



Meet the man who irks conservatives on Obamacare

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The man who once devised Mitt Romney's presidential blueprint for dismantling Obamacare is now hopeful the next Republican nominee will avoid even mentioning the word "repeal."

While some on the right continue to talk up the prospects of nullifying the Affordable Care Act, Michael Leavitt, the former Republican governor of Utah and secretary of Health and Human Services under George W. Bush, predicts that chatter will reduce to a whisper after November.

"We are going to go through the 2014 elections and then it is going to turn," Leavitt told CNBC.com during a recent sit-down in the Chicago offices of his consulting firm, Leavitt Partners. "I'll be surprised if a presidential candidate is running simply on the basis of repealing Obamacare. I think Republicans have to come up with a plan of their own and we've never achieved that yet. The country isn't going to elect a president that will simply say, 'Repeal.' "

Leavitt's fait accompli attitude towards the ACA, coupled with his company's role in advising states on responding to its provisions, have made him a source of conservative criticism.

"What Mike Leavitt and his employees have been doing for a couple of years is going around the country trying to make money by telling people how to employ Obamacare," said Michael Cannon, the Cato Institute's director of health policy studies. "This is a classic example of how Republicans end up making bad decisions on health policy and other areas of public policy: They get advice from someone who is a member of their own party, maybe somebody they know personally or professionally, and that someone has a financial interest in the government's decision."

Leavitt makes the counterargument, saying that by encouraging states to take health care into their own hands, insofar as they can, he is upholding the conservative canon of federalism.

"One of the things that my party has done that surprises me is that we argue against our own ideology," he retorts.

But at the same time, Leavitt downplays his firm's work advising states, saying that it has amounted to less than 20 percent of Leavitt Partners' portfolio.

"We value [states] as clients and think we have done a good job with them, but our business has not been centered around states," he said.

Much of the company's focus these days is in tracking and advising some 640 health care provider organizations that Leavitt describes as "risk-bearing."

"So (many) of our assumptions are driven by the fact that this is not about politics, it is about economics," said Leavitt.

Leavitt was a centrist governor of Utah who has advocated for state-based health care exchanges even before the ACA. As Bush's HHS secretary, he oversaw the implementation of Medicare Part D, the prescription drug bill that would later be criticized by conservatives for swelling the nation's debt, but which Leavitt still argues is a "map for how we ought to deliver public programs in the future."

After leaving the Bush administration, Leavitt set up his Salt Lake City-based consulting shop, which focused on the health care industry. In 2012, Romney tapped him to lead "Project Ready," the campaign's transition team, where one of his main objectives was in figuring out how to carry out the candidate's campaign pledge to "repeal and replace" the ACA if elected. Since then, however, Leavitt's firm has worked with seven Republican-led states, advising them on how to set up their own exchange or manage their Medicaid dollars.

"I have always believed that some government is required to make a system function," said Leavitt. "I believe the Affordable Care Act imposed too much government...but I am clearly somewhere in between those who say 'no government' and those who say government ought to run it."

Leavitt Partners's state-based work has received mixed reviews and earned mixed results, although the failures of implementation have often owed to political factors beyond its control.

"Their recommendations were really good," said Mike Chaney, commissioner of the Mississippi Insurance Department, which paid Leavitt Partners \$1.18 million for work between 2011 and 2013. "CCIIO [a department of HHS tasked with implementing Obamacare] said we had one of the best blueprints submitted in the United States."

In New Mexico, where Leavitt Partners received a \$1.2 million contract to advise Gov. Susana Martinez's administration, critics complained about the firm's chummy relationships with health care industry companies.

"I see no tangible benefit they provided, no measurable outcomes from their work," said Dan Derksen, the former director of the New Mexico Office of Health Care Reform.

Cannon said that, on the whole, Leavitt's impact on the Obamacare debate had "an effect on the margin," by making it a respectable-seeming proposition for certain Republican governors to engage with Obamacare.

Recently, Leavitt said, his firm has focused on serving as a "convener" for a handful of private health care exchanges, although he refused to provide specifics about what that work entailed.

In October, the firm will host its annual powwow in Salt Lake City, where many health care providers are expected to attend. Leavitt said he plans to be the only politician (or ex-politician) in the room. He doesn't rule out that he will be involved in politics again come 2016, depending on which presidential candidates emerge. He highlighted Romney's former running mate, Rep. Paul Ryan, as someone who has impressed him with his approach to Medicaid reform.

"The practicality and understanding of how the real world works is always a premium in governance," Leavitt said. "And the understanding of those dynamics is also a value in politics, in the political process. So, I am frankly routinely called upon by people who are both deciding to run and my advice is available, and it is sought."