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**Second Edition**  
**THE TRUE AMERICAN**

**“MEDICARE ADVANTAGE FOR ALL”**

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This is a defining moment for the United States and our health insurance industry in the United States. Our industry is either going to lead the nation to a sound solution to cover the disenfranchised and uninsured; or literally shrink from the necessity of our government to provide for their health as a right of the American people. The ACA was the first all-inclusive federal attempt to address the failure of our industry to provide affordable health insurance for all. No entity did enough to make the ACA successful. And, now democrats legitimately blame us for the failure of the system we helped them create. Now we have to fix it or we will end up road kill on the highway to universal health care. So, how do we fix it?

We cannot admit to our part in the ACA failure, both because we continue to administer the program and to save face. We cannot place blame where it belongs, because that would be biting the hand that feeds us. So, we should continue to support the ACA and do whatever we can to get more government funding, without of course, letting the government force our industry to pay for it. But, knowing that the ACA program has a limited shelf-life, we need to come up with the next generation government sponsored solution to the health insurance crisis. We must act before the continued deterioration of affordability, access and pricing necessitates the political will to abandon acceptable conventional solutions.

In our current challenging political climate, our options are limited. If any insurer wants to continue to be a major health insurer, they need to sell such a program. We can all agree that an ideal solution should be popular, affordable, politically acceptable to both parties, workable, generally acceptable to the provider community, a known quantity, easily implemented and of course, administered by a public-private partnership

and relatively simple for congress to enact. There is only one program that can meet all these criteria – **Medicare Advantage (for All- MAA)**.

We know that Medicare Part C is an important source of revenue, earnings and organic growth for most payers in the system. The experts at PricewaterhouseCoopers (PwC), the Gorman Group and A. M. Best all believe that the Medicare Advantage (MA) market is poised to grow throughout 2018 and beyond. PwC projected that MA enrollment will grow by 8 percent to a total of 21 million beneficiaries (more likely 24 Million currently), almost three time bigger than the ACA enrollment. Previous research from A.M. Best and the Kaiser Family Foundation also found that MA premium revenues grew from \$69.9 billion in 2007 to \$187.5 billion in 2016, indicating an upward trend in popularity and industry profitability. MA now covers over Thirty-Five percent (35%) of all Medicare beneficiaries and of the 11,000 aging into the program daily, over Fifty percent (50%) choose Medicare Advantage within their first year of eligibility.

Now is the time for Congress to extend this fantastically successful program to All Americans. If *the health insurance industry* gets behind “Medicare Advantage for All”, we can show-case a public-private partnership that will deliver a *True American* Health Care system capable of achieving affordable access for every American citizen. As a nation, we will be able to demonstrate to all nations and to all the peoples of the world how best to maintain the health and well-being of all our citizens, by not repeating the mis-steps and mistakes that they may have made, but by building a health care system that will continue to be envied the world over. If we do not do this, the U.S. will eventually join almost *all of the other nations in the world* in a system of socialized medicine that will leave the health insurance industry in rags and our politicians in riches. Canada and Britain are two good examples of mistakes made.

As you know, congress is structurally divided on the issue of health insurance. The Democrats are laser focused on the health care and health insurance as an issue on which they can win elections. Democrat candidates have been urged to focus on their success in maintaining the existence of the ACA and stopping the Republicans from repealing and

replacing it. The Republican failure to repeal and replace was one of the greatest disappointments to conservative and libertarian activists in history.

The Republicans never came up with a viable replacement that wasn't opposed by everybody. Now, unfortunately for the health insurance industry, the Democrats have found it necessary to advocate "single-payer" universal health care. The single-payer concept is the implied theoretical underpinning of their "Medicare for All" legislative bills, endorsed by most members of the Democratic Party (despite their silence) in both the U.S. House and Senate.

This democrat obsession would put most of our health insurance companies out of business. At most, *our carriers* may be relegated to a mere claims processor for the public option. Eventually the need for revenue would force the government to intrude upon the group markets. Employers facing a tariff free competitive environment may be all too happy to dump their health insurance overhead onto the tax rolls of the general public. Medicare for All will become a right of the people or a rightful function of our government. No matter how much *we* may favor the ACA, you cannot ignore the Democratic Parties declared interest in put us "*out*" of the healthcare business!

The Republicans, on the other hand have failed with their promise to repeal and replace the ACA. They have also failed to come up with a viable health insurance reform act of their own. It may be that the Republican establishment would really like to dismantle Medicare (as with Medicaid) in favor of a privatized or voucher type system. This would explain the fact that the only positive thing Republicans have done is practically nothing at all. For *most carriers*, this failure is more unfortunate because the Republicans have failed to pass the necessary market stabilization funding. They have muddled the legislative requirements for administering the ACA program, especially with the CSR and risk adjustment payments. They neutered the individual mandate and reduced the ability for many of us to participate in many of the ACA markets. And further, they have critically failed to repeal the onerous "Cadillac tax" and the health insurance tax (and only just repealed the medical device tax). These taxes remain looming threats to our cost of doing business.

In short, the Republicans have failed to come up with a credible alternative to the ACA that supports the interest of our industry. What happens when Judge Kavanaugh is confirmed. What if the Appeal of the Attorney's General Texas lawsuit is accepted by the Supreme Court? The ACA may be declared unconstitutional. If that happens, what will your next step be? Rather than try to put Humpty Dumpty (ACA) back together again, I strongly believe that *we* can benefit by taking the bull by the horns and recognize that the *next generation* Affordable Care Act product *should be a modified* Medicare Part C "Medicare Advantage" program. The attached one page "Medicare Advantage for All (MAA) sales piece lists the top ten reasons why this is the Truth. You can let the ACA run its course but to preserve the sustained profitability of your Company, you must be ready to do the next right thing!

If we are serious about helping to improve the affordability and the value of health insurance for our customers, we must at least begin to question the governments continued commitment to the ACA, when their unfunded market stabilization programs and statutory administrative obligations cause us to raise our rates. Unfunded liability causes our industry to be a disservice to all the people we serve. We cannot demonstrate that the ACA has increased affordability, competition in the marketplace, or reduced the number of uninsured Americans in the private market.

The ACA has not lowered the utilization of medical services or done anything to reduce the cost of health care. On the other hand, carriers have bought into perverse incentives that drive up the cost of the provider services for which we pay and our cost of doing business. As a result, liberal progressives see our industry as an ever-greater part of the problem. And, now it appears we are attempting to bench-legislate the reinstatement of medical underwriting, without effectively addressing the issue of pre-existing conditions? The acceptance of which was the very problem that got us into the ACA in the first place. And, Pre-X is the top thing the Democrats hold up as their signature achievement for the American people. Do we really care about covering people with pre-existing medical conditions and finding solutions to all these other problems?

In public it appears we only care about eliminating the ACA taxes and getting more federal money to pay for it. AHIP would have delivered on that

agenda if it were not for the abortion issue. Make no mistake, we are literally feeding the Democrats legitimate and credible reasons for reducing our role in the marketplace to a single-payer. The battle cry “Medicare for All” for Bernie Sander’s left leaning followers is staunchly supported by almost all the Democrats in the House and Senate (many of whom have signed on as sponsors of these bills).

As you may know, AHIP has launched a Coverage@Work program that is designed to engage employers and consumers. AHIP’s goal is to advance solutions and private sector innovations that improve the health and financial wellbeing of American families, businesses and communities. This program reminds me of the recent woman’s march on the D.C. that didn’t include any speeches about abortion. The government needs employer money to pay for universal coverage. We know that a government sponsored universal health system would not have enough tax revenue to co-exist side-by-side with the Coverage@Work employer based health care market, so I guess we don’t have to talk about single-payer universal coverage, *or do we?* Do you think our support for the employer market is enough to prevent the government from legislating single-payer “Medicare for All”? I don’t think so. Unless we fix the problems with the non-group market, the government is going to socialize the system.

What do you think is going to happen when the dust settles from the federal tax cuts and our businesses are facing fewer trade barriers and recognizing that they must compete in a global market with foreign competitors, most of which do not have to cover the cost of employee health care? This is at least 35%-40% of their administrative expenses. Almost no other nation on earth has an employer-based health insurance system like ours. If ACA/ Obamacare had been more successful, experts predicted many small employers would just drop their group programs all together and let their employees purchase coverage through the marketplace.

Some of our biggest employers/customers that, like Boeing, Lockheed Martin, Raytheon, Hewlett-Packard, Textron, General Electric, Pratt & Whitney, General Motors, Honeywell, General Dynamics and more, all compete with foreign counterpart’s over-seas. These companies have huge annual employee benefit budgets and their biggest ticket item is health insurance. There has always been a lot of speculation about the impact of

globalism on our employee benefit programs. There is a strong sentiment that the cost of doing business would be much lower if employers could successfully dump the health care burden onto the government, even if it

means higher taxes. Twenty-six (26) international unions, including AFL-CIO, IAM, IBEW and UAW are sponsors of the John Conyers / Keith Ellison “Expanded and Improved” Single-Payer Bill H.R. 676, because these unions think it will allow them to negotiate higher wages. And, we all know that there is *no* direct relationship between the level of business taxation and the cost of the government. The tax burden of universal health care would be shifted mainly to the general public.

Warren Buffet, the CEO of Berkshire Hathaway and famed business oracle from Omaha told CNBC last October that, “Health care is the tapeworm of the American economy.” He said that the U.S. is at 17% or 18% (of GDP) and the rest of the world is at 10%, and that is 7cents to 8cents on the dollar. And, he went on to say that is a HUGE cost disadvantage for American businesses. He concluded that we are 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.” Do you know better than he?

What this tells me is that, in the future, we must do a better job of controlling costs to justify whatever differences we have in the percentage of GDP we spend on health care over other countries around the world. These cost differences are real and we know nothing will stand in the way of our competitive drive to succeed and our determination to make a profit, for very long.

It only took seventeen (17) years to go from Hillary Clinton’s Health Care Plan to the enactment of the ACA. In the intervening years, we invented managed care. We were able to drop the health care inflation rate to single digits for many years. In 2010, we crossed the threshold with our nation’s first attempt at universal health care. How long do you think it is going to take for the government to come up with a single-payer system? What happens when the progressive media and the liberal elites elect a new president on a platform of universal health care for All (6 years)? How comfortable would your stock holders feel if they knew there was a serious threat to your healthcare business looming in the next eight to ten years? If

we leave the strength of your healthcare business to the whims of our politicians, sooner or later, this is going to catch up with us.

We need to appreciate that this is a water-shed moment. We need to step up to the plate and hit a home run, or we are going to lose this game and everything we know and love about it! If we continue to let the individual health insurance market go down-hill in terms of access, carrier choice and affordability and leave the health care providers and governments saddled with the real human cost of the uninsured population, when the economy turns down, it will be all too easy for the public to perceive the need to go the way of "all" the other industrialized nations on the planet and socialize the health care system. This may leave some of our businesses as bit players under the total control of a non-profit government run single-payer system. Can you take that risk? How hard is it to imagine the U.S. adopting a system, like that of all the rest of the countries in the industrialized world? Not hard.

I believe that there will be no future for the employer-based health insurance system unless we create vibrant and competitive solutions to the individual non-group market. We need to deliver affordable health insurance for working people and a majority of the 28 Million uninsured Americans. This is the last piece of the free market puzzle that needs to be completed to create a unique and successful truly American system of private health insurance and a private health care system that is and will continue to be the envy of the rest of the world.

What better solution than to build upon the Medicare Advantage program! MA is arguably the most successful public-private partnership in the history of the health insurance industry. Upon this rock we may build a prosperous future for our industry. We can do anything when we put our minds to it. Just look at my ten (10) point plan description. This is do-able!

You are probably familiar with the Heritage Foundation's effort to draft model legislation that resurrects the Graham-Cassidy bills block-grant, state by state funding solution to replace the ACA. Most people refer to this as the incubator approach to health insurance reform. There are many problems with it, including the need for every insurance company to file rates and develop programs in each and every state and the fact the once the state program matures, there is no federal graduation. We will forever

be dealing with 50 different programs and 50 different sets of regulation. This may be preferable to losing the business entirely but think how much easier it would be to have an MAA alternative. We must also remember that the burden of cost containment falls on us, especially under capitation reimbursement. We must get health care cost escalation under greater control and with 50 different state programs to manage, you can forget about it, and forget about coordinated health and wellness programs. We are going to need CMS to implement a system that effectively contains the cost of health care and allows the Warren Buffet's of the world to say believe that the quality of our health care is worth an extra 2% to 4% of GDP. The Amazon, Berkshire Hathaway, J.P. Morgan partnership is an experiment that may fail, but only for them. We need solutions for everybody.

You need to appreciate the threat Bernie Sanders' S.1804 "Medicare for All Act" in the Senate and John Conyers/ Keith Ellison's H.R. 676 "Expanded and Improved Medicare for All Act" in the House. Both bills have a slew of Democrats signed on as supporters. I have enclosed a copy of The July 6<sup>th</sup> Edition of the True American paper (abridged) covering my concerns with these two bills. I recently shared an unabridged Edition of The True American with the Republican congressional committee leadership in the Senate and the House and the RNC. I include an abridged Edition in this mailing, for your ready reference.

The Democrats also have another plan called the "Medicare Extra for All" that was developed by the Washington based, Center for American Progress. I call this plan the Medicare/ACA proposal because it takes all the onerous cost escalating aspects of the ACA and increases them. It is the first Democrat plan to propose major changes to the funding of the employer-based market. This should strike fear into our hearts. And, Republicans have also proposed plan of "Conservatives Principles for Health Insurance Reform" written by Jim DeMint and a band of stalwart Republicans Congressman and rain makers, who are promising to come up with a more concrete plan document. MAA could easily incorporate all of their ideas and concerns, as I have proposed.

In the meantime, as I write, Democrat candidates are winning mid-term primary elections, using the "Medicare for All" battle cry, over their

opponents. As you may know, Amy McGrath won the 6<sup>th</sup> Congressional district in Kentucky with an attack Ad against Mitch McConnell's opposition to the ACA Medicaid expansion and in NY's 14<sup>th</sup> congressional district, Alexandria Ocasio-Cortez beat Joe Crowley, the 4<sup>th</sup> most powerful Democrat in the House by advocating for the extension of Medicare to people of all ages.

Right now, there is no reliable leadership, no direction and no consensus on health insurance reform and because our allegiances are divided, we are not helping. I sincerely believe that if *the health insurance industry* does not become a greater catalyst for solutions to these problems, you will ultimately witness the success of single-payer legislation and hurt your core business. I think Medicare Advantage for All is the answer. I hope you agree, and I welcome the opportunity to help make our industry and MAA a part of the solution.

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