POLICY INITIATIVES OF PRESIDENT TRUMP'S CABINET:

A PERSPECTIVE ON HEALTHCARE

Volume 2 / March, 2018

The Dilenschneider Group
The Chrysler Building • 405 Lexington Avenue, 57th Floor • New York, N.Y. 10174
Telephone: (212) 922-0900
Website: www.dilenschneidergroup.com

The Trump Administration is now in its second year in office, and extensive work is being done in each of the major agencies. Every month for your background information, we will issue a special report on one of them. Here is the second report, on the Health and Human Services Department.

President Trump sets the rules for his administration and has a hand in all department operations and policies. The Department of Health and Human Services is no exception. The HHS secretary is expected to be a senior executive, but one who adheres to the President's priorities. This responsibility now falls to Secretary Alex Azar, the successor to former Rep.Tom Price, who was forced to resign after revelations that he had billed taxpayers for expensive charter flights instead of flying commercially.

Much of America's healthcare system is fragmented. Healthcare providers, insurance companies, drug and medical device manufacturers, state, county and local agencies, for-profit companies, nonprofit organizations – they all have roles and they all exert influence. As was the case with all his predecessors, President Trump's power to change or even influence the system is limited. His negative powers – his ability to block things – are far greater than his powers to make positive changes.

What lies ahead for the department in 2018?

Parts of the Affordable Care Act have already been eliminated on the grounds they were unproductive or counter-productive. The jury is still out on whether that will prove to be the case. In any event, having been burned in 2017 by the failure to achieve total repeal, President Trump is unlikely to spend more political capital in 2018 on another such effort. And with Congress in a state of near-paralysis, the President may have to try to accomplish his healthcare goals through state, county and local governments, as well as various public and private organizations.

There are no easy battles in this field.

Rising healthcare costs (the highest per person in the industrialized world) are now a major national issue.

More ominous, the high costs yield no better results for patients, and sometimes worse outcomes, than less expensive care in other countries. For example, hospital-acquired pneumonia in the U.S. is steadily rising; as many as one out of five of those patients dies. This and other so-called iatrogenic disorders caused by drug-resistant bacteria make today's U.S. hospitals some of the most hazardous places in America for patients and their families, visitors and healthcare providers.

Determined to lessen the federal government's role in key parts of the system, regulators are moving ahead with plans to reshape healthcare in ways that may surprise millions of Americans. There have already been widespread changes that affect Medicaid and Medicare patients and their caregivers, including hospitals and clinics. Insurance companies are impacted too.

A number of regulations that affect health and safety have been changed or eliminated. For example, a rule to keep railroad engineers and long-distance truck drivers from falling asleep because of untreated sleep apnea has been withdrawn. The Labor Department is no longer required to post press releases about deaths from unsafe working conditions. Rules to reduce sickness from inhaling silica and beryllium dust at work have been delayed. Fatality inspection data are no longer available on government websites.

This winter's influenza outbreak has turned attention again to the importance of federal agencies in battling such epidemics, in particular HHS, the Centers for Disease Control, the Food and Drug Administration and the Center for Medicare and Medicaid.

Despite the vital nature of what the CDC does, its budgets have been cut. The agency will discontinue epidemic prevention work in 39 of 49 countries and it will not be able to deal adequately with any new outbreaks of such horrific diseases as Ebola and the Zika virus. A former chief of the CDC said the Agency's forced decision to cut 80 percent of its prevention activities abroad would "significantly increase the chance an epidemic will spread without our knowledge and endanger lives in our country and around the world."

Money is also an issue for the Public Health Service whose doctors, druggists and dentists are not getting their full pay because of a payroll snafu. Months after Hurricanes Irma, Maria and Harvey, some of the medical personnel dispatched to the disaster areas have not been paid.

The budget at the National Institutes of Health, which funds drug, biologic and device innovations for healthcare, has been cut by $6 billion, or 20 percent. Scientists say this all but guarantees the continuation of the past decade's policies where only "safe" or "sure-thing" projects were funded. The White House is encouraging private firms to tackle these issues.

The proposed 2018-19 budget would cut funding for Medicare and Medicaid, and would change Medicaid from an entitlement program in which the federal government pays states a portion of the health costs. Instead, Washington would cap payments to states while freeing them from most federal rules and requirements. States are being encouraged to require able-bodied Medicaid recipients to work or do community service, if they are not already doing so.

With all this, do note that the President's budget increases funding for HHS to help conduct a "war" on the opioid crisis.

It should be pointed out that because Congress just approved a two-year spending deal, most of President Trump's budget proposals are unlikely to become law. Bringing about the changes he seeks will require creative actions by the President and his administration.

A contribution to this Special Report comes from our Senior Consultant John Norris, former Deputy Commissioner of the FDA.