

Connecting the Dots: The Role of Campaign Contributions in New Mexico Health Policy

Common Cause New Mexico

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Executive Summary

Healthcare policy has dominated legislative activity in New Mexico in recent years. Not surprisingly, several industries have been highly active in the healthcare policymaking process within the state over the past decade.

Between 2000 and 2010, various healthcare industries contributed a combined total of \$4,863,088 to candidates running for political office in New Mexico. Furthermore, contributions from these industries have increased substantially over time, from \$268,096 in 2000 to \$1.3 million in 2010. It is therefore likely that this contribution trend will continue at an exponential rate. This report seeks to shed light on the important question of whether the rise in campaign contributions from various industries in the state has had an impact on policy outcomes.

The term "healthcare industries" is broad and can often encompass many industries and definitions. For the purposes of this report, we use healthcare industries to mean "a sector within the economic system that provides or funds goods and services to treat patients with curative, preventive, rehabilitative, or palliative care."

Focusing on six pieces of health-related legislation between 2007 and 2010, our findings suggest that money does play an influential role in the voting behavior of New Mexico legislators. In almost all instances, decision-makers who receive larger amounts of money from the healthcare industry, tobacco, business, eating and drinking establishments, gambling and lodging, and pharmacies are more likely to vote in a manner that is favorable to that industry.

Of course, identifying specific individual motivations for voting is nearly impossible to accomplish with any level of certainty. We therefore cannot conclude that legislators voting in line with the interests of these industries did so as a result of the contributions they received for their campaigns.

That said, the findings of this report indicate that connections between campaign contributions and voting behavior do exist. If the public believes that powerful interest groups can use their financial resources to steer policy in the direction of their choosing, this can have a detrimental effect on the stability of democratic governance in our state. Common Cause applauds legislation, passed in 2009, that finally placed some limits on the dollar amount of campaign contributions. We believe, however, that this reform should only be the first of several measures designed to decrease the influence of money in the New Mexico political process.

Introduction and Background

In recent years, the topic of healthcare has dominated the policy agenda in New Mexico. Between 2007 and 2010, for example, excise taxes on cigarettes, public smoking bans, transparency measures, and efforts to establish statewide universal health insurance programs have been introduced, debated, and voted on in the New Mexico legislature. In 2008, attention to health policy reached its peak when Governor Bill Richardson called for a special session of the legislature to discuss healthcare reform in New Mexico. Not surprisingly, lobbyists representing several industries have been highly active in the process of formulating healthcare policy in New Mexico over the past decade. For example, a previous Common Cause New Mexico report indicated that by distributing campaign contributions, the healthcare industry was not only able to gain access to the decision-making process, but was also able to substantially profit from their inclusion.²

We build on the previous healthcare-focused "Connecting the Dots" report by examining the extent to which campaign contributions can influence the voting behavior of lawmakers in the New Mexico Legislature. We contend that campaign contributions can play an important and influential role in the legislative process, especially when health-related legislation is considered salient to specific industries. Focusing on six pieces of health-related legislation between 2007 and 2010, our findings suggest that money is correlated with the voting behavior of New Mexico's state legislators. With the exception of one bill, our analysis demonstrates that

¹ Nash, Kate. 2008. "Governor: Legislators Must Return to Tackle Health Care." *Santa Fe New Mexican*. February, 18. Retrieved October 20, 2011. http://www.santafenewmexican.com/Local%20News/Governor-vows-special-session-for-health-care

² Toulouse, Maggie and Michele Leiby. 2007. "The Role of the Healthcare Industry in New Mexico State Politics: A Common Cause Connecting the Dots Report." *The University of New Mexico Institute for Public Health*. Retrieved October 20, 2011. http://www.follow themoney.org/press/Reports/200702011.pdf.

legislators who voted in accordance with the industries' preferences received larger campaign contributions on average than legislators who did not. We also find that the role of money may have encouraged legislators to excuse themselves from a floor vote. Not only do our findings have implications for the general health of New Mexicans, but they also have policy implications for reform measures affecting campaign finance and democratic accountability across state institutions.

Health Status of New Mexico

Health policy legislation is of particular importance to New Mexico. In comparison to the rest of the United States, the health status of New Mexicans is unfortunately quite low, ranking near the bottom quartile in overall health-system performance.³ In 2009, for example, Gallup Poll reported that 25% of New Mexican adults were without heath insurance, second only to Texas (26%).⁴ The percentage of uninsured adults, moreover, has substantially changed over time, increasing 4% from the previous year in 2008.⁵ New Mexico also experiences higher rates of uninsured children. According to the Kaiser Family Foundation, for example, 16% of New Mexico's children are without health insurance.⁶ In fact, only three states had a greater

³ The ranking takes into account several indicators of health performance, including access to health, prevention and treatment, avoidable hospital use and costs, equity, and healthy. See McCarthy, Douglas, Sabrina K. H. How, Cathy Schoen, Joel C. Cantor, and Dina Belloff. 2009. "Aiming Higher: Results from a State Scorecard on Health System Performance, 2009." *The Commonwealth Fund*. Retrieved October 20, 2011. (http://www.commonwealthfund.org/Publications/Fund-Reports/2009/Oct/2009-State-Scorecard.aspx).

⁴ By contrast, Massachusetts had the lowest uninsured rates, with less 5.5% uninsured. See Mendes, Elizabeth. 2009. "Uninsured: Highest Percentage in Texas, Lowest in Mass." *Gallup Poll*. Retrieved October 20, 2011. (http://www.gallup.com/poll/122387/uninsured-highest-percentage-texas-lowest-mass.aspx).

⁵ Ibid

⁶ The Kaiser Family Foundation statehealthfacts.org. n. d. "Health Insurance Coverage of Children 0-18, states (2008-2009), U.S. (2009)." Data Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured

percentage of uninsured children than the state of New Mexico: Texas, (18%) Florida (18%), and Nevada (17%).⁷

The high number of vulnerable residents in New Mexico has also put a significant strain on the state's economy during one of the worst economic climates in state history. The number of New Mexicans who rely on the state to provide health insurance has skyrocketed over the past several years. For example, the percentage of the population in New Mexico that has health coverage through their employers (40%) is very low when compared to the percentage of all Americans that has such coverage (49%). The lack of employer-based healthcare coverage has also placed a burden on state services. For example, over a third of New Mexicans receive healthcare from either Medicaid or Medicare. Due to New Mexicans having poor healthcare coverage and access, their health status on certain health indicators is worse when compared to the nation as a whole. For example, New Mexico has a higher percentage of children (32.7%) that are overweight compared to other states. Furthermore, New Mexico has higher death rates due to diabetes (32.7%) than other states. In fact, only Louisiana and West Virginia have higher

estimates based on the Census Bureau's March 2009 and 2010 Current Population Survey (CPS: Annual Social and Economic Supplement). Retrieved October 20, 2011. (http://www.statehealthfacts.org/comparetable.jsp?ind= 127 &cat=3).

⁷ Ibid,

⁸ Ibid,

⁹ The Kaiser Family Foundation statehealthfacts.org. N. d. "Percent of Children (10-17) who are Overweight or Obese, 2007. Data Source: Child and Adolescent Health Measurement Initiative. 2007 National Survey of Children's Health, Data Resource Center for Child and Adolescent Health website. Retrieved July 2009 from www.nschdata.org. Retrieved October 21, 2011 (http://www.statehealthfacts.org /comparemaptable.jsp?ind =51&cat=2

death rates due to diabetes than New Mexico.¹⁰ How to handle this growing healthcare dilemma has been one of the most pressing questions for the state decision-makers to answer.

Campaign Contributions to New Mexico Legislators

50&cat=2).

A low number of uninsured citizens, coupled with poor health and a straining economy, have made legislative efforts, such as more affordable healthcare, increasingly important. In more recent years, especially, lawmakers have responded to these growing disparities by introducing legislation to improve healthcare access and the overall health status of New Mexicans. Still, there has been some debate as to whether some of these efforts have been thwarted by interest groups and lobbyists who have been highly active in the political process. Indeed, interest groups have donated a substantial amount of money to New Mexico's political campaigns. Between 2000 and 2010, for example, the healthcare industry alone contributed a combined total of \$4,863,088 to candidates running for political office. In so doing, special interests may hope to buy access to their Representatives, influence voting behavior, and shape policy outcomes.

The ability to influence voting behavior, moreover, is reinforced by New Mexico's traditionally lax campaign finance rules that allow special interests to invest widely in electoral

¹⁰ The Kaiser Family Foundation statehealthfacts.org. N. d. "Number of Diabetes Deaths per 1000, 000 Population, 2005-2007. Data Source: Centers for Disease Control and Prevention (CDC). Behavioral Risk Factor Surveillance System Survey Data. Atlanta, Georgia: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, 2005-2007. Available at: http://www.cdc.gov/mmwr/preview/mmwrhtml/mm5743a2.htm?s_cid=m m5743a2_e. Retrieved October 21, 2011. (http://www.statehealthfacts.org/comparemaptable.jsp?ind=6

¹¹ Sanchez, Gabriel R., Amy Sue Goodin, Amelia Rouse, and Richard Santos. 2008. "The Impact of Ethnicity on Attitudes Toward Health Care Reform in New Mexico." Robert Wood Johnson Foundation Working Paper Series. 2008. WP002. Retrieved October 20, 2010 (http://healthpolicy.unm.edu/sites/default /files/documents/Impactof EthnicityonAttitudesTowardHealthCareReform.pdf).

campaigns. In fact, the campaign finance system of the state has received national attention, being described as the "political wild west" by the likes of the Wall Street Journal and the New York Times. Both media outlets suggested that New Mexico's lack of an external ethics board to research conflicts of interest and caps on campaign donations, helped contribute to the close relations between donors and policymakers. ¹² As a consequence of the vast financial resources of special interest groups, we anticipate that the correlation between contributions and votes will be greatest when there is a clear connection between these industries' goals and the policy in question —for example, the tobacco industries' desire to defeat legislation that would impose an excise tax on cigarettes and other products that generate revenue.

Challenges of Connecting Campaign Contributions to Voting Behavior

It is important to note, however, that it can be difficult to connect lobbying efforts and campaign contributions to votes. Identifying those industries that maintain a vested interest in the outcome of health legislation can often times be a challenge. The healthcare industry, for example, maintains a clear tie to health policy and health-related legislation. Hospitals care about legislation that places an excise tax on the number of hospital beds, insurance providers are interested in blocking legislation that makes it more difficult to deny health benefits, and pharmaceutical companies worry about bills that are intended to decrease the cost of prescription

¹² McKinley Jr., James C. and Michael Haederle. 2009. Inquiry Highlights New Mexico's Few Ethnics Laws." *The New York Times*. January 10. Retrieved October 20, 2011. (http://www.nytimes.com/2009/01/11/us/11newmexico. html?pagewanted=all).

Simon, Stephanie. 2009. "New Mexico's Political Wild West: Lack of Contribution Limits: ethics Laws and Lawmaker Pay Seems to breed Scandal. *The Wall Street Journal*. January 17. Retrieved October 20, 20111. (http://online.wsj.com/article/ SB123233959874194545.html).

drugs. Other industries, though, are less obvious. For example, restaurants and drinking establishments may have a vested interest in tobacco or alcohol-related legislation if it's perceived to have a negative impact on sales.

Tracking campaign contributions also requires more than just identifying how industries are associated with health-related legislation. Nathan Bush, Vice President of Government Relations at the American Cancer Society, for example, states that "Companies like (the) tobacco industry, (these) companies (are) very good at hiding. (For issues such as) no smoking in bars and restaurants, alcohol and tobacco (industries) hire the same lobbyists, and it is not disclosed who these lobbyists are representing. (Tobacco companies also partner with) retail, grocery stores, and convenient stores." Hence, it is very difficult to trace the money to votes with so many hidden, intersecting and wide interests. Further complicating matters is the fact that some industries can distribute money to candidates who are not always willing to vote along with the healthcare industry. For example, Democrat Representative Andrew J. Barreras (D), who received the largest amount in campaign contributions from the tobacco industry, at first did not vote in favor of the Cigarette Tax and Stamp Act (2010) during a committee session, claiming it did not designate money for early childhood public education. Clearly the nature of decision making is complex, making the efforts to directly tie financial contributions with legislative activity and policy very difficult.

Finally, campaign finance laws further complicate matters, as they make it difficult to identify specific contributors. In 2009, for example, New Mexico finally passed a campaign

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¹³ Bush, Nathan. Interview. Via phone conversation. August 12, 2011.

contribution limits law that went into effect the following year in 2010 during the general election. In statewide and non-statewide elections, the new legislation limits campaign contributions to \$5,000 and \$2,300, respectively. Prior to the 2009 legislation, New Mexico was one of only five states in the country without such limits in statute. Unfortunately, the disclosure laws on the books in New Mexico desperately need to be overhauled. Although candidates are required to identify contributions and contributors of \$250 or more, they are only required to report the occupations of the contributor, not the employer of their donor. In addition, The New Mexico Secretary of State's office recently reported that nearly 20% of Santa Fe officials failed to file the required financial disclosure statements, with no consequences. Moreover, just two employees are responsible for tracking and enforcing the required disclosures. Hence, this greatly reduces the information on contributions that's available to the public.

The Impact of Financial Contributions and Legislative Voting Behavior

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¹⁴Reference NM statute: [Sec. 1-19-29.1]

¹⁵ Haussamen, Heath. 2011. "'Unenforceable' Campaign Law a Worry Headed Into 2012." *Nmpolitics.net*. October 21. Retrieved October 21, 2011. (http://www.nmpolitics.net_/index/2011/10/%e2%80%98unenforceable %e2% 80%99-campaign-law-a-worry-headed-into-2012/).

Terrell, Steve. 2011. "Analyst: N.M. Has Weak Campaign Finance Laws: Bill to Strengthen Disclosure Reports Introduced this Session." *Santa Fe New Mexican*. March 1. Retrieved October 20, 2011. (http://www.santafenewmexican.com/LocalNews/Analyst--N-M--has-weak-campaign-finance-laws).

¹⁶ Haywood, Phaedra. 2011. "State to 'Get Handle' on Campaign-Disclosure Violators." *Santa Fe New Mexican*. August 22. Retrieved October 20, 2011. (http://www.santafenewmexican .com/localnews/State-to--get-handle--on-campaign-disclosure-violators).

The purpose of this report is to examine the relationship between campaign contributions and the voting behavior of lawmakers in the New Mexico legislature. Focusing on healthcare bills between 2007 and 2010, we will look at significant pieces of healthcare-related legislation that resulted in non-unanimous decisions.¹⁷ These are as follows:

- 1. HB 3: Cigarette Tax Increase and Tribal Stamp (2010)
- 2. SB 99: Health Care Gift Disclosure Act (2009)
- 3. HB 335: Fair Share for Health Care Act (2007)
- 4. HB 62: Health Solutions New Mexico Act (2008)
- 5. HB 283 Dee Johnson Clean Indoor Act (2007)
- 6. HB 320: Prescription Drug Retail Price Info (2007)

All of these bills made it to the House or Senate floor. These bills generally sought to curb particular healthcare industries by 1) impacting their ability to generate profits, 2) imposing greater transparency over industry activities, or 3) expanding health coverage for New Mexican residents and workers. For purposes of this report, there are two ways legislators can vote: "anti-industry" or "pro-industry." By anti-industry votes, we refer to those legislators who voted in favor of bills that were opposed by certain healthcare-related industries, such as insurance or tobacco. Pro-industry votes, by contrast, involve votes against such legislation.

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¹⁷ Most health-related bills that made it to the floor passed by unanimous decision. However, we were able to find a few bills that failed. Specifically, these bills include the Health Care Gift Disclosure Act (2009) and the Prescription Drug Retail Price Info (2007) – both of which failed to pass in the Senate.

Campaign contributions at the state and local level can be found at The National Institute on Money in State Politics. ¹⁸ To connect the dots between campaign contributions and individual votes, we limited our data collection efforts in the New Mexico House of Representatives to campaign contributions that occurred approximately one year prior to the floor vote. For example, if a floor vote occurred in 2010, we collected all campaign contributions in 2009 and the months prior to the floor vote in 2010. In the New Mexico Senate, however, our data collection efforts were much different. During non-election periods, campaign donations were somewhat small, making it difficult to examine the relationship between campaign contributions and roll-call votes. In 2006, for example, the pharmaceutical industry donated \$8,200 to only 12 Senators, leaving 43 members without a single campaign contribution. Given the weak distribution of campaign contributions during non-election years, we decided to include all donations that occurred between the previous election cycle and the floor vote. For example, if a floor vote occurred in 2010, we collected all campaign contributions between 2007 and 2009 and the months prior to the floor vote in 2010. ¹⁹

The National Institute on Money in State Politics is also useful because it categorizes campaign contributions by industry. Given the "anti-industry" nature of each bill, we decided to focus on those industries that had a vested interest in blocking or modifying the content of at least one of the health-related pieces of legislation listed above. These specific industries include the following: tobacco, hotels and casinos, restaurants and bars, healthcare, general business, health insurance, and pharmacies and retail drug stores.

¹⁸ Since we are relying on a secondary source of information, we tested the reliability of the data by selecting a sample of 30 contributions across all election cycles and cross-referenced the donations with the New Mexico Secretary of State website. We found all this data to be reliable.

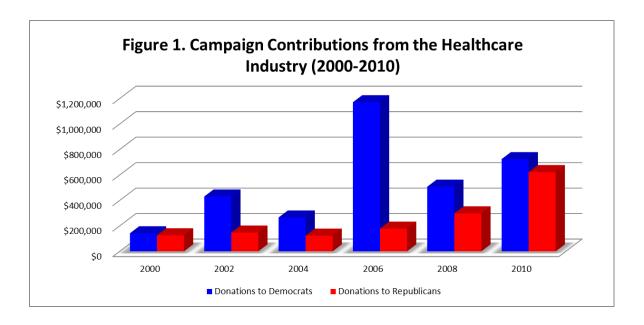
¹⁹ Senate elections are every 4 years. The most recent election was in 2008.

Many of the legislation-industry pairings were fairly easy to determine. For example, we paired the Cigarette Tax Increase and Tribal Stamp Act (2010) with the tobacco industry since the legislation sought to place an excise tax on cigarettes. We also paired The Dee Johnson Clean Indoor Act (2007), which restricts indoor smoking, with three specific industries that have a vested interest in promoting cigarette sales and catering to customers who smoke: Tobacco, Restaurants and Bars, and Casinos and Hotels. We also paired the entire healthcare industry with the Health Care Gift Disclosure Act (2009) since it provides greater transparency between medical firms and doctors. Finally, we paired the Prescription Drug Retail Price Info Act (2007), which requires transparency in the cost of prescription drugs, with pharmacists and drug stores since they primarily deal with patients or customers directly.

Other pairings were less than obvious. For example, we paired the "general business" category with the Fair Share for Health Care Act (2007), which provides healthcare coverage for businesses that employ over 10,000 workers. Our "General Business" category, as defined by Follow the Money, includes several industries — many of which are large corporations or businesses, such as Wal-Mart, Target, Smiths, and Coca-Cola that employ many New Mexicans. Although the category also includes much smaller businesses, there is good reason to believe that they are just as interested in seeing "Fair Share" legislation fail as larger corporations. For example, local businesses with fewer resources may worry that the bill's passage could lead to a slippery slope, mandating smaller businesses to provide health coverage in the future. Legislation on tobacco is an excellent example of this, as cigarette taxes and restrictions on smoking have increased in scope over time.

The Role of Money & Campaign Contributions in New Mexico

Each of the industries has made varying contributions to legislators' campaigns. Figure 1 illustrates the total campaign contributions given by the healthcare industry for every other year between 2000 and 2010. Overall, the healthcare industry contributed a combined total of \$4,863,088 to candidates running for political office. These contributions, moreover, have substantially increased over time. In 2000, for example, the healthcare industry contributed \$268,096. By 2010, this figure more than quadrupled to over \$1.3 million.



The figure also demonstrates important differences in partisan support. Over the past ten years, the healthcare industry has consistently made larger donations to Democratic candidates. These contributions, however, most likely reflect attention to the party controlling the New Mexico Legislature or the Governors' office rather than a preference for any one particular party.²⁰ These contributions were especially pronounced during Governor Richardson's call for

²⁰ Toulouse, Maggie and Michele Leiby. 2007. "The Role of the Healthcare Industry in New Mexico State Politics: A Common Cause Connecting the Dots Report." *The University of New Mexico Institute for Public Health.* Retrieved October 20, 2011. (http://www.follow themoney.org/press/Reports/200702011.pdf).

healthcare reform. In 2006, for example, the health industry donated over \$1.1 million to Democratic candidates, with gubernatorial candidates receiving the largest share of health-industry contributions (\$875,973). Candidates running for the New Mexico State Legislature received a total of nearly \$200,000.

Figure 2 illustrates the total amount in campaign contributions from pharmacists and retail drug stores. Both pharmacists and retail drug stores were relatively moderate contributors in comparison to their health-industry counterparts. Between 2000 and 2010, both groups contributed a combined total of \$230,695 to political candidates running for political office. Democratic candidates were the largest recipients, receiving \$176,923. Republicans, by contrast, received substantially less money, as pharmacist and retail drug stores donated \$53,772 to their political campaigns.

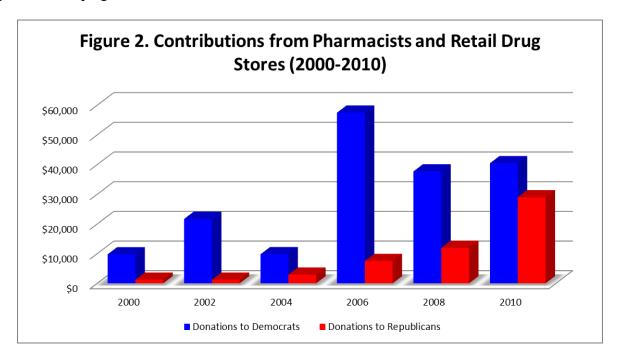
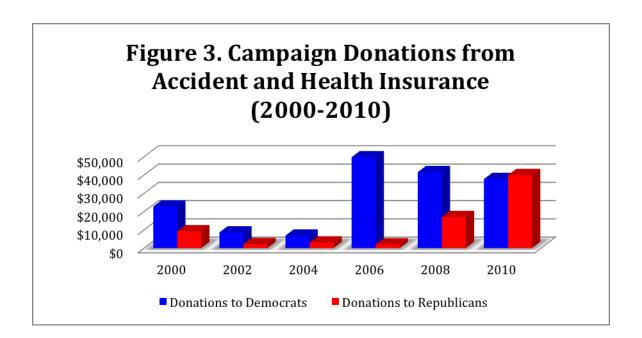


Figure 3 illustrates the total amount of campaign donations from accident and health insurance companies to Legislators. Between 2000 and 2010, health insurance companies

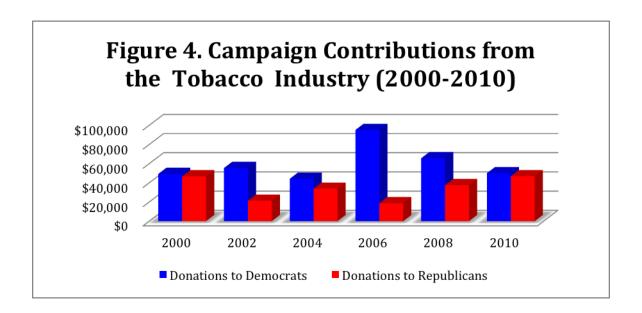
donated \$240,461 to both Democrats and Republicans. Once again, Democratic candidates were the largest recipients, receiving \$167,111 in campaign contributions. Republicans candidates, on the other hand, received \$73,350, nearly \$94,000 less than Democratic candidates. The donations made in 2006, moreover, reinforce the sizable differences between the two political parties, as Democrats received 96% of total contributions. The figure, furthermore, suggests that the industries' support for the Democratic candidates may be also changing. Most recently, in 2010, health insurance companies gave more to Republicans candidates for the first time in the last ten years. However, it remains to be seen whether this pattern will hold in the future.



In addition to the healthcare industry, other industries have a vested interest in influencing health-related legislation.²¹ For example, Figure 4 illustrates the total amount of

²¹ According to Nathan Bush, for example, "there has been an increase in influence in terms of the relationship between the tobacco industry and their legislative allies. Tobacco lobbyists have been growing in influence in New Mexico." (Bush, Nathan. Interview. Via phone conversation. August 12, 2011).

campaign contributions given by the tobacco industry to political parties between 2000 and 2010. At an average donation rate of \$94,081 per year, tobacco companies donated a total of \$564,485 in campaign contributions to both Republican and Democratic candidates. Different from previous industries, these donations are also very consistent across time, suggesting that tobacco lobbyists wish to maintain a constant presence in the state of New Mexico. Interestingly, while most of the campaign donations from this industry come from outside of New Mexico, our interviews with stakeholders in this area noted that the tobacco industry employs several lobbyists who are native to the state and very well connected to the New Mexican legislature.



In comparison to both the "healthcare industry" and "tobacco," "general business" represents one of New Mexico's largest categories of campaign contributors. Figure 5 shows that between 2000 and 2010 businesses contributed a total of \$8,901,568, with an average donation rate of \$1.4 million per year. Campaign donations were especially high during New Mexico's

gubernatorial elections in 2002, 2006, and 2010. In 2006 for example, both Republican and Democratic candidates combined received contributions reaching upwards of \$2.5 million.

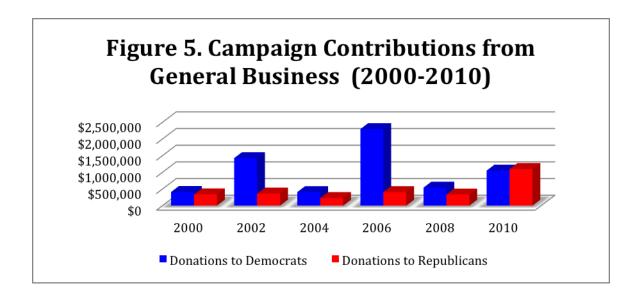
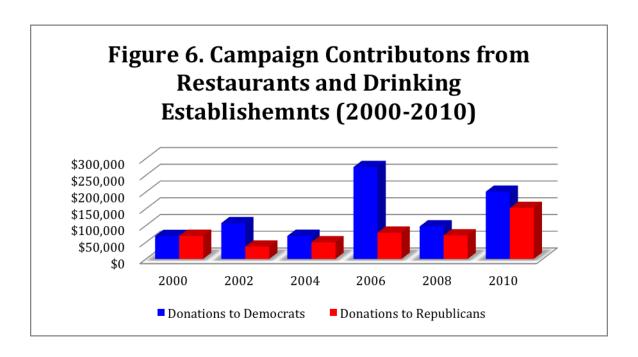
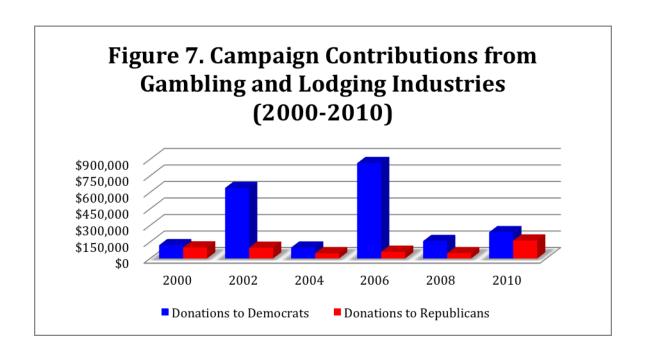


Figure 6 illustrates campaign contributions from restaurants and drinking establishments. Between 2000 and 2010, restaurants and drinking establishments contributed a total of \$1,272,251 to political candidates. Donations to Democratic candidates were comparatively larger than donations to Republican candidates. While Democratic candidates running for political office received a total of \$815,782, Republican candidates received about half in total contributions, accepting \$456,169 in donations.



Finally, Figure 7 below illustrates the total amount of campaign donations made by businesses in the gambling and lodging industries. Similar to restaurant and drinking establishments, both industries in this category are very much connected to New Mexican politics, contributing a total of \$2,639,498 to political candidates. Democratic candidates once again received comparatively larger donations than Republican candidates. For example, Democrats accepted over \$2 million from the gambling and lodging industries. Republican candidates, however, received only received \$517,054. Interestingly, the two industries made hefty contributions in 2006 to New Mexico legislators, donating \$926,473 just prior to the introduction of the Dee Johnson Clean Air Act (2007), which eliminates smoking in public facilities.



Results

Indeed, the industries described above play an important role in the New Mexico's elections, but do these campaign contributions have any influence on voting behavior? In this section, we examine the relationship between campaign contributions and "pro" and "anti-industry" votes in the New Mexico Legislature. If campaign contributions influence the voting behavior of representatives in the New Mexico Legislature, then we would expect to find larger campaign contributions to be associated with "pro-industry" votes or "no" votes. By contrast, we would expect to find smaller contributions to be associated with "anti-industry" votes or "yes" votes.

The Cigarette & Stamp Tax Act

Sponsored by Gail Chasey (D), the Cigarette & Stamp Tax Act (2010) was aimed at significantly increasing the tax on cigarettes by \$0.75, from \$0.91 to \$1.66 per pack. The bill

also revises tribal tax exemptions by requiring certification of a "qualifying tribal cigarette tax" of at least 75 cents per pack. Placing a fairly large excise tax on tobacco, the bill is expected to generate \$33 million in new state revenue and direct \$10 million to New Mexico's early childhood education system.²²

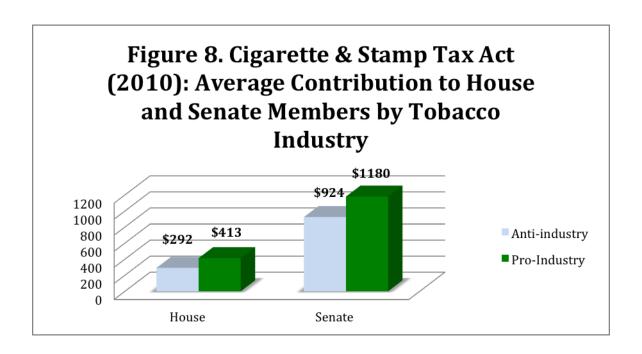
Advocates of the bill also argued that the new tax would translate into several health-related benefits. For example, the Campaign for Tobacco Free Kids expected the bill to prevent 11,100 New Mexico kids from becoming smokers, influence at least 6,800 adult New Mexico smokers to quit, save more than 5,300 New Mexico residents from smoking-caused deaths, and create \$259 million in future healthcare savings. Thus, advocates not only expected the bill to improve the general health of all New Mexicans, but they also expected the state to save a substantial sum in healthcare-related costs.

The tobacco industry lobbied regularly and frequently in order to influence New Mexico state legislators. Figure 8 compares the average amount of campaign contributions made by the tobacco industry across pro-industry and anti-industry votes. Overall, the figure demonstrates that the tobacco industry made larger contributions to representatives who voted against the bill's passage. For example, legislators who voted for the industry received an average of \$413 in the

²² Jennings, Tripp. 2008. "Health Bills Compete with Governor's Plan." *The Albuquerque Journal*. January 18. Retrieved October 20, 2011. (http://www.abqjournal.com/news/state/278316 nm01-18-08.htm).

²³ Myers, Matthew L. 2010. "New Mexico Cigarette Tax Increase Delivers Victory for Kids and Taxpayers, But Increase Needs to Be Permanent. Campaign for Tobacco Free Kids. March 5. Retrieved October 20, 2011. (http://www.prnewswire.com/news-releases/new-mexico-cigarette-tax-increase-delivers-victory-for-kids-and-taxpayers-but-increase-needs-to-be-permanent-86609517.html).

House and \$1,180.00 in the Senate. House and Senate representatives who voted against the industry, however, received an average of only \$292 and \$924, respectively.



The Cigarette & Stamp Tax Act (2010) would ultimately pass the House and Senate floor, but not without some controversy along the way. As part of an effort to raise revenue and balance the New Mexico State budget, the bill had to first go through the House Taxation and Revenue Committee. Members of the committee attempted to pass the bill on two separate occasions. ²⁴ The first attempt resulted in a failed 7-8 vote. ²⁵ Specifically, two Democrats, including Andrew J. Barreras and Sandra Jeff, joined Republicans in opposition to the bill, arguing that it had failed to designate a portion of the tax revenue for early childhood education. This first committee outcome prompted intervention by Governor Bill Richardson and

²⁴ According to Nathan Bush, the "[The Cigarette Tax] bill came up twice, [and it met] a lot of resistance. The [cigarette] tax is great for public health."

²⁵ Jennings, *supra* note 22

Democratic Party leaders who worked diligently to ensure the bill's passage.²⁶ After 24 hours of negotiations with the party leadership, the two lawmakers changed their votes in favor of the bill, securing a 10-6 majority vote for the Democrats on the committee.²⁷

The sponsor of the bill, Gail Chasey (D), blamed the first rejection on powerful lobbying influences. In an effort to halt the bill's passage in the Tax and Revenue Committee, the tobacco industry sent out emails and lobbied lawmakers outside committee hearings. Campaign contributions may have also played an important role, as Andrew J. Barreras (D), one of the two Democrats to originally oppose the bill, was tobacco's largest contribution recipient. In 2009, for instance, Andrew J. Barreras (D) received \$1,250 in campaign contributions, more than double the average pro-industry and anti-industry vote in the House of Representatives as depicted in Figure 8. Both Representatives Jeff (D) and Barreras (D), however, denied that the tobacco lobby had played any influential role in their opposition to the Cigarette and Stamp Tax Act (Jennings, 2010). Despite passage of the cigarette tax, the legislative process was a difficult one, and the lobbying efforts by the tobacco industry did not make it any easier.

The Dee Johnson Clean Indoor Act

The Dee Johnson Clean Indoor Act (2007) was named after first lady Dee Johnson, who had died of hypertensive heart disease prior to the bills' introduction in the legislature. Sponsored by Representative Al Park (D), the purpose of the bill was to limit exposure to second-hand smoke by prohibiting individuals from smoking indoors in restaurants, bars, and other public indoor buildings. Moreover, it granted power to local governments to enact stronger

²⁷ Jennings, *supra* note 22

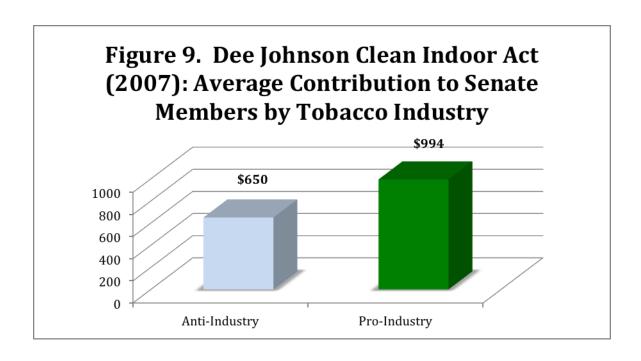
²⁶ Jennings, *supra* note 22

clean air provisions in the future. Advocates of the bill, such as Julia Valdez of the American Heart Association, argued that smoking restrictions have a major and beneficial impact on the public health of New Mexicans.²⁸ Among other things, second-hand smoke has been found to be associated with cancer, lung and heart disease, breast cancer, and the pre-mature death of adults and children who do not smoke.²⁹

Despite these health-related benefits, the tobacco industry lobbied heavily against the bill, donating a total of \$34,450 in campaign contributions prior to the Senate floor vote. Figure 9 demonstrates that the tobacco industry made larger contributions to Senators who voted against the Dee Johnson Clean Air Act (2007) than those who voted in favor of the bill. For example, Senators who voted "pro-industry" received an average of \$994 in campaign contributions. The current minority floor leader, Senator Stuart Ingle (R), was tobacco's largest recipient within this group, receiving \$2,850 in total contributions. Senators who voted against the industry, by contrast, received only an average of \$650. Senate President Pro-Tem Ben Altamirano (D) was the largest recipient in this category, receiving a total of \$3,600 in campaign contributions from the tobacco industry.

²⁸ 2007. "Smoking Ban to Gov.'s Hands." *The Albuquerque Journal*. March 10. Retrieved October 20, 2011. (http://www.abqjournal.com/north/545061north_news03-10-07.htm).

²⁹American Cancer Society. 2011. "Second Hand Smoke." Retrieved October 20, 2011. (http://www.cancer.org/Cancer/Cancer Causes/TobaccoCancer/secondhand-smoke).



Money may have also played a role in the decision to depress turnout among senators. Interestingly, six Senators who were either excused or absent from the floor vote received an average of \$1,216 in campaign donations from the tobacco industry, \$200 more than those who voted pro-industry. A majority were members of the Democratic Party, including Pete Campos, Richard C. Martinez, Shannon Robinson, and Bernadette Sanchez. Shannon Robinson (D) accepted the largest share of campaign contributions from businesses, receiving a total of \$2,450 in campaign contributions. Bernadette Sanchez (D) was the only Democrat to be excused from the floor vote and not receive any campaign contributions from the tobacco industry.

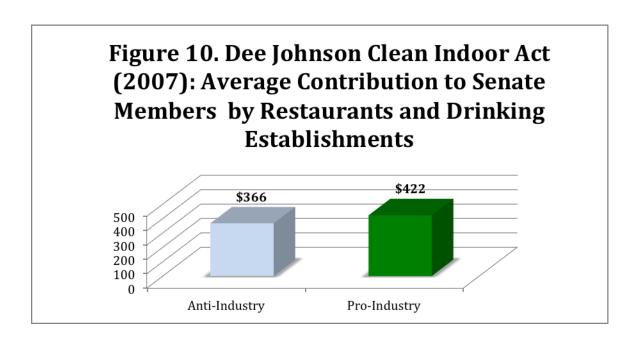
In addition to tobacco, many business leaders expressed different concerns over the Dee Johnson Clean Indoor Act (2007). Some believed that the bill would have little effect on the local economy. For example, two restaurant and bar owners from Santa Fe said, "I don't feel that

it [the Act] hurt ours.... Our place is more of a dining experience than a bar."³⁰ Others, however, had mixed feelings and were unsure as to whether smoking restrictions would cut into their profit margins. Jeremiah Hall, manager of the TGI Fridays in Albuquerque, for example, exemplified this complex relationship saying, "I think it would definitely hurt business from smokers, but on the other hand, some nonsmokers might come in."³¹

In comparison to the tobacco industry, the restaurant and bar industry contributed a total of \$16,700 – about half of what the tobacco industry donated prior to the Senate floor vote. Still, Figure 10 demonstrates that restaurants and drinking establishments made larger contributions to the Senators who voted against the Dee Johnson Clean Air Act (2007). For example, Senators who voted in favor of the two industries received an average of \$422. In addition to Stuart Ingle (R), Phil A. Griego (D) received the second largest recipient within this group, receiving \$800 in campaign contributions. Senators who voted against the industry, however, received an average of \$366 in contributions. The largest recipient within this category received \$3,000 in the previous election cycle. However, many more legislators who voted against the industry (17 total) did not receive a single contribution from the industry.

³⁰ Quick, Bob. 2008. "Anti-Smoking Advocates Trumpet Smoke-Free Success." *The Santa Fe New Mexican*. January 24. Retrieved October 20, 2011. (http://www.santafenewmexican.com /Local%20News/ Anti_smoking_advocates_trumpet_laws_success).

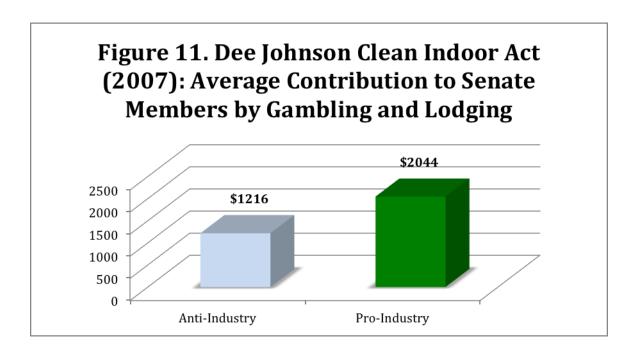
³¹ Supra note, 28



The Dee Johnson Clean Indoor Act, however, provides some notable exceptions. For example, the bill exempts retail tobacco stores and cigar bars, casinos and bingo parlors, and hotel rooms, just to name a few.³² Our findings suggest that money may have played a role in their exemption. Figure 11 compares the average amount of campaign contributions made by the gambling and lodging industry by pro-industry and anti-industry votes. Overall, the figure demonstrates that the two industries made larger contributions to the legislators who voted against the bill's passage. For example, senators who voted in favor of the industry received an average of \$2,044. Interestingly, James G. Taylor (D) received \$4,450, one of the largest contributions and more than \$2,000 more than the pro-industry vote average, as indicated by Figure 11. Senators who voted against the industry, by contrast, received an average of only \$1,216, or approximately \$800 less than the average pro-industry contribution (see Figure 11)

³² Other exemptions include sites for American Indian ceremonies and private homes, except when they're used for commercial child or adult care.

John C. Ryan (R) was one of the largest contribution recipients within this category, totaling \$3,500.³³



Fair Share for Health Care Act

Initiated by Governor Bill Richardson through a legislative recommendation from Insure New Mexico, and sponsored by Representative Miguel Garcia (D), the Fair Share for Health Care Act (2007) was part of a larger nation-wide movement that sought to improve healthcare coverage for workers by requiring employers with 10,000 or more nationwide employees to offer its employees comprehensive medical insurance. In 2005, for example, members of the Maryland state legislature passed a similar piece of legislation, nicknamed the Wal-Mart Bill, which required employers with 10,000 employees to pay at least 8 percent of wages in healthcare

³³ Michael Sanchez (D) and Ben Altamirano (R) received the two largest contributions from the casino and hotel industries. However, this is expected given that both are members of the party leadership.

costs or pay into a state healthcare fund designed to increase coverage for the uninsured.³⁴ Advocates of the bill, such as AFL-CIO President John Sweeney, argued that it would make healthcare more affordable and improve an employer's ability to compete with companies who already offer insurance.³⁵

Maryland Governor Robert L. Ehlrich, Jr. would go on to veto Maryland's version of the Fair Share for Health Care Act in 2005, calling the bill, "anti-business" and a "prime example of ... an effort to demonize that employer [Wal-Mart] for political gain. A year prior to the governor's veto, Wal-Mart lobbied heavily against the bill, hosting a \$1,000-per-plate fundraiser to drum up support for its position. In 2006, Maryland's legislature overrode the governor's veto, but was overturned by a federal district court that same year. District Court Judge J. Frederick Motz, who presided over the case, reasoned that the state law violated the ERISA Act, which protects corporations from having to navigate through a "patchwork of benefit requirements from state to state." Sandy Kennedy, the president of the Retail Industry Leaders Association, a trade group in Arlington, Virginia, who filed suit on behalf of its 400 members,

³⁴ 2006. "Maryland Wins Wal-Mart Fair Share Health Care Bill." *South Central Federation of Labor*. http://www.scfl.org/?ulnid=1151 (October 20, 2011).

³⁵ Ihid.

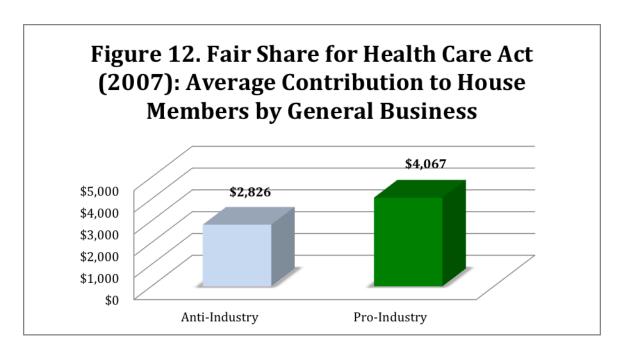
³⁶ *Ibid.* Also see, Mosk, Matthew and Ylan Q. Mui . 2006. "'Wal-Mart Law' in Md. Rejected By Court." *The Washington Post.* July 20. Retrieved October 20, 2011. (http://www.washingtonpost.com /wpdyn/content/article/2006/07/19/AR2006071901145.html).

³⁷ Ibid.

³⁸ Supra note, 36.

including Wal-Mart, said that the ruling "was a victory for all business," adding that she hoped other states would "heed the decision." ³⁹

Like Wal-Mart in Maryland, businesses have also played an important role in New Mexico politics by contributing a total of \$242,036 to House Representatives. Figure 12 demonstrates business' role in influencing the voting behavior of representatives. On average, businesses made larger contributions to those who voted against the bill's passage. House representatives who voted pro-industry received an average of \$4,067, more than \$1,000 in excess of the average contribution to representatives who voted anti-industry (\$2,826). The largest pro-industry recipient was Daniel R. Foley (R), who received \$10,300 in campaign contributions.



³⁹ Abelson, Reed and Micheal Barbaro. 2006. "Judge Gives Wal-Mart Reprieve on Benefits." *The New York Times*. July 20. Retrieved October 20, 2011. (http://www.nytimes.com/2006/07/20/business/20walmart.html).

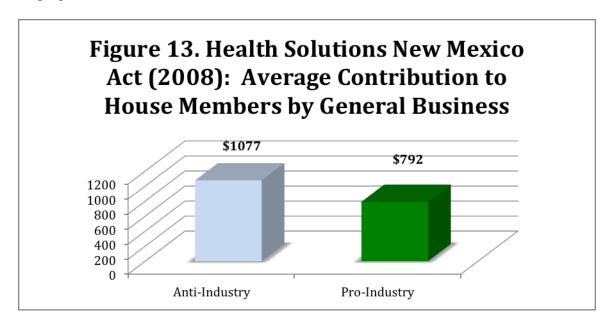
Money may have also played a role in the decision to abstain from voting on health-related legislation. Interestingly, seven House members who were excused from the floor vote received a total of \$27,970. Many of these legislators were members of the Democratic Party, including Representatives Rick Miera, Jose A. Campos, Jim R. Trujillo, Thomas E. Swisstack, and Andrew J. Barreras. Barreras (D) accepted the largest share of campaign contributions from businesses, receiving \$12,820 in the year prior to the House floor vote. Jane E. Powdrell-Culbert (R) received the second largest, as business donated \$7,200 to her campaign fund. Although the Fair Share for Health Care Act (2007) would pass with a narrow 34-29 vote, the bill would ultimately die, never making it to the Senate floor.

Health Solutions Act

Proposed by Governor Bill Richardson, the Health Solutions New Mexico Act (2008) would have provided universal and comprehensive healthcare coverage to all New Mexicans. "Health Solutions New Mexico" would create a Health Coverage Authority (HCA) that would serve as a single point of accountability for data, analysis, plan management, and policy. Most notably, the plan would have created an individual mandate for all New Mexicans to have healthcare insurance and require employers with six or more employees to contribute a fee per employee, with a dollar-for-dollar offset for any contribution toward employee coverage. It would have also expanded the New Mexico Medical Insurance Pool. Finally, it would create additional insurance reforms by requiring commercial healthcare insurers to spend at least 85

percent of premiums directly on healthcare. 40

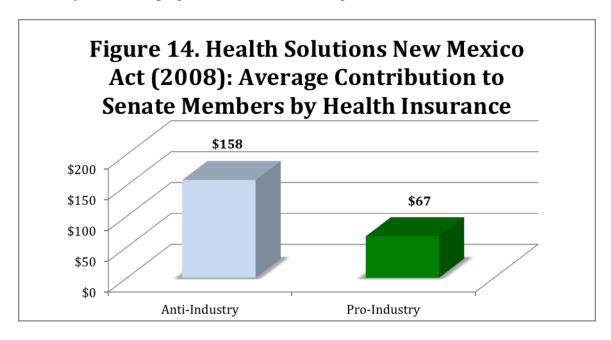
In this case, we found no obvious correlation between campaign contributions and voting behavior in the New Mexico House of Representatives. Figure 13, for example, compares the average contribution made by insurance companies and the general business category across "pro" and "anti-industry" votes. In contrast to previous results, however, the figure demonstrates that House Members who voted "anti-industry," received an average of \$1,077 while Representatives who voted against the bill or voted "pro-industry" received an average of \$792 in campaign contributions.



Given that the Health Solutions Act (2008) would also affect insurance companies, we would expect to find larger contributions to be associated with "pro-industry" votes. However, with respect to this particular bill, as was true with general business contributions, we found no

⁴⁰ Kaiser Commission on Medicaid and the Uninsured. 2009. "States Moving Toward Comprehensive Health Care Reform." *Kaiser Family Foundation*. Retrieved. October 20, 2011. (http://www.kff.org/uninsured /kcmu_statehe althreform.cfm).

correlation between contributions from health insurance companies and voting behavior. According to Figure 14, for example, Senate members who voted against the industry received, on average, \$158 in campaign contributions while those who voted in favor of the industry received only \$67 in campaign contributions on average.



According to reports, the bill lacked support from key Democratic representatives. Although sponsored by the Democratic Party leadership, including the House majority leader and the Democratic caucus chair, many Democrats supported competing bills that were introduced during the same legislative session. At the heart of the issue was the bill's proposal to expand the governor's executive power. Under the original proposal, the governor would appoint 11 members in total to a governing healthcare authority: four members with the advice and consent of the senate, two members from a list of nominations submitted jointly by the president pro tempore, the majority leader and the minority leader of the Senate, two members from a list of nominations submitted jointly by the speaker, the majority leader and the minority leader of

the House of Representatives, and three members designated by the Secretary of Health, Secretary of Human Services, and the Chair of the Public Regulation Commission.

The bill's sponsor, Representative John Heaton (D), argued that the proposed healthcare authority is "an executive function, not a legislative one," especially since "the Legislature meets for 30 days and 60 days. 41 Other House members, however, such as Debbie Rodella (D) and Mimi Stewart (D) were concerned about how the appointment powers would play out with future governors. Several House lawmakers also revealed similar concerns about giving away too much legislative power to the governor. These representatives signed on to competing proposals, including the HB 147, otherwise known as the Health Care Authority Act (2008). The bill was sponsored by Representative Danice Picraux (D) and was supported by influential Democratic legislators, including Luciano "Lucky" Varela (D) and Debbie Rodella (D) – chairwoman of the House Business and Industry Committee. While there were concerns about the Health Solutions Act in the House, the House ultimately passed the bill and the competing measure listed above only to have them both defeated in the Senate.

Health Care Gift Disclosure Act

Sponsored by Senator Dede Feldman (D), the Health Care Gift Disclosure Act (2009) was designed to make financial relationships more transparent between medical suppliers and providers. Specifically, the bill required drug and medical-supply manufacturers to file an annual report with the state Attorney General and disclose the "value, nature and purpose of any gift,"

⁴¹ Jennings, Tripp. 2008. "Health Bills Compete with Governor's Plan." *The Albuquerque Journal*. January 18. Retrieved October 20, 2011. (http://www.abgjournal.com/news/state/278316 nm01-18-08.htm).

fee, payment, subsidy or other economic benefit" worth more than \$100. 42 Proponents of the bill, including Senator Dede Feldman (D) argued that medical supply manufacturers create a conflict of interest between doctors and their patients. 43 Whether these gifts entail free dinners, prescription samples, or even a trip to Hawaii, sales representatives and the medical firms they represent can persuade doctors to prescribe more expensive pharmaceutical drugs or unnecessary medical products that they would not otherwise consider. 44 For example, E. Haavi Morreim, Professor of Human Values and Ethics at the College of Medicine, University of Tennessee wrote:

A recent letter in the *Journal of the American Medical Association* describes a patient who came into the hospital with an infected insect bite. The intern who first saw the patient first sensibly wanted to prescribe a nice, inexpensive penicillin, which is the drug of choice for a minor infection. But the resident overruled the intern and favored a more "modern" choice for this "severely" ill patient. He decided the patient had to have a brand-new antibiotic at \$183 a day. The attending physician who supervised the house officers checked into the incident. It turned out the resident had just been wined and dined by the drug representative whose company made the new antibiotic (Morreium, n.d.). 45

The Health Care Gift Disclosure Act ultimately failed in the Senate with a 16-24 vote.

Afterwards, Senator Dede Feldman (D) told the *Albuquerque Journal* that she was disappointed

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⁴² Reichbach, Matthew. 2009. "Pharmaceutical company gifts to docs disclosure bill fails in Senate." *The New Mexico Independent*. February 24. Retrieved October 20, 2011. (http://newmexicoindependent.com /19632 /pharaceutical-company-gifts-to-docs-disclosure-bill-fails-in-senate).

⁴³ Jones, Jeff. 2009. "SB 99 Fails on Senate Floor - Disclosures Test 'Disappointing." *Health Action New Mexico*. February 24. Retrieved October 20, 2011. (http://www.healthaction nm.org/about_us/news.php?ID=398)

⁴⁴ Ibid.

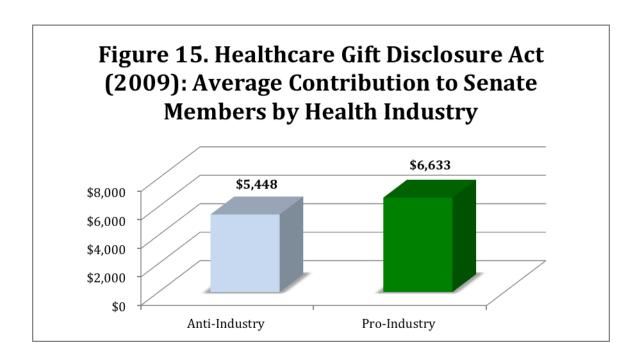
⁴⁵E. Haavi Morreim. N.d. "Prescribing Under the Influence." *Markkula Center for Applied Ethics*. Retrieved October 20, 2011. (http://www.scu.edu/ethics/publications/submitted/morreim/prescribing.html).

that the bill had failed. The bill was criticized on several fronts. One Senator believed that the legislation lacked teeth. For example, Senator John Arthur Smith (D) said the bill was "as soft a ball as one could throw." Still others, such as Senate President Pro Tem Tim Jennings (D) questioned why the bill was aimed at opening conference committees. Others, however, called Feldman's measure "an insult to doctors." Clinton Harden (R) argued that the bill implied that "a doctor can be bought for 100 bucks" (Jones, 2009).

Did the money also play a role in the bill's demise? Figure 15 compares the average amount of pharmaceutical campaign contributions made to New Mexico Senators voting proindustry and anti-industry. Overall, the figure demonstrates that the entire health industry made larger contributions to the Senators who voted against the bill's passage. For example, Senators who voted in favor of the health industry received an average of \$6,633. Senators who voted "anti-industry," received \$5,448 by comparison. The party leadership ranked among the largest recipients who voted against the bill, including current President Pro Tempore Timothy Jennings (D), Majority Party Leader Michael S. Sanchez (D), and Minority Party Leader Stuart Ingle (R). Each member received over \$15,000 in campaign contributions for a combined total of \$57,060 during the previous election cycle.

⁴⁶ Supra note, 43

⁴⁷ Supra note, 43



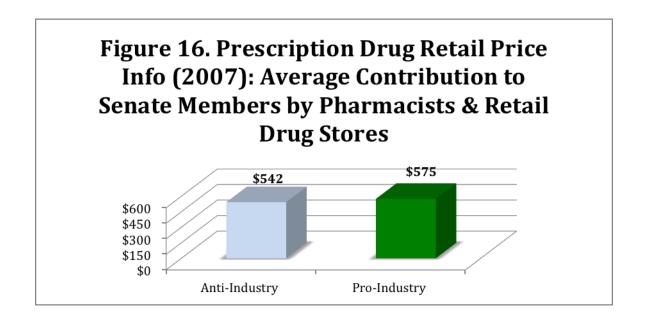
Prescription Drug Retail Disclosure Info

Finally, we examine the contributions donated by the pharmaceutical industry. Sponsored by Peter Wirth (D), the Prescription Drug Retail Disclosure Info Act (2007) required owners of pharmacies to provide consumers and the Attorney General the current retail price of any prescription drug within five days of request. Similar to the Fair Share for Health Care Act, the bill was part of a national movement that sought to achieve greater transparency in the costs of healthcare. In March 2006, for example, the Bush Administration, in an attempt to increase transparency and "inject more free-market principles into healthcare," publicly announced a goal of making more information available to consumers on the price and quality of health

⁴⁸ New Mexico's bill in 2007 was one of the many proposed across 33 different states around the same time period. See Kreischer, Madeline, Andrew Thangasamy, Richard, Cauchi, and Katie Mason. 2011. "State Legislation Relating to Transparency and Disclosure of heath and Hospital Charges." *National Conference of State Legislatures*. Retrieved October 20, 2011. (http://www.ncsl.org/default.aspx?tabid=14512).

services."49

Figure 16 shows the average contribution to Senators who made pro- and anti-industry votes. While Representatives who voted pro-industry received an average of \$575, Representatives who voted against the pharmaceutical industry received an average of \$542. The bill eventually died in the Senate and was defeated by a 14-21 vote.



Conclusion

Healthcare legislation has been a primary focus of the New Mexico legislature over the past several years, particularly in 2008, when Governor Bill Richardson called for a special session of the legislature to discuss healthcare reform in New Mexico. Our research clearly indicates that the healthcare industry has been equally active in the policymaking process in the

⁴⁹ Lueck, Sara. 2006. "Health Costs: The Medical-Bill Mystery." *The Denver Post*. March 12. Wall St. West, p. WSJ-2.

state. Indeed, between 2000 and 2010, the healthcare industry contributed a combined total of \$4,863,088 to candidates running for political office in New Mexico. Given the striking increase in contributions over this time span, contributions jumped from \$268,096 in 2000 to \$1.3 million in 2010, it is likely that this contribution trend will continue at an exponential rate. Consequently, it is important to analyze what, if any, impact campaign donations have on healthcare policy? By examining the extent to which campaign contributions can influence the voting behavior of lawmakers in the New Mexico legislature, our report attempts to address this important question. With a healthcare system that is rated among the lowest performing in the nation, and a population with one of the highest uninsured rates in the country, sound healthcare policy in New Mexico is of critical importance.

Focusing on six pieces of health-related legislation between 2007 and 2010, our findings suggest that money plays an influential role in the voting behavior of New Mexico legislators. With the exception of one bill, our analysis demonstrates that legislators who voted in accordance with the industries' preferences received larger campaign contributions on average than legislators who did not. While we focus largely on campaign contributions from the healthcare industry, we find that other industries have donated large sums of money in an apparent effort to impact health-focused legislation in line with their interests. For example, legislators who voted against raising taxes on cigarettes received substantially more contributions from the tobacco industry than those who voted in favor of the tax. Furthermore, financial contributions are also correlated with absences from floor votes on several important and close votes.

In almost all instances, decision makers who receive larger amounts of money from the healthcare, tobacco, and liquor industries are more likely to vote in a manner that is more favorable to that industry. However, we want to clarify that the correlations found here between campaign contributions and voting behavior do not imply that legislators are trading votes for campaign donations. Identifying individual motivations for voting one way or another, or to vote at all for that matter, are impossible to determine at any level of certainty. That said, the correlation between contributions and voting behavior alone can erode trust in government and interest in politics among the population. If the public believes that powerful interest groups can use their financial resources to steer policy in the direction of their interests, this is not good for the status of democratic governance in our state.

We therefore conclude that broad-based campaign finance reform, including rigorous campaign contribution limits combined with the public financing of campaigns are critical measures needed to increase public confidence in government. We applaud legislation in 2009 that finally placed some limits on campaign contributions. We believe, however, this should only be the first of several efforts to decrease the power of money in our state's political process.