Independence 2018 Health Care Forum

Surviving the Age of Disruption
The Political Landscape and Its Impact on Health Care Policy

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Welcome to the Age of Disruption

Entrenched System

Broken Norms, Rules (& Laws?)

Upending Establishment

Minimal Innovation

Dissatisfied Public

Direct-to-Consumers

Controversial Leader

Better Service
How to Best Understand Trump?
Disruptor-in-Chief
## Disruptive Team
Historically Outside-the-Beltway Cabinet

<table>
<thead>
<tr>
<th>Cabinet Members’ Resume Experience</th>
<th>Government Experience</th>
<th>Military Experience</th>
<th>CEO</th>
<th>PhD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>81%</td>
<td>48%</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>81%</td>
<td>48%</td>
<td>14%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>91%</td>
<td>32%</td>
<td>18%</td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>91%</td>
<td>9%</td>
<td>0%</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>Source: NPR analysis of Initial Cabinet officials, updated 2/16/17</td>
<td>57%</td>
<td>29%</td>
<td>24%</td>
<td>0%</td>
</tr>
</tbody>
</table>
### Disruptive Operation

**Historically-High Churn**

<table>
<thead>
<tr>
<th>WH STAFF (First Year Turnover)</th>
<th>PRESIDENT</th>
<th>CABINET-LEVEL (Changes 1st 15 Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>Trump</td>
<td>6</td>
</tr>
<tr>
<td>17%</td>
<td>Reagan</td>
<td>1</td>
</tr>
<tr>
<td>11%</td>
<td>Clinton</td>
<td>1</td>
</tr>
<tr>
<td>9%</td>
<td>Obama</td>
<td>0</td>
</tr>
<tr>
<td>7%</td>
<td>G.H.W. Bush</td>
<td>0</td>
</tr>
<tr>
<td>6%</td>
<td>G.W. Bush</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: NPR analysis of Initial Cabinet officials, updated 2/16/17
Disruption Will Continue
We Are 34% Into Trump’s First Term

963 Days Remaining

497
The “Middle” Has Disappeared

- **1982**: Most Liberal Republican 344 Members, Most Conservative Democrat 1994 Members
- **1994**: DEM Caucus 252 Members, GOP Caucus 252 Members
- **2002**: DEM Caucus 137 Members, GOP Caucus 252 Members
- **2012**: DEM Caucus 13 Members, GOP Caucus 252 Members
- **2013**: DEM Caucus 4 Members, GOP Caucus 252 Members

Voters Demand Change
5 of Last 6 were Wave Elections

Sources: Gallup; 2016 Exit Poll

Which candidate quality mattered most?

<table>
<thead>
<tr>
<th>Quality</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can bring change</td>
<td>39%</td>
</tr>
<tr>
<td>Right Experience</td>
<td>22%</td>
</tr>
<tr>
<td>Good judgment</td>
<td>20%</td>
</tr>
<tr>
<td>Cares about me</td>
<td>15%</td>
</tr>
</tbody>
</table>
How Did We Get Here?
The Pace of Change Accelerating

<table>
<thead>
<tr>
<th>ECONOMY</th>
<th>1967</th>
<th>2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MANUFACTURING</strong> (as a share of the U.S. workforce)</td>
<td>27%</td>
<td>8.5%</td>
<td>▼68.5%</td>
</tr>
<tr>
<td><strong>TRADE</strong> (as a share of U.S. GDP)</td>
<td>9.7%</td>
<td>26.6%</td>
<td>▲174%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOCIETY</th>
<th>1967</th>
<th>2017</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOREIGN-BORN</strong> (as a share of the U.S. population)</td>
<td>4.9%</td>
<td>14%</td>
<td>▲186%</td>
</tr>
<tr>
<td><strong>WHITE NO COLLEGE</strong> (as a share of the U.S. population)</td>
<td>75%</td>
<td>39%</td>
<td>▼48%</td>
</tr>
</tbody>
</table>

Sources: Census, Pew, World Bank (Trade);
Most People Feel They Can’t Keep Up

40% Staying even with cost of living

49% Falling behind

9% Going up faster
Loss of “Honest Brokers”

**Informs**

1972 Most Trusted Man in America

**Affirms**

Great Deal / Fair Amount of Trust in Media

Source: Gallup
Lost Faith in Institutions

MEDICAL ESTABLISHMENT

THE CHURCH

WALL STREET

HOLLYWOOD

POLICE

CONGRESS

Great Deal/Fair Amount of Trust in…

Lost Faith in Institutions
Politicians are Not Trusted
Would you be displeased if your child married outside your political party?

We Live in Different Worlds
Where Do We Go From Here?

Both Sides Think They’re Winning, Plan to Double-Down
Trump Sees Significant Accomplishments

- 22:1 deregulatory to regulatory actions
- ANWR, Keystone & EPA reversing Obama climate policy
- Gorsuch & 12 circuit court judges appointed, most in U.S. history

- 98% territory taken back from ISIS
- 70% drop in illegal border crossing (CBP)
- 34.8% DJIA since 2016 election
Winning: Party Support Remains High
Presidential Approval by Own Party, ~Day 357

Source: Gallup
Opponents See Anti-Trump Tide Rising

Trump Remains Historically Unpopular Overall
December of the first year of presidency

Source: VOX graphic showing Gallup data in December of President’s 1st year

Voters More Eager to Identify as DEM, Not GOP

Source: Gallup, Nov. 2017

Trump Lost: ObamaCare, Border Wall

Hyper-Energized Base

Winning Elections
Losing: Not Expanding The Base
Where are Trump’s “Reagan Democrats”?

Presidential Job Approval ~Day 170

Source: Gallup
Turning to Health Care

Where Do We Stand Right Now?
2017-2018 Health Care Legislation
Some Notable Accomplishments and Fails

The Year In Review

- GOP Repeal/Replace Debacle
- Individual Mandate Repeal (part of tax reform)
- 3 ACA Tax Delays: Cadillac, HIT, Device
- CHIP Reauthorized (10 years)
- Medicare Extenders / Donut hole relief for seniors
- Medicare CHRONIC Care Improvements
2018 Congressional Health Agenda
Lots of Debate, Not Much Action

What Issues Will Be Debated, Discussed?

- Opioid Crisis
- ACA Market Stability
- Drug Pricing, 340B Program Reform, Rx Supply Chain Oversight
- ACA Market Reform, Repeal/Replace
- Entitlement Reforms
Trump Administration Health Care Priorities

Alex Azar

• Former President, Lilly USA, LLC, Eli Lilly and Company
• Former Deputy Secretary and General Counsel, U.S. Department of Health and Human Services under George W. Bush Administration

What Are Azar’s / POTUS’ Priorities?

✓ Rx Drug Affordability = Will proposals gain traction?
✓ Opioid Epidemic = New public health authorities, research
✓ Affordable Health Care = ACA market deregulation (e.g., short-term policies, association health plans)
✓ Bold Value-based Entitlement Reforms = Provider deregulation, CMMI re-engineered, bundles, ACO’s, and MACRA
The Long View

Where Is Health Policy Going?
In Age of Disruption, Parties Moving Farther Apart

Health Care Reform Continuum

Affordability, Value Based $$

ACA Re-Regulation

Medicare Price Reimbursement, Rx Pricing

Single Payer, Medicare for all

Affordability, Value Based $$

ACA De-Regulation

ACA Repeal, Block grants, Graham-Cassidy

Entitlement Reform
10 Health Care Trends To Watch

Influencing Policy, Being Influenced by Policy, Or Being Completely Ignored by Policymakers

1. Increasing Health Costs
2. Growing Consumer Costs
3. Rising Consumerism
4. Value-Based Care (MACRA, Bundles, ACOs)
5. Provider & Payer Consolidation
6. Genomics/Diagnostics
7. Treatment Innovations
8. Technology driven change
9. New players and disruptors
10. Opioid Crisis
Increasing Costs
Per Capita Health Spending has Grown Substantially


- Total National Health Expenditures Per Capita
- Constant 2016 Dollars

Health Spending Growth Has Outpaced Growth of the U.S. Economy

Total National Health Expenditures as a percent of GDP, 1970-2016

Growing Consumer Costs
Employer Premiums Growing

Average Annual Premiums for Single and Family Coverage, 1999-2017

- Single Coverage
- Family Coverage

*Estimate is statistically different from estimate for the previous year shown (p < .05).

Employer Deductibles Also Growing

Percentage of Covered Workers Enrolled in a Plan with a General Annual Deductible of $2,000 or More for Single Coverage, by Firm Size, 2009-2017

- All Small Firms (3-99 Workers)
- All Large Firms (200+ Workers)
- ALL FIRMS

* Estimate is statistically different from estimate for the previous year shown (p < .05).
NOTE: These estimates include workers enrolled in HDHP/POS and other plan types. Average general annual health plan deductibles for PPOs, POS plans, and HDHP/POS are for in-network services.
Value-Based Care
Bundled Payments, MACRA, ACOs, VBID
Provider & Payer Consolidation
Both Vertical & Horizontal
Treatment Innovations

Molecular Diagnostics, Immunotherapy, AI Therapy Design
Health Care Disruptors
More Than 53,000 Opioid Overdose Deaths Projected in 2017

- Synthetic Opioids other than Methadone (N=20,145)
- Heroin (N=15,446)
- Natural and Semi-Synthetic Opioids (N=14,427)
- Methadone (N=3,314)

Source: CDC. Wonder Database.
What’s Next?
Disruptive Forces Accelerating

TECHNOLOGY: Data is the New Oil (Largest Global Companies by Market Cap)

2003
- GE
- Microsoft
- Exxon Mobil
- Pfizer
- Citigroup
- Wal-Mart

2008
- Exxon Mobil
- PetroChina
- Wal-Mart
- China Mobile
- Procter & Gamble
- I&C Bank of China

2013
- Apple
- Exxon Mobil
- Microsoft
- Google
- Berkshire Hathaway
- GE

2018
- Apple
- Amazon
- Google
- Microsoft
- Facebook
- Tencent

Wave Election Increasingly Possible

Senate GOP
Dems Defending
26 States
(10 Trump states)
GOP Defending
9 States
(1 Clinton state)

House GOP
(Competitive Seats Defended: 51 GOP, 5 DEM)

DEM WAVE
Generic Ballot (D+7.5)
Trump Net Approval (-13)
Enthusiasm Gap (D+18)
Recruiting (52% more candidates)

Sources: Cook Report (House); RCP (generic & Trump); Fox News (Enthusiasm); NYT (candidates)
Washington Vacuum Being Filled

STATES
Expanding, Contracting Coverage

OTHER NATIONS

INNOVATORS

NGOs
Empowerment, 2018

Everyone’s a Witness…
Empowerment, 2018
Everyone’s a Publisher…

(Total Global Users, Millions)
Empowerment, 2018
Everyone’s an Activist…

BLACK LIVES MATTER

THE 2015 ALS ICE BUCKET CHALLENGE

#MeToo

survivors’ march

#DeleteUber

TEA PARTY

MARCH FOR OUR LIVES
Change is coming

Economic Reforms  Social Reforms  Political Reforms