

How Trump's DEI order could upend hospitals' workforce efforts



Illustration: Lindsey Bailey/Axios

Some hospitals are bracing to be caught up in the Trump administration's [DEI executive order](#), which could upend their efforts to recruit a health workforce reflective of the communities they serve.

Why it matters: Hospitals — and most of the health care sector writ large — have leaned into the belief that embracing diversity and inclusion can improve patient care, lead to better employee retention and ultimately make the health care system more equitable.

Where it stands: President Trump's order last month called for the termination of DEI programs and policies not only within the federal workforce, but also among federal contractors.

- The big question is whether hospitals or other health care entities count as federal contractors.
- "The government pays us very substantially through Medicare and Medicaid, so we could be identified as a government contractor, and so there may be policies that we have to assume based on what's handed down by the federal government," said Erik Wexler, CEO of Providence, a 51-hospital health care system.
- "I think there's a collective concern" about the order's impact on DEI efforts, he added.

The big picture: The [text of the EO](#) identifies "the medical industry" as having "adopted and actively [using] dangerous, demeaning, and immoral race- and sex-based preferences under the

guise of so-called 'diversity, equity, and inclusion' (DEI) ... that can violate the civil-rights laws of this nation."

- The health care sector has indeed embraced DEI, especially in recent years as health care disparities have taken the spotlight post-pandemic.
- A group of medical associations [released a joint statement](#) last year declaring that their "efforts to promote DEI seek to address the long-standing and well-documented inequities in our health care system and its impact on the health of our patients and communities."
- The American Hospital Association has also [thrown its support](#) behind diversity efforts, arguing that "understanding individual differences can be critical to delivering care that best meets their needs."
- "The more that we can identify with communities that we serve and recruit from within those communities, the more we'll be able to serve the population that depends upon us," Wexler told Axios.

The intrigue: Both health providers and payers could get caught up in the EO, according to [a memo](#) from the law firm Venable.

- Historically, hospitals, physicians and other providers that are reimbursed by Medicare under Parts A and B haven't been considered federal contractors by the Labor Department's Office of Federal Contract Compliance Programs, per the memo. It's not clear whether the Trump administration will maintain this position, it adds.
- Medicare Advantage and Part D plans have not been exempted from the Labor Department's definition of federal contractors.
- Other [legal memos](#) have argued that hospitals' status subject to the contract compliance office's jurisdiction varies by which programs they participate in or where they provide services.
- The EO also explicitly calls for "encouraging" the private sector to end DEI practices.

Details: Trump's executive order revoked an older, long-standing order that established federal contractors have affirmative action obligations for women and minorities.

- It calls for a new contract provision in which recipients certify they don't operate any DEI programs. Contractors that maintain their DEI programs could be liable under the False Claims Act, per the Venable memo.
- The American Hospital Association and a Health and Human Services spokesperson both declined to comment for this story.

What we're watching: At some point, clear guardrails will emerge. In the meantime, Providence's Wexler said his team is analyzing the order.

- "It's preparation more than anything. We want to be sure we continue to address the needs of those we serve, so we don't want to find ourselves in a position where we're caught off-guard."