



Medicare Alert - Privatization Proposed

March 19, 2022

Hello WACCRA Members,

The following article regarding changes to Medicare appeared in the Virginia Continuing Care Resident's Association Spring Newsletter recently.

Your WACCRA Board does not support these changes and wants to inform you. We also request that you inform other residents where you live of these changes. If you agree that this is not good policy, please call and/or write your Congressional representatives:

Senator Patty Murray

154 Russell Senate Office Building
Washington DC 20510
(202) 224-2621

Senator Maria Cantwell

511 Hart Senate Office Building
Washington DC 20510
(202) 224-3441

Find your House Representative at [Congress.gov](https://www.congress.gov)

THE VaCCRA ARTICLE STARTS HERE

**Red Alert to Members: Changes to Medicare*

Chuck Webb, MD MDiv, Covenant Woods, Mechanicsville, VaCCRA (Virginia Continuing Care Resident's Association) Board of Directors
[source: pages 8 & 9 of the VaCCRA Spring 2022 Newsletter]

In 2020, the Trump administration launched a program to transform traditional

Medicare into private insurance. Inexplicably, the Biden administration is doing nothing to stop it. The implementation of **Direct Contracting** is advancing largely undetected. The program forces traditional Medicare patients into private insurance without their knowledge and without their permission. Media coverage has been scant because the program is technical and difficult to explain.

WHAT IS DIRECT CONTRACTING?

Medicare insures 64 million Americans. 58% are covered by traditional Medicare. In traditional Medicare, 98% of monies allocated by the government are spent on patient care. This program is cost-effective and well regarded. Many Medicare patients want to keep this coverage. The doctor orders what is needed, and it is paid for. The big complaint is that the amount of reimbursement is too low.

The other type of Medicare coverage is called Medicare Advantage. It also goes by the name Part C Medicare. Medicare Advantage is run by private insurance companies. These companies take the government's money and keep 40% for their own profit and overhead. Only 60% is spent on medical care. Medicare Advantage costs the government more per patient than traditional Medicare. This is done through coding medical diagnoses. With money in hand, this new system restricts access to a panel of physicians, limits coverage, and often denies payments. For example, a doctor may say an MRI is needed for hip pain so severe for a patient who cannot walk; Medicare Advantage will only pay for a standard hip x-ray and deny payment for an MRI.

Direct Contracting puts traditional Medicare under private insurance. This program was initiated as an innovative program by the Center for Medicare and Medicaid Innovation (CMMI), set up under Obama and given a \$10 billion/year budget. Innovations were envisioned to improve medical care, reduce cost, and/or increase quality.

HOW WE GOT HERE

CMMI has the power to set up pilot programs without Congressional oversight. CMMI hired 53 firms to pilot this program, 23 of which are investment firms with no healthcare experience. Some are the very companies that run Medicare Advantage. Over a million Seniors in traditional Medicare have already been stripped of their coverage without their consent and given to these private corporations. This no longer qualifies as a "pilot program."

Medicare recipients receive letters saying their coverage is being improved for efficiency. They can still choose their doctor. What is not said is that doctors and hospitals will be paid by private corporations instead of the government.

Physicians are offered incentives to participate in the program – easier billing and less quality control. As the program becomes established, these private corporations will provide less care to maximize

profits, just as with Medicare Advantage.

Government watchdogs have repeatedly asserted that private businesses that own and operate health care services put their own interests first to the detriment of patients. This has been shown with published studies of long-term care programs, dialysis centers, dermatology practices, and hospice programs. The Office of the General Council for Health and Human Services (HHS) has warned that **Direct Contracting** is being set up to benefit companies and not patients. The National Retiree Legislative Network newsletter recently issued an Action Alert entitled, "Stop New Plan to Destroy Medicare."

Direct Contracting will cheat Seniors out of needed medical care and divert significant government funds to Wall Street. This plan will not save the government money, improve medical care, or increase quality. This program needs to be stopped. CMMI was designed to implement pilot programs without Congress so business interests could not sabotage innovations. This loophole is being used against Seniors. It is up to HHS and President Biden to order "cease and desist."

Early this year the program announced it would not sign-up additional investment firms. This was made to sound like a concession. Meanwhile the 53 existing firms continue to convert Medicare patients without their knowledge or consent. AARP says they are aware of the program and are following developments.

We need to contact our representatives in Washington to ask the Biden administration to do the right thing.

Editor's note: Early in the week of February 21st, the Centers for Medicare and Medicaid Services (CMS) changed the name of the Direct Contracting program to ACO REACH (Accountable Care Organizations Realizing Equity, Access, and Community Health.) The CMMI program remains intact. The few changes made favor businesses. The program will take over all of traditional Medicare in four years (by January,2027) instead of the projected 2030. Alex Lawson, Executive Director of Social Security Works, wrote, "Changing the name doesn't change the fact that the direct contracting program is backdoor privatization of Medicare. This dangerous experiment must be stopped before it further harms the health of vulnerable seniors, eats into the Medicare Trust Fund, and destroys traditional Medicare."

For more info:

<https://innovation.cms.gov/innovation-models/aco-reach>

<https://socialsecurityworks.org/2022/02/24/>

About the Author:

Chuck Webb has spent his life studying, practicing and teaching medicine, especially internal medicine and geriatrics. From service in the Peace Corp to

teaching positions at several universities, to practicing geriatrics in the Veterans Administration and, after retirement, to earning a Master of Divinity degree, he continues to love learning, teaching and service. He serves on VaCCRA's Board of Directors. Contact: hiltonvillage2018@gmail.com

END OF ARTICLE

Thank you for your continued support of WACCRA and seniors in general!
Monica Clement
WACCRA Communications Chair

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