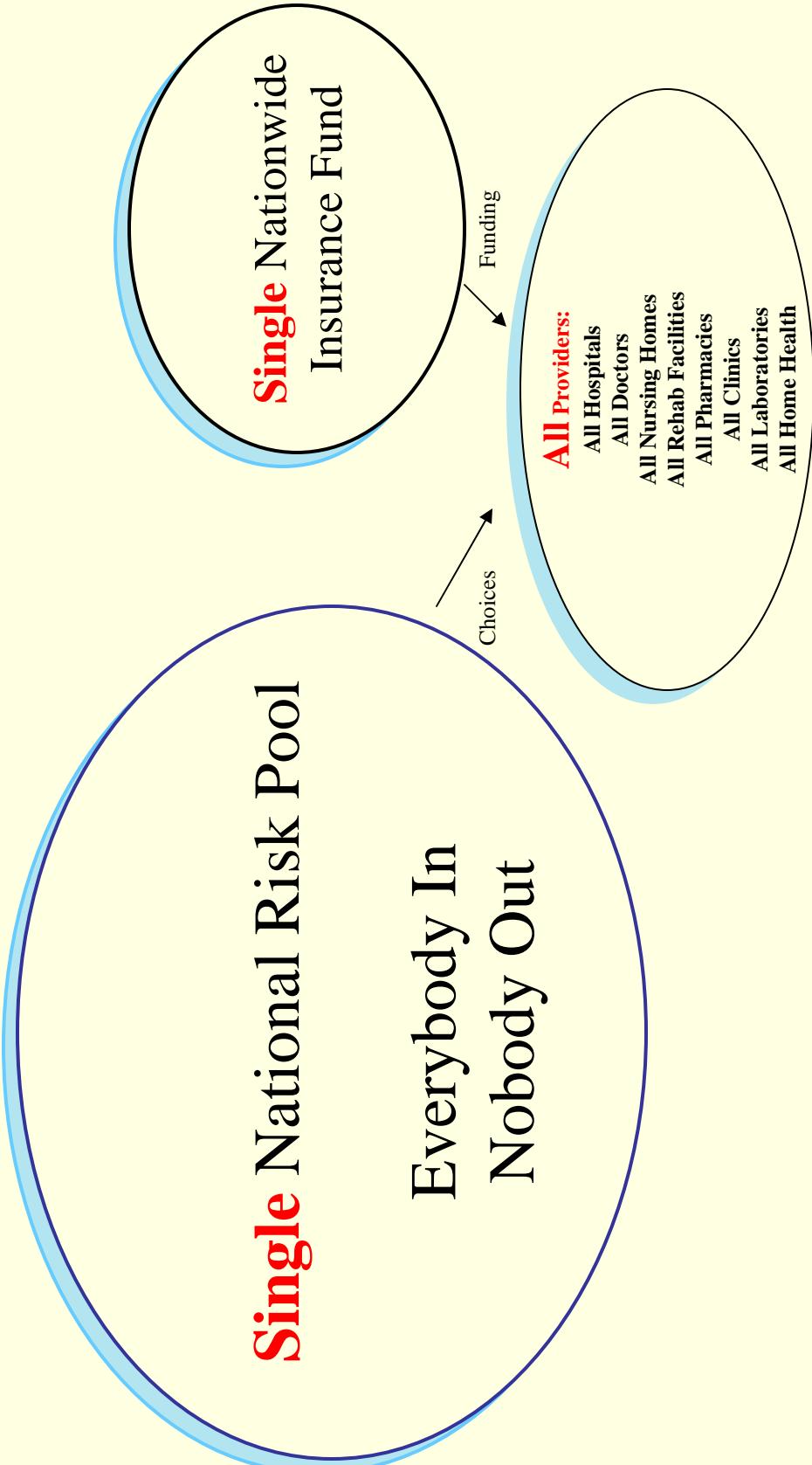
... although a national program would be publicly funded, providers would not work for the government. That's currently the case with Medicare, which is publicly funded, but privately delivered. As for onerous regulations, nothing could be more onerous both to patients and providers than the multiple, intrusive regulations imposed on them by the private insurance industry. Indeed, many doctors who once opposed a single-payer system are now coming to see it as a far preferable option.

Myth: ... the government can't do anything right.

We would not stand for the privatization of e.g., National Institute of Health, the National Park Service, or the IRS privatized. ... the government is elected by the public and we are responsible for it. An investor-owned insurance company reports to its owners, not to the public.

Single Payer

One Risk Pool – and One Payer



Source: Adapted from: Peppey, Barbara, Fisher, James, Murphy, Mat, and Beard, Ron. Common Health: Understanding Health Care Access Needs. 1-66. 2004. Maine, Maine Health Access Foundation, Benton Foundation, University of Maine Cooperative Extension Program

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The Single Payer Solution: A Single Standard of Care



HR 676

Congressional Rep. John Conyers

- Hospital inpatient/ outpatient
- Emergency room
- Physician services
- Prescription drugs
- Lab tests
- Mental health
- Substance abuse
- Eyeglasses
- Home health and adult daycare
- Dental
- vision exams



SB 840

CA State Senator Sheila Kuehl