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KATE BASTINELLI, HOST:

Welcome to *Perspectives*. I'm Kate Bastinelli from the Greater New York Hospital Association, and today I'm interviewing my GNYHA colleague Jon Cooper, Senior Vice President of Federal Affairs, and consultant Andrew McKechnie of the Tiber Creek group. We'll be discussing what to expect from the Trump administration on health care.

Let's get started.

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BASTINELLI:

Andrew, Jon, thank you so much for joining us today. So, let's jump right in. Yesterday, January 20th marked not only Inauguration Day for Donald Trump's second term, but the start of a Republican-led House and Senate as well.

Let's start with a broad picture. Andrew, what does all this mean for health care, especially in New York, over the next four years?

ANDREW MCKECHNIE:

Thanks so much for having me, and happy to jump in. It's a great question. And I'll maybe let Jon talk a little bit more about the New York specific impact. I mean, one thing we've tried to remind folks is yes, we have a little bit of insight into what a Trump presidency looks like, and a Trump presidency with Republicans in control of Congress from his first term in office. But, I do think 2016 was very different than what we're looking at right now. If you think back to 2016 leading up to the election then, there was a lot of focus on repealing the Affordable Care Act, Trump was regularly talking about drug prices on the campaign trail. And so, when he came into office, I think there was a mandate to focus on health care.

Fast forward to now, it hardly came up during the campaign. I mean, obviously, reproductive rights was a big area of focus, but the ACA drug pricing came up sort of sporadically, but not on a consistent basis. So, that's a long way of saying I don't think health care is going to be a primary focus of this administration. That being said, it's 17% of the economy. It's hard not to focus on it in some way, but I don't think it will be front and center the way it was in 2016.

I would also say I think that Republicans are much more prepared this time around. I mean, they knew this was a possibility. I think Trump came as a bit of a surprise in 2016. So, they've spent a lot of time over the past six months to a year getting ready for a reconciliation process to pass legislation with just Republican votes. They are much more prepared on the confirmation process and getting Trump's people in place. So,

I do think they've got a little bit more opportunity to hit the ground running on day one than maybe we saw in 2016. But maybe I'll turn it to Jon and let him talk a little bit about the health care stuff that will come up in New York.

JON COOPER:

Thanks Andrew. I agree with what you're saying, I do think that is where they're looking to go. The thing I would add is, from a New York perspective, anything that changes health care policy in DC has a more profound effect here in New York, particularly on our hospitals. So, we're expecting a shift in health care policy. Maybe not a massive shift, but a shift. And there are some significant things in play.

Part of the reason why we're so sensitive here in New York is because of the public payers, Medicare and Medicaid. We are extremely sensitive to changes in those policies and programs, and it's important to note that every hospital in New York is a not-for-profit hospital, and every one of them relies very heavily on the Medicare and Medicaid programs. We have so many people enrolled in those two programs. Both those programs underpay hospitals for the cost of care. Medicare pays about $0.85 on the dollar for every patient we see that comes in that's a Medicare beneficiary. And on Medicaid, it's about 70% on the dollar.

So, things are already in a precarious situation with our payer mix, and any changes to those two programs, whether they're large or small, they do have implications for us as an industry and they could have a destabilizing effect. Frankly, the system is just very fragile. So, the discussions in DC around health care are extremely important to us.

BASTINELLI:

Thanks Jon. So, staying with Medicare and Medicaid spending, President Trump and several conservative think tanks have stated that they will crack down on "waste and fraud" in government health insurance programs. So, what should we be expecting to see in terms of Medicaid and Medicare spending? Should our health care facilities be preparing for cuts?

COOPER:

Well, we're certainly hoping that they don't need to prepare for cuts, but we're always going to prepare. Because there is a lot of discussion about "waste and fraud" in Washington. And Andrew can add a lot more to this, particularly as it pertains to DOGE and Elon Musk and some of the other discussions, but some people's "waste and fraud" is different than other people's "waste and fraud." And a lot of time with "waste," they're talking about reforms to, again, the Medicare and Medicaid programs.

The big one in the hospital space is so-called Medicare site-neutral cuts. Something that's been around for about a decade but has gotten a lot of attention over the last couple years. Basically, you would be reducing Medicare rates paid to hospitals for outpatient facilities to the physician office rate, which is obviously a much lower rate than what a hospital gets paid for an outpatient department. Hospitals have good reason to be paid a higher rate for outpatient services. They treat an enormous number of patients. They're open 24

hours a day. They care for medically complex and underserved patients. And there's all sorts of regulations that apply to hospital outpatient departments that don't frankly apply to a physician office.

There have been Medicare site-neutral cuts passed by the House but not enacted into law. We call that one, and smiling, “the small cut,” because that's a $3 billion over 10 year cut. And that was enacted by the House, but not passed into law. Again, there are some think tanks, many think tanks in Washington and a lot on the Hill that are talking about much, much larger cuts. There’s one that's a $30 billion site-neutral cut, which from New York’s perspective, we estimate that would be $234 million per year to our hospitals. And then there's a much bigger one, $150 billion cut over 10 years. And that is an astronomical $500 million per year for our hospitals here in New York State. So, when we talk about potential, Medicare site-neutral is at the top of our list.

Separately, and this comes within the reconciliation and other discussions, there are a lot of talk about Medicaid reforms. The Medicaid program has grown. A lot of it has to do with COVID and people that were enrolled, and the popularity of the program. It's a very important program here in New York State, but people in D.C. are talking about a host of changes. Things as per capita caps, workforce requirements, reducing the Affordable Care Act’s enhanced match that was put in place several years ago. Any of these programs would have really significant impacts on New York's Medicaid program because it's so robust here. But I'd be curious to see what Andrew has to say as well. I do think it's top of the agenda for particularly a lot of the House Republicans.

MCKECHNIE:

Yeah, I agree 100%. I do think every elected official who campaigns always says they're going to cut down on “waste fraud,” and usually that abuse is the third word I always hear in health care. And then I think they get into office, or they get an opportunity to do so, and they find out how hard that is. Because I do agree with Jon, that how you define that is somewhat different based on who you're speaking with.

I agree on the Medicare site-neutral and the Medicaid stuff. I think that's going to be front and center as a way to pay for other Republican priorities. One, I might add, would be the 340B program. I think there will be a lot of focus on, and that's one where it's, again, going back to how you define things. Are legal state Medicaid financing mechanisms abuse? It’s in the eye of the beholder a little bit to some Republicans. 340B the same way. The growth of contract pharmacies, some people see that as abuse of the program.

And so, I do think there will be a desire to rein those things in. Jon mentioned the Department of Government Efficiency, the DOGE being led by Elon Musk and Vivek Ramiswamy. I think it remains to be seen how much influence they will have. Conservative lawmakers have been making lists of government inefficiencies for years, and that doesn't necessarily translate into policy changes. So, if the DOGE is just putting together lists, I'm not sure it's going to be all that effective. If they actually are influencing the rulemaking process and how the Trump administration operates, that's a different story.

I also think one thing to keep an eye on that you will see Republicans say is we're not cutting programs, we're just reducing the rate of growth. And that may be factually accurate. But it is one area where I think you'll see them sort of justify reducing Medicaid, reducing Medicare spending. But saying, well, the

program's still growing, but just not as fast as it was going to grow before. And that downstream will have an impact on hospitals and other providers in a major way.

COOPER:

Just wanted to add what's interesting about DOGE, because I just think it's fascinating. That's a new thing. Not what they're trying to do, but how they're doing it is kind of new. And you can see the power of Elon Musk over the last couple months. Particularly, there was a House legislative package to fund the Federal government in late December. It had a health care package included. And Elon Musk started tweeting negative things about that package, and essentially took it down. I mean, that just shows you the power of Elon Musk and the DOGE.

I agree with Andrew. I don't think they have specific power outlaid to them. They are basically just an advisory group. But his power, between X and his super PAC and his connection with President Trump, I'm really curious to see how he can wield the power of the DOGE and make changes just by influencing the members of Congress to do what he and the DOGE think is right.

BASTINELLI:

So, following the DOGE conversation will certainly be interesting in the next few years, but let's circle back to the Affordable Care Act. During President Trump's first term, he promised unsuccessfully, to repeal and replace the ACA. The talk of repealing it seems to have subsided now, but is it at risk in other ways? Jon, how can the Trump administration and Republican Congress weaken the ACA?

COOPER:

The politics around the ACA and the policy proposals have changed quite a bit over the last couple years. The most important part of what's going to happen with the ACA over the next year is that there were enhanced subsidies that were provided in the American Rescue Plan of 2021, and that has allowed a lot more people to enroll in the Affordable Care Act. Those subsidies expire at the end of 2025. So, either Congress acts to extend them or modify them, or they go away. So, it's an extremely important activity that they're going to have to undertake.

When I think there's a lot of discussion about how to handle it, from a New York State perspective, we have 150,000 people on the exchange, and we also have something called the New York Essential Plan. And this plan offers health insurance to New Yorkers with income slightly above the Medicaid level. We have an enormous number of New Yorkers on the Essential Plan. In fact, we have a million of them. Both of those things, subsidies and the Essential Plan, are influenced by the end of the year activities around the subsidies. So, it's an incredibly important issue for New York. Obviously, from the Association's standpoint, we would like to see those subsidies continue.

I think, politically, it is tough to take insurance away from people, and that is likely what would happen if the subsidies didn't continue. There are clearly some changes around the edges that they could do that maybe mitigate that damage, but it's something we are going to be working on really hard in the next year.

MCKECHNIE:

Yeah, I again agree with everything you said. I do think that battle over the subsidies is going to be the big focus on the ACA in 2025. I do think, at least for now, things can always change. We've sort of moved away from the repeal debate. But what's interesting is you may not see sort of a wholesale repeal, but do you see sort of a destabilization of the law in a way that ultimately leads to it falling apart?

I think that's the concern among some supporters of the ACA is, you know, when you start to allow short-term, limited duration insurance plans to be more available in the market. When you allow association health plans. When you limit special enrollment periods. You take away funding for navigators. You sort of change how state-based marketplaces operate. All those things, which I believe are on the table, do have a destabilizing effect when it comes to the ACA. So, it's going to be interesting to see how those are rolled out. A lot of them, again, we saw during the first Trump administration, and I think they'll be coming back again this year.

COOPER:

Yeah. The only thing I would add to what Andrew's talking about is, the ACA wasn't just private insurance, right? There was a Medicaid expansion as well. And as a part of that, the Federal government gets states that expand their Medicaid programs a very enhanced rate: 90%. And that is something that they're definitely talking about. When we were talking about Medicaid earlier, lowering that number or changing that number as a part of reconciliation or Medicaid reforms later on. So that is a side issue, but it's a very important Affordable Care Act issue as well.

MCKECHNIE:

And let me just touch on one thing that Jon mentioned as well is, I do think what supporters of the ACA and what supporters of the enhanced subsidies are banking on is that there will be a handful of Republicans who just see it as too politically difficult to support ending the subsidies.

And so, we've already seen Lisa Murkowski, a moderate in the Senate from Alaska, come out saying she thinks they should be extended. There'll be a lot of focus on people like Susan Collins and John Curtis and some others that will be up in 2026. So, I think there will be a strong push to try and get in. And my guess is some of the more moderate New York members could also be in that mix. So, it'll be interesting to see how much Republicans kind of hold the line on that, or whether you start to see more defections like Murkowski coming out and supporting an extension of the subsidies.

BASTINELLI:

Thank you both. So aside from watching what's happening on the Affordable Care Act, we've also been following President Trump's nominations of Robert F. Kennedy Jr. as Health and Human Services Secretary, and Dr. Mohammed Oz as CMS Administrator.

The two have been highly critical of vaccines and promoted unproven theories about COVID-19 cures in the past. If the Senate approves both men, what can we expect to see from them as leaders of the US health care system?

Andrew, would you like to start with this one?

MCKECHNIE:

Yeah, happy to jump in. You know, I think if I had a bingo card, I'm not sure either one of these was on my bingo card. Obviously, RFK had been kicked around a little bit as an option for HHS, but we had heard the transition say specifically he was not getting the job. And certainly Dr. Oz was not on my bingo card. Neither one of them is what you would expect a traditional choice establishment candidate kind of thing.

I think that's going to lead to a little more uncertainty on what they're going to want to focus on, and kind of what their agenda will look like. I do think Trump is looking to all his nominees as to be disruptive. I mean, I think they have that mandate to say, feel free to shake things up, and that's how he wants to approach his second term.

For RFK specifically, we'll have a hearing either later this month or early February. It will be very interesting to see how he navigates that. In some of his past statements, he has kind of softened his rhetoric lately on vaccines. His focus in a big way through most of his career has really been on kind of food as medicine and FDA reforms and making sure people have more data. So, it remains to be seen. I don't think he'll be someone who's going to be in the weeds on Medicare and Medicaid. I think he will focus in other areas. Another unknown right now is, Trump cast a wide shadow, and his White House will cast a wide shadow, how much room do these cabinet secretaries and other appointees have to run? We've already seen a more Trump traditional pick put as RFK's chief of staff. So it will be interesting to see how much flexibility they have to pursue their own agenda versus what the White House is telling them they want them to do.

For Dr. Oz, certainly a more traditional health care background, and Jon can get into some of the history in New York. I do think he's more likely to get into the weeds on programs. He has in the past had some history of the support of the Medicare Advantage program. He has expressed some desire to reform coverage, coding, and reimbursement, and sort of the AMA's role in the process. So, I do think he is going to be in the weeds and, as a CMS administrator would be, kind of very focused on Medicare and Medicaid from a big picture standpoint, but also at a more granular level. I think a lot of the focus early on that we will see in kind of Q1 and Q2 will be on undoing a lot of Biden administration rules. You will see a regulatory freeze right off the bat to sort of stop anything that's in process and let Trump's team put their stamp on that. So, I think that'll be the focus early on and then, you know, we'll see where they go from there. But certainly, more nontraditional picks and a lot of uncertainty out there on which direction they're going to head.

COOPER:

Yeah, they're going to be fascinating, and they're certainly not traditional. Both kind of from New York. RFK a little bit less, but Dr. Oz is a long time New Yorker. So, from our perspective, we're curious to see how they react to a lot of New York specific issues.

I'd like to focus a little bit on Dr. Oz because he was a cardiac surgeon in New York for many, many years, so he frankly understands and knows our issues. And he knows the New York health care ecosystem, having treated patients here, dealt with hospitals, dealt with physicians. So, he'll be really interesting, particularly on the Medicare/Medicaid side. Something we're optimistic about as we do obviously train a ton of physicians in New York, and he has worked at some of the big academic medical centers here. So, we're interested in how he will perceive graduate medical education and the Medicare program and how it funds physicians across the country. It's been a top issue in New York for a very long time, and now it's a top bipartisan issue across the country to expand the number of physicians that we're training through additional graduate medical education slots. And we are hopeful that Dr. Oz and his experience having trained and been with residents here in New York, will see that in a positive light and be helpful in our work there.

The only other thing I would add, they will have great influence, as Andrew said, over the regs when they walk in, and probably make a freeze. There are a lot of so-called Medicaid waivers, which allow states to do things to the Medicaid program with approval for the federal government. New York has a lot of very important big waivers. Not just New York, but many states do. So, a freeze on those waivers would be interesting and potentially problematic.

MCKECHNIE:

It's funny. I always, when people hear about a new appointment or a new nominee and they say they really know our issues, I'm like, that can cut both ways. So, hopefully it's a benefit here, but it's also, they know where the bodies are buried. They know where to look when there's inefficiencies. And so, it can present also challenges.

COOPER:

Yeah. And Dr. Oz, for the record, did my grandmother's bypass surgery. He did a great job, so, I'm a fan.

MCKECHNIE:

Important advocacy point.

BASTINELLI:

So, switching gears a little bit, how might the Trump administration's pledge to crack down on undocumented immigrants impact the health care delivery system?

Jon, do you want to start with this one?

COOPER:

Sure, yeah, and it's a great question because, as Andrew suggested on day one or two, they're very likely to issue a lot of executive orders on immigration. And the elections were in large part run on and won on the immigration issue. Potential declaration of emergency or removing undocumented immigrants, from the hospital and health care perspective in New York, it's significant. There are a lot of questions about enforcement at hospitals. Project 2025 has said there's a call to rescind the Sensitive Locations Policy, which requires authorities like ICE to avoid enforcement in certain locations like schools and hospitals. Enforcement never happened that way under the first Trump administration, and I think it's unlikely for them to change whether or not ICE can go into a hospital or school.

But there is this chilling effect. The populations that could be affected by it, they may be less inclined to go to a hospital for care for fear of whether it's true or not. Fear of ICE or other enforcement agencies showing up. So, I think we're more worried about the effect on people's ability to come to us for care than anything else. There's also the public charge issue which President Trump issued the last time he was in office that would have allowed authorities to count benefits such as things like Medicaid when determining what an immigrant can get, certain kinds of status. Again, there's potential for a chilling effect there where people may not sign up for programs that they are, particularly in states like New York, eligible for. For fear of writing things down and jeopardizing their immigration status.

And then finally, and this is again, this is a conversation that DOGE had had about waivers and immigration status, H1B visas and stuff like that. We do, in the hospital world, in the healthcare world in general, rely quite a bit on immigration for nursing and staffing. So, the impact of those conversations, which have gone back and forth honestly over the last couple months, will be very important to our workforce here in New York.

MCKECHNIE:

Yeah, I think this is one of those issues where health care was not a focus on the campaign trail. Immigration was in a big way. And I think there are very high expectations for Trump to be active in this space. That being said, I do think some things being said on the campaign trail and leading up to inauguration probably aren't entirely realistic. I don't think there will be mass deportations. You know, I think a lot of the early focus will be on cutting off the flow of immigrants coming into the country and really trying to show some good examples of deporting criminals or bad actors. Where they go and what Phase 2 looks like beyond that remains to be seen, but I do think some of the rhetoric around mass deportations, I just don't think it's realistic or plausible. And the impact on the economy would certainly be a factor in kind of what they could do there.

So, I think we have to see. As Jon pointed out, we'll get a little bit of a sense of what they're thinking, or probably a lot of sense of what they're thinking, on January 20th. I would expect they've talked about 100 executive actions on day one. Nice round number there. I think they'll give a sense of where they're going. My one piece of advice is, don't overreact to executive orders. The devil is in the details. A lot of them have a lot of sort of incendiary rhetoric and say a lot of things that they want to do. Whether those things can ever be implemented by the agencies, whether the courts will allow certain things to happen. So, I think

take them all seriously, but I do think you got to kind of get into the details of what these EOs look like and what's actually plausible.

COOPER:

I was thinking back to the early days of the Trump administration last time. A lot of these things, even though they were either implemented through Reg or EO, then the lawyers get involved and they were an enormous number of lawsuits to kind of slow a lot of this down and make points. I do think that the lawyers are going to do quite well early on as all these EOs and everything else come out.

MCKECHNIE:

Yeah. I mean, there's a reason why the Senate spends most of their time confirming judges now, because I think both sides realize the power of the courts and, you know, we saw a lot in Trump's first term. We saw a lot of his initiatives end up getting tied up in the courts and were never implemented. Both sides have focused really on trying to stack the courts as much as possible to create sort of an opportunity when they do want to enact a policy, that it'll actually get carried through.

BASTINELLI:

Thank you both so much. I found this extremely informative and I hope our listeners did too. Before we go do either of you have any other thoughts on what to expect from the Trump administration on health care?

MCKECHNIE:

Yeah, maybe just a few, and they're not specific to health care. And I will share a couple pieces of advice I've gotten from people who have worked with incoming President Trump. They operate by a 24-hour rule. Don't react to anything he says for at least 24 hours, because sometimes he changes his mind or will go in a different direction. So, keep that in mind as we go into a second term. I've always loved the phrase, “Take him seriously, but not literally.” A lot of things that he talks about, he means it, but how he maybe frames it isn't always realistic or how it will be carried out.

Lastly, I would just say, I think back to that instance in not-too-distant history where, I believe it was Warren Buffett, Jamie Dimon and Jeff Bezos, all teamed up to change health care. And two years later, they were like, nope, too hard. Health care is hard, and changing health care, you know, we have 50 states with very different systems and different interests. And I go back to John McCain's thumbs down when they tried to repeal the ACA. And Trump saying I never knew health care could be so complicated.

Changing the health care system is hard, and that might be a big reason why they didn't focus on it as much on the campaign trail. Because they wanted to kind of manage expectations, but we'll see. I think there are big ambitions. There are things they want to do, but what can actually pass? A very narrow House and a slightly less but narrow Senate is going to be challenging. And so we'll see how that plays out over the next 6-12 months.

COOPER:

Yeah, that's a great lead into what I was thinking Andrew. You know, there's the Trump administration, but then to me, the first two years are the interaction of the Trump administration with a Republican-controlled House and Senate, and what that means for health care. Non-reconciliation issues and, I don't think we really touched on reconciliation too much, but they can use that once or twice in the next couple years, and let's park that for a second. But everything else that still needs to go through Congress will have to be bipartisan, particularly as it pertains to healthcare.

That goes back to Andrew's point of making changes to health care is hard. And, if there's a bipartisan discussion about things such as Medicaid DSH, or telehealth, or hospital home, it does mitigate some of the more negative things that can happen. Now, the reconciliation process itself is the big bogey. That is the one where, if there are massive health care changes like major proposals, major proposals on Medicaid or Medicare, that's where they would live. And the Affordable Care Act as we talked earlier. So, there is one place where a lot of this could go down. But the rest of it, I think is important to remember that that will be more of a normal process even in a world where Trump is president and the Republicans control the entire Congress.

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BASTINELLI:

Thank you for joining us today. Until next time, this has been *Perspectives*.