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Health Reform: Where Do Conservatives Go From Here?

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FEATURING:
Richard Berke
Lanhee Chen
Cindy Gillespie

Richard Berke: Great. Thanks everyone for coming. I think we're gonna have a great panel. We have two panelists who've known each other for years, but this is their debut together on stage, right? As far as you know.

Lonnie Chen: I think so.

Richard Berke: So we'll try to make is a memorable experience. Before I introduce them, I think we know the state of the Affordable Care Act has been, was sort of a burning issue earlier. It's subsided now, but it's getting hot again right now and this is a really timely moment because just this week there was a new effort to repeal the Act that was proposed by a conservative group. I want to ask you all about what you think of that and if that's gonna go anywhere. And obviously we have the mid-terms coming up and this could all play out there too. So I want to, we have much to discuss and I can't think of two more authoritative people to talk about the politics both in the country and the states of conservatives and healthcare and where that legislation is going.

We have Cindy Gillespie, the Director of the Department of Human Services for the state of Arkansas. She was appointed by the Governor March, 2016. She oversees Medicaid, Child Welfare, Juvenile Justice and other programs that support the state's most vulnerable populations. Cindy also was advisor to former Governor, Massachusetts Governor Mitt Romney on health policy and federal programs and you served in senior management, which is interesting for both the Salt Lake and the Atlanta Summer Olympics.

And Lonnie Chen is a research fellow at the Hoover Institution and a Domestic Policy Studies Director at Stanford University. He also a connection to Mitt Romney, in fact you spent more time with Mitt Romney, I think. And we'll have to have a little Romney sidebar before this hour is out about where he's going now. You were Chief Policy Advisor to his 2012 bid for the presidency, Senior Advisor to Marco Rubio's 2016 presidential campaign and a Senior Appointee at HHS during the George W. Bush administration.

So let's get right to it and if you could start, just sort of give us the lay of the land of where things stand right now with repeal, not repeal. Just the national picture.

Lonnie Chen: Sure. So it's great to be here with Cindy. Last year when I was here I was on stage with Andy Slavitt. And I think I agree much more that we agree than Andy and I agreed on, but anyway that was a lot of fun.

I'll just offer a couple observations about where I think we are. First of all, if you look at all the polling leading into this election the thing that I find most striking is that healthcare remains the top issue or one of the top issues that voters are concerned about. Now they have very different sets of concerns, but healthcare

is up there. It's either number one or number two in most of the polls that I've seen.

For Democrats the concern really is around protection and preservation of the ACA. And for Republicans it's still is nine out of 10 voters want to see, nine out of 10 Republican voters want to see the ACA repealed and replaced. That continues to be the top priority. So when we talk about the dialogue around healthcare it's impossible to divorce the national conversation around healthcare from the politics of healthcare, which for Republicans still does remain very much sort of centered on this question of whether the ACA should continue and continue in it's current form.

So when people say, "Do you think that Republicans will make another go at the ACA?" I think that the politics suggest that they're gonna have to do something about it. Now whether that's a full fledged attempt in the Congress, we don't have a lot of time between now and the November elections. Or whether it's being out there messaging around the repeal of the individual mandate, which came as part of the tax bill that Donald Trump signed into law last year. That's a possibility as well. But they're gonna have to do something to satisfy the Republican electorates desire for activity on the ACA because the perception out there, and I think that there's some truth to this, is that Republicans tried to do this and they failed last year. And there's a deep disappointment and to a certain degree a hunger still for action amongst Republicans on healthcare. So that's sort of the first issue, the politics of it.

With respect to kind of where I think we're going in terms of actual changes because I don't necessarily think that there is a likely successful attempt in the near future, I do think a couple themes sort of come out of this. One is the Trump administration is going to try and do as much as they can via executive action. You've seen that with the promulgation of regulations around so called short term limited duration plans, which are somewhat controversial because they circumvent the ACA's requirements so a lot of the ACA is coverage requirements, but they would in theory offer more choice at lower cost to consumers who want it. The Trump administration has been very forward leaning there. They've started to try, I think, to do more with states, which I think Cindy will talk more about in terms of their goal there. So I think you're going to see more administrative action. I think you will see more litigation. And I think you've seen some of the impact of that this week with the Trump administration declining to defend the ACA in a lawsuit brought by several Democratic Attorneys General.

And then the last thing I'll just say is that I think that regardless of what happens legislatively, I think that there's gonna be so much going on behind the scenes administratively that's really where I would keep my eye. I wouldn't focus so much on the Congress because Congress doesn't get anything done anymore anyway. I really would focus on where the administration is focused and think about the impact that regulatory changes could have on the healthcare system. I think they'll be dramatic.

Richard Berke: So if you're establishing that Congress isn't gonna do anything, things will get done through executive action, what about the states? Is that the other way around Congress?

Cindy Gillespie: It's the other, it's the place that's got to live with what Washington's done. Right? So what's happening in the states is, first from the political side, remember that this year we have 36 governors up. All right? So we've got most of the governors in the country up for election. 26 of the are Republican states. And as Lonnie said, Obamacare, as it's called, remains incredibly unpopular in many of those states. So what you see playing out in those states is a reality whether they're expansion or non-expansion states, of states that their political climate is still dealing with the unpopularity and yet the cost and the expense long term of the Affordable Care Act.

So part of what you'll see playing out around this as they all are maneuvering their way through it, is in the states there's a lot more discussion now, as he said, about alright, that's Washington's to deal with. We'd like to see them deal with it, but in the mean time here, on the ground, we actually have to take care of our budgets. We have to take care of our healthcare system. We have to take care of all of our programs. So you see the states turning to a good bit of conversation around sustainability of our Medicaid programs. How to make those programs more sustainable in the long term. A very real cry for more and more flexibility which is what he was referring to out of Washington in order to make the program sustainable.

And a number of areas where, and we can talk about this in a minute, but a number of areas where the states are trying to figure out how to take not just Medicaid, but a lot of the other social programs and weave them together so that together they can actually make them more effective and work towards self-sufficiency. It's the other phrase you hear a lot in the states, sustainability and self sufficiency. How do we make these programs work, work so that they help people rise out of poverty and yet at the same time how do we make this sustainable because states do have to balance their budgets and make choices.

Richard Berke: This is all so intractable on the state level, on the federal level. Let me just ask you a hypothetical, each of you. If you were a king or queen of the country and could yourself design a system for this country that would best serve all Americans, and tell me three sentences or less, what would it be? Just your very basic overview starting with Lonnie.

Lonnie Chen: Don't start with me.

Richard Berke: If you could, forget the politics, what system should we have here?

Lonnie Chen: Look, I think that there are, there are many elements of the system that we have that are good. So the first thing I would say is that I would not, I'd want to make sure that you don't go in and reinvent the wheel. Okay? So, that's the first

sort of thing I would say. The second thing is the biggest challenge I think we have right now in healthcare is that the way that the system is set up to pay for care does not align well with the best way to provide care to insure good long term outcomes. So we've got to do better around, this is more than three sentences, but we've got to do better around aligning what we're trying to do to keep people healthy with how we pay for healthcare. And that's a payer, it's a payment problem. It's a payment system problem. But it's also a system architecture problem in terms of how we get care and the incentives we as patients and consumers have to acquire care.

So I think the biggest change I would make would be around better aligning payment for outcome.

Cindy Gillespie: And what I'd add to that is, because I agree with everything you said of course, but what I'd add to it is, you said, "How would you design it nationally?" I wouldn't. I mean that's, I think, the biggest difference. I think what we all struggle with, out in the states, is the idea that from a central command they can tell all the states how to do healthcare and do it best. It is so very local.

As you saw from my background, I worked in Utah, I worked in Massachusetts. I'm now in Arkansas. Not a lot of commonality about the healthcare system in Massachusetts that we worked with day to day there in Boston and with what I'm working with in rural Arkansas. We do not have the providers. We don't have the infrastructure. Two thirds of my citizens are obese. I mean it is, a food insecurity is rampant. All kinds of issues. Very different. That has to be recognized that there has to be the ability for each state to actually design it in a way that it serves their citizens and moves their citizens along a path.

Richard Berke: Pretty good even with, even six sentences maybe.

Cindy Gillespie: We tried.

Richard Berke: So the repeal efforts, it was such a spectacular failure. I mean-

Lonnie Chen: That's one way of describing it, yeah.

Richard Berke: I mean I don't know any other way.

Lonnie Chen: Correct.

Richard Berke: So Republicans even be talking about it this year, politically?

Lonnie Chen: They don't want to be. I think that it's fair to say that, you know, to the extent that, from the perspective of House and Senate leadership, and I don't come representing them but I can channel their shult pretty well and I would say that they would prefer not to be talking about this set of issues. In part because first of all they feel like they've been there and they've done that. But second of all, I

think they would much rather focus the conversation around the economy because that's where they perceive the strength going into the election to be.

That having been said, the reason that they would talk about it would be twofold. One is, if they don't have a choice because you know, Chuck Schumer has already said that if the Senate remains in session in August their gonna have a healthcare conversation. It's gonna be a different healthcare conversation one focused around Medicare buy in and around the need to look at rising premiums. They may not have a choice but have that conversation.

I think the second issue is the one that I alluded to earlier, which is that Republican voters are going to demand some kind of action or they're going to demand at least proof of a good attempt at having done something on the ACA.

So I think it won't be out of choice, but it is entirely possible that this conversation will happen again, particularly if they stay in, in August.

Richard Berke: But it's sort of, it's Republicans sort of on the defensive because Chuck Schumer and the others, the Democrats-

Lonnie Chen: Yeah, well yeah, I mean by, yeah. I think, look, if the Democrats decide that they perceive political advantage here, Republicans are gonna need to figure out how they're going to talk about all these things and whether in fact they want to go again with some full fledged effort to roll back the ACA. Now, you know, the challenge is this. In part their voters want them to do that, but Independent voters and Democrats don't. So are you willing to potentially compromise? The big question in this year's election is how do you, how do Republicans defend Congressional seats that Hillary Clinton won? There are 20 some odd seats where that's the case. And how do they potentially pick up Senate seats in states where there are a fair number of Independent voters?

And so there's this tense between meeting to satisfy a base interest in repealing the ACA with the need to market to Independent voters and that tension is really kind of at the center of what may or may not happen this August.

Richard Berke: Either in the states or nationally, how has the dynamic, the political dynamic changed since the repeal failure? I mean has it changed much? Or is it still sort of the same?

Cindy Gillespie: I mean on a state level in many places, as I said, their viewing it really as a Washington issue now. And the political dynamic has changed in the sense of the energy around it. It is not enough for someone running for office as Governor to just be supporting Washington hopefully doing a repeal. They have to be actually coming up with solutions and answers on the ground as to how they're gonna handle healthcare. It's become pragmatic around it from that standpoint.

Richard Berke: Are there states we should be watching where it's gonna be a particularly on the front burner?

Cindy Gillespie: There are several that are having more, I'm not into the politics of all the states so I hate to say that.

Richard Berke: Right, right.

Cindy Gillespie: But what you do see is you do see some of the states where it is rising more as an issue as they're merging along. I think you ... So I'm gonna shut up. How's that?

Lonnie Chen: So I think that to the extent, so we're into a period now where we are seeing rate filings for insurance plans as we look ahead to 2019. And I think as those rate filings come in what you're gonna see is a fair amount of diversity in terms of what rates are doing next year. I think in some cases you're gonna see significant increases. In some cases, not so significant increases. And a lot of it has to do with the modeling that payers in those states or insurers in those states did around, did they anticipate that the individual mandate was gonna be repealed? Did they anticipate that there would not be the cost sharing reductions in the ACA that this administration would not continue? And that will impact the rates.

That's all to say that I think in states where you're seeing a lot of activity around rising premiums, healthcare will be an issue. Healthcare reform will be an issue because the front page of those state and local regional papers is gonna be all about healthcare costs rising. And it's inevitable that candidates are gonna get pushed on this question of what is it that you plan to do to address this problem.

And to Cindy's point, I think if you're running for Governor the worst thing you can say is, "Well, we're gonna let the guys in Washington figure that one out."

Richard Berke: Right.

Lonnie Chen: You need to have your own solution for that.

Richard Berke: Right.

Lonnie Chen: And chances are you're messaging is going to be contrary to the messaging that might be coming out of Republicans from Washington. So that tension needs to be addressed.

Richard Berke: Go ahead, I'm sorry.

Cindy Gillespie: I was just gonna say and that's where you see more of the states start, I mean there's a lot more dialogue going on between the Republicans states and the

Trump administration around flexibility, around ways to use, whether it's 1115 waivers, 1332 waivers, combinations of the two for all the healthcare wants in the room, in order to be able to have our own solutions to address these issues. And to, as you said, use the administration's flexibility to help us.

Richard Berke: When you're sitting there in Arkansas watching what's happening, unfolding in Washington, what do you think about, what's the biggest thing you think about ... Don't they understand X that we're doing in the states? And what's the biggest thing that sort of gets to you about the lack of, sort of understanding?

Cindy Gillespie: It's simple. Don't they understand that coverage is not access? Okay? I, in Arkansas we have 92% of our citizens covered now. It doesn't mean they actually have access. We don't have, in the delta, the providers, the doctors, the nurses, the medical establishment, the behavioral health clinics. We just don't have it.

I was telling Lon here earlier today, one of the things that's most heartbreaking is, as you said I have Child Welfare and Juvenile Justice as part of my portfolio. If we, if a child is taken into foster care because the parent has a severe drug issues and the court orders drug rehab, it can be a six month wait for that parent to even start drug rehab. I mean that means that child is in a foster family home for a lot longer than they need to be because there's no access to service. They may well be, they'll have insurance. Even if they don't have insurance we'll be paying for it. It's access. That's what I would say to Washington if I could.

Richard Berke: Let me ask you about President Trump and your sense of his interest, passion, understanding of these issues. And where they are on his priority.

Lonnie Chen: I don't get the sense ... I think that a lot of people may say, "Well maybe he has a big interest in healthcare because that's where Republicans started." I don't think that's where he wanted to start. I don't think that's where his administration wanted to start. I think that, I think in terms of priorities I don't see healthcare being a significant priority particularly given where we stand now. I think the big priority is elsewhere.

Now that doesn't mean that the administration is not going to be doing a lot on healthcare. And this is part of the challenge is that so much of the, what the ACA set up is a structure that allows the federal bureaucracy, I don't mean that pejoratively, I mean literally the federal agencies responsible for healthcare. A tremendous amount of authority and discretion over the implementation of the ACA, but also the course of our healthcare system going forward.

So it would be a mistake to say just because we don't see Donald Trump talking about healthcare every day to mean that the administration is not going to be engaging in a lot of activity on healthcare. They are going to be. And that's

precisely why I think it's worth paying attention because there's a lot happening there that will impact peoples lives.

Richard Berke: What's your, I guess if we go a little deeper on this, it's not clear to me what his grasp is of these issues.

Lonnie Chen: I haven't spoken to the President on-

Richard Berke: Do you think he even understands these issues that you're laying out in a deep way?

Lonnie Chen: Yeah, that, I wouldn't characterize it that way. I mean I think he, I think, first of all, I think that there are a lot of different people in the administration who do know a lot about healthcare. And I think sincerely want to do what they believe is best within their ideological construct. I don't think that Donald Trump wakes up every day and thinks about risk pooling and essential health benefits and 1332 waivers.

Richard Berke: And the reason I'm asking is because Obama was into the weeds on some of this. And the President-

Lonnie Chen: They're a little different, the two of them.

Richard Berke: A little different, but I guess I'm asking you about presidential leadership and how much that plays in this.

Lonnie Chen: Well you look and I think it's, I think the proof is in the pudding, right, in the sense that the fact that President Obama probably was much more deeply entrenched in these issues allowed him to successful shepherd the ACA to passage. And on the flip side, I think the administration and Congress did not handle the effort to repeal and replace the ACA particularly well. And I think part of that is because of the fact that there wasn't as much leadership from the administration. Right?

Richard Berke: Right.

Lonnie Chen: In fact, we have a new HHS Secretary in part because, I mean their extracurricular reasons that I'm sure Dan Diamond can tell you all about, why we don't have the same HHS Secretary as when the administration began. But I think it's fair to say that there wasn't a ton of leadership in the right way coming from the administration for that to be a successful endeavor because you saw how difficult it was to get the ACA passed and that was with the full, you know, sort of effort of the administration, 100% into it. So I think you see the difference between the two efforts.

Richard Berke: And who should we be looking to in the administration now as the sort of weed person? Azar's, others, you know.

Lonnie Chen: Yeah, I mean, I've known Alex Azar for a long time. We worked together and I think that he has a very good grasp of these issues. I think he's got a deep understanding. And I think the most encouraging thing about Alex, in my mind, is, to go back to your question Rick, about what we would do to improve the healthcare system, a lot of it has to do with this orienting how we pay for care with what we're trying to get at in the healthcare system. I think Alex gets that. And I think a lot of the agency's activity is going to be oriented towards those kinds of questions, which is why I do think Alex is someone to keep an eye on. I think the Secretary is very thoughtful about these issues and so I think he'll be a leader. And I think the President actually trusts him. I mean if you look at their interaction, I think there's trust there, which from Alex's perspective is probably a good thing.

Cindy Gillespie: Now I want to give a shout out to Seema, Seema Verma the CMS Administrator. She is definitely in the weeds. She knows what she's doing. She knows what she's talking about. And for the states, we were really pleased. I was really pleased to see her get that position. She's worked in a number of the states. She understands, she understands the practical on the ground challenges and issues. So she's been really great for everyone to work with.

Richard Berke: Can you talk a little about that proposal from this week and whether we should take it seriously? And I think, that you had, Hoover had something, a symposium-

Lonnie Chen: Yeah, we hosted an event and I was involved in the sort of crafting of some of the policy. So the question after the spectacular failures, is that what you called it?

Richard Berke: Yeah. I mean does anyone disagree? I mean I'm not partisan.

Lonnie Chen: No, no. Look, I'm not disagreeing with the characterization.

So after that, there was sort of the question, okay, if Conservatives were going to think about healthcare reform, what would come next? And to sort of channel Cindy and the challenges that she has on a day to day basis, we sort of said okay, what could be done to empower the states and give them more responsibility to do things within the framework that we have? And so we got to thinking a little bit more about how would you flesh out a proposal similar to what Senators Graham and Cassidy did last year but really had a very compressed timeframe to do it on and so arguably were elements of that, that needed more thought.

So we have spent the last several months thinking about if you were to structure this sort of block grant proposal a little bit better how would you do that? And so we started from the premise of, okay, we want to make sure first of all that states have the ability to address the question of affordability because one of the challenges around the ACA is you have all of these streams of

financing, tax credits, subsidies, payments to insurers, that are designed to lower premiums for low income Americans, but does it in a somewhat opaque way.

So we said, what if we just turn that into one stream and allow the states to, let's say they want to do their own tax credits or they want to do some other kind of subsidy program, let the states figure out what that looks like. Combined with the challenge of how do you insure people who have pre-existing conditions, particularly those who are sick and frail, have access to affordable coverage. And the conservative view on this has always been, "Well, some form of direct subsidy to people who are higher risk, through the form of high risk pool or reinsurance, but executed at the state level."

So how do you design a block grant that really gives states the responsibility, but also the financing, the appropriate financing to get that done? And so really the proposal is a proposal that goes back to a first principle, from the way I view it as a Conservative, which is how do you design a federalist solution to healthcare? And that's really what the effort was. So we put together, not a fully fleshed out legislative vehicle, but really a set of policy recommendations about how do efficiently and effectively and smartly design a block grant so that it doesn't encumber states from doing what they need to do and funds it properly.

And that's really what the effort is. Whether it goes anywhere, you know, frankly I don't know whether it will. There's been some interest from Congress. There's been some interest from the administration, but by and large I would say they're viewing it with interest, but not strong interest at this point.

Richard Berke: Have you talked to your old boss, Marco Rubio, about it?

Lonnie Chen: Yeah. We've had, there've been conversations with a lot of Republicans including Senator Rubio and I think, I think that they all, again, they like the idea in principle. The question is then when you actually write the legislation you actually set out the rules. How do you set out rules that are guardrails without being overly prescriptive to the states? And I think that, that's, we're trying to be sensitive to the fact that Cindy's got to be the one who makes it work at the end of the day. And so we want to do it in a way that gives states that freedom and flexibility without sort of completely saying, "Do whatever you want." Because there need to be some guardrails there with it.

Richard Berke: Cindy, do you think it makes sense what ...

Cindy Gillespie: The overall concept?

Richard Berke: Right.

Cindy Gillespie: Yes. You know, part of what, and we've discussed this before, one of the things from the state perspective is as Washington looks to make changes to

healthcare, one of the things, honestly, one of the things we'd like most to see is a seat at the table around it.

Richard Berke: Mm-hmm (affirmative).

Cindy Gillespie: You know, to actually have that very pragmatic discussion. You remember years ago when they did welfare reform and Mike Leavitt at the time was a governor, and he organized a group of governors who worked very well with both the House and Senate to actually craft something that thought through all sides and not be in a situation where it was just, you know, here's what we think will work for you. There's no reason for there not to be that actual back and forth and real work.

The other sort of element as something moves forward is timing. The healthcare system in the country and in the states is a behemoth that is very hard to move quickly and make changes. We're still dicking out in the states from the abrupt, the entire world will change as of January 1, 2014. And when I say that I mean sincerely. In many of the states they are stilling digging out of backlogs and different issues, IT issues, you name it.

Transition has to happen in a logical way that allows it not to disrupt the system. But we all do want to see flexibility and transition. And just as a general statement, states live inside a fixed budget. It is not a foreign concept to us to figure out how to do that as long as we have appropriate growth rates and flexibility. So it doesn't scare a lot of us as much as it does people in D.C.

Richard Berke: Speaking of people in D.C., I said I would circle back to Mitt Romney, and I can't, given his leadership role earlier on, on healthcare and given that you both had worked for him over the years, first of all I'd love to hear what you have to say about sort of how the world has changed in terms of health policies since those earlier days. And also, if he gets elected as a Senator now from Utah, how might that, what might you see his leadership role on this issue? On these issues?

Lonnie Chen: Well, Cindy can talk about the effort in Massachusetts because she was instrumental in that, but I think there's a couple of things. First of all, he, you know, I think he understands healthcare in a way that very few people do in the public space. I think what he did in Massachusetts was a tremendous accomplishment and I think that if you look at how the world changed ... You know, I think back to the 2012 campaign, which was a remarkable experience in a lot of ways, but what was really remarkable for me was the degree to which the Republican electorate was hostile to what Governor Romney did in Massachusetts. And having to defend against all of these crazy attacks, many of which were rather unreasonable I think, that was a big difference, I think, in the sense that I think that the electorate in 2002 probably would have viewed it very differently than the electorate in 2012.

And this is part of a larger conversation around what's happening with the Republican Party that we don't have time for now, but my sense is that there were significant changes. But with respect to Governor Romney, I think he'll want to have a leadership role in a lot of different issues. And healthcare is an issue where I hope he does apply his insight and his experience because I think he would be tremendous in leading us to a civil conversation around what are the things we can agree on when it comes to where the healthcare system is headed. There's a lot of things we're not going to agree on, but in healthcare I think there are a number of things we can agree.

Richard Berke: What does he know, Cindy, that maybe other Republicans, governors, don't know or don't have the authority to push or talk about?

Cindy Gillespie: When we were working on healthcare reform back, you know, way back then, right, in his background, part of his background had been at Bain to actually do healthcare consulting. So he had worked in the system, right? And had actually had an understanding of it. And so coming in very quickly he was, he was able to, in the way that he does, dissect what was happening and basically create a simple structure and say, "Why can't we put this together?"

In Massachusetts at that time it was something that both sides of the aisle agreed on. There is, there was a desire to do this. So we were able to put it in place. At the time, I think to me this was very important, at the time what we thought was we would do this in Massachusetts and other states would take a look and go, "Okay, let me figure out my path to moving towards having most of my citizens covered." Right? And then it would become something that other states would look at as a model and then tweak to do what worked for them over the course of the next several years. So we thought we would be leading the way. What we never thought was, what would happen if the federal government would come in and say, "That's a nice model. Let me change it around and impose it." It was, in the period before that happened I was working in a number of states that were really, and Republican states, that were genuinely trying to figure out whether or not there was a model that would work for them. That ended when the federal government said, "We will tell you how to do it." And it was that anger started out of that federal takeover of something that until then had really been a state purview.

Richard Berke: Let's move on to the Q & A. And please, when we call on you please identify yourself and say and where you're from. Yes sir.

Benton C.: My name is Benton Cassman and I'm from Texas and something that hadn't really been touched, it's been alluded to a little bit. It was a publication 502 from the IRS. That's the deduction on your medical expenses exceed like 7.5% of your income. Usually they get it, you know, passed pretty late in the Fall, you know, 'cause it's a matter of being able to get health, you know, healthcare and I'm just wondering, if y'all think it's something that's gonna be, you know, continued to be passed underneath, with Trump in the office.

Lonnie Chen: Yeah, I mean so every year at the end of the year Congress passes a nice little Christmas tree full of different things with many different things hanging on it I should say. And so, one of the questions is whether they're gonna revisit elements of the tax reform bill this year. And there were some changes made in the tax reform bill to the treatment of, essentially deductions above a certain percentage of adjusted gross income for medical expenses and my sense is that, that's one of those issues that they could take a look at this year or they could take a look at it next year. In terms of whether it's a priority or not, I don't know. I haven't heard a lot of people talking about it, but I do know it affects some Americans very, very squarely and whenever that happens, when you have a very specific constituency that's impacted by a policy change that usually does create some motivation for Congress to act. So we'll see what they'll do at the end of the year. There's a number of things they've got to address by December 31st and that could be one of them.

Richard Berke: Yes.

Speaker 5: So one of the things that I'm most confused about when thinking about moving to an outcomes based healthcare system is why we don't shift to also talking about savings in terms of better outcomes rather than just keeping the rhetoric going around healthcare savings cost because there's even two recent articles in the Journal of Health Affairs that show that if we would start to think about years of life not lost or increased work productivity, we are saving money in the long run.

Cindy Gillespie: I think we're in agreement. I mean, outcomes, we are ... I know a number of by colleagues like I am, are trying to figure out how we begin to shift some of our programs to where we do focus more on those outcomes. We have a challenge with our, we have a challenge with the way states budget, if that's partly what you're getting at, which is the annual budgeting process. We're finding that ... We're doing an interesting, an interesting approach to something in Arkansas and if this works I think it will open a door for us to do more, which is we actually, our legislature and our Governor created a Healthcare Task Force to take a look at our special need populations. And then design a way to begin to shift those programs, right? So we worked. We came up with some changes to the different programs, how we were going to do it. And all of it wound up with a statement at the end that over five years if we made those shifts and changes we would reduce, we would reduce the growth in those programs by $875 million dollars. Right?

So then we proposed, and the legislature passed, a law that said that we would report from my agency quarterly on where we were in achieving those. So we produced a scorecard every quarter and that scorecard tracks against every line item that is against those different population activities. We are at this stage exceeding where we should have been on trend. We're all very, very happy about that, but by doing a five year plan, which of course as you said a lot of stuff is really way out in the future, but at least by doing five years we set in place the understanding that the savings would show up in year four on this,

year five on that, year one on this, and so far we're tracking along. That is helping us have the dialogue now about things that may take a longer period of time. But it's giving it the actual visibility that is does work.

So, I think we have a long way to go because we all have to work against the annual budgets, but it's something to work on.

Richard Berke: Okay. Right, right ... Yup. And then we'll go.

Sevel B.: Hi, Sevel Byorkland, Georgetown University. I'm curious to hear what both of you would say, Lonnie obviously more at the federal level with who you've been advising informally or formally through the years and talking to. And Cindy more at the state level about conversations on the Republican side or among Conservatives circles on social determinance of health and how that relates to what people are presenting with, what their outcomes are, how you treat it along the way and the interaction with all of that.

Lonnie Chen: Yeah, so I would, at the federal level, my sense is that this conversation is very much in it's infancy, but that there is a huge opportunity. I mean, I certainly am a big believer in understanding where our healthcare costs are coming from. And you cannot understand where they're coming from without looking downstream at some of these questions around housing and education, transportation, infrastructure that lead people to less healthy lifestyles. And so I think there's a growing acceptance of the importance of considering those issues, but I will say that I think there is some proportion or some part of the party or some number of policy makers who are not convinced that ... The best way I can describe it is that they should be spending healthcare dollars on non-healthcare issues and convincing them that these are all healthcare issues and these are all crucially important to the health of our citizenry going forward, I think is a very, very important task.

And it's one that I take seriously because I think that we need to have a serious conversation about some of these factors that impact health if we're going to get serious about improving health earlier. And ultimately saving money, right, because if we could do more earlier and intervene at a place where you're not talking about treatment in an emergency room or an acute care facility, which is tremendously expensive, then I think we've done everyone a service. So I think we're very early on in that discussion, but I'm hopeful.

Cindy Gillespie: I was just gonna say I agree with Lonnie. On the state level, I never get together with my counterparts that it's not part of the discussion. Everyone's trying to figure out how to begin to, how to begin to encourage or in some cases, require, more of a consideration of all of the other factors that affect someone's health. One of the things we're doing on a very practical level is trying to figure out how to align where there are other federal programs and state programs where there is money because we also have real silos across the states that comes partly from the way that the federal programs come down. And so how do we actually do ... We do a lot in my agency to figure out how do we encourage

individuals that are on our programs to take advantage of the other services that are there and how do we begin to put in place someone who can help them figure out how to move towards self sufficiency by properly using those. So we're trying out a couple different pilots. At the end of the day, our program we have on work requirements and community engagement is largely around pushing those individuals towards education, job training, a lot of the Taniff services, that they're just not taking up.

Richard Berke: Let's squeeze in a couple more. Right over there.

Bob Rosenfeld: Thank you. My name is Bob Rosenfeld and I say this hesitatingly, but I'm from San Francisco. So that's probably all I need to say to reveal myself as a bit of a ringer in the room. But I wanted to be upfront. And this was a very good discussion.

Cindy I heard you last night make the same point about coverage not equaling access and we all heard Secretary Price make the same point and it's a catchy slogan. But I'm sure you and I would agree that coverage is certainly not irrelevant access and indeed is a big factor. So it may be necessary even if it's not sufficient and we're never gonna get a sufficient answer in the healthcare area. So it doesn't move me as much or move the debate.

And Lonnie, I hear you say there gonna accomplish stuff by regulatory action. And if anything we've learned from Obama trying to do stuff by regulatory action it's here today and gone tomorrow. It's not a very effective way to govern particularly when we're talking about a system that's complicated as healthcare and you're struggling four years later to figure out what the hell to do about the ACA, and then it's gonna go away and then it's gonna come back. We just, we've got to have a better dialogue. And that gets me to my question.

I've heard a lot about repeal and replace. I do understand what repeal is, but I have no bloody idea what the Republicans are advocating in terms of replace. And that, and there are some days when I have no bloody idea what the Democrats are advocating either, so it's an equal opportunity infection. But I'd like to hear from both of you what is the replacement?

Lonnie Chen: Yeah, I mean I think this is what bedeviled them in the discussion last year is that, because as you say, repeal was always very clear, but I think the inability to agree on a set of reforms really challenged them during the debate. So I think here's the problem. I think Republicans would generally say that the answer is that there is maybe not a single reform that they would want to undertake to replace the entirety of the ACA because that's just not the way that conservative principles would dictate policy should be done. And I think that's the answer. As unsatisfying as that might be for someone who believes that you can have comprehensive reform in one fell swoop, as the ACA purported to be, I understand that.

I guess what I would say is the only principle I think on which Conservatives would ever agree when it comes to a replacement or a reform like chassis would be this federalism component, which is to say if you have the system you have now under the ACA and you were to take the funding that flows through the ACA and instead of distributing it at the federal level to distribute it more to states and allowing them to execute on policy. That would be the closest you would come to general agreement on what a replacement would look like. But it's not gonna be the same species or even the same, what's the level above species? Kingdom? Okay, genus. Wouldn't even be the same genus as the ACA. So it has to do with the difference in the way Conservatives and Progressives thing about this issue. But I do think federalism would be the one concept they'd agree on it.

Richard Berke: Let me just jump in and say we have a two minute lightening round where I'm going to ask each of you something and then let you go. And that is one issue that's not the title of this session, but I think I have to ask it because it's out there and that is drug pricing. And I'm just curious, that's become such an issue. The President's talked about it. The Democrats have talked about it. Who do you think has the upper hand going into the mid-terms, Republicans or Democrats on drug pricing as an issue?

Lonnie Chen: Do you have a view on that?

Cindy Gillespie: Go right ahead.

Lonnie Chen: I mean, I, drug pricing continues to be, you know, sort of another issue at the top of voters lists. I think that what the Trump administration has laid out is enough for Republicans to make an argument that there is something there. I think Democrats will argue that they have their own solution. I think it's a wash.

Richard Berke: Do you think it's then trackable? Anything get done?

Lonnie Chen: Well again, it gets back to the question of whether we like action via regulation because the Trump administration's agenda does not require Congress to execute at all because they basically have no faith that Congress can execute. They're, I think there are a couple interesting questions there about, for example, requiring, whether they are able to require manufacturers to disclose list prices. That would be pretty significant in my mind. The other question is, is are they able to migrate more of the Part B stuff into Part D? More from the sort of traditional part of Medicare into the prescription drug benefit. I think that, that could have some impact as well. But it's all administrative. So whatever they do could easily be overturned two years from now or six years from now.

Richard Berke: And my final question is I'm curious if there's any area of disagreement between you two on where Republicans should go on health policy? Is there any, I'm just curious because you all are pretty much playing well off each other. Is there anything that comes to mind?

Lonnie Chen: Well, I mean the one thing I would say is, we haven't talked about this-

Richard Berke: I know you haven't, but I'm just curious.

Lonnie Chen: I would probably be a little bit more prescriptive around the guidelines at the federal level than maybe a state leader like Cindy would want. And that may reflect the difference in where we're coming from in the sense that I think that there are boundaries that need to be kept, both because there's a policy and political imperative to do so. Whereas, I think states would like a much more open ended commitment from the federal government.

Cindy Gillespie: I think that's fair.

Richard Berke: Thank you both, really appreciate it.

Cindy Gillespie: Thanks.