

## Health Care Debate: What Do the Terms Mean?

After recently making rounds on Capitol Hill during the NAC and visiting with our representatives, I pondered some of the terms floating around DC regarding the potential changes to our health-care system and was inspired by a Texas Medicine article with excerpts from Sarah Fontenot, with due recognition, to begin a series of articles for the Southeastern Delegation Newsletter. Some of the terms, in the purest form, sound different but often have degrees of overlap and frequently mean different things to different people, which may be a “good” thing for politicians as we enter the 2020 cycle for partisans on both sides of the debate.

Medicare for All (M4A), initially introduced by Senator Bernie Sanders in 2013, has crept into the conversation in the last two presidential cycles. Since the 2018 election cycle, it has become fashionable once again depending on how detailed the question is posed. In its simplest form, when the public is asked if they would like universal coverage based on Medicare, two out of three Americans think it is a good idea and some pundits stop at this stage. However, when you ask if they support higher taxes that reach into the lower brackets and delays in health care that feels like rationing, the support plummets. It would cover healthcare needs such as inpatient, outpatient, preventive, emergency, vision, dental, hearing, medications, diagnostic tests, and long-term care.

Sanders’ expansive plan would eliminate the private system and replace it with a government-run system that covers almost everything. This would differ from UK since the model would pay for the care but not own the facilities and health care physicians and providers who render the service. The proposal is felt by many to be closer to the Canadian system, but other public payer systems still permit purchase of insurance for non-covered or enhanced services. One of the main concerns, aside from philosophical differences, is both the level and uncertainty surrounding the magnitude and disruption of such a change. The insurance industry alone employs hundreds of thousands of individuals both directly (insurance companies) and indirectly (agents, marketing firms) and generate almost a trillion dollars of revenue accounting for one fifth of our economy. The big three alone employed 364,000 people in 2017. While I never purchased them individually, I note that the money managers of my retirement plans do either individually or as part of mutual funds. Such a rapid loss has the potential to adversely affect or decimate retirement plans based on their composition within portfolios. The scale alone would be historic. “We’re talking about changing flows of money on just a huge scale,” said Paul Starr, a sociology professor at Princeton University and author of “The Social Transformation of American Medicine: The Rise of a Sovereign Profession and the Making of a Vast Industry” who noted “There’s no precedent in American history that compares to this.” Legislators realize that many in the insurance industry would lose their jobs and would establish funds to support training, benefits, and income supports; that same consideration does not have any provision for the millions of retirement account losses. Last year the nation’s largest hospital, pharmaceutical, insurance, and doctors’ lobbying groups formed the Partnership for America’s Health Care Future (PAHCF) to combat M4A.

Medicare of All sounds great, and at this point 71% say they are for it but here's the rub. There would be a 6.2% to 7.5% tax on income based premiums paid by the employers, 2.2% to 4% tax on individuals making over \$28,800, \$92B by taxing capital gains and dividends in line with employment income, \$110B on progressive incomes over \$250,00, \$21B from a "Responsible Estate Tax" for estates greater than \$3.5M, \$15B from limiting tax deductions for incomes greater than \$250K, and \$310B with the elimination of health related expense deductions that were not specified in the article. Part of the expense would be offset as employers providing health insurance would save, based on a national average, \$9,400 since it would eliminate private employer-provided health insurance and compel 150M Americans to join the public system. Other supposed savings for individuals would be the elimination of copays or deductibles; however, for those currently on Medicare, you know that you still have deductibles and copays unless you have a Medigap policy as well as the dreaded "donut hole" if you are on a lot of medications. Still, as the financing details emerge, linked with the reality of delayed services experienced by other socialized systems, support drops into the 37% range. The other major point missing in describing the proposed system is sustainability since Medicare pays various providers less than their actual cost of providing the care, and the current Medicare system is dependent on cost-shifting from the private sector. Unlike the UK, it would be illegal to offer services outside of the public system. At one point, there were several decades before the UK built new hospitals! Some disagree there are any downsides, except for the wealthy; see the socialists link below. They disagree with Reagan and believe that the phrase "we are the government, and we are here to help" is a good thing. The headwinds are strong. Harvard health economist William Hsiao's has worked with a number of governmental units since 2000 and noted that failures were most often from funding strategies.

In future installments, I will discuss the Public Option, expanding Medicare eligibility, and State-run single payer systems.

Asa C. Lockhart, MD, MBA

Some resources:

<https://www.kff.org/interactive/compare-medicare-for-all-public-plan-proposals/>

<https://www.nytimes.com/2019/03/23/health/private-health-insurance-medicare-for-all-bernie-sanders.html>

<http://sarahfontenot.com/?s=medicare+for+all>

<http://fortune.com/2019/03/25/medicare-for-all-eliminate-private-insurance/>

<https://www.politifact.com/truth-o-meter/article/2019/feb/19/explaining-medicare-all/>

<http://socialists.space/m4a/>

<https://www.weeklystandard.com/chris-deaton/behind-the-debate-over-medicare-for-all>

<https://www.vox.com/policy-and-politics/2019/2/26/18239630/medicare-for-all-pramila-jayapal-bill>