Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Well, Margaret, the New Year is kicking off with some interesting new tunes coming from states, previously averse to expanding Medicaid under the Affordable Care Act.

Margaret Flinter: Well, Mark that is something that a number of guests on the show predicted would happen. Many of the states that held out largely in the south and the Midwest we think did so for political reasons, but perhaps economic reasons will trump.

Mark Masselli: Well, there are states like Missouri, Pennsylvania, New Hampshire and Utah that are considering expanding Medicaid in 2014 or beyond. And in Virginia, where a new governor has been sworn in, there is pressure mounting from the hospital and business communities to expand Medicaid some 400,000 low income Virginians and a lot of money on the table for hospitals and health care companies.

Margaret Flinter: And the pressure will continue to mount from the health care community, Mark, because it's simple economics, and Kansas Hospital administrators are joining forces to apply pressure on Governor Brownback in that state to reconsider his refusal to expand Medicaid coverage.

Mark Masselli: Our guest today has a unique insight into executing health policy both at the state and federal level, Michael Leavitt is the former secretary of Health and Human Services under President George W. Bush and before that, a three-term governor of the State of Utah.

Margaret Flinter: Governor Leavitt now runs a leading health consulting firm that helps public and private entities respond to the changes in the health care industry, many of them specifically due to the implementation of the Affordable Care Act.

Mark Masselli: We will hear from Lori Robertson, managing editor of FactCheck.org.

Margaret Flinter: And no matter what the topic, you can hear all of our shows by Googling CHC Radio.

Mark Masselli: And as always, if you have comments, email us at Chcradio.com or find us on Facebook or Twitter, we would love hearing from you.

Margaret Flinter: We will get to our interview with Governor Leavitt in just a moment.

Mark Masselli: But first, here is our producer Marianne O'Hare with this week's Headlines News.

Marianne O'Hare: I am Marianne O'Hare with these health care headlines. CGI is out; Accenture is in. The company behind the troubled rollout of the federal health exchange Healthcare.gov is being replaced in 2014 with Accenture, the company behind the largely successful Covered California, the exchange covering the State of California, where more than 400,000 residents have managed to gain health insurance coverage online. Accenture, though, is not without critics. There are continued glitches for customers attempting to sign up in California. Accenture has had billions of dollars in federal contracts in the past not related to health care.

Another sector that's still having trouble with those online exchanges is the Hispanic market. Analysts are still seeing numerous problems with the Hispanic users being able to log on successfully in the Spanish language health care site. Even more perplexing and disturbing is the high percentage of uninsured Americans who don't know there are tax credits they can qualify for that would subsidize their purchase of health insurance. Almost 70% of uninsured Americans don't know about the tax credits as well as other assistants that would make coverage more affordable for them.

Paid sick leave may be the luxury of the well employed, but it's now the law of the land, at least in certain parts of the country. Measures are in effect in places like Seattle, San Francisco, going into effect in New York City and Jersey City. A recent study estimated making just two days of paid sick leave available to workers who would reduce flu co-infection by 40%. Business organizations, however, argue the measures would put undue pressure on them to increase payroll expenditures and could impact their ability to do things such as give raises and hire new people.

New York's governor Cuomo stated his intentions to examine regulations that would allow the use of medical marijuana for the terminally ill in New York and others with few treatment options. The measure would allow a test run in 20 selected hospitals. Nearly two dozen states have laws allowing the use of marijuana for medical purposes. And from medical marijuana to Vaporium's six E-cigarette bars have opened up in Manhattan providing users with a variety of flavors and nicotine vapor inhaling experiences to extensively help them wean off cigarettes.

Folks are lining up for things like Blueberry Creme Brulee. The problem is the New York City Council passed a ban prohibiting the use of E-cigarettes wherever smoking is banned which is pretty much every public place in New York. Health officials are still concerned about the effect of prolonged exposure to the nicotine vapors. I am Marianne O'Hare with these health care headlines.

Mark Masselli: We are speaking today with Governor Michael Leavitt, founder and chairman of Leavitt Partners, a leading health industry consulting firm. He is the former three-term governor the State of Utah from 1993 to 2003 and is the former secretary of the Department of Health and Human Services under President George W. Bush, during which time, he oversaw the expansion of Medicare Part D. He is the former chairman of the National Governors Association and author of the new book Finding Allies, Building Alliances. Governor Leavitt, welcome to Conversations on Health Care.

Governor Michael Leavitt: Well, thank you.

Mark Masselli: Governor, one of your more notable achievements during your tenure as the U.S. secretary of HHS was the development and rollout of the Medicare Part D program in 2006 which ultimately brought cheaper prescriptions to 48 million American seniors on Medicare, and your philosophy was "let's get the people the drugs they need, and we will work out the technical problems later." We are looking at a number of challenges with the rollout of the Affordable Care Act right now and considering your unique perspective. What lessons learned or advice do you have that might be applied to the leadership who is rolling out the Affordable Care Act?

Governor Michael Leavitt: I think there are many lessons. First is that preparation is ultimately what allows administrations and, for that matter, any organization to avoid the kind of problem that this administration has encountered. The roots of this can go back almost two years ago to a series of mistakes that I believe were made. And the first is that they deferred regulation making, they were going out to make hard choices, and they decided to defer those choices until after the election, and it's through the whole process behind. I think the second mistake was putting someone in charge of the whole process. In this case, the decision not to have an integration contractor with all of the systems and to try to do that in house proved to be a problem.

The third I think is that you have to anticipate that there is going to be this kind of problem and that the importance of having metrics that can both allow you to have situational awareness and be able to determine if you are making progress. I believe the administration lacked those metrics. And now going forward, one thing the administration did do well when the problems existed, they took ownership of them and demonstrated a willingness to fix it.

Margaret Flinter: Governor, as we look back to when the law was first signed into being, you have said in the past that one of the necessary elements to the success of health policy reform was that states had to retain their autonomy in how they approached it. So we are seeing, in fact, a pretty wide array of approaches in how states have chosen to comply with the Affordable Care Act. What are the really notable differences from your perspective as a former federal

administrator, governor and now a health consultant as you look around the national scene?

Governor Michael Leavitt: The original resign of the Affordable Care Act was exchanges for each state to make a decision as to whether or not they wanted to have a state exchange or a federal exchange. Many states who would typically opt for some kind of state performance objected (8:02 inaudible) that they just concluded (inaudible) basis of politics they weren't going to be anywhere around this. I do think it has demonstrated that those who chose to implement at state level had better outcomes for the most part than those who relied up on the federal government.

I think it's also safe to say that one of the dilemmas that the federal government face was that they were somewhat overrun by the number of places that they had to respond to, and I don't think that was anticipated in the early design of the law. States are of a size typically where you can manage the second. There is often than not the intense politics that plays out. And frankly, I just think states are better equipped and have traditionally been better equipped to deliver in their jurisdiction as opposed to the federal government who is having to deal with different kinds of problems that naturally exist in 50 different jurisdictions.

Mark Masselli: Governor, you are releasing a report Cracking the Code on Health Care Costs from the commission you co-chair with Former Governor Bill Ritter. Tell us a little bit about the report, and also why you view states as sort of incubators for change and what are you seeing out there in terms of controlling costs that are exciting.

Governor Michael Leavitt: I think the sub-theme of the report would be states can have more impact than you think when you begin to analyze all of the leverage that states hold to impact health costs, there are regional markets, and the country is made up of a network of regional markets. And if you are sitting in Washington, and you are having to decide how best to function. And so Washington trying to manage health care costs in 316 different places where they are not familiar whether or not it's difficult, but a state can do that.

And a governor, a governor has not just the capacity to run the leverage of state government, but has a bully pulpit. So the report calls on governors to step up and be a big force in shaping health care costs in their state, and it encourages governors to be the leader, the ability to direct state employees plans which are often the largest employers, the ability to bring information together. In this report, it details a number of things that governors can do to take charge of this problem within their own states.

Margaret Flinter: Certainly, the Accountable Care Organizations have gotten a lot of attention. Where do you see the real magic in these scenarios around these new delivery systems for care? Is it the payment incentives, the range of

services that patients get? What's the real game changer in some of these innovations from your perspective?

Governor Michael Leavitt: The first is major shift in who bears risk, and the second is the basis upon which we compensate for services, moving away from a fee-for-service basis more towards a risk-based payment or a population health where a provider or a group of providers are paid a specific sum of money and then required to compete in the marketplace based on their ability to provide the best care for that amount of money. Big shift in risk moving from just insurance companies bearing risk to providers actually accepting risk, and I think we are in a period right now where people are just trying to see if this works or not. And if it does, I think you can (11:20 inaudible).

Mark Masselli: We are speaking today with Governor Michael Leavitt, former secretary of the Department of Health and Human Services under President George W. Bush and former three-term Governor of Utah. Governor Leavitt is the author of a new book Finding Allies and Building Alliances in which he promotes a collaboration to achieve meaningful change in public policy. Governor, it sounds like a good prescription for many of the **Ls** in Washington, but we are not seeing a lot of collaboration in DC right now. And you note that their recent government shutdown and the ongoing sequester has been some damaging to the public trust and the integrity of the federal government. What are your thoughts on how we get past the political grandstanding and what are some good solutions out there?

Governor Michael Leavitt: Well, I believe that one of the reasons that government has become so (12:09 inaudible) the federal government was trying to do too much. We talked earlier about the role of state, and I think it goes back to this report. There is a level at which problems can be solved, and you are trying to do at all in one place in Washington, DC. First of all, the politics becomes so bitter, and it becomes so infested with special interests that actually just giving them the root of problem solving is difficult. That happens better in state governments, and it happens better in local governments. And so to the degree that there is a government necessary, that the construct of having problem solved at a more local level always produces a more cooperative outcome.

And many of these problems, in fact I would say most of these problems, cannot be solved by any one person or any one organization. They require collaborative solutions where people get together. The book is really a collection of experiences and the lessons that I and other people have learned from solving problems that way and if we can get better at it. But the first rule is you have got to be in a position where people are willing to work collaboratively, and in many aspects, the federal government was just set up around checks and balances of **pension**. So I think the first rule is move the problem to a level where it can most be or best be solved many times (13:36 inaudible) the federal government.

Margaret Flinter: Governor, I would like to ask you about one thing that I think I am afraid is going to have to be solved at the federal level and with collaboration, and you recently published an (13:36 inaudible) piece in which you really spoke to the need for the overhaul of Medicare reimbursement formula, the so called SGR or Sustainable Growth Rate formula. You say the time is right fiscally and from a policy standpoint to fix this system that really has caused so much distress for providers across the country, and it appears there might be some consensus and willingness to collaborate in Washington now on fixing the SGR problem. What's the forecast for repeal and replacement of the Medicare reimbursement formula?

Governor Michael Leavitt: This is somewhat (14:09 inaudible) problem to many people, but it's a serious one, and so let me describe what it is. When a physician performs a service, they are provided a fee, and that fee is determined by a bureaucratic process in Washington where as the fee is assigned to every service, and it's different in different areas, which causes all kinds of problems. It can be twice as much in Florida than it is in Minnesota, which it just doesn't make a lot of sense. That's, first of all, the root of the problem is that it's based on a system that's artificially complex.

The second part of this problem is that Congress could see that when people wanted to make more money, what they do is they just do more procedures. So they had no way of (14:54 inaudible). So they said, "Well, we will just pay less for each procedure," and so they just every year will reduce the cost of what we pay to those procedures by 5%. Well, what happened was they just got more procedures. The lower the price the more procedures they got. And so they had artificially put in the place that every year, 5% roughly would come off of these procedures. But then at the end of the year, they would say, "That's not going to work because people are going to either do more procedures or they are just going to drop out of Medicare and not treat people." And so they would just go back and pay for that year the 5% that the law requires them the drop.

Over time, we just have this enormous hold in the amount of money that it will take to pay for that, and it's just a crazy system, and it needs to be fixed. And the economics of this have come to the point that it's the cheapest to solve right now than it's been in a long time, and it's not just plugging the whole economically; it's fixing the system. They need to fix it because it's never going to get any better; they have got to fix the system.

Mark Masselli: Governor Leavitt, you have gone from governance to consulting in the health care intelligence business with your company Leavitt Partners, utilizing strategies you learned while dealing with the intelligence communities, forecasting strategies and many uncertainties. And you say we are at an inflection point in health care in which, the landscape seems to be changing daily and fraught with tremendous amount of unpredictability. So share with our

listeners, if you would, what kind of changes you foresee ahead and how are you advising governments and businesses to prepare for these changes in the health care industry, not just with the Affordable Care Act but with a vast array of technological advances, looming on the health care horizon.

Governor Michael Leavitt: Well, first thing I believe that's important is for people to recognize how inevitable change is because it's not being driven by politics; it's being driven by economics. And it's not being driven by just U.S. economics; it's being driven by global economics. And that starts with the fact that no country can remain competitive on a global landscape if it's spending 20% or 22% of its entire gross domestic product on health care, and we are beginning to feel the impact on the competitiveness. So the first thing is to recognize that change is inevitable, and it is moving toward us with a glacial certainty.

The second is to recognize that we are moving from a system that has been essentially siloed or uncoordinated where everyone is general contractor to a situation where there will be general contractors and subcontractors. And there is a big competition right now in the marketplace (17:40 inaudible) conclude who would be the general contractor, if you will, in health care, will it be hospitals, will it be insurance companies, will it be clinic operations or will there be others that will act as general contractors. Well, everyone wants to be the general contractor, and so there is a competition that’s going on, and it will be different in every market.

And one of the conclusions you quickly come to is that no one of those health entities have all the competencies to be able to deliver health care necessary. And so we are beginning to see lots of mergers and acquisitions and joint ventures as insurance companies begin to buy health care providers, and providers begin to create insurance companies. And so thinking of your place in this world as a health care provider, as being the way it was in the past, that’s not likelihood. So we have to begin to think of new shapes and figure out where we fit in (18:40 inaudible) health business.

Margaret Flinter: We have been speaking today with Governor Michael Leavitt, founder and chairman of Leavitt Partners, a leading health industry consulting firm. He is the former three-term governor of the State of Utah and the former secretary of the Department of Health and Human Services under President George W. Bush. You can learn more about his work by going to Leavittpartners.com. Governor Leavitt, thank you so much for joining us on Conversations on Health Care today.

Governor Michael Leavitt: My pleasure. Thank you.

Mark Masselli: At Conversations on Health Care, we want our audience to be truly in the know when it comes to the facts about Healthcare Reform and policy. Lori Robertson is an award-winning journalist and managing editor of

FactCheck.org, a nonpartisan, nonprofit consumer advocate for voters that aim to reduce the level of deception in U.S. politics. Lori, what have you got for us this week?

Lori Robertson: Well, we have heard republican lawmakers claim that 80 millions to 90 millions Americans with workspace insurance are going to lose their plans in 2014 because of the Affordable Care Act, but those millions of Americans aren't going to lose their insurance. The claim is based on health plans losing grandfathered status which means the plans were exempted from some of the requirements of the law because they existed before the law was signed. The Obama Administration in 2010 estimated that about half of all employer insurance plans would lose grandfathered status by the end of 2013.

In fact, most workers were already on non-grandfathered plans in 2012 according to the Kaiser Family Foundation's annual employer survey. Many workers may not have even noticed their plans have been modified and lost their grandfathered status. Employers change their plans frequently. Small group plans face more requirements once they are no longer grandfathered than large group plans. So small businesses with up to 50 workers are more likely to feel the affects of losing that status. Some, in fact, could be sent to the exchanges by their employer.

The non-partisan Congressional Budget Office has estimated that employer-based insurance would decline by a net seven million in 2018 compared with what would have happened without the law. 11 million would lose an offer of insurance; three million would decide to get insurance from another source, and seven million would gain insurance at work. And that's my Fact Check for this week. I am Lori Robertson, managing editor of FactCheck.org.

Margaret Flinter: FactCheck.org is committed to factual accuracy from the country's major political players and is a project of the Annenberg Public Policy Center at the University of Pennsylvania. If you have a fact, that you would like checked, email us at Chcradio.com, we will have FactCheck.org's Lori Robertson check it out for you here on Conversations on Health Care.

Mark Masselli: Each week Conversations highlights a bright idea about how to make wellness a part of our communities and everyday lives. The U.S. **boost** among the highest rates of teen births in the world's industrialized nations. And while those numbers have been declining in recent years, it's still a significant health issue in this country. According to a recent study, the decline in teen birth rates in this country can be attributed in part of the launch of the popular MTV show 16 and Pregnant and the subsequent Teen Mom. MTV launch the series in 2009 working in partnership with the National Campaign to prevent teen and unplanned pregnancy to show the challenges and harsh realities of teen pregnancy and teen parenthood.

Researchers at the University of Maryland and Wellesley College conducted an empirical study to determine what, if any, impact the show has had on the decline of teen pregnancy and birth. Wellesley College Economist Phillip Levine found that much of the decline in recent years is the result of the Great Recession but that it didn't count for all of the decline. They decided to utilize Google Data Tracker and Twitter activity around the airing of the shows which developed a loyal following and consistently higher ratings since the show began in 2009. So they called the Nielsen Rating Data.

Phillip Levine: We love to see people searching for things like how do I get birth control, and it's remarkable how people respond to the show, do things like tweet and search about things that they are watching on TV as they are watching it and immediately following. So you see these enormous spikes in activity about 16 and Pregnant the day the episode airs. You just see a huge spike in activity, and that also tends to correlate with people doing things like searching and tweeting about birth control.

Mark Masselli: More interestingly, where the social media conversation surrounding themes explored on the show, loss of freedom, the fathers of the baby often removing themselves from the picture, themes that really drove the challenge of teen motherhood, home to billions of young vulnerable viewers.

Philip Levine: So the important point about watching this show is that it really illustrates the life choices that these girls have made and what outcomes it has on their lives in a way that the reality TV show can do that public service announcement or sexual education teacher or some other form of communication can't really accomplish. And in that way, it can have a really meaningful impact on –

Mark Masselli: Based on the data they compiled, they determined the show led to a 5.7% drop in teen births from 2009 to 2012, a significant number in the relatively short period of time. The study **really** influences on social outcomes, the impact of MTV's 16 and Pregnant on teen child bearing can be found in the National Bureau of Economic research. MTV says this aligns with their goal of the show which was to utilize their trusted media platform to reach a vulnerable sector of their audience and educate them about the potential hazards of risky behavior in a format they understood. Reality TV, a media outlet utilizing airwaves to reveal the risk of teen pregnancy, thus creating in a platform for dialog for teens to address this potentially life changing event, leading to a significant reduction in teen pregnancy, now that's a bright idea.

Margaret Flinter: This is Conversations on Health Care. I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli. Peace and health.

Conversations on Health Care, broadcast from the campus of WESU at Wesleyan University, streaming live at Wesufm.org and brought to you by the Community Health Center.