DEBUNKING MEDICARE FOR ALL

(A REAL POLITICAL “FREE FOR ALL”)

Second in a series of articles re: Medicare for All – Boon or Bane

By: Karthik Kandamuri, and Jerry L. Rhoads, CPA and health care expert and consultant

Americans are you excited about the prospect of getting free health care? Sounds like a great idea for a politically driven plan ... so I’m thinking a working title of Debunking the free Medicare For All socialism proposal ... that converts all Americans to a VA type debacle!  You wait in line to get any medical intervention with a bureaucrat deciding your coverage then denying it based on its not medically necessary then it takes five levels of appeal, using a $500 dollar per hour attorney, to get claims paid.

That’s what a Government administered single payer Medicare program **currently** does to keep costs down and seniors at their mercy. Mr. and Ms. American, that’s what you get by forfeiting your current plan for Medicare/Medicaid for All. Then you qualify for Medicaid once you need nursing home care after spending down your assets to a burial fee of $2000 and labeled indigent ... a ward of the State of Illinois that is 18 months behind paying the nursing home for your substandard custodial care until you finally expire. Welcome to socialized medicine VA style.

As for current ratings worldwide America is the highest cost per capita and thirty-eight in quality. Singapore a small country of four million is the lowest in per capita cost and first in quality. Their health care program is a collaboration of government funding and private enterprise focused on attaining efficiency in the delivery of services by tracking costs per case and episode that improves the quality while containing costs and pricing for aging patients.

On the other hand Democratic Socialists for Medicare for All <https://medicareforall.dsausa.org/> is a campaign organized and paid for by the Democratic Socialists of America (DSA). DSA is the largest and fastest growing socialist organization in the United States.

They are a member-funded, member-run, and democratically accountable organization that fights for a political agenda that puts working people at the center. They believe that if we are to take on the enormous power of our political elite and their billionaire donors need an organization that truly represents the needs, aspirations and desires of the working-class majority.

They are organized into over 300 local groups across the country that organize and agitate for social reforms in health insurance, our schools and neighborhoods, at the ballot-box and in our workplaces. And the majority of the most influential Democratic candidates have bought into this line of thinking to bring the masses to the Government’s freebees trough.

This is the Joe Biden with the “Public Option” which is Obama Care on steroids, Elizabeth Warren, Bernie Sanders and the so-called Squad with single payer “Free Medicare for All” replacing all current private health insurance plans including medical savings accounts. The rest of the pack are Democratic Socialist candidates that fall somewhere in between these two radical political economical bad policy ideas.

Critics (the Republican conservatives) of this impractical approach, also say eliminating private insurance could gut a major sector of the health economy. As of December 2018, private health coverage was directly responsible for almost 540,000 jobs, according to the Bureau of Labor Statistics. Economists note, though, that predicting how many jobs would go away — versus how many could be absorbed by the new system — is difficult, as is projecting any macroeconomic impact.

CAN YOU IMAGINE ADDING ANOTHER, 540,000 BUREACRATS TO THE FEDERAL GOVERNMENTS PAYROLL THAT NOW EXCEEDS $500 BILLION DOLLARS PER YEAR. PLUS, ANOTHER 100,000 STATE EMPLOYEES FOR STATE ADMINISTRATION OF MEDICAID AS THE SAFETY NET. THAT MEANS ADMINISTRATIVE COSTS WILL EXCEED $1 TRILLION DOLLARS PER YEAR JUST TO OVERSEE THIS GIANT ALBATROSS.

On top of the administrative costs there is an expected cost of $14,500 per year medical care costs per covered American and aliens (330 million) for physicians, hospitals, pharmacies, dental, mental, eye care, therapies, durable medical equipment, transportation as promised by the Democratic Socialists. Take out your calculators and you get an annual cost of $4.8 trillion for fee for services, plus the $1.2 trillion administrative costs equals in round numbers $6 trillion dollars per year, with no mention of preventive services or the declining health of Americans because of obesity, aging and drug use.

Would the average person and employers pay more? Of course, That’s not hard to forecast. According to Sanders and Warren they would fund this hair brained idea with graduated tax rates capping out at 70% for those making over $5 million per year. Even then there will be a $6 trillion annual deficit due to one trillion dollars per year for added bureaucracy and uncontrolled pricing by the providers, including 100% more fraud and abuse.

Employers would not pay what they currently do for health insurance, an outlay that’s only getting [more expensive](https://khn.org/news/year-one-of-khns-bill-of-the-month-a-kaleidoscope-of-financial-challenges/) because of uncontrolled provider price increases. Also, the employees would also likely get more generous health coverage. And lawmakers are pitching various other bills — see Warren’s wealth tax, Sanders’ estate tax or the 70 percent marginal tax on the wealthy touted by Rep. Alexandria Ocasio-Cortez (D-N.Y.) — that backers argue would generate revenue to pay for something like Medicare-for-all. The added taxes of $6 trillion per year would drive each employed American and employers’ per employee tax up by $10,000 to $15,000 per year. As usual, those younger employed workers would foot most of the bill.

Perhaps more significant, at least politically, are the implications for health care stakeholders like hospitals, insurers and drug makers. All stand to lose under single-payer, especially if it’s used to bring down health care costs. [They’re already working](https://khn.org/morning-breakout/medicare-for-all-system-would-mean-americans-have-less-choice-and-control-health-industry-group-warns-in-ad-campaign/) to make their opposition felt. (That said, opposition from the health industry is [not universal](https://khn.org/news/once-its-greatest-foes-doctors-are-embracing-single-payer/).) Why not, currently they’re not held accountable for escalating costs and prices with marginal quality nor are there any requirements to produce an outcome for their income.

The failure in the current, so called Medical/Medicare Model, is directly attributable to the manner of funding and payment to providers for input not outcome. All providers are accountable for establishing a diagnosis (input) as justification for payment (income) and no proof of output (outcome). Since there is no requirement to justify price by cost, costs escalate and the Americans’ health continues to deteriorate. This, in economic terms is a Monopsony (one buyer market) where the State and Federal government is the payer of last resort which kills the competitive forces of Enterprise and externalize the benefits for the covered lives.

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Americans, attached are our responses to your questions regarding your employer plan and how it would work under Medicare/Medicaid for All … first of all it can never work as a FREE for services program … even now Medicare as we know it is a FEE for services program with cost sharing from each beneficiary in the form of deductibles and coinsurance… even so, the costs will be prohibitive by the realization that health care is already the biggest uncontrollable cost to government  … and by 2026 it cannot be funded under its current structure as the baby boomers come on board with their chronic diseases … and the young voters will rebel when the realize they have to foot the bill with exorbitant taxation … and by Medicare using the current method of payment of the providers, there will be built in higher costs since there are no incentives for preventive or health preservation services (real outcomes) in the budgets.  That's where the true savings are, not in more taxes for less care.

Coming next is the oppositions proposed Trump Care. First repeal Obama Care and replace it with The American Health Care Act.

<https://www.ehealthinsurance.com/resources/affordable-care-act/american-health-care-act-need-know-trumpcare>

* Between now and the 2020, the Department of Heath and Human Services (HHS) has proposed changes to the individual health insurance market to make it less vulnerable to people gaming the system. According to officials, too many people delay signing up for insurance until they’re sick and then drop coverage once they receive care.
* To stop this, HHS proposes cutting the annual open enrollment period to six weeks to reduce the number of people who find out they’re sick during open enrollment and sign up for a policy.
* HHS would also require people who sign up for health insurance during open enrollment to prove they qualify for a special enrollment period, due to a change in their life, like the loss of a job or a divorce.
* The new HHS rules would also allow insurance companies to force consumers to pay any premiums they missed before the insurance companies issues them a new policy.
* **Under the American Health Care Act**subsidies would function largely as they do today through 2019. Starting in 2020 tax credits would be provided to individuals and families based on age, instead of income. Older people would get higher subsidies than younger people. Tax credits begin to phase out in 10% increments after a person’s income goes above $75,000 a year for individuals or $150,000 for married couples.

**Coverage of pre-existing medical conditions**

* Under Obamacare no one is turned down or charged more for health insurance based on their personal medical history or pre-existing medical conditions.
* Under the American Health Care Act this does not change.
* Under Obamacare all major medical health insurance plans must provide coverage for a set of federally-defined “10 essential health benefits” that provides comprehensive coverage for a wide variety of medical services

Under the American Health Care Act these benefit requirements are unchanged, but the AHCA would allow insurers to lower the “actuarial” value of certain types of coverage (like maternity coverage, for example) in order to give people more flexibility in their benefits and to lower their monthly costs.

* Under Obamacare parents are allowed to keep their adult children covered under the family health insurance plan until they turn 26 years old.
* Under the American Health Care Act this is unchanged.

**Cost of coverage based on age**

* Under Obamacare older people can be charged up to three times more than younger people for coverage under the same health insurance plan (this is described as a 3:1 cost ratio).
* Under the American Health Care Act a 5:1 ratio would apply, meaning that older people can be charged up to five times more than younger people for coverage under the same plan. Under Obamacare HSAs (originally created in 2003) were left intact. When used in conjunction with eligible health insurance plans, HSAs allow consumers to save money on a tax-advantaged basis (up to annual limits) to pay for qualified medical expenses.
* Under the American Health Care Act the annual contribution limits for HSAs would be increased, allowing consumers to save more money on a pre-tax or tax-deductible basis for qualified medical expenses. The range of qualified expenses would be somewhat expanded and the penalty for using HSA funds for non-qualified expenses would be cut in half.
* Under the American Health Care Act, people who qualify for tax credits could save any unused tax credits in their health savings account.
* This is only a summary of key highlights of the proposed law, of course. It’s important to note that details of the American Health Care Act are subject to change during the legislative process.

Since the socialists, conservatives and moderate Republicans don’t seem to have a rebuttal or a workable plan, the only true solution will be to privatize health care  (SHIFT the paradigm from Government funded health care to Self-health  Funded Insurance Trusts) funded by mandated MSA’s withheld from paychecks for the employed matched by the employer as a percent of gross wages. This is a way for Americans to internalize the cost of being healthy so they can personally afford their own health care … economically they would internalize the incentive to stay healthy that creates savings on their health care expenditures and increase their return on their MSA … also they then can hold the providers accountable, since they are paying the bills, for positive outcomes, preventive services and health preservation services for staying healthy.

This makes for a true Enterprise Model where the providers have to be accountable for their costs, prices and quality to be able to compete and stay in business.  All of this is covered in my books, The Boomers Are Coming, Restore Elder Pride, America in the Red Zone, The American Enterprise Manifesto and Failing Government Taketh Away. The other alternative is to bankrupt the Government's ability to afford what Americans already have or take away huge amounts of current Medicare and Medicaid benefits under the guise that the Swamp is being drained and Uncle Sam is drowning in debt.