



Bush Selects Leavitt as HHS Chief

In a surprise move, President George Bush named former Utah Governor Michael Leavitt as the next secretary of the Department of Health and Human Services (HHS). A close colleague of the president's since their days in the National Governors' Association, Bush appointed Leavitt a year ago to head the Environmental Protection Agency (EPA), where the Utahan has been embroiled in contentious clear air issues that have required all his talent as an administrator and consensus-builder.

The White House nominated Leavitt in December, shortly after former Wisconsin Governor Tommy Thompson announced that he would leave the HHS top spot by early February. Thompson's decision sparked expectations that the new secretary would be Mark McClellan, currently administrator of the Centers for Medicare and Medicaid Services (CMS) and formerly Food and Drug Administration commissioner and member of the White House Council of Economic Advisors. Evidently, the administration considered it more important to leave to McClellan the difficult task of implementing the new Medicare prescription drug program and a host of complex changes to Medicare.

Funding cuts

Even with McClellan handling the Medicare reform, Leavitt faces some very difficult situations at HHS. A key challenge will be to manage HHS's vast range of public health and welfare programs during a period of shrinking resources. Bush wants to halve the federal deficit over five years, which puts spending for Medicare, Medicaid and other health programs squarely on the chopping block. The big increases previously available to expand the National Institutes of Health already have disappeared. FDA is scrambling for resources to perform its mandated functions, and will be hard pressed to find any money in its current budget to expand drug safety oversight, manufacturing inspections, product testing, and innovative approaches to drug development.

One of Leavitt's first tasks will be to se-

cure the appointment of a permanent head of FDA, which has lacked a confirmed leader during most of the Bush administration. Confirmation hearings for Leavitt as well as a new FDA commissioner will provide a forum to air concerns about FDA's drug safety monitoring capabilities and efforts to protect against bioterrorism. Congress also is likely to push for some kind of drug importing, an issue that may hold up Leavitt's Senate confirmation.

As part of the administration's deficit reduction plan, Leavitt will lead the campaign to reshape Medicaid into a block grants program. This approach basically caps federal contributions to Medicaid while providing states with more flexibility to modify benefits—revisions strongly opposed by Democrats and many states. As governor, Leavitt engineered a major overhaul of Utah's Medicaid program that cut benefits for many Medicaid patients to extend some coverage to a broader patient population, a radical shift that has won high praise and sharp criticism. Congress already is looking at Medicaid drug reimbursement, but efforts to overhaul Medicaid to shift more responsibilities to states and the private sector will raise an outcry.

Leavitt's ties to supplement makers and the insurance industry will be fodder for critics at his Senate confirmation hearings. The former Utah governor is well-known to the dietary supplement industry, which is pleased to see HHS in the hands of someone sensitive to their regulatory concerns. Before entering politics in 1992, Leavitt headed his family's insurance brokerage firm, the Leavitt Group, which he helped build into a major regional organization that sells health and life policies, along with most other forms of individual and group insurance. Senate hearings also will bring up Leavitt's involvement in a number of hot environmental issues involving development and access to wilderness areas and protection of wildlife habitats. And this devout Mormon will face questions about his policies related to abortion and embryo stem cell research.

To his credit, Leavitt is well-liked by his fellow governors, and his three terms as governor of Utah testify to his political and administrative skill. He has backed private sector approaches to expanding access to healthcare and controlling costs, and is expected to champion using information technology to address medical research and treatment challenges.

Parting shots

Leavitt is likely to be a firmer supporter of Bush administration policy than Thompson. In a frank exchange with reporters last month after announcing his resignation, Thompson complained that Congress should have provided HHS with authority to negotiate drug prices for the new Medicare drug benefit. He admitted serious concerns about the nation's ability to counter a pandemic flu outbreak and to protect against tampering of the food supply. He also called for changes in how FDA oversees drug safety issues, pointing to the need for a more independent review of postmarket adverse drug events. And, he urged Congress to revise current laws governing dietary supplements so that FDA does not have to prove that a supplement is unsafe to remove it from the market.

Thompson said that he is most proud of his role in overhauling Medicare, in making Americans more aware of health issues, and in expanding the nation's involvement in the international fight against AIDS. At the same time, Thompson defended the administration's embryo stem cell research policy, insisting that stem cell research is limited more by a lack of trained researchers than by limits on federal funding.

In his last months in office, the secretary approved additional suppliers of flu vaccine, and unveiled new regulations and the regional plan for establishing the Medicare prescription drug benefit. Thompson said that he expects to remain involved in international health activities and left the door open to future political office in Wisconsin or Washington.

—Jill Wechsler