

Trump's broadside against health insurers is a cautionary tale for industry

Insurance companies challenged GOP orthodoxy on Obamacare. It's not going well.

The insurance industry's political clout is facing its biggest test in years under GOP rule. Politico

By **AMANDA CHU** 11/16/2025 10:00 AM EST

Insurers and drug companies facing dire threats to their bottom lines this year from President Donald Trump and Republicans in Congress had to make a choice: Stand and fight, or go to ground and cut some deals.

Insurers fought in a bid to kill the threat; drugmakers cut deals to mitigate the damage. The early results are revealing.

Trump this month called out the “money sucking Insurance Companies” on Truth Social and pledged to redirect their Obamacare funding to patients. Two days before, he stood with drug companies that'd agreed to cut prices, called the CEOs “great talented people” and friends and said he didn't begrudge them their profits: “They're entitled to the money because the companies are doing very well.”

Trump's diverging take on two of Washington's most powerful industry rivals was a case study for lobbyists trying to figure out how to handle the mercurial president and his populist approach to politics: Currying favor helps, fighting is risky business.

“Are you better off playing an inside game or an outside game? In today's Washington...if you are playing the inside game of direct engagement, you're more likely to get positive outcomes with the administration,” said Jonathan Burks, the executive vice president of economic and health policy at the Bipartisan Policy Center who was chief of staff to Paul Ryan, the House speaker during Trump's first term.

Late Wednesday, Trump signed legislation to end the record-long government shutdown with no plan to extend the enhanced Obamacare subsidies, Democrats' key demand. AHIP, the health insurers' trade association, had lobbied heavily for an extension. It spent more than \$4.2 million on lobbying from July to September, its highest for the period on record and the twelfth highest of any player in Washington. The trade group is also part of a coalition, Keep Americans Covered, that has hammered home the idea that letting the subsidies expire is bad policy.

Chris Bond, AHIP's senior vice president of communications, said the group isn't about to change tack.

“We will continue partnering with [Keep Americans Covered] to press the urgency of protecting 24 million Americans from an acute cost-of-living crisis next year, and make sure policymakers have the full complement of facts and data at their disposal,” he said.

The fate of insurers stands in sharp contrast to the pharmaceutical sector. Drugmakers have largely steered clear of public messaging to the government and instead sought deals in the face of tariff threats from Trump and criticism of their products from Health Secretary Robert F. Kennedy Jr. So far five drugmakers, including Pfizer, AstraZeneca, and Eli Lilly, have reached agreements with the White House in exchange for tariff reprieve – deals that analysts say will largely have a minimal effect on prices. “The health insurers are on the receiving end of it right now. Pharma seems to have figured out how to play along,” said Ari Gottlieb, founder of A2 Strategy, which advises health plans.

The pressures facing insurers and pharma are emblematic of tensions across corporate America as companies scramble to navigate an administration that has upended traditional levers of influence and free market orthodoxy while triggering a record windfall for K Street, Washington’s lobbying corridor.

“This president has decidedly chosen to bring insurance and pharmaceutical industries to the table, to make them do things they don’t want to do. That’s a really different world,” said Peggy Tighe, a former insurance representative who now lobbies for providers and patient groups at Powers Law.

Two roads diverged

Players across the health care system have poured record amounts of money into Washington this year as Republicans cut into health programs to finance tax cuts, immigration enforcement, and defense. Spending by AHIP in the first nine months of the year is more than \$13 million, already topping totals for all of 2023 and last year, while year-to-date spending at the Pharmaceutical Research and Manufacturers of America, the brand name drug lobby, is near \$30 million, exceeding annual totals for nearly every year in the past decade.

Individual companies have also ramped up activity. UnitedHealth spent \$9.2 million so far this year, exceeding the annual totals of any year in at least a decade, and Elevance spent \$2 million on lobbying in the third quarter, its highest for the period in four years. Spending from July to September from drugmakers Amgen, Gilead, Johnson and Johnson, and Regeneron, meanwhile, was the highest on record for the period.

Insurance lobbyists said they spent much of the year discussing with Congress and the White House the impact of nearly \$1 trillion in Medicaid cuts in the GOP’s [One Big Beautiful Bill Act](#). Signed into law in July, it’s expected to leave 10 million Americans uninsured as the cuts take effect over the coming years. AHIP has hired three outside lobbying firms this year and expanded its roster of lobbyists by 11 percent, according to data from OpenSecrets, a group that tracks money in politics. Keep Americans Covered, which includes AHIP, the American Medical Association, a doctors’ lobby, and AARP, which advocates for seniors, launched a seven-figure ad campaign this year to pressure Congress to extend the tax credits.

“[Insurers] have a challenging environment because Trump’s trying to take all the power. There’s a bunch of money being removed from the system, and they don’t have as many solid friends as they once had,” said a lobbyist representing insurance companies granted anonymity to discuss strategy.

Last weekend, Trump blasted insurers, calling on Senate Republicans to send money directly to Americans to purchase coverage, a plan that [could severely undermine](#) Obamacare. “Take from the BIG, BAD Insurance Companies, give it to the people, and terminate, per Dollar spent, the worst Healthcare anywhere in the World, ObamaCare,” he wrote on Truth Social.

For K Street, the post signalled that the president’s scrutiny is moving from drugmakers to insurers, with affordability expected to be front and center in next year’s midterm elections.

“The pharmaceutical industry has been under a microscope in terms of the pricing issue...The scrutiny is now going to shift to [insurers],” said Karina Lynch, chair of the lobbying practice at DLA Piper, a law and lobbying firm that represents pharmaceutical companies and PhRMA. Lynch previously worked for Maine Republican Susan Collins, who is now Senate Appropriations chair.

The White House has repeatedly threatened tariffs on drugs and demanded pharmaceutical manufacturers implement “most favored nation pricing,” to bring U.S. prices in line with those paid in other wealthy nations.

Compared to insurers, drugmakers have been less outspoken, choosing to have executives deal directly with the president. Earlier this month, Trump announced deals with Eli Lilly and Novo Nordisk to reduce the price of obesity drugs, following similar deals with Pfizer, AstraZeneca, and EMD Serono for tariff exemptions. Industry observers have said the deals are unlikely to have a significant impact on drug prices.

“Pharmaceutical companies have had a few significant wins, and those that have been able to get in with the administration, be on their good side, have benefited from that,” said Ariel Gonzalez, a lobbyist at Vogel Group. “Corporate America should definitely take note.”

Chanse Jones, a spokesperson for PhRMA, said the deals were made independently by companies and highlighted the manufacturing and research and development investments of the industry.

“Each company makes its own decisions on how they set prices or whether to enter into agreements with the administration,” said Jones. He added that the industry was spending half a trillion dollars on new manufacturing and R&D investments in the U.S. and that it would in January begin selling drugs on a direct-to-consumer website that’s expected to reduce prices.

It was always an uphill battle for insurers to convince Republicans to extend subsidies created by Democrats and that were at the center of Democrats' demands in the shutdown fight, say lobbyists. "You're going uphill against a party and a president that doesn't look at the ACA favorably and certainly doesn't look at changes that were made by Democrats and Biden favorably," said one insurance lobbyist granted anonymity to speak candidly.

President Joe Biden and a Democratic Congress boosted the original Affordable Care Act subsidies in [a 2021 pandemic relief law](#), then extended those enhanced subsidies through 2025 in the [Inflation Reduction Act](#) of 2022. The enhanced subsidies offered subsidies for the first time to people earning more than 400 percent of the poverty level, capping their premiums at no more than 8.5 percent of their annual incomes.

If Congress doesn't act, the subsidy levels will revert in January to the Obamacare levels set when the law was enacted in 2010. A KFF analysis found that insurers have raised premiums by 26 percent on average on the ACA marketplaces for 2026.

Insurance lobbyists argue their efforts have had an effect. Initial proposed cuts to Medicaid were twice as high as what was signed into law, they point out, adding that they have made inroads with some Republicans [who have said](#) they favor extending the enhanced Obamacare subsidies in some form. The Trump administration also increased payments to insurers who offer Medicare Advantage plans at a more generous rate than Biden had. AHIP helped organize a voluntary deal with the administration in June where insurers agreed to reduce the number of medical services they require doctors to seek their pre-approval for.

"The challenges and pressures that exist across coverage markets really highlight the importance of engaging with policymakers consistently," said AHIP's Bond. "Our disciplined, data-driven approach and focus on consumer impacts have helped us navigate the current political environment to move the ball forward on a number of priorities."

Dean Rosen, who represents insurers and providers at Mehlman Consulting, agreed. "If you're not engaged, you're really in trouble. There are no 100 percent wins," he said. Drugmakers have not been left entirely unscathed. Earlier this year Kennedy fired all 17 members of the Centers for Disease Control and Prevention's panel of vaccine advisers and has weakened Covid-19 vaccination guidance. It came at a time when uptake of vaccines [was already declining](#). In September, Trump and Kennedy discouraged the use of Tylenol by pregnant women and young children, linking the drug to autism. The company that makes the pain reliever, Kenvue, said that was [not the case](#).

Trump's latest show of cordiality toward drugmakers could also vanish overnight. "Rarely a day goes by where there isn't something fairly meaningful that the biopharma industry is having to deal with," said a pharmaceutical lobbyist granted anonymity to speak candidly.

A cloudy future

The uncertainty facing insurers raises bigger questions about Trump's economy and the stability of the health care system. Despite their reputation as stable investments, major insurers, including UnitedHealth, Molina, and Centene, have slashed their profit outlooks this year, as a result of increasing cost pressures from Obamacare and Medicaid plans, an economic picture that is only expected to worsen in the face of expiring enhanced subsidies and Medicaid cuts.

"We're certainly at the most tumultuous time for health insurers that we've been in the past decade...If you're an investor, you're saying, 'Hey, let me go somewhere else. I have no conviction here,'" said Gottlieb.

Ten million Americans are expected to become uninsured from the GOP's cuts to Medicaid over the next decade. The Congressional Budget Office reckons that 4 million Americans will lose coverage if the enhanced Obamacare subsidies expire. Young healthy people are most likely to become uninsured, resulting in a sicker, more expensive pool of enrollees and forcing insurers to raise premiums across plans to cover the cost.

The looming fiscal hit comes as insurers are expected to face greater scrutiny next year as Trump and Republicans in Congress face mounting pressure to defend their record on the cost of living. "As more and more people are concerned about the affordability of health care, that's going to create a real political headwind for insurance companies," said Burks.

Insurers and their lobbyists say they are doubling down on their lobbying push. House Democrats have proposed a three-year extension of the enhanced Obamacare subsidies, and a number of Republicans have supported prolonging the tax credits, giving insurers hope for a compromise.

"AHIP has made significant investments in lobbying and advocacy to support affordability and stability for Americans across coverage markets, and we will continue to use every tool at our disposal to advance those affordability and stability priorities through the end of the year and throughout 2026," said AHIP's Bond. Any wins will likely require the support of Trump.

"All that uncertainty and all that chaos leads to more power centralized up to the administration," said Tighe. "The bigger question is: Does Congress matter as much anymore? And that's a big question of democracy."