Programme OPERA – ENTRETIENS

Entretien – santé n°3

Pour citer cet entretien : Guigner, Sébastien, Entretien santé n°3, Programme OPERA (*Operationalizing Programmatic Elite Research in America*), dirigé par W. Genieys (ANR-08-BLAN-0032) (*insérer hyperlien*).

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Interviewer: So, it's for an international project, because it involves two universities in France, three, sorry, Montpellier, Rennes, where I am, and a Paris one, and two in the U.S., Denver University and American University, and maybe Columbia will join us later, we don't know yet, and we study healthcare reforms in the U.S. and in some European countries for 30 years, so, since the '80s, and in particular, we focus on ideas and we try to understand where do they come from, ideas for reform, and also try to identify and explain why some actors are involved and some others are not, why some are influential, and others are not, or less, and if there has been a change in this period in the relationship between actors.

And what we've seen in Europe is that the former reform act increased the power of the administration, the central administration, and now we come to the U.S. to verify if its similar here or not. So, that's more or less (inaudible), so it's an academic project, there's the concept, and I won't--

Responder: So, it's longitudinal, over 30 years?

30 years, and we compare with another sector, the defense-- reforms in defense.

That's hard to make comparisons of.

It is, but I'm just working on the health, and we have a meeting in the beginning of July to mix our results.

And is there one overall sponsor or funder for this project?

Yes, in French it's [Speaking French] it means the National Research Agency, and it's a grant of 250,000 euros for three years.

And in the United States is there a funder?

I don't think so, no, maybe Denver University gives a bit of money, but I'm not sure, not yet. We will end the study in 2012, so it has begun one year ago.

So, you'll compile all your studies and write it in 2012?

Yes, and probably a book in French and one in English and several articles in academic journals. That's what the (inaudible) expects from us.

And what is your policy going to be on attribution of-- using names of the people that you interview?

Usually, we do not quote people, and if we do, we ask them before and if they agree with the interpretation, so, usually, we don't. Usually, if we do, it's anonymous, and if it's not, if we can-- it can be anonymous, because (inaudible) the President of the United States (inaudible), so we ask people before, and that's what we'll do with you.

Okay. I will speak much more freely if I'm not--

Okay, so our policy is anonymous unless-- if it's not, I will ask you for permission. Anything.

Okay.

So, we contacted you because we've seen that you've had a long career in health and defense policy.

How did you find-- how did you identify people? How did you find them?

We have two persons working especially in this issue and then a lookout to look-- the structure of the HHS and the Department of Defense during the past years, and they identified people who did hearings in Congress, on committees in the Congress, the things that-- reading everything and seeing how people are quoted very often. You were.

Okay.

So, I wanted, first, to ask you a question about your career and the very beginning, because I saw on the Internet that you maybe had a PhD, but I--

Yeah, I never wrote the dissertation, so our term is PhD ABD, All But Dissertation. I completed the course work and the comprehensive exams, I just never wrote the dissertation.

Okay, (inaudible) ABD.

Yes, that's what ABD means, All But Dissertation.

And it was a PhD in what?

In International Studies.

What subject?

It really was broad. It was the University of South Carolina, and they had a whole degree in International Studies. I, towards the end, was focusing on Eastern European countries, and I spent about six months in Yugoslavia, when it was still Yugoslavia. I had planned to do a dissertation on self-managing socialism, but I didn't. Couldn't do it.

So, tell me when and how you entered into the political field?

I came back to Washington, which is my home, after graduate school, and the first job I had, after looking for quite a while, was with the Republican National Committee, which is the-- is the political central structure for the Republican Party. It is composed of three members from each state compose the Committee, and its headquarters staff is on Capital Hill, and I worked in a kind of research/public affairs area there, so that was 1977 to 1981.

1977. And was there a specific field of research for you, or--

I was focused on international affairs and defense policy. Primarily on defense policy during the (inaudible). It was during a time when the Carter Administration was negotiating the SALT II treaty, which was the first Strategic Arms Limitation Talks, so while they were working on SALT II, and there was also a great focus on American defense policy at the time, a focus on perceived imbalance in strategic nuclear weapons between the Soviet Union and the United States, and there were pronounced differences of opinion between the administration and conservative Republicans, as well as conservative Democrats.

So, I won't talk about defense much, it's not my subject, but I should have brought a colleague working on the field of Defense. I will mainly interview you on healthcare, and this is my next question. When did you first work on healthcare or health, maybe?

Not until I went to Health and Human Services for the first time, which was-- the first Bush, the first two years, two and a half years of Bush 41, so I was at-- I always have to run through this, when I was at the Senate for two years, then I was at the Pentagon for three years, then I went to personnel management office, yeah, so it was the beginning of (inaudible).

Okay, I'll come back to (inaudible) in a few-- you were in the Senate for--

Two years.

And what did you do?

I worked for Senator Bob Kasten, K-a-s-t-e-n, who was as freshman senator from Wisconsin, and I worked on the defense-- I did his defense appropriations work. There is-- there are authorizing committees for each subject area, so there's the Armed Forces-- the Armed Services Committee, and that sets sort of a large, strategic plan for defense spending, but then you move to the Appropriations Committee, and they're the ones that write the check.

So, authorization may say you have $100 billion, but if Appropriations only gives you $80 billion, that's all you've got.

Okay, so you were negotiating-- preparing the arguments and--

Yes, I covered that area for the particular Senator, so anything that had to do with international relations, foreign policy and defense, but primarily it was focused on that subcommittee work.

So, you were a specialist expert on defense policy?

For a while.

Why did you go to the HHS?

Well, I have to back up and say where I went in between. I went to the Pentagon for three years, and I worked for the Undersecretary for Policy, who was the third-ranking individual, but I was still doing staff roles, I was a special assistant, I was a legislative assistant in the Senate, and I was offered the job of Chief of Staff at the Office of Personnel Management, which then was not my subject area, but it was more of a management position.

I worked for-- directly for the OPM director, and when Bush 41 was elected, she became the Deputy Secretary of Health and Human Services, so I went with her to that agency.

What was her name?

Connie, C-o-n-n-i-e, Horner, H-o-r-n-e-r.

Okay, so she brings you with her?

She brought a few staff with her, yes. Not an unusual occurrence.

Really?

Well, of course, because when you go to a high-level position, you want to have a few people-- you will be working with a whole new group of people, and you're usually allowed to bring one or two people that you have a history of working with. It's a comfort-level type thing.

You were a political appointee?

Yes, in all of these positions, I was a political appointee.

Never a (inaudible)?

Not in the federal government, no.

And I read that you worked for different states, as well?

I worked for the State of Wisconsin. When President Bush lost to President Clinton, I was offered a job in the Health and Human Services department in Wisconsin, and I decided to see

what it was like outside the (inaudible), and I'm glad I did it, and I don't ever want to do it again.

No?

Well, I was there for seven years, seven and a half years. I arrived there to work-- I was going to run a small office in Health and Human Services, but the State Assembly, the state legislature, decided to move that office from the Department of Health and Human Services to the Insurance Commission. So, I never really worked in Health and Human Services for very long in Wisconsin.

What was this small office?

It was the Office of Healthcare Information, and it was an office that was created to collect hospital charge information, how much hospitals charge for various services, and that later expanded to doctors and other healthcare providers. But I only did that for about six months, because then I became the Executive Assistant in the Insurance Commission, which was a more overall job for the Insurance Commission.

Okay, and then you worked for another state?

I went from the Insurance Commission-- no, all in Wisconsin, all in the same state, but at the Insurance Commission, and then at the Department of Transportation, and then at the Department of Workforce Development, and in that department, I was working in a field somewhat related to-- in the Social Services cluster, but it was the part of the agency that worked on welfare reform and child support and childcare and the sort of Social Services cluster of things.

Okay.

And then I'd had enough and came back to Washington.

What a career.

You can't plan this kind of thing.

It's different because last week I met someone who spent a bit less than 40 years in the HHS, so that's very irregular.

Well, what is funny about Wisconsin is that I got to know Governor Tommy Thompson then, and when Bush was-- Bush 43 was elected, he appointed Tommy Thompson Secretary of Health and Human Services. Tommy and his Chief of Staff said, "What is this thing called the Executive Secretary," and I was the only person they knew who knew what it was.

You mean the Executive Secretary at the federal--

At HHS, yes, and I knew exactly what it was and how much you could do with that office, and the funny part for me is, if anybody had said, "Ann, what job do you want in the federal government, pick a job," I would have said, "Executive Secretary for the HHS."

Why?

I don't enjoy playing a public role. I like to be behind-the-scenes in public policy, and the Executive Secretary, when it is structured properly, it's a staff of about 37 people, and it is the central-- think of it as the switching station for all the engines and trains. It's-- nothing goes to the Secretary that has not gone through that office, so any decision memorandums, any policy papers, and, most importantly, any regulations.

So, if you-- if the Secretary wants you to play that role, and Tommy and his Chief of Staff did, then you control a lot of the timing, and when I try to explain it to my mother, I say, "I made people come to the table, play nice, and share their toys," because you have many, many agencies in Health and Human Service, you have Medicare and Medicaid, you have the Human Services cluster, you have CDC and NIH, National Institute of Health, Centers for Disease Control, and then a number of smaller ones, AHRQ, the Agency for Healthcare Quality and Research, SAMHSA, which is alcohol and drug abuse, HRSA, which is-- deals with local health and gives grants to community health centers, and every time you have a regulation that-- which is the-- after they pass a law, they leave a lot of holes in it.

The Secretary (inaudible) by regulation, so laws are up here, and what really happens is in the regulations, what is going to make this real is in the regulations. So, one agency, for instance, Medicare, will write the regulation, but it has implications for all these other agencies, so when you get a regulation, you send it back to those other agencies, and you say, "Okay, make comments on it," and frequently, you get disagreements.

So, there's a kind of triage process where first, my staff would bring staff together to clarify, answer questions, and then they would sort out what differences they could, and if there were still fights, then it escalates, and I would call meetings of Assistant Secretaries or sometimes agency heads, or bring the Deputy Secretary in, and you would talk some more, and see if you could straighten out the differences. Sometimes you could, and you ended up with a product, and sometimes you couldn't, and then you tried to shape the issues.

"Here are the three things, Mr. Secretary, that you must decide on," and you write him option papers, and you get agreement on facts before you go sit in front of the Secretary, because you don't want to waste his time, so that's what the Executive Secretary does, so it's all of the back-end work, and it's fascinating in Health and Human Services, because there are so many topics, and so many personalities, and so many egos, and it's fun.

Most people thought I was crazy because I though it was fun, but I thought it was fun.

I have a lot of questions to ask you about this Executive Secretary, but maybe more, like, coffee or tea, or--

Yeah, some coffee, that would be great. I don't know whether they will serve us, or--

I'll come back. (inaudible)

Regular, regular.

Sorry.

That's okay.

So, you told me that there was a lot of personalities, different personalities in the department.

Always.

Always? And which ones, in particular, do you remember?

Well, first understand that the Secretary is appointed by the President, and so is the Deputy Secretary, and so they are appointed, and they have to be confirmed by the Senate, but then many of the agency heads are also appointed by the President, so the Secretary doesn't automatically command final decision or loyalty or-- they may not even share the-- they may not think the same way about precise details.

So, there is always a dynamic of strong individuals because you generally won't get appointed to a system like Medicare Director unless you have a history of doing things, you are knowledgeable in the field, and so probably, they have their own ideas. And without specifying any one individual, there is a dynamic set up that makes the operating divisions, like CMS, to get everybody else out of their business, "Just let me do my business, this is my regulation, I know what I'm doing."

That's what makes the Executive Secretary interesting, because part of it is set up by process, and part of it is listening and watching and saying, "I know you're doing something over there." That's the Secretary's decision. You have to bring it to him.

So, it's not a matter of-- I don't mean this in negative or pejorative terms, it's just in the nature of the dynamic.

It's like any organization, but particularly in the HHS.

Well, HHS is-- in many domestic agencies, the Executive Secretary does not play the role that HHS does. For instance, in transportation, the Executive Secretary handles correspondence, and that's about all. Regulations are done by their legal division. Interestingly enough, the Health and Human Services Executive Secretary was set up by Eliot Richardson when he was Secretary, and before being Secretary of HHS, he had been Secretary of the Defense Department, and they have a very elaborate Executive Secretary, and he modeled it on the Pentagon's.

The underlying idea of an Executive Secretary is that you bring all of the relevant information to do the Secretary before he makes his decision, not afterwards, so there's-- because sometimes you get these whoopsies, you know, like, oh, nobody had that piece of information, and this happened during the first Bush Administration, where a Medicare payment regulation went through, there was a piece of information that was missed, and because that piece of information was missed, they thought they were spending $40 billion, but, in fact, they were spending more like $200 billion.

It was all because there was this little piece of information that then said, "Oh, whoops, if you do that, it kicks in this law over here."

And why didn't this piece of information--

It did not get into the system.

But was it on purpose, or--

No, someone got left out in that clearance process that should have seen the document. This is going through, the guy is sitting over here, he doesn't know, you know, so--

And when you occupied this position at the Executive Secretary, did you have specific ideas that you wanted to push forward, or did you only--

No, my job was to make sure that the right people saw it and that in so doing, we were supporting the President's policies. In the process, you know a lot about what the President-- he has outlined his goals, where he wants to go, and the Secretary has outlined his goals and big decisions, and so you can read-- my staff and I would look at the papers and say, "Doesn't sound like this matches up with what he said."

Between the Secretary and the President, do you mean?

No, between-- assuming that the President and the Secretary's goals are the same, because the President wins, there are some areas where the President doesn't care about a particular thing, and he leaves it to the Secretary, but if they both care, he wins, and sometimes, there is a good reason why you look at something and it doesn't seem to support what you want, and then you have to sit down and talk about it.

Because sometimes, if you're doing your job right, and the political people are working appropriately with the career people, you may think you want to build a square wheel, and you don't know what problems that creates, and so what is good about the American system, I think, when it works, is that politicals are elected, they tell the people what they want to do, broad policies. They get elected or they don't. The ones that get elected have a small number of political appointees in the department who say, "He was elected to do this."

Sometimes you run into a situation where I want-- the President's policy is to create a square wheel, and the career staff comes to you and says we've tried to do a square wheel before, and this is what happens when you do that, and these are the problems it creates. The politicals should listen to that, and then decide, "Oh, I didn't know that. I didn't know it created those problems, because this is complicated stuff involving a lot of different laws," and then you decide, well, should we take it back up the policy chain, because if the Secretary knew, or the President knew that doing what he said he was going to do is going to create this whole list of problems, maybe he wouldn't want to do it any more.

So, you work in sync, it goes back up, you have policy discussions, maybe the President says, "Oh my God, I don't want to invent a square wheel if it's going to do that," or he says, "Well, couldn't we modify it to make it a rectangular wheel and still get what you want," or, he may say, "Okay, I understand, but what the square wheel will produce outweighs the problems,"

and then you go back to the career staff, because they're the ones that ultimately have to help you implement it and run it.

And if the system works well, there is mutual respect, and the careerists say, "Okay, I understand, well, let's see if we can try it a different way and mitigate the problems." So, it should be a flow of information back and forth. When people get in real trouble in our system is when either the political appointees don't understand that they need to listen to the collective experience and history of the career staff, or when the career staff decides they don't agree with the politicals, and they're just going to hide the information from them and (inaudible).

That doesn't happen very often in my experience.

But it did with you?

No, not with me. I've never had that experience. I've seen it happen in other settings, but it was usually-- I would say, 97% of the career civil service knows what their job is--

Unidentified Participant:(inaudible) breakfast.

No, we just wanted coffee, and we're doing an interview.

Unidentified Participant:Okay, I'm very sorry to interrupt. We just got a menu (inaudible).

That's okay, just (inaudible).

Unidentified Participant:Sorry, (inaudible).

97% of-- this is something I feel strongly about, because I believe in the-- I believe that the system we have worked out for our country can work very well. It's cumbersome in some ways, but my experience is that 97% of the career staff knows what their job is, they appreciate the distinction, they aren't apt to hide things, and if you give them-- if the politicals give them an opportunity for a full airing and a free discussion, then if you decide not-- if they're recommending something and you decide against it, they say, "Okay."

That's what you're there for. It's your job to make that decision, and they will then hunker down and try to make it work. But there has-- you have to foster a cooperative and collaborative relationship, and there has to be some mutual respect, and usually, it has to start with the politicals coming in, because they're the new guys.

And the reality is, if the career staff doesn't want-- they can work to the (inaudible).

Do you remember some points of conflict that was resolved between the staff and-- the career staff and political staff?

The only one I remember-- it was career and political staff working together, who got ahead of a decision that the Secretary was to make, and they spoke with Congressional allies, and led the Congressional allies to believe that a policy decision had already been made, and it was, specifically, that was in the first Bush Administration, and it had to do with the transition

from the old Medicare payment system, which was simply a reimbursement to doctors for the fees that they charged, to what's called the prospective payment system, where we have the regulations that govern formulas that determine how much hospitals or doctors or so forth are paid.

So, it was the Secretary who told the Congress that--

It was a combination of senior career and senior political folks below the Secretary.

And they said to the Congress the bill was passed, and it wasn't?

Yeah, no. They had not yet brought that decision to the Secretary.

So, how did the Secretary react?

Well, he didn't know. He never knew. He-- I don't believe he knew, but-- as we'd put it, those folks were in front of him, they were out ahead of him. Just a few of us knew that they had been out there talking to other folks.

So, it was your job to find a solution?

No, at that point, it was way past (inaudible) from the solution. I believe that, regardless, the decision would have been made to be where we are, which is to go with the prospective payment system, so I don't think it changed anything, but I watched in a meeting where the Secretary was asked a question about, "Are you sure you want to do it that way, because there might be a more straightforward way to approach it," and that Secretary had a habit of-- he was just a verbal-- a sort of a verbal tic, you know, he would go, "Right, right." It didn't mean anything.

And then, so, people thought he had decided to go a different path, and I was watching the people who had been talking to the Hill, and I saw there-- they were just there with their political lives passing before their eyes, but then, in the end, the Secretary, you know, he said he wanted to do both, so in essence, there, the--

But I never witnessed an instance where career staff deliberately sabotaged a decision. I never saw it.

And did you witness deliberate promotion of ideas from career staff?

In the process of doing their analysis, yes, sometimes you would look at the paper and say, "How come there are all pros and no cons for this option?" In which case, he would send it back. Sometimes that was on purpose, sometimes that was just sloppy or lazy. Sometimes it was the political who directed that, the paper being written that way. So, say they had a Medicare, for instance, preferred a policy, he would possibly (inaudible) the decision-maker.

That's another reason that we would do the clearance process, because the operating divisions have to run their programs, but then there are staff divisions, there was one called planning and evaluation. Their job is to see the forest when the operating division sees the trees, so they would look at these decision memos and say, "You missed three or four things that could

happen." Legislative affairs would say, "Do you know how mad Congressman so-and-so is going to be if we do that?" So, that's what I mean when I say bringing all of the information to the Secretary before he makes a decision.

But to do that, you have to be an expert on the policy.

No, you have many experts. That's--

Around you, or--

No, in the different agencies. So, you have-- in Health and Human Services, you have operating divisions who run programs, and then you have staff divisions who work for the Secretary, and they have areas of expertise, like Congressional relations, like planning an evaluation which is a more removed, I don't have-- they don't have to run an operation, but they know a lot about it, so they can say, "Those guys aren't telling you everything," and you get-- so, you try to bring all that information together in one place to take to the Secretary.

And where did the ideas for reform of policies (inaudible) the Secretary come from? Did it come from the White House, from the HHS, or from maybe himself?

Well, we can go back to the Medicare Modernization Act, which was doing the Bush years, and that was the act that created the Part D, the prescription drug program for Medicare, which did not previously exist, and it also revamped the managed-care portion of Medicare. Under Medicare, a beneficiary can choose to simply go to any doctor or provider he wants to, and that provider agrees to accept whatever the payment is that Medicare sets, or they don't.

There are also possibilities to be in an HMO or a preferred-provider organization, and this act sort of redid the rules governing providers that wanted to be managed-care under Medicare. So, who came up with the ideas? The administration had a proposal, and the ideas came from people who had worked in the administration before. There was-- (inaudible) was the Medicare Administrator, and he had ideas, and the office of management and budget had ideas, and a lot of different Congressmen had ideas, and usually, what happens when the administration makes a proposal, is there's a lot of conversations and probably policy papers flying around and meetings of the domestic policy council, and negotiations between Cabinet agencies, and, in the process, the agencies in the White House may consult with some legislators ahead of time to see where the boundaries might be, and it all gets kind of mushed into a proposal.

So, the ideas likely come from a lot of different places.

Yes, it's always like that. Sometimes there is a sort of main idea or stricture, and then you just move some small pieces, and--

Yeah, right. I would say, in the case of the Medicare Modernization Act, it was probably 80% administration, the Executive Branch, because there was a-- it was very hard to get that past Congress, it was very hard to get that passed through the House of Representatives.

As far as any one particular player, there may have been one, but I don't know who it was, I mean, I think it really was-- I'm not academically enough oriented in the policy realm to say,

"Oh, that's a direct line from so-and-so's work," but I think-- there underlying principles that were very much the administration's and the Republicans in Congress, which was, base it as much as possible on the free-market system, especially for the managed care, but also for prescription drugs.

These will be delivered by private companies that will bid for the ability to be providers, so our underlying philosophy was, it's not going to be government setting everything. It's going to be we set the parameters. We must cover this, you must have this amount of-- you must be in this kind of financial shape to be a provider, you've got to pass this, this and this test.

Okay. Could we say that the administration said we want to cover this and this and this and the Congress said, "Okay, we will, but this way and this way and this way?"

They did make some adjustments in coverage, I believe. I couldn't tell you what they are, but there was a more fundamental battle going on in Congress, and that was between those who think that this should be centrally administered by the government, and those that think the government should set the rules of the game and the private sector should deliver it.

Yeah.

There's a school of thought that believes the central government can deliver it better and more cheaply, and there's a school of thought that believes the government can not do that, and when the government gets their fingers too far into it, they're going to mess it up.

And who do you think won during your--

In MMA, the "let the private, set the rules and let the-- so that it's private," it was set up that way.

Yes, but it's the government that regulates and--

The government sets-- the government says, "Sebastien, if you want to be a PPO provider, you must meet the following criteria," and for a given area, we are going to, once a year, we will open it up to Sebastien and Ann and Joe Bag O' Donuts, and they can all give us their proposals and say, "I want to be a PPO for Medicare," and then the government gets those proposals, they look at them, and they say, "Joe Bag O' Donuts, you know, you really aren't solvent. We can't let you-- you're financially in bad shape. You can't be a player."

"Sebastien, you're good, but you're going to have to-- you know, your drug benefits-- you understand that you're not quite in our (inaudible) on this, so if you tweak this, you can be it," and there's a negotiation between the government and the providers, but once they're established, then they are the ones that, for my mother, who is a beneficiary, the government is not involved in the transactions when she goes to the drugstore and gets her drugs, so they're involved at the front end, setting the rules, and they can be involved at the back end, auditing and saying, "Sebastien, you said you were going to do this and you didn't do it." We can't-- you can't be a player any more.

So, that's the framework?

That's the framework. It sets the players based on the competition, and then the private sector actually administers the program, runs the program, pays the bills, and that's true for the prescription drugs, the (inaudible) prescription drugs, and for managed-care entities, and there's about 30% of Medicare beneficiaries have chosen managed-care plans. The rest are in what we call fee-for-service, which is (inaudible), and Medicare pays them and they pay whatever my copay is.

And do we think that with the latest bill, Obama's bill--

Very different.

More power? More rules?

It's much more centralized. It-- there's so many moving parts in that bill, there are just a lot of moving parts, and I don't-- what I know is that how the moving parts actually work will be determined through the regulations.

Many--

The regulations that will be chugged out, but the underlying philosophy is that it gives government a much larger role, and does not rely-- this administration does not like the private managed-care plans. They think they are paid too much. They don't believe that private-sector competition has produced good enough results.

In this case, I, obviously, was not participating in this debate, but my observation would be that it was the White House and the Office of Management and Budget that shaped the policy. I don't believe that Health and Human Services had much of a role at all.

That's what they say to me from the HHS.

They were asked to respond to requests for analysis. It was Nancy-Ann DeParle and Peter Orszag.

Peter--

Peter Orszag.

Okay. Two names, and there is maybe a third one. (inaudible)

Let's see. I'm sure there were some other influential ones, but I don't know all of the players in there. There are some that-- I am assuming there are some that don't ever hit the papers that much. There are some thinkers behind-- Peter Orszag wrote a book with somebody else at OMB, you don't see that guy's name, but he's there.

That's what we're trying to find.

There was a guy named Keith Fontenot.

Keith?

Fontenot.

How do you spell Fontenot?

I think it's F-o-n-t-e-n-a-u-t-- I can look it up and send that to you, but he's-- he worked in OMB for a long time, he's a career person, and then he went to work for Peter Orszag when he was at the Congressional Budget Office, and I believe they wrote a book together, so--

We've not seen (inaudible) at the OMB, so--

Yeah, he's the budget director.

Okay.

He's a very smart younger guy, has some-- he was very good at behind-the-scenes, grabbing the levers that kept him in the central position.

I'll try to see him.

I don't think-- you would have to pull some serious strings, and don't tell Keith Fontanot I don't know how to spell his name.

I won't. I wanted to ask you a question, but it's maybe more personal, because I'm a-- different people in the HHS or who were from the HHS, and they told me that during Republican governments--

During what?

During Republican governments, they had more power, or a more important role, than when the government is Democratic.

The career folks? Yes, I can enlighten you on that. The same thing happened when the first Bush left and President Clinton came in. The career staff in HHS, probably-- the majority, their heart is with Democratic policies more than Republicans, but they also think that Republicans manage better.

So, it's a push-pull for them. Oh gosh, we like this guy getting elected, oh darn, they don't listen to us. It's-- I think Republicans come in-- they tend to have had business experience or been in management positions and tend to understand a little bit more about the dynamics of people and management. You've heard what my philosophy was, which was, I trust those guys.

I'm going to work with them. If you roll up your sleeves and work together, it usually works really well. Many of the Democrats come in and many of them are from the Hill, from Congress, the staff, so they have never managed people. Also, the dynamic on the Hill is so partisan that you don't share ideas.

Now, I have to back up for a minute and say, in this administration, there are many high-level officials who were in Health and Human Services under Clinton, so presumably, they would know a little bit more about the dynamic, but I have heard the same things that you're hearing, that nobody is sharing ideas with the career staff, and I have heard from high-ranking career people that they are very distant to the staff, because there is a-- well, they said the same thing. There is a (inaudible) very strong, and the career staff is not engaged in-- there is an assumption that all of the ideas sprang from the head of the President and nobody has ever thought of them before.

(inaudible) I read something today in the Washington Post, there was an article about the deficit and that the President was going to send out a memo telling agencies to look for 5% worth of cuts in spending, and to look for programs that are either inefficient or not in line with priorities, and to identify programs that should be abolished altogether.

The Washington Post recklessly reported that budget analysts say no one has ever asked agencies to identify programs to be abolished before, and I said, "What planet are you living on? Every agency has asked that. Every OMB Director has done some variation of that. They certainly did it in this last administration. How can you say that? This is not true."

So, it's not-- it's just entertaining. Am I getting too far off the beaten path for you?

No, (inaudible) interesting (inaudible). What I come back to is the autonomy of the-- not a good word, autonomy, but the importance of the administration, which would be different during Republican or Democrat. One explanation that was given to me was that Democrats think, or maybe have more experience in health, because they're more interested in this field than Republicans, and so when they are in government, they can (inaudible) and they don't ask or have anything to the HHS, and it would be different for the Republicans who are less experienced in this field.

First, I don't think that's the case, because I think if you went to almost any agency, you would find the same dynamic. But, of course, any time a policy is at the top of the President's priority list, it will be more tightly guarded, and, of course, this one was. I don't believe it is because they know any more about health. I believe many of them think that they know more about health, but again, it goes back to a philosophy.

Many of the Democrats may know or think they know more particular details about how to send a payment policy or how to decide what treatments should be covered or not, and that goes back to their underlying philosophy, which is that government can make the decision better.

Republicans don't need to know exactly some of those details, because they believe their job is to set the policy and set the acceptable parameters, and then let the people in the healthcare field, under the eye of-- do their job.

That's interesting.

I would also tell you that I'm sure there are a lot of the people there that think they know everything they need to know. They can't possibly, because the system is just too complicated as set up. The whole structure of the payment regulations, it defies imagination.

I mean, you can't-- it's like saying I know what happens when I type into my computer. I know how it gets translated, sent on the Internet and gets to somebody else.

No. I mean, there are these-- the formulas, for instance, for Medicare payments, I mean, for eight years, I sat through briefings twice a year because of the (inaudible), and there are people in the Medicare agency who know how all these gears turn and when they mesh, and I remember one year, I sat there and said, "Oh my God, Liz, I understand what you're saying. I'm really scared, because I understand it."

The payment system says relative values, so we're going to say that this service is worth 100%. This is the core, and then they said-- say, an appendectomy is 90% of this, and brain surgery is 145%, so that sets the payments for different services, but, then, there are provisions that have been added over the years, then you make an adjustment for the labor rates in the various geographic areas, and then you have an add-on if you are this kind of a hospital serving this kind of a population, and then you have a subtraction for this other factor, and it's just layer upon layer upon layer.

So, until all those gears crank in, you may think you know exactly what's going to happen, but-- I used to say-- to explain it to friends, we come in, and we make some policy decisions about the regulation, based on the staff's best guess of what is going to happen. If you take this route, this will happen, if you take this route, something else will happen, but the absolute outcome is not known until they run all of the computer programs, and by the time they have run all those computer programs, you no longer have any time to make changes, because there are statutory time limits.

So, I said, we may have picked a flock of geese. We never came out with a herd of elephants, but we might have come out with six geese, two ducks, a couple of roosters, and a hen. So, it was close, but there are things you just don't know until you have set all of these gears in motion. Does that make any sense at all?

It makes-- so, I'll come back in ten years.

Well, if I'm still chugging along, you can call me.

Super. So, I arrived to my last series of questions. It's about the link between the federal government and states, and, well, we aren't (inaudible).

Say again?

Apotheosis?

Apotheosis? Okay.

Very difficult to pronounce, but you understand me, and it was that the federal government had increased its power or its role.

Hypothesis.

Hypothesis. I am (inaudible).

You did beautifully. No apologies. I don't speak any other languages.

I can hear-- I should speak English better. Anyway, we supposed that the federal government had increased its power over the last 30 years, and sometimes it was back-and-forth, but mainly an increase during the period, but maybe states, too, have also increased their power. What do you think about this idea?

I think there has been any expansion of government--

Of federal or--

Across the board. If you listen to the states, they will talk about unfunded mandates from the federal government. You keep passing laws and you keep telling the states to do things, but you don't give us the money. (inaudible) the federal government, well, depending on the year, will come back and say, "Yeah, but there was a time when states had huge budget surpluses. They don't know, but ten years ago, they did."

So, you understand, for instance, in Medicaid, which is the income-tested care, the policies are again set by the federal government, the baseline is set by the government, and states get money-- a matching rate. They have to provide the services and be spending the money, and the federal government gives them money based on how much they're spending.

So, if it's for putting in information systems technology, IT, states get reimbursed 90% of their costs for that. For services, there are differing rates. And states also can go beyond what the federal government says to cover, then, the federal government may or may not contribute to that.

States over the years have come up with great games where they go right up to the edge and they-- in how they describe a service, so they are lumping some things into the matching pods that maybe aren't really qualified, and then the pendulum swings and the federal government figures that out and tightens the rules, and then some clever guy in the state finds another way around that. It's a constant going back-and-forth that way.

So, I don't know, probably over 30 years, the federal role, say, federal intrusion into states' scope of decision has increased. So, if the states used to have this much decision-making authority without the feds intruding, it has probably shrunk.

Have you talked to anybody in the Governors' Association about the states' roles?

No, not yet, but someone has told me to do this. I'll come back in October and try to conduct--

Okay, I'll try to think of people to give you names of to go see.

Thank you, I will send you a following e-mail and--

I'd be glad to help you with this. You can just leave that.

That's very interesting. I will look forward to hearing what your results are.

Sorry?

I will look forward to hearing some of your results.

We will send you (inaudible), but be patient, it's not for a while.

I'm in no hurry. Last year-- the last day of my job with the administration, January 20th, my mother had her second emergency hospitalization, and I said, "Hmm, I think somebody's telling me what I'm going to be doing for a while," so I spent last (inaudible) getting my mother back into shape. She's 90 years old. Looks about 75, and now, I still do some of that, and I'm doing some consulting, so I'm in a more relaxed state. I have great patience.

So, maybe we'll consult you or make you come to France and make you give your opinion about the debate.

Sure.

I would ask (inaudible).

(inaudible) the project, I'd be happy to react to some of it.

Could be an idea.

Keeping in mind that I am a (inaudible) policy process person. In the course of doing that, I have gained a lot of knowledge about the subject and how it works in real life. I'm not a healthcare academician.

Yeah, but we work mainly on policy process, not really on the policy in itself. We are political science, so it's not public health.

Okay.

I wanted to ask you if Wisconsin (inaudible) federal policy when Tommy Thompson came from Wisconsin.

Oh, did they have more influence, or--

Did they?

I mean, did everybody who wanted to get seen from Wisconsin get seen? Oh, yeah, but it doesn't mean that their views or what they advocated got automatically fit in or any less scrutiny. You know, and they have some very innovative health projects going on in Wisconsin. They have been early into very innovative managed-care, and they have been quite advanced in health information-- the use of health information technology.

And they are the-- a state that does an awful lot of the really cutting-edge, scientific research in the field of the more esoteric, like, stem cells and things like that. They do a lot of

research, but, no, they didn't really-- they doesn't-- by the time you're in this department, there's so much being fed in that in terms of influence in big policy decisions, it can't-- it wouldn't pass through.

There are too many actors in the process to say it comes from here and only here.

Yeah. Certainly not in terms of big policy thinking, any more than the next Secretary had been Governor of Utah. They didn't have any more influence on the big policies. I worked with two different secretaries during the-- I have never been any place for eight years before in my life. It was fascinating.

So, that's the one thing I don't understand, because at first, when you came to the HHS, (inaudible) by--

No, I was already home. I was already here. I was actually working--

Yes, you worked--

But they reached out to me for this job.

And it was?

For the Executive Secretary job. I was in Wisconsin for seven and a half years. I moved back to Washington without a job, I just-- and I worked for Amtrak for about eight months.

Amtrak?

Amtrak is the train--

The train company.

And then Tommy Thompson was appointed, and he said, "What's that office?" And somebody said, "Ann knows that office," and Ann said, "I know that office," and I got that job.

Okay, so you moved to work two times in--

Yeah, and then Secretary Thompson left, and Secretary Leavitt was appointed, and he said "Ann, please stay on."

Okay, now it's clear. I did check my last question, because-- let's talk about (inaudible) maybe a last one-- a last-minute question about the different departments in HHS. Is there one (inaudible) more influential than another, or just--

I would phrase it a different way. There is one agency that tends to be the 800 pound gorilla in terms of the attention that the Secretary pays, and that's Medicare and Medicaid.

Okay.

There will be-- that's if you take the overall scope of attention during four years, the bulk of the Secretary's time, probably more than anybody else would be focused on Medicare and Medicaid. There will be other times, though, where three months will go by and it's-- we're really just looking at CDC, for instance, H1N1, or Katrina.

There would be one month where it was nothing but NIH, and that was when the debate was over stem cells and whether federal funding would be used for using stem cells in federal research, and that was a topic and it was a focus for a month, so-- but if you take the great global average, it's going to be on the payment systems for Medicare and Medicaid, and policies that govern them, for the simple reason that touches more lives and causes more noise and what people are more likely to talk to their Congressman and Senator about.

And there is more money in this program.

For instance, the Health Resources and Services Administration touches many, many lives, and there is a lot of money that is getting (inaudible) but the population that goes to the community health centers, they are diffuse, they don't talk to each other, they don't organize politically, whereas Medicare recipients, AARP, they are organized, they have a focused voice.

Okay. We can stop here. Thank you very much for all this information.

You're welcome. It's fine.

It was very interesting. Great.

As long as you protect me, it's fine.

I will. I guarantee it's secret.

No, it really is. I'm very passionate about public policy processes, and--