

# Democracy North Carolina

1821 Green St., Durham, NC 27705 • 919-286-6000 or 489-1931 • democracy-nc.org

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Contact: Bob Hall, 919-489-1931

## **Sponsors of Insurance Exchange Bill Are Top Recipients of Blue Cross Contributions**

### **Reserved Seats Go to Other Special Interests, Big Donors of Bill Sponsors**

The House Insurance Committee will take up a controversial bill (H-115) today that gives insurance companies a large role in overseeing how consumers can buy affordable insurance coverage through a state-level “health benefits exchange” created under the new national health reform law.

The bill’s biggest supporter is Blue Cross and Blue Shield, the state’s largest insurance company; it gets to help name at least one representative to the new exchange.

The bill’s chief sponsor is Rep. Jerry Dockham (R-Davidson County), a former insurance agency owner and chair of the Insurance Committee where the bill is being heard. The second chief sponsor is Rep. Harold Brubaker (R-Randolph County); when he was House Speaker in the late 1990s, Brubaker appointed Dockham as chair of the House Insurance Committee.

Sound pretty cozy? Now consider these findings:

- It turns out that Harold Brubaker and Jerry Dockham are the top two recipients in the General Assembly of campaign money given by Blue Cross and Blue Shield’s PAC over the past decade, according to research by Democracy North Carolina. Democratic Senators Tony Rand and Marc Basnight once held that distinction, but now that they have left, the top two spots belong to Brubaker and Dockham. Together, the two House Republicans have received \$44,250 from the Blue Cross PAC since 2000.
- Furthermore, the Blue Cross PAC is Jerry Dockham’s second largest campaign donor, giving him \$18,250 for the 2000-2010 election cycles; his top donor, the Nationwide Insurance PAC, contributed \$26,000 during that period.

Is it fair for Dockham, Brubaker and Blue Cross to push a bill that governs future insurance sales? Well, it is legal in North Carolina’s “citizen legislature” for, say, a banker-lawmaker to sponsor a bill that helps banks – but not a bill that just helps his or her own bank at the expense of competitors.

The health insurance exchange is intended to bring robust competition to the insurance market and thereby lower rates, but consumer advocates say the bill gives too much control to insurers and vested healthcare interests. They liken it to letting the fox “help” the chickens cross the street. They say the bill is designed to protect special interests rather than the public interest.

Trade groups representing insurance firms, hospitals and doctors are lining up support for the bill – and the bill gives each of them a designated representative on the new NC Health Benefits Exchange Authority. Are they rallying together in order to control or even suppress future competition – and does that make the bill unethical?

Questions about the bill's fairness are magnified by a further exploration of campaign contributions. Follow the money:

- Since 2000, Rep. Dockham has raised \$261,415 in listed campaign contributions, not including his own funds. Half of that amount or \$130,450 came from donors with the insurance industry, medical professions, and hospitals.
- The NC Medical Society gets a seat on the health benefits exchange. From the 2000 to 2010 election cycles, the NC Medical Society PACs donated \$10,250 to Jerry Dockham and \$21,000 to Harold Brubaker.
- The NC Hospital Association gets a set on the exchange. From 2000 to 2010, the NC Hospital Association PAC donated \$5,000 to Jerry Dockham and \$18,500 to Harold Brubaker.
- In addition to seats selected by the NC Medical Society and NC Hospital Association, business trade groups get to name two seats and the insurance industry gets two additional seats. No organized group of consumers or health advocacy organization (such as the American Cancer Society) gets a seat at the table. Many of these groups have joined together to form Citizens for Responsible Health Care: ([www.responsiblehealthcarenc.org](http://www.responsiblehealthcarenc.org))
- Former House Speaker Brubaker, who is now Senior Chair of the House Appropriations Committee, has raised over \$1.1 million in itemized contributions since 2000. The Blue Cross PAC is his sixth largest donor, giving \$26,000 in the period, ranking it behind the PACs for the NC Association of Realtors, Duke Energy, Progress Energy, Citizens for Higher Education and Bank of America. Few member groups in Citizens for Responsible Health Care have PACs, and none of those that do contributed to Brubaker during this period.
- In the 2010 election, the Blue Cross PAC gave \$7,000 to then Senate Minority Leader Phil Berger (R-Rockingham) – more than the \$6,000 given to then Majority Leader Sen. Martin Nesbitt (D-Buncombe); it also gave \$5,000 to the NC Republican Senate Committee, compared to \$2,000 to the NC Senate Democratic Committee. On the House side, Blue Cross gave nothing to then Speaker Joe Hackney (D-Orange) but gave its largest amount – \$7,000 – to Rep. Thom Tillis (R-Mecklenburg) who is now Speaker of the House. Other PACs followed this tilt toward the Republicans during the 2010 election, which helped give the GOP financial parity for the first time in many years and majorities in both chambers.

*See charts on next page*

| <b>TOP LEGISLATIVE RECIPIENTS OF DONATIONS FROM<br/>BLUE CROSS &amp; BLUE SHIELD PAC</b> |                                |                      |
|--|--------------------------------|----------------------|
| <b>RECIPIENT</b>   | <b>2000-2010<br/>Elections</b> | <b>2010<br/>Only</b> |
| <b>HAROLD BRUBAKER</b>   | <b>\$26,000</b>                | <b>\$5,000</b>       |
| <b>JERRY DOCKHAM</b>   | <b>\$18,250</b>                | <b>\$5,000</b>       |
| <b>PHIL BERGER</b>   | <b>\$17,700</b>                | <b>\$7,000</b>       |
| <b>TOM APODACA</b>   | <b>\$14,650</b>                | <b>\$5,250</b>       |
| <b>MARTIN NESBITT</b>  | <b>\$14,500</b>                | <b>\$6,000</b>       |
| <b>NC SENATE DEMOCRATIC COMM</b>   | <b>\$14,000</b>                | <b>\$2,000</b>       |
| <b>DAN BLUE</b>  | <b>\$11,000</b>                | <b>\$5,000</b>       |
| <b>WILLIAM PURCELL</b>   | <b>\$10,750</b>                | <b>\$2,000</b>       |
| <b>THOM TILLIS</b>   | <b>\$8,600</b>                 | <b>\$7,000</b>       |
| <b>JEAN PRESTON</b>  | <b>\$8,300</b>                 | <b>\$1,000</b>       |
| <b>JOE HACKNEY</b>   | <b>\$8,000</b>                 | <b>\$0</b>           |
| <b>NC REPUBLICAN SENATE COMM</b>   | <b>\$8,000</b>                 | <b>\$5,000</b>       |
| <b>FLETCHER HARTSELL</b>   | <b>\$7,400</b>                 | <b>\$0</b>           |
| <b>NEAL HUNT</b>   | <b>\$6,550</b>                 | <b>\$3,000</b>       |
| <b>LINDA GARROU</b>  | <b>\$6,400</b>                 | <b>\$2,000</b>       |
| <b>RICHARD STEVENS</b>   | <b>\$6,300</b>                 | <b>\$3,250</b>       |
| <b>DAVID LEWIS</b>   | <b>\$6,250</b>                 | <b>\$1,500</b>       |
| <b>JULIA HOWARD</b>  | <b>\$6,050</b>                 | <b>\$3,000</b>       |

| <b>MAJOR SECTORS DONATING TO REP. JERRY DOCKHAM,<br/>2000 TO 2010 ELECTIONS CAMPAIGNS</b> |                  |                       |
|---|------------------|-----------------------|
|   | <b>Amount</b>    | <b>% of<br/>Total</b> |
| <b>Total Itemized, Non-Family Funds Raised</b>  | <b>\$261,415</b> | <b>100%</b>           |
| <b>Contributions from Insurance Industry</b>  | <b>\$78,000</b>  | <b>30%</b>            |
| <b>Contributions from Medical Professions</b>   | <b>\$47,450</b>  | <b>18%</b>            |
| <b>Contributions from Hospital Association</b>  | <b>\$5,000</b>   | <b>2%</b>             |
| <b>Total from Insur., Medical &amp; Hospital Sectors</b>                                  | <b>\$130,450</b> | <b>50%</b>            |

| <b>MAJOR PACs DONATING TO REP. HAROLD BRUBAKER,<br/>2000 TO 2010 ELECTIONS CAMPAIGNS</b> |                 |
|--|-----------------|
| <b>PAC Name</b>  | <b>Amount</b>   |
| <b>NC Association of Realtors PAC</b>  | <b>\$39,000</b> |
| <b>Progress Energy PAC</b>   | <b>\$31,000</b> |
| <b>Duke Energy PAC</b>   | <b>\$30,000</b> |
| <b>Citizens for Higher Education PAC</b>   | <b>\$27,000</b> |
| <b>Bank of America PAC</b>   | <b>\$26,250</b> |
| <b>Blue Cross &amp; Blue Shield PAC</b>  | <b>\$26,000</b> |
| <b>Nationwide Insurance PAC</b>  | <b>\$26,000</b> |