

# LOBBY WATCH

TEXANS FOR PUBLIC JUSTICE 609 W. 18TH ST., SUITE E, AUSTIN, TX 78701 PH: (512)472-9770 FAX: (512)472-9830

Preexisting Condition?

June 14, 2012

## Health Insurer Rebates Contrast Obamacare with Perrycare

Insurers Long Backed Governor Who Opposes Policyholder Rebates

Recent estimates suggest that part of the 2010 national health care reform law will force health insurers to pay \$1.3 billion in rebates to U.S. employers and policyholders by August of this year. Poorly regulated Texas accounts for the largest rebates worth an estimated \$186 million.

The Patient Protection and Affordability Act requires insurers that do not spend at least 80 percent of their premiums on patient care or quality improvements to return the difference to premium-paying employers and consumers. A Goldman Sachs analyst estimated that that this provision will force insurers to repay \$1.2 billion in 2011 premiums. Five insurance companies account for 73 percent of the rebate amount: Aetna, Blue Cross, Coventry Health, UnitedHealth and WellPoint.<sup>1</sup>

Insurers spent a large but unknown amount of money that did not go for patient care on political activities. Health insurers bankrolled attacks on the Patient Protection and Affordability Act itself and lobbied state governments to seek waivers from the premium-rebate provision.

The federal government approved such waivers for seven states, while denying them for 10 others, including Texas.<sup>2</sup> In January, the U.S. Department of Health and Human Services rejected Texas' argument that paying the rebates on schedule would excessively harm insurers and drive some of them out of Texas.<sup>3</sup>

Investigating how much corporate money the five top rebate insurers spent on 2011 politicking, *Lobby Watch* learned that many top insurers promised the Washington-based [Center for Political Accountability](#) to come clean about their political expenditures. Yet these insurers typically do not disclose what they pay to the industry trade groups that have attacked the health care reform (including America's Health Insurance Plans and the U.S. Chamber of Commerce).

### 2011 Health Insurer Rebates and Lobby Expenditures

Insurer	Estimated 2011 U.S. Rebate	2011 Federal Lobby Spending	2011 Partial State Lobby Spending
UnitedHealth	\$307 million	\$2,940,000	\$3,036,830
Blue Cross	\$250 million	\$16,295,802	\$4,067,779
Aetna	\$177 million	\$3,911,042	\$1,576,786
WellPoint	\$94 million	\$4,690,000	\$571,524
Coventry	\$50 million	\$0	\$425,485
<b>TOTAL</b>	<b>\$878 million</b>	<b>\$27,838,855</b>	<b>\$9,553,404</b>

Sources: Center for Responsive Politics, Texans for Public Justice.

The five top rebate insurers spent \$28 million on federal lobbyists in 2011 and spent at least \$10 million more on state lobbyists, according to lobby records covering 30 states. These data are incomplete since some states do not require lobbyists to disclose their incomes, while others had not yet disclosed this data for 2011.

In Texas (where lobbyists report incomes in ranges rather than precise amounts) the five top rebate insurers spent from \$995,000 to \$2.3 million in 2011 on 48 lobby contracts. The only states disclosing comparable amounts of 2011 lobby spending by the five insurers were New York (\$1,092,959) and New Jersey (\$1,073,442).<sup>4</sup>

### Texas Lobby Contracts in 2011

Insurer	Lobby Contract Values in 2011
Aetna, Inc	\$125,000 - \$310,000
Blue Cross	\$445,000 - \$950,000
Coventry	\$50,000 - \$120,000
UnitedHealth*	\$450,000 - \$750,000
WellPoint	\$50,000 - \$140,000
<b>TOTALS</b>	<b>\$1,120,000 - \$2,270,000</b>

\* Includes Evercare unit.

Laws governing whether corporations can contribute corporate funds to candidates, parties or PACs vary from state to state.<sup>5</sup> The Montana-based National Institute on Money in State Politics says its data on state contributions generally do not distinguish between contributions made by PACs affiliated with a corporation versus those made directly out of a corporate treasury (thereby diverting premium income from patient care).<sup>6</sup>

Texas law prohibits corporate contributions to state candidates. Yet Governor Rick Perry used a back door to corporate funders when he helped run the Republican Governors Association from 2006 to mid-2011. The Governors Association, which gave Perry's campaign \$4 million, raised more than \$200 million in corporate and non-corporate money during that period. The five top rebate insurers gave the GOP governor PAC \$2.8 million, according to data from the Center for Responsive Politics.<sup>7</sup>

### Gov. Perry's Ties to Health Insurers Facing the Highest Rebate Payments

Health Insurer	PAC Amount to Perry Since '01	Amount to RGA In Perry Era
UnitedHealth	\$40,500	\$927,200
Blue Cross	\$26,000	\$881,909
Aetna	\$20,000	\$499,300
WellPoint	\$3,000	\$450,000
Coventry	\$0	\$425
<b>TOTAL</b>	<b>\$89,500</b>	<b>\$2,758,834</b>

Nine revolving-door lobbyists who have migrated between the Governor's Office and the corporate lobby during the Perry administration billed health insurance interests up to \$3.7 million in that period. This includes up to \$1.5 million from four of the top five rebate companies.

Meanwhile, the Perry administration unsuccessfully sought to postpone insurance rebates to Texans and has not moved to establish a state insurance exchange where individuals and small businesses can shop for health insurance deals. This could force the federal government to run Texas' exchange in 2014—if Obamacare survives judicial challenges.<sup>8</sup>

### Perry's Revolving-Door Insurer Lobbyists (2001 Through 2011)

Min. Value of Contracts	Max. Value of Contracts	Insurer	Top Perry Lobbyist
\$745,000	\$1,250,000	UnitedHealth Group	Chris Cronn
\$400,000	\$800,000	CIGNA Corp.	Mike Toomey
\$275,000	\$550,000	TX Assn. of Health Plans	Victoria Ford
\$150,000	\$300,000	TX HealthSpring LLC	Victoria Ford
\$200,000	\$300,000	AMERIGROUP Corp.	Ann-Marie Price
\$50,000	\$100,000	WellPoint, Inc.	Chris Britton
\$50,000	\$100,000	Evercare (UnitedHealth unit)	Ray Sullivan
\$35,000	\$75,000	USA Managed Care Org., Inc.	Mike Toomey
\$0	\$70,000	America's Health Insurance Plans	Billy Phenix
\$25,000	\$50,000	Aetna, Inc.	Mike Toomey
\$0	\$20,000	Centene Corp. (Superior Health)	Mike McKinney
\$0	\$10,000	Blue Cross & Blue Shield	Nora Belcher
<b>\$1,940,000</b>	<b>\$3,650,000</b>	<b>TOTALS</b>	

## Notes

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<sup>1</sup> “Texans to Pocket Most with Insurance Rebates,” *Dallas Morning News*, April 27, 2012. “Health Insurers’ Customer Rebates May Reach \$1.3 Billion,” *Bloomberg News*, April 25, 2012. “Health Insurers To Pay Rebates,” *Wall Street Journal*, April 27, 2012.

<sup>2</sup> It granted waivers to Georgia, Iowa, Kentucky, Maine, Nevada, New Hampshire and North Carolina. It denied them to Delaware, Florida, Louisiana, Indiana, Kansas, Michigan, North Dakota, Oklahoma, Texas and Florida.

<sup>3</sup> Texas wanted to phase in the rebates over four years. “Feds Deny Texas Waiver on Health Insurance Rules,” *Austin American-Statesman*, January 27, 2012. “Paying for Care, Not Overhead,” *Texas Medicine*, April 2012.

<sup>4</sup> Next came California (\$917,761) and Florida (\$849,000).

<sup>5</sup> [“State Limits on Contributions to Candidates 2011-2012 Election Cycle,”](#) National Conference of State Legislatures, September 30, 2011.

<sup>6</sup> Texas prohibits corporate contributions to candidates but permits them to cover PAC overhead costs and to legislative caucuses. In the off-election year of 2011 UnitedHealth contributed \$22,000 in corporate money to its Texas PAC and Blue Cross Blue Shield of Texas contributed \$5,000 in corporate funds to the Texas Legislative Black Caucus.

<sup>7</sup> For details, see [“Crony Capitalism: The Republican Governors Association in the Perry Years,”](#) Texans for Public Justice, September 2011.

<sup>8</sup> “Health Exchanges Vex GOP,” *Wall Street Journal*, May 10, 2012.