2017 Budget Outlay: $2,698M  
FTEs: 17,134

2017 Budget Outlay: $10,372M  
FTEs: 2,211

2017 Budget Outlay: $5,191M  
FTEs: 15,096

2017 Budget Outlay: $7,920M  
FTEs: 11,948

2017 Budget Outlay: $3,672M  
FTEs: 615

2017 Budget Outlay: $300M  
FTEs: 325

2017 Budget Outlay: $1,006,929M  
FTEs: 6,495

2017 Budget Outlay: $32,117M  
FTEs: 18,105

2017 Budget Outlay: $7,920M  
FTEs: 11,948

2017 Budget Outlay: $54,479M  
FTEs: 1,352

2017 Budget Outlay: $1,956M  
FTEs: 199
The Office of Intergovernmental and External Affairs hosts 10 HHS Regional Offices led by a President-appointed Regional Director.

The Secretary’s Regional Directors ensure the Department maintains close contact with state, local, and tribal partners and addresses the needs of communities and individuals served through HHS programs and policies.
Secretary Azar’s Priorities

1. Opioids Crisis
2. Health Insurance Reform
3. Drug Pricing
4. Value-Based Care
The opioid epidemic by the numbers

4.4% of the population, or 11.5 million – have Opioid Misuse Disorder.

170 people die from drug overdoses a day – 116 are opioid-related.

13% Increase in overdose deaths 2016-2017
Deaths in 2006

Estimated age-adjusted death rates for drug poisoning
Deaths in 2016

Estimated age-adjusted death rates for drug poisoning
The crisis in context

Drug overdose deaths from 1970–2015

- Drug Overdoses
- Opioid-Involved Overdoses

Deaths per 100,000 population

- Heroin
- Cocaine
- Opioids
CEA Report:

- Diverges from the previous literature by quantifying the costs of opioid-related overdose deaths based on economic valuations of fatality risk reduction, the ‘value of a statistical life’ (VSL)”
- Considers the costs of non-fatalities: estimated costs per person for those who do not die within the year
- **Estimated opioid crisis cost: Over $500 billion in 2015**

### Table 2: Estimated Cost of the Opioid Crisis in 2015 (2015 $)

<table>
<thead>
<tr>
<th>VSL Assumption</th>
<th>Fatality Costs</th>
<th>Non-fatality Costs</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age-dependent</td>
<td>$431.7 billion</td>
<td>$72.3 billion</td>
<td>$504.0 billion</td>
</tr>
<tr>
<td>Low</td>
<td>$221.6 billion</td>
<td>$72.3 billion</td>
<td>$293.9 billion</td>
</tr>
<tr>
<td>Middle</td>
<td>$393.9 billion</td>
<td>$72.3 billion</td>
<td>$466.2 billion</td>
</tr>
<tr>
<td>High</td>
<td>$549.8 billion</td>
<td>$72.3 billion</td>
<td>$622.1 billion</td>
</tr>
</tbody>
</table>

[https://www.whitehouse.gov/sites/whitehouse.gov/files/images/The%20Underestimated%20Cost%20of%20the%20Opioid%20Crisis.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/images/The%20Underestimated%20Cost%20of%20the%20Opioid%20Crisis.pdf)
Secretary Azar: “The time to act is now: Not only are costs spiraling out of control, but the scientific landscape is changing as well. Securing the next generation of cures for the next generation of American patients will require radical reforms to how our system works.”

HHS has identified four challenges in the American drug market:

1. High list prices for drugs
2. Seniors and government programs overpaying for drugs due to lack of the latest negotiation tools
3. High and rising out-of-pocket costs for consumers
4. Foreign governments free-riding of American investment in innovation

Under President Trump, HHS has proposed a comprehensive blueprint for addressing these challenges, identifying four key strategies for reform:

1. Improved competition
2. Better negotiation
3. Incentives for lower list prices
4. Lowering out-of-pocket costs

HHS’s blueprint encompasses two phases:
1. Actions the President may direct HHS to take immediately
2. Actions HHS is actively considering, on which feedback is being solicited
Drug Pricing

FIGURE 2
Retail Prescription Drug Spend

SOURCE
CMS Office of the Actuary

https://www.hhs.gov/sites/default/files/AmericanPatientsFirst.pdf
Drug Pricing

FIGURE 3

List Price vs. Net Price

SOURCE
Medicine Use and Spending in the U.S.; A Review of 2017 and Outlook to 2022. April 19, 2018

https://www.hhs.gov/sites/default/files/AmericanPatientsFirst.pdf
Value Based Care

Four areas of emphasis for building a system that delivers value:

1. Maximizing health IT
2. Improving transparency in price and quality
3. Pioneering bold new models in Medicare and Medicaid
4. Removing government burdens starting with a comprehensive review of regulations.
   a. CMS kicked off this effort by releasing a request for information regarding the Stark Law, which prevents physicians from making referrals to other doctors or practices with which they have a financial relationship, unless certain enumerated exemptions apply.
   b. HHS will be releasing requests for information regarding the Anti-Kickback Statute, HIPAA, and a federal privacy law - 42 CFR Part 2.
   c. CMS proposed reforms to Medicare including simplifying how doctors are paid for basic evaluation visits.
President Trump issued Executive Order instructing HHS, Labor, and Treasury to consider proposing regulations or revising guidance to promote healthcare choice and competition by expanding the availability of short-term, limited-duration insurance.

- Departments issued a proposed rule on February 20, that would change the maximum duration of such coverage to less than 12 months.

- Department of Labor finalized a rule to expand access to association health plans, under which small businesses and individuals running their own companies can come together to buy cheaper insurance.

- President Trump’s budget proposes to replace the entirety of the ACA subsidy structure, as well as the Medicaid expansion, with a flexible block grant. Since the Reagan administration, significant amounts of HHS’s social service programs have been distributed by block grant, freeing states to use the funds in ways that meet their needs.

• Reducing CMS clinician documentation requirements. Potential time saved for across America in one year would come to more than 500 years of time for patient care.

• FDA draft guidance, *Innovative Approaches for Nonprescription Drug Products*, intended to extend NDA pathway to include therapeutic indications that have not been available without prescription.

• FDA will continue to play a critical role in facilitating increased access to biosimilars by modernizing policies, educating physicians, payors and patients.

• Secretary Alex Azar requested that FDA Commissioner Scott Gottlieb establish a working group to examine safe importation of prescription drugs in the event of dramatic price increase for a drug produced by one manufacturer, not protected by patents or exclusivities.

• Rethink how Medicaid serves able-bodied, working-age adults, and encourage states to consider work and community engagement requirements for these populations.

• [https://www.cms.gov/About-CMS/story-page/patients-over-paperwork.html](https://www.cms.gov/About-CMS/story-page/patients-over-paperwork.html)
Thank you

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