

CONVERSATIONS WITH MIKE MILKEN



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Mike Milken: Adam, thank you for joining us today.

Adam Boehler: Thank you for having me.

Adam, you began your career as an entrepreneur, founding two laboratory management services companies and a medical group that provides home-based medical care. Then two years ago you decided to serve the country and were appointed to the HHS department. Why did you decide to go and serve in government?

I never had an intention necessarily of going into government. I had always been a private-market person. Part of the reason I think was my fear that government would be too bureaucratic and too slow. What I had evolved to over time in my career is building great businesses, but building businesses that created, in my opinion, significant value that I could be proud of. It was an opportunity to introduce solutions to impact 300 some odd million people, and I thought you can be a CEO, there are a lot of CEOs, but this opportunity was one that may never come up again.

I think CMMI was particularly appealing because it does have fairly significant authority to do broad-scale testing. And my belief from private market is that incentives drive everything. And so if you see something broadly that doesn't happen, it's because incentives aren't well-aligned.

If we have a vision for healthcare – which by the way is a vision that all

Americans share I think – which is lower-cost, higher-quality healthcare, how do you achieve that? If you make sure that people get paid for doing the right thing, then they'll do the right thing. And so that's really where some of my private-sector experience was particularly helpful.

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CMMI standing for the Center for Medicare and Medicaid Innovation. You're running that, and then you get a call asking you to serve as the CEO of the U.S. International Development Finance Corp (DFC). Tell us what your vision is for that organization.

DFC is a \$60 billion development fund, and we have three objectives in investing across the emerging companies around the world. Number one is to drive development outcomes. The second thing is to advance U.S. foreign and national security policy. And then the third is we are one of the only agencies in the U S government that returns capital to the American taxpayer and reduces the deficit. What we do, if you think about really the importance of investing in this way, is sustainable.

There is a fear about what this virus could do in developing countries, particularly South Asia and Sub Sahara Africa. As your new assignment is to look at the rest of the world, particularly the developing part of the world, how do you see this unfolding?

First of all, note that's a difficult question, obviously, because it's still unfolding. What I would say, my direct observation on this virus, is that there are a number of things that drive outbreak, and without a comprehensive list let me name two things that are very common when I look across it in the United States: that's density of setting and the other is heat and humidity.

I'll note I'm not a scientist and I'm giving anecdotal data, but I do believe there's a reason why right now in warmer places – whether that's central Africa, whether that's Indonesia, Malaysia, places around the equator or the Caribbean, et cetera – you have seen cases obviously, but not the volume and speed of outbreak that you've seen in some other places in the northern hemisphere. And I'll point Italy out as an example also,

where the outbreak was predominantly in Northern Italy. I think data is still forthcoming on this.

Where that takes me is concern areas. Obviously the Southern hemisphere is moving into their winter, and so you can orient towards what that could mean for places in Southern Africa; what that could mean for places in South America where you're moving to winter; and what that means for places with highland areas in the mountainous areas, and that could be Ecuador or Columbia. They're experiencing that as well. I think that just brings my focus to potential concentration of issues going forward and making sure that those countries are well-equipped.

I think the United States is now in a position to reach out and help allies. We've built up a massive amount of domestic production of ventilators and other supplies. I've been on multiple calls with the president and with foreign leaders where we are reaching out and we are providing help. And it's nice, as we build ourselves into a powerhouse in these areas, to be in that position. And the one thing I'll say from what I see about foreign leaders and the United States is they will trust that we will quickly get them very high-quality products, the same products that we as Americans look for. They're FDA-certified in these areas. That has been a gratifying thing – to be able to help – and we'll continue to do that substantially.

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You've had additional assignments focused on PPE production, ventilators, testing. And there's been a lot of skepticism in America about our ability to test, to provide protective equipment for our healthcare workers, to provide enough ventilators, masks, et cetera. I know you've been asked to work on this area also, not just for what will be available in emerging and developing markets around the world, but for the United States. Where are we in the development, and where are we in the potential manufacturing of these items within the United States?

I think we've made marked improvements in a short period of time. My job for the United States in this area, it's a temporary one, and it's really driven by the fact that we've never seen something like this before. FEMA is set up to deal with hurricanes. The way I liken this is hurricanes in every one of the 50 states and the two territories at the same time. My job has been to work to bring public and private together and to work to drive very quick action. And so my focus has been on the initial guidelines, and I do this with the president, the vice president, and with Jared Kushner, and focus on critical supplies – PPE, N95 masks, gowns, ventilators – and then the testing side.

And you look at the ventilator side where we've sourced over 150,000 we're producing in a three-month period; we've really driven into a point where today no American that's needed a ventilator has gone without receiving that. And there will be no American going forward if we continue on our production schedule, and our job is to ensure that.

On the mask side, we've worked with 3M, there's been action with 3M to ensure that we get a supply of N95 masks, and then you'll see us focused a lot on production of gowns and other areas.

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On the testing side, we are now the number one country in the world in terms of tests. March 11th – that's actually around when I started focusing on this – the United States was performing 2,500 tests a day. This is 45 days from there, so a month and a half later, we're testing 200,000 Americans a day. That's an 80x increase, and we've done 5.2 million tests to date.

That's not only number one in terms of number of tests that we're at from a country basis, it's number one on a per capita basis. I think what you'll see is over the next few weeks that's going to increase many-fold again. And we've been really looking at ensuring that the whole supply chain is ready – sourcing swabs, sourcing test kits, reagents, et cetera – to ensure that can continue to grow. The United States is building itself into a testing powerhouse. I think that can 1) ensure that we are always prepared at any time, but 2) also help us with other countries to help them to be in the same place.

Let's talk about the shift to manufacturing in the United States, Adam. One has to assume that, because of this experience and the risk not only of COVID-19 but of future viruses, the U.S. is going to focus on producing more of the chemicals going into our drugs and products, and increasing our ability to manufacture masks, ventilators, et cetera. What role have you been playing in domestic production?

The analogy I use on the domestic side is, you get your electricity from a grid, but people have backup generators. I think that in critical areas it's going to be increasingly important for the United States to have backup generators to really ensure that we have our own supply. It actually aligns with some of the president's vision that he campaigned on in terms of saying there are certain areas where the United States needs to be a leader. And I think that will bear true going forward. We definitely think about areas where either domestic manufacturing capability, or some of our friends and neighbors close by in terms of manufacturing capability, can ensure that we have that supply.

After World War II, numerous books were written and how quickly the U.S. private industry changed what it was doing. Partnering with government to give us the infrastructure, ships, planes, and tanks to allow us to help the world defeat, in this case, both fascism out of Germany and Japan. What have you seen on the public-private partnership area? We have seen significant response in our interactions with the CDC, FDA, NIH, VA, and so on. What are you seeing in these public private partnerships?

I think that one of the most unique aspects of the United States is the strength of our private markets, and they have not let us down here. Just by way of example, I

remember one call with the CEOs on the retail side when we were first starting to talk about the concept of drive-through testing. There were a bunch of lawyers on the call, and you may imagine when you think about the reasons not to participate, there are many – there could be lines, there could be riots, people could not come into their retail stores. I remember Doug [McMillon], the CEO of Walmart saying, hey guys, we've got to move past this. If we don't do this and we don't support our country, who else will? I would say that Doug's sentiment is what I saw from so many CEOs of our American companies that have stepped up to help here. So I have to say it's made me very proud of our private market and being an American here. And I do think that's a very unique aspect of the United States.

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We've done a number of podcasts with our country's largest employers, and I've spent a lot of time with the CEOs, particularly in bioscience. I have never seen the level of cooperation between them that we're achieving today, and between the interaction and speed of government.

I have to say it's been a big focus of the president, Jared, and me – these public-private partnerships. And you are a 100% correct, Mike. I mean this group, our private companies, have rallied to this cause like I've never seen before. And again it just reemphasizes how important our private market is and how important a free economy is. What is fundamental and foundational to the United States and to our foreign policy, the cornerstone, is a free, competitive, transparent market. I think that will be the most significant contribution, because when you see what that results in, you see why things work well. But that free, competitive, transparent view is so important, I think, for the United States and for emerging countries.

Adam, I am the oldest of the Baby Boomers – the 1946 group – that runs from 1946 to 1964. Our parents were so dependent on the federal government for survival during the Depression and during World War II. In many ways we have become dependent on the government again to protect us from COVID-19; to make sure we are moving testing and protective equipment and manufacturing as fast as possible; coordinating the search for solutions, whether it's antivirals, antibodies, immunology or vaccines at speeds we've never before. Do you feel the relationship between government and the individual will have changed again because of this experience to more dependence on the government?

I would say maybe one thing different from World War II is how much private industry has stepped up here. We get asked all the time, how come we're not throwing Defense Production Act orders all over the place and just commandeering and taking over. It's not necessary when you have our private market taking all the right actions to support Americans. So I do think that's a major difference. There's no need to nationalize a factory and a company when that company knows how to run the business, knows it better than the government, and it's doing what we need to do and is very responsive. I think from that perspective, getting the government to the right place, there might be some residue there. It'll be easier than it was in World War II.

You and I were together in the Middle East, in both Saudi Arabia and Abu Dhabi, talking to their leaders and discussing the focus on supporting many of the developing countries in the world together. I then went to a medical conference we put on in Johannesburg in the middle of February, and on the way home began to focus that this could become a pandemic worldwide. When did you first start to think about what this coronavirus crisis could do to the United States and the world?

New York had requested 40,000 ventilators, and some of the modeling could have supported that. We had less than that in the strategic stockpile. There were moments that were scary there because if you exhaust the strategic stockpile on one city, where would we end up? Luckily there were some big decisions that we had and one of the

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biggest ones – which in retrospect was clearly the right decision, but in the moment was a lot more difficult and weighty – was to distribute ventilators on it just-in-time basis. Because normal approach in a hurricane would be, you get a request and you allocate the ventilators, and that would mean our entire stockpile would go out to New York City.

But then we started to worry, well what if it sits from our stockpile, and it moves to

New York state's stockpile, and then sits and others need it? And so we looked at our delivery time and we said, if we can get delivery of ventilators to 24 to 48 hours, then you don't need to send it until it's absolutely needed. That decision meant that we kept the ventilators for New York and a lot of other cities, and it would have empowered us to get through this. There was a moment there, a day or two in particular, that were particularly weighty and where I was very nervous about the overall effect.

You and your family were in New Orleans for Mardi Gras. Obviously, you were thinking about it, but you weren't thinking about it as a pandemic of that time. What was the environment in New Orleans? Were a lot of people wearing masks?

Absent Mardi Gras masks, of which there were a lot, no. At the time of Mardi Gras, I think that may have been pre- any cases in the United States or if there were was just starting. And so I don't think there was an awareness of the significance of what it would mean for the United States. And so Mardi Gras was what Mardi Gras is usually, which is such a melting pot of American culture and it's very cool to see everybody come together from lots of different walks of life. I always really liked that about New Orleans and the festivals, but it was a Mardi Gras similar to other Mardi Gras, and the only masks you would see would be those worn by people from Mardi Gras.

In the U.S., some states have already begun to open. Is it too early? What are the key elements you're looking for in the reopening of our society?

Dr. Birx and the task force have put out very specific guidelines for states, and some of those are clearly set on a duration of declining cases. Other things that they look at are hospital capacity, ensuring that if there was a surge they're ready. They're very specific guidelines that the task force has put out.

Ultimately that's a governor's decision. It's our job to provide guidance and then support each state. There are places in the United States now with little to no cases, and if the states have the ability to do contact tracing with some testing to ensure that if there's a flare we can move quickly, and that's their assessment, then I think it's fine to open up now as long as one could take very quick action.

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There are other areas in the United States that aren't ready because their cases haven't been declining for multiple days, because they don't have the ability to do contact tracing from a testing perspective. So I think every state is looking at the guidelines we put out and a lot of it depends on where they are in the curve, and then their capability to react quickly. And if those things are in place, then I think a state or area – it doesn't have to be state by state, it could be city by city – can be in a place where they can reopen but do it in a safe, measured and thoughtful way where they can respond quickly if there's a change in that status.

Adam, I want to thank you for joining us and giving a great deal of insight to our listeners. I also want to thank you for your service to the country. All the best to you, your family, and I look forward to working with you in emerging and developing countries around the world.

Well. Thank you Mike, and thanks for having me. And thanks for everything that you do for our country and for emerging countries around the world. We owe you a debt of gratitude.
