

Candidate Health Reform Questionnaire February 2018

U.S. Multi-Payer Health Insurance Model: More Costly, With Worse Outcomes

While the United States spends on average twice as much on healthcare per capita as other industrialized nations,ⁱ we rank 36th in the world for health outcomes - manifesting as shorter lives, higher infant mortality rate and lesser quality of care than most other developed countries.

Fragmented U.S. health insurances inflate costs

U.S. health insurance is built around numerous commercial health insurers with thousands of different plans, making it administratively complex and costly for the insured, providers and hospitals. U.S. administrative health costs total 31% (vs. 16% in Canada). Dozens of U.S. studies over several decades demonstrate \$400 B or more in annual administrative cost savings with single payer financing.

In *Healing of America*, T. R. Reid describes 4 basic health financing models:

- 1) Socialized Medicine (Britain model)
- 2) Socialized Insurance (Canada model)
- 3) Highly Regulated Nonprofit Private Insurances (European model)
- 4) Out-of-Pocket payment

Question:

- Do you support the current U.S. multi-payer health insurance model (regulated or unregulated)? Explain _____
- Do you support a public national health insurer (single payer, Medicare-for-All)?
- Other? Explain _____

Profit-centered vs. Patient-centered Health Care

The current U.S. health insurance model is centered around profit-focused middlemen. The elimination of insurance middlemen practicing "denial management" would alone save tens of billions of dollars annually in time and costs for providers and the insured.ⁱⁱ

Question:

- Do you support the private insurance model that requires permission from insurance middlemen to access health care? _____
- Do you prefer a single public payer insurance, honoring provider-patient decisions regarding necessary health care?
- Other? Explain _____

Economy of scale: Single large risk pool insurer vs. multiple small risk pool insurers

"Risk pool" is the most fundamental concept in health care insurance.

Breaking up insurance coverage into numerous small *risk pools* – e.g., multiple private insurers, high-risk pools, reinsurance pools, or even a "public option" - results in actuarially-unsound policies that inevitably devastate any small insurance group's reserves, driving up health premiums and administrative costs. Conversely, a *single large risk pool provides the ultimate in diversification of risk*, thereby lowering premiums and overall costs. ⁱⁱⁱ Improved Medicare-for-All, utilizing a large risk pool, permits negotiation of global budgets for providers/hospitals, and bulk drug/medical equipment rates.

Question:

- Do you prefer multiple small risk pool (multi-payer, reinsurance, high risk pool, "public option") insurances (regulated or unregulated)?
Explain _____
- Do you prefer a single large risk pool managed by a public national health insurer?
- Other? Explain _____

Multiple-payer health insurers control cost by decreasing benefits and increasing premiums, which have increased by double digits in recent years,^{iv} even as they spend significantly on marketing, etc.

Question: What is the best way to control health insurance cost?

- Eliminate marketing/advertising (overhead) costs?
- Reduce benefits?
- Other? Explain. _____

Further controlling health costs, multiple private insurers shrink provider networks, limiting choice of providers.

- Do you have a plan to deal with shrinking provider networks in private health insurance plans?
Explain _____
- Is it best to offer full choice of providers (as with single public-payer insurer)?

- Other? _____

The majority of U.S. bankruptcies (over 60 %) are triggered by medical bills that threaten financial security.^v With a multiple-payer insurance model many are priced out of health care by consistently rising premiums, copays, and having to meet increasing annual deductibles.

Question:

- Should there be health coverage that eliminates copays and deductibles?
- Alternatively, how do you assure a family's health costs won't jeopardize financial security?

Declining U.S. health insurance markets requiring frequent need for re-application

Commercial multi-payer insurers freely enter and exit markets based on their profit margins. Too many locales, often **especially rural areas**, have limited or no choice of health insurer. Limited choice that increases costs, is also experienced by those in group insurances and the self-employed, e.g., a working couple reported 95% increased cost of coverage (2015-18).^{vi}

Question:

- Should we rely on multiple-payer insurances that may enter and leave markets at any time, and freely raise costs?

- Is it preferable to rely on a single-risk pool insurer (single payer) that provides equal benefits for all, without the need for periodic re-application and means testing?

The relationship between health care access, hospital closures and other detrimental impacts on local economies. In a 2018 study, researchers related an increased rate of hospital closures in states that did not expand Medicaid coverage under the Affordable Care Act. States with Medicaid expansion demonstrated improved hospital financial performance with much lower likelihood of hospital closures, and an improved skilled jobs market and overall local economy.^{vii}

Question:

- Could expanding health coverage to all likely benefit many segments of the economy?

- Is expanded health care to all a benefit to working families and the jobless?
Thoughts _____

Elimination of redundancies of health coverage

Universal single public-payer health insurance would eliminate redundancies of coverage, e.g., medical coverage under Auto Insurance or Workers' Compensation; and it would largely eliminate the need for personal injury lawyers to determine past or future medical costs or insurance reimbursements, even as these lawyers take 40 percent of reimbursement awards as fees. Courts are a time-consuming, expensive way to resolve medical claims.

Question:

- Should we eliminate redundancies of multiple health coverages, e.g., Auto & Workers Comp insurances, and health insurance? _____

- Should people have to resort to a costly legal process to receive health care payments?

- Thoughts? _____

Plan for Consolidation of Health Insurance Industry

A recent study, *U.S. Healthcare Financing Reform: The Consolidation of the Health Insurance Industry* (**Public National Health Insurance/hcafoundation.org**), outlines a Mergers & Acquisitions strategy to consolidate U.S. health insurance toward achievement of Medicare-for-All coverage. Because it is an acquisitions proposal, it avoids violating the Fifth Amendment *Takings Clause*.^{viii}

Question: Would you support such an acquisitions proposal if it can be demonstrated to be cost-effective, with relatively short payoff period? (E.g., if purchase was paid for with relatively low-interest U.S. Treasury Bonds, and payoff achieved within 10 years?)

- Yes _____

- No; Thoughts? _____

- ⁱ *Health at a Glance: 2011: Commonwealth Fund Study* <<http://www.oecd.org/els/health-systems/49084488.pdf>>
- ⁱⁱ *Denial Management*, WSJ, 2-14-07, <<https://sentineleffect.wordpress.com/2007/02/14/denial-management/>>
- ⁱⁱⁱ It's All About the Risk Pool <<http://www.pnhp.org/news/2016/march/it%E2%80%99s-all-about-the-risk-pool>>
- ^{iv} Health Insurance: Premiums and Increases, 12/4/2017
<<http://www.ncsl.org/research/health/health-insurance-premiums.aspx>>
- ^v Over 60 percent of U.S. Bankruptcies Attributable to Medical Problems
<<https://www.sciencedaily.com/releases/2009/06/090604095123.htm>>
- ^{vi} *Cost of U.S. health insurance out of control*, LTE, Denver Post, 1-4-18
<<https://www.denverpost.com/2018/01/03/the-cost-of-health-insurance-in-the-u-s-is-out-of-control/>>
- ^{vii} Understanding The Relationship Between Medicaid Expansions And Hospital Closures, Health Affairs, January 2018 <<https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0976>>
- ^{viii} U.S. Healthcare Financing Reform: The Consolidation of the Health Insurance Industry, <HCACFoundaiton.org>