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Quick Pulse

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WHO IS HEALTH AND HUMAN SERVICES (HHS) NOMINEE MICHAEL LEAVITT?

The nomination of EPA Administrator Michael O. Leavitt was a surprise to many. However, Leavitt is considered a rising star in the Bush administration; he is likeable, fits in well, and is a good administrator. He had been suggested by some as a possible replacement for Homeland Security chief Tom Ridge.

President Bush chose to pass over potential candidates with extensive healthcare experience in favor of someone with zero healthcare experience. In fact, there is almost nothing that Leavitt has said on the record about healthcare.

On the other hand, Leavitt is a tried-and-true Bush follower, a manager who has shown he can handle controversial topics, keep them out of the limelight, and not embarrass the President. It appears that President Bush doesn't want an HHS Secretary to set policy but one who can, perhaps, put a better face on the big picture of Medicare reform, the new Medicare drug benefit, and the FDA.

This suggests that Leavitt will strongly support McClellan at CMS, help the President with his efforts to reform Medicare and Medicaid and privatize social security, and encourage private coverage of uninsured Americans. It is unlikely that he will institute major changes on his own, and issues like the safety of AstraZeneca's Crestor (rosuvastatin) are almost certainly not on his radar screen, though quieting Congress about the FDA and Merck's Vioxx (rofecoxib) may be.

The HHS Secretary oversees Medicare and Medicaid, the mammoth government health programs for the elderly, poor, and disabled, as well as the FDA, the Centers for Disease Control and Prevention, the National Institutes of Health (NIH), and the Indian Health Service. The agency has a budget of more than \$500 billion and 67,000 employees.

Leavitt has little experience in the healthcare arena, in contrast to those named as possible replacements for outgoing HHS Secretary Tommy Thompson, including CMS administrator Mark McClellan, HHS Deputy Secretary Claude Allen, CDC director Julie Gerberding, and NIH director Elias Zerhouni.

Current speculation is that President Bush wants McClellan to wait until the new Medicare prescription drug benefit takes effect in 2006 before moving to another position. A White House reporter said, "McClellan is still young and is doing a good job right now." A congressional source said, "Most people thought that McClellan was a shoe-in, but there is legitimacy to the point that he's running CMS at a time that it is absolutely fundamental that he get things as right as

possible. People are already not going to get what they expect, and this benefit, if it gets screwed up, well there could be a chance for real chaos there. On a personal level, I wonder if McClellan might be too moderate for them, too...Leavitt is big into marriage promotion, and given that Bush has always had this more social push – more ideological push on fatherhood and abstinence and marriage – he would be a good choice. And here, again, McClellan, as a doctor, would have more difficulty advocating what Bush wants with a straight face.”

In announcing Leavitt’s nomination on Monday, December 13, 2004, President Bush said this about Leavitt: “When confirmed by the Senate, Mike Leavitt will be charged with a broad agenda for the health and safety of the American people. In this new term, we will implement the first-ever prescription drug benefit for seniors under Medicare. We will expand federal cooperation with faith-based groups that provide essential services, such as counseling and treatment for addictions. We will continue pursuing the great promise of medical research, always ensuring that the work is carried out with vigor and moral integrity. We will not relent in our efforts to protect the American people from disease, and the use of disease as a weapon against us.”

Leavitt, in his remarks in the White House Oval Office following the President’s announcement of his nomination, said, “I look forward...to the implementation of the Medicare prescription drug program in 2006, medical liability reform, and finding ways to reduce the cost of healthcare. I am persuaded that we can use technology and innovation to meet our most noble aspirations and not compromise our other values that we hold so dear.”

Reaction to the Nomination

Among the comments sources made shortly after Leavitt was nominated were:

- *Democratic congressional aide*: “He’s not someone we have a lot of experience with. I think he is an advocate of block-granting Medicaid, which is something people would be very concerned about. Aside from that, we just don’t know that much about him.”
- *Reporter*: “They (the Bush administration) figure he’s a good guy. They like him. He’s a rising star and a good manager.”
- *Congressional chief of staff*: “We were having the same discussion – who is this guy?”
- *Congressional aide*: “If I step back and say ‘Why?’ a few things jump to my mind. One thing is that, clearly, Bush wants to be careful about whom he appoints (in light of the negative publicity surrounding Bernard Kerik’s withdrawal of his nomination to be Homeland Security chief, citing immigration problems with a family housekeeper), and Leavitt is pretty easy; he’s already been vetted...Another thing is that they’re bringing in a

guy from the EPA. Does this mean that Bush means the EPA to be more focused on the bioterrorism thing, since they really don’t have much of a healthcare agenda aside from implementing MMA (Medicare Modernization Act) and destroying Medicaid? My hunch (re: Medicaid) is that Utah would be happy with a block-grant. I don’t know that, but my sense is that Utah likes to do things its own way, and maybe they have waivers that approximate something like the block-grant idea. That’s just my intuition.”

Leavitt Background

Leavitt, 53, has a bachelor’s degree in economics and business from Southern Utah University. He is considered to be a Bush loyalist who has favored business over the environment in his short time at the EPA. He is likeable and articulate. He is a devout Mormon (and father of five) from Utah, where he won three gubernatorial elections and served as governor for 11 years (1992-2003). He is a former chairman of the National Governors Association, the Western Governors Association, the Republican Governors Association, and the Council of State Governments.

Before he became governor of Utah, Leavitt was president and CEO of the Leavitt Group, a large regional insurance firm with ~34 offices in Utah and other Western states that was founded by his father, Dixie Leavitt, who also was a Republican state senator for a time but was defeated in his gubernatorial election. His father’s cousin, Myron Leavitt, is a state Supreme Court justice.

Michael Leavitt served as an outside director of PacifiCorp, Utah Power and Light Company, and Great Western Thrift and Loan. He also was a member of the Utah State Board of Regents, overseeing the state’s nine colleges and universities. He is a founder of Western Governors University and creator of the Enlibra environmental management philosophy that was adopted by the National Governors Association. Enlibra means “moving toward balance.”

More Comments about and by Leavitt

In the past President Bush has described Leavitt as:

- “An exceptional leader who shares my commitment to reaching out across partisan lines to get things done.”
- “(Someone who) leads by consensus and focuses on results, instead of process.”

Six times during Leavitt’s tenure as governor, independent public policy analysts ranked Utah among the best-managed states in the nation. Leavitt is known for emphasizing collaboration over confrontation. He has no known position on abortion, but he has supported:

- More federal funding for rural health services. (2000)

- No federal pre-emption of employee health plan regulation. (2001)
- More federal funding for rural health services. (2001)
- Protecting state tobacco settlement funds from federal seizure. (1999)

In 2000, the website Issues2000.org claimed Leavitt's healthcare policy was simply to adopt the National Governors Association position paper, which emphasized at that time:

- Reducing the number of Americans without health insurance by making it more affordable and warned that "any action taken at the federal level could have serious implications for traditional state authority to regulate the health insurance industry and protect consumers."
- Concern that complete federal pre-emption of state laws relating to employee health plans in ERISA (Employment Retirement Income Security Act) are a barrier to many state reform and patient-protection initiatives.
- The importance of efforts to enable small employers to join together to participate more effectively in the health insurance market, while opposing attempts to expand federal authority under ERISA.
- Leaving the primary responsibility for health insurance regulation to the states.

In a Utah government biography, Leavitt claimed that during his term, "Healthcare is more affordable, and 400,000 more Utahns now have health insurance." The U.S. embassy website in Sweden has a bio of Leavitt that claims he was "a national leader on homeland security, welfare reform, and environmental management."

Past Leavitt quotes that also may shed some light on his approach/attitude to government in general and healthcare in particular include:

- "The federal government has become too powerful, too prescriptive, and too pervasive" and "balance will only be restored if (states) figuratively gather at the main valve and collectively compete with the federal government." (Western Governors Association, June 1994)
- "We're not asking (the federal government) to solve all of our problems with new money. We're asking (them) to not get in our way." (Following a meeting between governors and Senate leadership in 2003)
- National Public Radio (NPR) interviewed Leavitt and others in 1995 about Medicaid. The reporter said, "Poor elderly people needing nursing home care is going through the roof. Right now, they take up one-quarter of the entire Medicaid budget. Some say those two priorities, the growing need for care and the growing costs, are on a collision course, among them, Gov. Mike Leavitt of Utah." Leavitt himself added, "In 25 years, if something isn't done to change the nature of this program, every

dollar in the national budget will be devoted to Medicaid. It's growing that rapidly...The program is out of control. It isn't working."

- Asked once how he would like history to remember his gubernatorial years, he replied, "I'd like them to say Mike Leavitt was the governor that led us through a period of unparalleled growth and managed our obligation as a generation. That he helped us transition to the Information Age, and that our schools were better as a result. I'd like them to say that he oversaw a fundamental change in our philosophy regarding how we help people – that we began once again to help them as opposed to maintaining them. And, most of all, that during the time he served, there was never a question that he was looking after our best interest."
- At a healthcare IT conference in 2002, he said he expects health care IT to play a major role in creating rural jobs. (Note: Utah is home to 3M Health Information Services, Ingenix, and several major healthcare IT vendors, including McKesson, MedQuist, and Siemens Medical Solutions, which all have a sizable presence there.)

Comments Leavitt made at his 2003 EPA confirmation hearing include:

- "I view myself as a problem-solver by nature...The solutions to those problems are found in the productive middle; rarely are they found at the extremes."
- "When I met with my cabinet members, I told them that this is the way I defined loyalty. First, I expect them to run the department over which they have been appointed. Ninety-nine percent of the things that come through that department I, as governor, will never see. And I expect them to keep the law, and I expect them to do all they can to manage the department according to the policies that I have laid out. Second, I expect them to be wise enough to know when a matter needs to be elevated, when it begins to reflect on other parts of society other than the jurisdiction that they immediately have. Third, when those are elevated, I expect them to tell me exactly the way they feel; sometimes publicly, other times privately. And, last, I expect them to understand that I am the one who was elected as governor, and there are times when those decisions have to be made by me. And I expect that is precisely the same relationship I will have with the President of the United States."
- "Many years of dealing with complex, large-scale environmental problems has crystallized in me a philosophy. One of the tenets of that philosophy is science for facts, process for priorities."

At that EPA confirmation hearing, Utah Senator Robert Bennett said: "He is innovative. He is willing to try new things. He is willing to think new thoughts. He is not tied

down to the way things have been done in the past...(He) is a visionary who is tremendously tenacious and who is innovative.”

A Utah government website points to these healthcare/social services accomplishments during Leavitt’s tenure as governor of Utah:

- “Continued significant reform of the child welfare system to protect children from abuse and neglect.”
- “Consolidated the state’s employment and temporary public assistance services into a new Department of Workforce Services. The department eliminates welfare as we know it. Clients are provided educational opportunities, job training, child care, and other tools to help them find jobs and become self sufficient.”
- “Funded increases in children’s mental health, treatment for youth and adult substance abusers, and 3% provider increases for local authorities of mental health, substance abuse, and aging services, as well as community providers of services for people with disabilities.”
- “Moved healthcare reform forward by expanding open enrollment to individuals and small groups that previously had difficulty getting access to healthcare.”
- “Infused \$5 million into the Health Insurance Pool, funding Area Health Education Centers (AHEC).”
- “Established the Medical Education Council, which allows Utah to capture federal graduate education dollars and to guide the mix of physicians in the market.”
- “Funded growth in the Early Intervention Baby Watch program, providing services to an additional 500 disabled infants and toddlers.”

Leavitt’s record of ignoring science that does not support his political positions, lax enforcement of environmental regulations, and secret negotiations to undermine environmental protections.”



Supporters/Detractors

Organizations applauding Leavitt’s nomination include:

- **American’s Health Insurance Plans**, which said, “As a former governor, he understands the challenges facing the healthcare system, including rising healthcare costs, declining access and uncertain quality. As governor, Leavitt promoted innovative public-private programs and health insurance plans look forward to working with him as HHS Secretary on similar efforts at the national level.”
- **National Food Processors Association**
- **Federation of American Hospitals**, a Washington DC-based health policy advocacy group dedicated to market-driven philosophy.

Critics abound on his environmental positions and actions, but no one has yet spoken out against his nomination to be Secretary of HHS. And he has no real record on healthcare to praise or criticize. However, in 2003 a group called Population Connection had these interesting comments about Leavitt: “Environmentalists have expressed concerns about