

Source: Pharmaceutical Law & Industry Report: News Archive > 2017 > 03/31/2017 > Federal News > Drug Pricing: Drugmaker Group's Ad Campaign Counters Trump's 'Murder' Charge

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### **Drug Pricing**

## **Drugmaker Group's Ad Campaign Counters Trump's 'Murder' Charge**



*By John McCormick and Jared S. Hopkins*

The top trade association for U.S. drugmakers is spending more on television advertising than any other special-interest group, part of a multi-year campaign to repair the industry's reputation and counter President Donald Trump's claims that it's "getting away with murder" on pricing.

The Pharmaceutical Research and Manufacturers of America, commonly known as PhRMA, has already spent an estimated \$8.6 million on broadcast television and cable ads in 2017, according to data from Kantar Media's CMAG, which tracks issue ads.

The pharmaceuticals group hadn't bought any broadcast TV ads in at least five years. It now plans to spend "high tens of millions of dollars every year" on its campaign, including TV, radio and digital ads, as well as hosted events, said Robert Zirkelbach, its executive vice president for public affairs.

By comparison, the top advertiser in the debate about repealing Obamacare—a coalition of health-care providers and advocates opposed to the law's repeal—has spent less than a quarter of PhRMA's total this year.

PhRMA, which represents more than 50 member companies, is one of the most powerful interest groups in Washington. In 2016, it spent \$20 million on lobbying, employing 21 internal lobbyists and 36 outside firms, Bloomberg Government data shows. Pharmaceutical manufacturers also gave almost \$20 million to candidates for federal offices in the 2016 election cycle, according to the Center for Responsive Politics.

Now, PhRMA is appealing directly to the public after being repeatedly battered last year by both Trump and Democrat Hillary Clinton for what the candidates called excessively high prices on life-saving drugs.

### **Snapshot**

- PhRMA is top special-interest advertiser so far in 2017
- Trump claims industry is 'getting away with murder' on prices

## Issue-advocacy spending on television advertising in 2017 (YTD)

| Sponsor                          | Estimated spending (in dollars) |
|----------------------------------|---------------------------------|
| PHRMA                            | 8,613,250                       |
| AMERICAN PETROLEUM INSTITUTE     | 7,432,580                       |
| AMERICAN BEVERAGE ASSOCIATION    | 2,697,410                       |
| ALLIANCE FOR HEALTHCARE SECURITY | 2,074,630                       |
| AARP                             | 1,455,910                       |
| NEXTGEN CLIMATE ACTION           | 1,416,170                       |
| JUDICIAL CRISIS NETWORK          | 1,303,460                       |
| BP                               | 1,283,620                       |
| AMERICAN ACTION NETWORK          | 1,106,160                       |
| AIRLINES FOR AMERICA             | 809,830                         |

Source: Kantar Media/CMAG data (through March 20)

Bloomberg 

In January, Trump sent pharmaceutical stocks falling when he made his accusation about drug companies and "murder" nine days before his inauguration. As recently as March 20, at a rally in Kentucky, the president pledged to work to lower drug prices once the Affordable Care Act is repealed.

"We knew correctly that no matter what the outcome during the election, these issues are going to continue to be areas of focus," Zirkelbach said. "This is a national conversation that's happening right now about medicines and their cost and value that they provide to patients and society."

### National Ads

So far this year, PhRMA's two ads -- one 30-seconds long and the other a minute -- have run almost 2,300 times nationally.

The ads make no mention of drug prices. Instead, they focus on how the industry is investing in research, featuring images of a baby, an elderly man about to undergo surgery, scientists looking into microscopes and a digitized cancer cell being destroyed "thanks to medicine that didn't exist until now."

The vast majority of the TV spots have run on national cable, although the group has also placed them on national network TV shows that typically cost more. The ads have run on NBC's "Saturday Night Live" and "Meet the Press;" ABC's "Good Morning America" and "This Week with George Stephanopoulos;" and CBS' "Face the Nation" and "The Late Show With Stephen Colbert."

John Rother, president of the National Coalition on Health Care and the leader of a separate group that campaigns against high drug prices, said congressional scrutiny and public protest over prices for drugs like EpiPen, a lifesaving allergy injection that enjoys a near monopoly, isn't going to subside.

### 'New Outrage.'

"Each time you have a new outrage on a very high priced drug, there are senior members of Congress with considerable expertise who are looking at these things," Rother said. "If I were PhMRA, I would definitely be worried."

Unlike many developed countries, the U.S. doesn't directly regulate medicine prices, and drug-makers have strongly resisted it. The industry has faced pressure for several years to reduce prices amid an outcry from members of Congress and customers.

Some companies, including Allergan and Swiss giant Novartis AG, have responded with voluntary actions to cap annual price increases, while Johnson & Johnson and Merck & Co. have taken steps to increase transparency about pricing.

Trump hasn't provided many specifics on how to lower drug prices, although White House spokesman Sean Spicer said in February that the president supports drug price negotiations for Medicare, the program for the elderly is the nation's biggest purchaser of health care.

### **Price Policies**

At the Kentucky rally on March 20, Trump said "we are also going to work on bringing down the cost of medicine by having a fair and competitive bidding process," adding that "somebody's getting very rich" from the current pricing system. "Medicine prices will be coming way down, way, way, way down -- and that's going to happen fast," he said.

Despite his rhetoric, Trump won't be overly hostile to drugmakers because he won't want them to send more jobs outside the U.S., said W.J. "Billy" Tauzin, who led PhRMA from 2005 through part of 2010 after serving as both a Democratic and Republican congressman from Louisiana. Still, Tauzin said, the highly publicized incidents of dramatic price increases have spurred the need for the public relations campaign.

"That's the picture people have now of the industry is bad players like that," he said. "So, I suspect, what they're trying to do is remind people that there are a lot of good players out there who are trying to do the right thing, trying to spend enormous sums to find cures."

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