

Cozen Currents: Casting Trump II: The Sequel

The Cozen Lens

- A second Trump administration would likely include both familiar faces from his first term and newcomers, but a lack of institutional guardrails means that former President Trump's personnel choices will be particularly consequential.
- Like many issues facing President Biden, the decision to support the creation of a more secure critical minerals supply chain requires trade-offs between competing interests, in this case posing China hawks against environmentalists.
- Medicare faces heavy but increasingly unavoidable tradeoffs as weight-loss products like Ozempic and Wegovy are on track to become the best-selling drugs of all time.

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Staffing a Second Trump Administration

Trump's Team. A second Trump term would likely dial up the chaos compared to his first.

- Former President Trump's style is to talk to a lot of people, regardless of formal titles, and play them against each other. The absence of more mainstream advisors considered "guardrails" against his more unpredictable qualities means a second term could witness Trump to the max, especially on issues he's discussed and campaigned on extensively, like trade and immigration.
- The retirement of Senate Minority Leader Mitch McConnell (R-KY) from GOP leadership and the replacement of more establishment rank-and-file Republican senators with a new breed of successors could make it easier for Trump to get his more aggressive nominees confirmed.
- Trump values loyalty in his inner circle. He said on Truth Social earlier this year that donors to the campaign of his former US ambassador to the United Nations, former Governor Nikki Haley (R-SC), "will be permanently barred from the MAGA camp." Former Trump officials who rejected his unfounded claims about the 2020 election are also not likely to be on the list to return.
- Trump has never been a detail-oriented policy wonk. Aside from a few key policy areas such as trade, his appointees will likely have significant room to run. This makes watching his personnel decisions key to understanding the direction of a second Trump term if he prevails in November.

Who's on Deck. Trump would likely staff a second administration with former officials and fresh faces.

- Some diehard Trump loyalists from his first term would likely return for a second. Top figures in Trump's orbit include former senior aide Stephen Miller, former US Trade Representative Robert Lighthizer, former Office of Management and Budget (OMB) Director Russ Vought, former National Security Advisor Robert O'Brien, and former Secretary of State Mike Pompeo. Lighthizer in particular may have an advantage given his instrumental role in shifting US trade policy in a more protectionist direction, a major issue for Trump. Vought, who has advised far-right Republicans in Congress, is also a top figure to watch given his experience at OMB and a second Trump administration's likely focus on deregulation.
- Trump's 2024 campaign staff are natural picks for West Wing roles. De facto co-campaign managers Susie Wiles and Chris LaCivita are new to leadership on Trump's team and would be expected to take on key roles in a Trump White House. The pair have made the operation more professional and are bringing Trump neck-and-neck with Biden in the polls.



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- A second Trump term would also likely see some newcomers who weren't previously on the Trump train. Entrepreneur Vivek Ramaswamy, Governor Doug Burgum (R-ND), and House Republican Conference Chair Elise Stefanik (R-NY) have reportedly been floated as potential Cabinet picks. Trump could also choose some of his biggest defenders in the Congress such as Senator J.D. Vance (R-OH). Former House Speaker Kevin McCarthy (R-CA) has reportedly been floated as a potential candidate for chief of staff. McCarthy is experienced in the ways of Washington and would be well positioned to deliver on Trump's legislative and regulatory goals. In his first term, Trump's team was held back by inexperience. That won't be a mistake made again.
- Perhaps the most important appointment Trump would make if elected is who should lead the Federal Reserve when Jay Powell's term as chair expires in May 2026. The Wall Street Journal reported last week that Trump economic advisors Stephen Moore and Arthur Laffer have given Trump a shortlist for replacing Powell: Former Fed Governor Kevin Warsh, former Chairman of Trump's National Council of Economic Advisors Kevin Hassett, and Laffer himself, a longtime GOP economic advisor.

Trump's Wall Street Fans. Business leaders would likely have a role to play in a second Trump term.

- For years, Trump has spoken with business leaders and investors for advice as an informal "kitchen cabinet," both as a candidate in 2016 and as president, not relying only on those he appointed to serve in government. Blackstone CEO Stephen Schwarzman had the president's ear during his first term, for example. Conflicts of interest and federal divestment requirements give many bankers or investors a reason not to join the federal government (Carl Icahn left his advisory role for this reason) but doesn't stop them from offering Trump advice informally.
- Trump may also choose investors for formal roles. Hedge fund manager John Paulson and Key Square Group LP founder Scott Bassent have reportedly been floated for Treasury secretary.

Competing Interests in the Competition for Critical Minerals

Whole-of-Government Initiative. President Biden has prioritized creating a secure critical mineral supply chain. Now, the Biden administration is taking significant steps to make that a reality.

- The emphasis on critical minerals, including rare earth metals, is partly thanks to their necessary role in producing goods ranging from advanced fighter jets to clean energy technology and even mobile phones. While not always commonly known, these minerals are an essential part of these goods and are typically hard to substitute for.
- To support the development of a more secure critical mineral supply chain, the White House has sought to invest in re-shoring the industry where possible. This support includes funding new mines and production, processing, and recycling facilities. This effort has been an interagency affair involving the Departments of Energy, Defense, the Interior, and State. In 2022, Biden established a White House Office of Clean Energy Innovation and Implementation, whose mission has partly included a focus on critical minerals policy.

China's Looming Shadow. National security concerns about China's dominance of the existing critical mineral supply chains are part of the reason for the renewed focus.

- Similar to other strategic industries, like semiconductors, the White House and Congress believe that de-risking critical mineral supply chains is necessary. They think that continuing to rely on China to this extent for vital defense industry inputs presents a real national security vulnerability.
- A key part of the Biden administration's strategy has been to work with allies to de-risk their critical mineral supply chains from China collectively. The US has signed a critical minerals agreement with Japan, the UK, and the EU. The US and EU are also expected to launch a minerals security partnership forum that will combine initiatives each has been running in the hope that the increased collaboration will better counter China's supply chain dominance.
- China has used its control over the supply chain in recent years to impose export controls

on critical minerals in response to some of the US's own semiconductor export controls. So far, these measures have targeted germanium, gallium, and some types of graphite. Although China's export of these minerals has not been halted completely, there have been significant drops in volume as companies work to receive government approval to resume sales.

Green Pushback. As valuable as securing the critical mineral supply chain is for Biden, it poses a vexing political question given the environmental concerns some have with the industry.

- As important as these critical minerals are to clean energy production, some environmentalists question whether the upfront harms are worth the payoff. Advocates often point to the negative environmental impacts of mining and processing, particularly for rare earth minerals.
- The White House is conscious of these worries and is trying to get ahead of them, suggesting that it favors the national security perspective. Still, and especially in an election year, the Biden administration is trying to include environmentalists in the process and taking steps to minimize the environmental impact of this initiative without compromising the strategic vision.

The Skinny on Medicare

New Drugs, New Possibilities. A new class of compounds is upsetting the medical world with their unprecedentedly significant effects on body mass.

- They're known as GLP-1 agonists or anti-obesity medications (AOMs): a series of primarily once-weekly injections that reduce body weight on average by ten to 20 percent. Continued use is necessary to keep half of the weight loss. The drugs were originally developed to treat type II diabetes but began to be prescribed off label en masse as their other effects became known.
- The market is simply huge: 42 percent of Americans have obesity and another 31 percent are overweight (but not obese). Drug manufacturers are already unable to cope with such high demand, leaving shortages and a black market of fake drugs in its wake. One February report from Jefferies predicts the number of GLP-1 scripts will grow from 284 million last year to ~1.2 billion by 2028, and a \$100 billion industry in total by 2030. There are over 100 more AOMs in different stages of development.

The Feds Won't Foot the Bill. The government is inextricably linked to healthcare in the US, making Medicare's prohibition on covering AOMs significant.

- When Medicare Part D was established in 2003, the legislation included a provision preventing Medicare from covering drugs for weight loss. Crucially, Medicare is able to cover these drugs when used for another Food and Drug Administration (FDA)-approved purpose. While the federal government will not cover Wegovy as an AOM, it does cover Ozempic for diabetes and announced last week it will cover Wegovy for its role in preventing heart attacks and strokes.
- The Treat and Reduce Obesity Act of 2023 (TROA) would repeal this restriction. Twenty percent of the House and Senate are currently cosponsors. TROA advocates' main argument is that reduction of obesity will save money in the long run by preventing many conditions associated with it — an implicit admission that there's no social appetite for spending public money to improve obesity for its own sake. Republicans are more skeptical of the financial costs of covering AOMs and more likely to believe that one's health is a matter of personal responsibility.
- Until there is an expert consensus that the drugs save the government money in the long run, TROA faces an uphill battle. The Congressional Budget Office's determination last week that Medicare covering AOMs would increase the federal deficit throws cold water on the effort, at least for now. Further complicating this analysis is the fact that CBO only considers a ten-year budget window when determining if a policy saves or costs money, which is likely not a long enough time horizon to capture the long-term effects of Medicare coverage of AOMs.

Presidents and Governors Decide. Both the Biden administration and individual states have

some latitude on covering these drugs. Their steep price tag has led some states to remove coverage entirely.

- AOMs are prime targets for federal Medicare price negotiations established in the Inflation Reduction Act (IRA). While Medicare does not cover these drugs for weight loss, it does cover them for diabetes, which was enough to make Ozempic the sixth highest drug by gross spending in 2022. Semaglutide is eligible for negotiation starting in 2025 with effects on prices in 2027.
 - By law, Medicaid must cover almost all FDA-approved drugs; weight loss treatments are neither required nor banned. North Carolina and the University of Texas system decided to rescind GLP-1 weight loss coverage for state employees in the face of rising costs while Connecticut is beginning a pilot program requiring state employees to participate in a clinical lifestyle management program. Five states have created prescription drug affordability boards with the authority to set upper payment limits on drug prices, and AOMs may soon rise to the top of the list of drugs to regulate.
 - There are actions the Biden administration could take to expand coverage. The Center for Medicare and Medicaid Innovation could leverage its waiver authority under section 3021 of the Affordable Care Act to regionally test coverage policies. The Centers for Medicare and Medicaid Services (CMS) has also reinterpreted the particular statute in question before, finding that drugs to treat AIDS wasting and cachexia “are not considered agents used for weight gain or agents used for cosmetic purposes, and therefore such products are NOT excluded.” Advocates assert that CMS has the unilateral ability to expand coverage along these same lines.
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