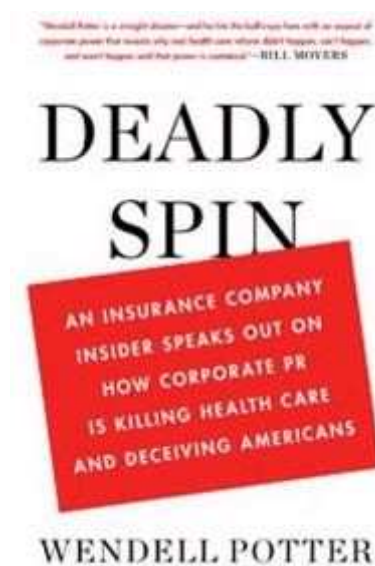


[The Wonk Room](#)

[In New Book, Former Health Insurance Executive Details How The Industry Shaped Health Reform](#)

By [Igor Volsky](#) on Nov 8th, 2010 at 5:30 pm

[In New Book, Former Health Insurance Executive Details How The Industry Shaped Health Reform](#)



In his new book, [‘Deadly Spin’](#) out tomorrow from Bloomsbury Press, former Cigna communications head Wendell Potter details how the health insurance industry relies on multi-million dollar public relations campaigns to deceive the public about the nature of the health care crisis and reform itself. Following a playbook developed by the tobacco industry, Potter describes how the insurance industry relied on professional public relations firms and a wide network of news outlets and conservative think tanks to move public opinion against progressive reforms like the public option and ensure that the health law did not interfere with its profits.

After years of unease with the industry’s practices, Potter left the industry following his company’s successful campaign to deflect blame for the death of 16-year old Nataline Sarkisyan, to whom it had initially denied a liver transplant. “It became clearer to me than ever in a way that it hadn’t before, that I was part of an industry that would do whatever it took to perpetuate its extraordinary profitable existence,” Potter writes in the book, noting that the cost of the transplant — about \$250,000 — was approximately the same amount CIGNA had spent on a six-hour ‘Investor Day’ meeting to announce its earnings just days earlier.

In a wide-ranging phone interview with me this afternoon, Potter reflected on his role in the Sarkisyan PR offensive, the industry’s exhaustive and often effective PR efforts, and how it shaped the Affordable Care Act:

Q: In the book, you describe how the industry was able to deflect blame for Nataline Sarkisyan's death by commissioning third-party columns and articles which criticized then-Presidential candidate John Edwards for publicizing Sarkisyan's case and vilifying the industry. How does that kind of campaign come about? Did you directly call reporters?

POTTER: It's often done indirectly. I had my own relationships with reporters, but that is when it's important to have an APCO on your side or a paid agency on your side because they have very good connections with think tanks, because that's what they do.

Part of what they do is to make sure they have those third parties lined up when you need them. And the way it works is you have a big conference call with the big PR firm and they will often mention some of the folks they will reach out to, to do something to write something, whether it be a defense or present your point of view. That's the way it happens. That's what they do. When insurers pump money into special projects into AHIP, over and above regular dues, it's for this kind of work.

Q: Did the industry message health care reform the same way? How did the industry spread its talking points during the reform process?

POTTER: Generally, there are [two parts to the strategy](#). One is what they're doing publicly, what you can see. The other is what they're doing behind the scenes — working with PR firms like APCO and through the think tanks.

They approach this very strategically. It's important to note that the committee that I was on for quite a while, the Strategic Communications Committee, they've been working on this for a long, long, time well before the elections were held in 2008. They see all these organizations as ways to communicate with public opinion.

Think tanks are particularly important because they have good connections. The Heritage Foundation, CATO, the American Enterprise Institute and the Galen Institute and a few others that issue reports and commentary and people from those organizations themselves have connections to the media, can get op-eds placed in the Wall Street Journal and other places.

Insurers also work through their PR firms with T.V. producers, in particular, the conservative talk shows like Fox. They see that as a very very important place to go to get their point of view across and the producers are probably on speed dial.

Insurers also worked for a long, long, time, as I did when I was with Cigna, to develop relationships with reporters in the mainstream media. I certainly had very good relationships with reporters from the Wall Street Journal, the New York Times, USA Today.

Q: I suppose what exemplifies this [two-prong approach](#) was the revelation that six of the nation's biggest health insurers were quietly "[pumping big money](#) into third-party television ads aimed at killing or significantly modifying the major health reform bills" from September to December 2009 — all the while publicly embracing the idea of universal coverage. What was the industry thinking? Did they want to alter reform or did they want to kill it?

POTTER: It was to move it to the right, to weaken it, to have a greater bargaining, more leverage at the bargaining table. It was not to kill it, even though the Chamber and others were running ads that had that objective, for the insurers it was to weaken the resolve of members of Congress and the White House and to be able to get more of what they want in the final legislation and certainly, and this is part of the longer term strategy, to try to get more Republicans and industry friendly people in Congress. The work that the Chamber did certainly contributed a great deal to the changes in attitudes towards reform.

Q: What goal did the industry have going into the health care debate?

POTTER: The primary goal was to make sure that any reform that passed included an individual mandate. And they talk about making sure it was what they call, an enforceable mandate. Which is why they got very upset with the Senate version of the bill, once it finally reached the floor of the Senate, because the penalty was weakened from what they thought it would be. They also saw an opportunity with reform to have an individual mandate, because it would bring them so much more in new revenue and increase their profits.

Q: Do you think the industry believes they would have been better off without reform? Are they happy this bill passed?

POTTER: I think they have to realize that they're better off with this. Their business models were not sustainable without reform.

They lost their means of being able to control costs like they felt they could do at the beginning of the managed care era. There was such a push back, they lost a lot of their leverage with providers, certainly with consumers. Their magic bullet now is to shift costs to consumers. You can't keep doing that. It's not sustainable over the long haul. You would continue to have more and more uninsured and underinsured because of the cost-shifting. You can't keep doing that, people will ultimately decide that the coverage is not worth buying. So they have to have reform, they needed to have this infusion of new revenue [from the mandate].

Q: Is the administration doing a good job in responding and combating the industry's communication tactics?

POTTER: I think they have not been. I was baffled during the debate that there didn't seem to be a strategy behind their communications supporting the legislation. I kept thinking, well they'll be coming out pretty soon, they must have a very good strategy for selling this, but in my point of view it never materialized.

It's much easier to condemn something with a soundbite than to describe and counter that kind of stuff and to explain legislation that is very complex, clearly. But I just think they never were up to the task of doing it. It never looked to me like they knew what they were doing.

Q: The White House can't seem to settle on a persuasive frame. They began with an economic argument, shifted to discussing the consumer protections in the law, and now they're [back to the economic messaging](#). If you were advising the White House, knowing how the insurance industry communicate, what would you tell them to do?

POTTER: It has to be done in a way that connects with people emotionally. I was going nuts when they were talking about bending the cost curve. You don't talk policy wonk stuff and expect people to understand or connect with what you are saying. What they're going to have to do going forward is figuring out a way to get the message in terms that connect with people emotionally — how people would benefit from the legislation right now and what the cost would be to repeal or retool it.

Q: How will insurers influence the implementation of health reform? It seems like they're now focusing on influencing state governments.

POTTER: If you think they are influential in Washington, they are incredibly influential in the state capitols. Insurers have retained council in every state, they hire lobby firms in state capitols that are well connected. They are very well connected with the insurance regulators and lawmakers, Republicans and Democrats. Cigna, for example has a very significant state government affairs staff. The whole reason for its existence is to develop relationships with regulators and legislators to try to influence the way regulations and laws are written and implemented. You can rest assured they will be working very closely with the Republican Governor's Association to persuade Republican governors to go implement an exchange model that has few consumer regulations. They will do what they can to make sure that the implementation on the state level is weak.

Interview has been condensed and edited.

87 Like 19

Showing 0 comments

Sort by [Subscribe by email](#) [Subscribe by RSS](#)

Add New Comment

Required: Please login below to comment.

Type your comment here.

[blog comments powered by DISQUS](#)