THE TRUE AMERICAN

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978-473-0176

September 11, 2018

THE ADVANTAGE OF MEDICARE FOR ALL AMERICANS

"Medicare for All" is an issue with growing popularity among the American electorate. Democrats have made it a successful party plank in their primary campaigns. What we need to see is more practicality devoted to achieving this goal.

The Medicare Advantage (MA) programs insure over twenty-one (21) Million Americans with comprehensive health insurance, at a lower federal cost than either Traditional Medicare or Obamacare/ACA. The affordability of health insurance is the last piece of our truly great American health care system mosaic that we need to complete. The Democrats call for "Medicare for All" is the expression of our collective desire to complete this work of art.

The failure of the Republican Party to come up with a viable alternative to the ACA and the fact that we still have 28 Million uninsured has exacerbated this national crisis and thwarted the efforts of our health insurance carriers and health care providers to extend their services to All Americans. What we need to see is more practicality and more creativity devoted to achieving a solution to this problem. The Mercatus Center at Georgetown University just released a comprehensive study showing that "Medicare for All" would cost the 32.6 Trillion Dollars over the first ten (10) years. Our country currently has a national debt of approximately 21.7 Trillion. Based on these numbers, conservatives will probably be successful in opposing "Medicare for All" so long as Republicans maintain a majority in congress. Currently, we spend 18% of GDP on health care. The health care industry is our largest source of employment. Warren Buffet says, "healthcare is the tapeworm of the American economy" because its cost is going to eat us alive. To successfully extend Medicare to All, which would solve the uninsured problem, as the Democrats wish to do, we would have to do it in a more practical cost-effective manner. Their proposal to extend the Traditional Medicare Fee for Service program for All is too expensive and unsustainable.

The ACA has been, by far, the most expensive federal health insurance program in American history. Over and above the cost of the 3R's: risk corridor, risk adjustment and reinsurance funding, the CSR payments and the cost of the federal and state Marketplace exchange operations; not including all of that, the remaining annual per member cost of the ACA program exceeded that of the Traditional Medicare Fee-for-Service program, which is a real feat. In 2015, the basic annual cost of the ACA was $10,538 per member. Alternatively, the relative annual expenditure for our full-blown Medicare Advantage (MA) programs was only $9,719 per member. And, MA health insurance plans are vastly more comprehensive than the affordable ACA benefit plans. MA's exceed Traditional Medicare's equivalent comprehensive benefits with RX and wellness benefits, reasonable deductibles and in most jurisdictional counties, a zero dollar (0) out-of-pocket premium for the beneficiaries. The affordable ACA health plans are generally the opposite; with multiple thousand-dollar deductibles, high out of pocket expenses and generally expensive and inflationary premiums for those, who do not qualify for federal subsidies.

The ACA was an inflationary program from the start. In 2014, the Bureau of Economic Research documented a 24.4% increase in non-group premiums that would not have happened without the ACA. Between 2013 and 2017, ACA exchange premiums increased on average 105% and the annual cost of Silver-tier plans, which are used to calculate the federal subsidies are up again in 2018 by 32%. This increase has been of great concern to Republicans running for re-election in the midterms. The ACA has not increased health plan affordability, competition in the marketplace or documented any

remarkable cost containment. Medicare Advantage programs, on the other hand, have demonstrated substantial savings over the cost and quality of the Traditional Fee-for-Service Medicare program that Democrats would like to extend to everybody.

The two goals Congress had when they created MA were (1.) to expand Medicare beneficiary choices and (2.) to take advantage of the efficiencies of managed care enjoyed by employers and save money. There is widespread agreement that the competing MA carriers are a key to reducing the cost of Medicare. In 2011, the highly respected Milbank Memorial Fund published, "An Economic History of Medicare Part C", and concluded that, "MA Plans can most effectively bargain for rates in competitive provider markets, whereas when setting rates, Traditional Medicare ignores the degree of competition in local markets. By (the federal government) sending Medicare money to MA plans and letting the plans negotiate with providers, the MA program continues to be able to reduce overpayments to providers …" etc. The "Journal of Managed Care", has reported that MA plans deliver higher quality care by reducing the number of hospitalizations, re-admissions and other complex care that are among the highest cost driver's in our health care system. Medicare Advantage plans have pioneered many of the innovations that health policy experts say our health care system needs, including integrated delivery systems, coordination of care, an emphasis on primary care and value-based approaches to paying doctors, hospitals and other healthcare professionals. Some programs have documented 6% fewer hospitalizations, a 40% reduction in overall hospital costs and a 44% reduction in admissions for those at the highest risk.

We all recognize that the Congressional Democrats earnest call for "Medicare for All" is an acknowledgement that they, with or without the Republicans, cannot enable universal coverage by promoting Obamacare/ACA. It is also of absolute paramount importance that we all likewise recognize that our Nation cannot afford the Traditional Medicare Fee-for-Service for All. Traditional Medicare is not sustainable. According to the Medicare Board of Trustees, the Medicare Part A Trust fund will run out of money in eight (8) short years (2026), three years earlier than they projected in 2017. The unfunded liability for this program is in the Trillions. The overarching imperative question is how do we fix, refinance and revitalize the health care system?

What we can do to fix this system is deregulate the non-group health insurance market and crank up a variety of Gold, Silver and Bronze - MA public option plan choices that will be attractive and more affordable for young and middle-aged Americans. As we all know, MA is a tremendously successful program. It already covers Thirty-Five percent (35%) of our elderly citizens (21 Million+) and it is growing like a weed, even with the reduced federal funding, compliments of the ACA/Obama Administration. Of the 11,000 Americans that age into eligibility for the Medicare program daily; 50% choose MA plans within their first year of eligibility. It does not take a rocket scientist to see the MA is far more successful than Obamacare (9 Million) will ever be. ACA enrollment has declined in each of the last three years. And, even as we currently enjoy almost the lowest uninsured rate ever in U.S. history, the ACA is steadily moving us in the wrong direction.

We can make these Medicare Advantage public option plans even more affordable by preserving the competition between the plans. Competitive carriers have natural incentives to use risk-based capitation arrangements that encourage health care providers to integrate care, operate efficiently, improve wellness, keep their members healthy and out of the hospital. Pre-X can and should only be covered by special Medicaid cost plus risk pools. Necessary subsidies and tax credits can be funded by re-structuring the Medicare Trust Funds, which must be done shortly anyway. We started Medicare in 1965 with a firm funding base. In those days the total premium for Medicare Part B was $3.00 a month. In 1980, four (4) worker/employer payroll taxes supported each one (1) Medicare beneficiary. Today, the program has only three (3) workers supporting each beneficiary and for the remainder of this millennium it will unfortunately have only two (2).

So, Congress faces tough decisions refinancing Medicare, requiring higher monthly premiums, across the board taxes, and income scaled financial responsibility. Enhancing the popularity of Medicare Part C – and the less costly Medicare Advantage

program options for All Americans should be a high priority. In fact, the Medicare Trust Fund refinancing may be the enormously important catalyst we need to get the program Right! The promotion of the public options of "Medicare Advantage for All Americans" (MAAA) should peacefully co-exist with Obamacare/ACA and any necessary Medicaid modernization and expansion plans that we need to make it possible for the United States to achieve near 100% insurability for All American citizens in a truly great American way. Consequently, Republicans do not need to repeal Obamacare. Anyone that wants to stay on an ACA program or qualify for Medicaid should have that choice, but only one or another program, not both (no dual options). The Obamacare/ACA will naturally die of inviability.

Affordability and cost containment go hand in hand. In a recent issue of the "Journal of the American Medical Society", JAMA predicts that the biggest health care cost drivers in 2018 are going to be physician salaries, high drug prices and excessive provider overhead. HHS and our health care providers are working assiduously on all three of these issues. But the bottom line is not going to cut it! Unless and until we make a sizable dent in the health conditions suffered by our citizens, which are the very oxygen that is wildly enflaming these rising costs, we are not going to appreciably lower the cost of health care.

CMS can effectively contain this wild fire by initiating unified national Medicare Payment Reforms that will allow MA plans to collectively use their buying power and the influence of the federal government to offset the providers market power and effectively control and reduce the cost of healthcare and RX. In addition, CMS using risk-based capitation reimbursement with dedicated plans, promoting member wellness and working together with an integrated network of healthcare providers, can reduce our health care costs to a level that everyone can afford and a GDP that our businesses are willing to support.

Warren Buffet believes that the cost of our health care system is the biggest issue facing American businesses competing for business abroad. Spending nearly 18% of our GDP in 2016, he sees this level of expenditure as a huge disadvantage for American employers. Putting his savvy midwestern business acumen to work, he has recently pioneered a Berkshire Hathaway partnership with Amazon and J.P. Morgan Chase (ABJ) to do something about the spiraling cost of their employer health insurance plans. He recently proclaimed that the United States, is a, "rich country and we can get along doing the wrong thing for some time, but we *can't* get along doing the wrong thing indefinitely." The next highest comparable country's health care GDP is Switzerland at 13% and all the other nations of the world are lower; in some cases, much lower. Warren would like to see a 10% health care share of GDP (an 8% reduction) and I think we can do it.

We spend about 1.1 Trillion dollars annually, about 5.8% of that health care GDP on the treatment of chronic disease. Informed consensus of medical opinion is that over 80% of these chronic diseases are preventable or almost completely reversible with the right combination of health and wellness promotion and medical intervention. As a nation, if we had been able to eliminate 80% of the cost of treating chronic illnesses in 2016, which is reasonable; our Health Care GDP would have been 13%, five percentage points (-5%) less than our actual GDP and just equal to our nearest competitor, Switzerland. Did you know that over 48% of our population suffers from chronic illness? Did you know that HHS has had the premier Preventative Services Task Force since 1984? Their recommendations are considered the imprimatur - Gold Standard for clinical preventative services. Still, according to the "New England Journal of Medicine", by the year 2023, seven chronic diseases will have a total annual impact of 4.2 Trillion dollars on our economy.

The savings from the improved treatment of chronic illness and the restructuring of the market should easily exceed 8%. Long story short, it should be abundantly clear to everyone that, it is within our power to reduce our cost of health care. We have the skill and expertise to simultaneously reduce the cost of our health care GDP to a competitive world market level, secure our exceptional and unique health care financing system and improve the health, productivity and insurability of the American people. And, a properly designed, expertly administered and adequately regulated MAAA program will make an important contribution.

But first, we must be brutally honest with ourselves. ACA government regulation created rapidly increasing health insurance premiums and restricted health insurance markets which accelerated the rise in health care GDP and priced Millions of unsubsidized Americans out of the market. Continuing to throw money at the ACA program will only make these conditions, from which we All suffer, terminal. The ACA is too expensive, but it is not too big to Fail! CMS will not be able to have a meaningful impact on national health care spending under any Graham-Cassidy (Heritage Foundation) hybrid style State Block Grant financing approach, which purports to get the money out of Washington D.C.! We can't pretend, for political expediency, that we can afford Traditional Medicare Fee for Service for All. And, we cannot improve the health and well-being of the American people unless and until we change the focus of practice patterns and the incentives we give our physicians.

The new CEO of ABJ, Dr. Atul Gawande was an early proponent of Accountable Care Organizations which recently saved Medicare $954 Million Dollars. He recognizes the value of humility, discipline and teamwork in physician practice patterns that have traditionally been characterized by fierce independence, self-sufficiency and virtually complete autonomy. His mentor, Charlie Munger of Berkshire Hathaway puts the matter more succinctly, noting that if the government pays doctors for delivering any services they want to patients that are covered by insurance, that doesn't cost them anything, of course the system is going to create a lot of unnecessary tests, procedures and interventions. "If the incentives are wrong, the behavior will be wrong." Both men recognize the complexity of the issues and the imperative for improvement. And, that the room for improvement is great.

The solution that will work best in the United States is honest, healthy and fair competition in the health care markets. The most important ingredient is the natural incentives and motivations of competition amongst providers and between insurance companies, which does not exist under the ACA or single-payer systems. What we need to do first is have the fortitude to forcefully establish a fair and competitive non-group health insurance market, put Medicare back on a sure financial foundation, and design and build a vibrant public option of "Medicare Advantage Plans for All Americans".

In 1973, Medicare HMO contracting was authorized by the HMO Act, which was sponsored by Senator Edward M. Kennedy and signed by Richard M. Nixon with the goal of saving money. In 1982, TEFRA was signed by Ronald Reagan creating Medicare + Choice demonstration programs, which later came into full flower as Medicare Advantage plans with the 1997 Balanced Budget Act, signed by Bill Clinton. All these Acts were created with broad bipartisan support. The Medicare Advantage program still benefits from strong allegiances on both sides of the aisle. The challenge we have is to creatively use the existing Four (4) Parts of our successful Medicare program, to craft affordable universal Medicare Advantage Plans for All Americans. This is the last and greatest piece of our truly great American healthcare system mosaic that should be the burning desire of both political parties to complete.

The Medicare program is of enormous importance to the elderly in the United States, as it profoundly affects their health, financial status, and their overall welfare. It is also of enormous importance to the federal government and our American businesses because of its cost and budgetary impact. In testimony before the Senate Budget Committee in 2007, Peter Orszag, then director of the Congressional Budget Office (CBO), a harbinger for the ACA, stated that, "the nation's long-term fiscal balance will be determined primarily by the future rate of health care cost growth (Orszag 2007)/ And, a Medicare Advantage program that is able to thread the policy needle and offer high-quality health plans while saving money has the potential to improve the performance and sustainability of the Medicare program overall." The extension of Medicare Advantage to All Americans will improve the health, well-being and competitiveness of the United States of America. If we do this, that will be our future.