

Privatization of Medicare by Expansion of Medicare Advantage Plans, a "Public Option," and More

Dating at least from the 2003 Medicare Modernization Act, Washington efforts have focused on expanding Medicare Advantage plans that funnel large subsidies to multi-payer private insurers that provide fewer overall benefits - yet another wealth transfer upward to industry. The promotion of Medicare Advantage Plans (representing ~34% of the 63.3 million eligible U.S. Medicare recipients in 2018) effectively privatizes health coverage through heavily subsidized multiple private insurers, while squeezing out and increasing costs of traditional Medicare. Such increased fragmentation of health care financing disrupts the traditional Medicare function of pooling risk in a single large risk pool with the economy of scale required to negotiate and control costs, while covering everyone at reduced cost.

In addition to single Medicare Advantage enrollees, a 125% increase in Medicare Advantage Employer Group Waiver Plans (MA-EGWPs) and retiree enrollment was reported between December 2015 and November 2018.

Another means to effectively kill off traditional Medicare is the so-called Medicare "buy-in" or "public option" – adding just one more insurance option that increases administrative complexity of our already fragmented, dysfunctional multi-payer health care financing system. Other catch-phrases that promote a system dominated by multi-payer private insurers: "reinsurance"; "ability to keep your private insurance plan"; "increasing choice" or "competition"; or "buying across state lines." "Choice" of providers is desired – not choice of multiple profiteering commercial insurers.

Instead of squeezing out traditional Medicare by funneling huge subsidies to private reduced-benefit Medicare Advantage plans, Washington should adopt the only truly sustainable model – Public National Health Insurance (single payer Medicare for All) - that corrects the major deficiencies in U.S. fragmented health care financing by implementing a single-large-risk-pool insurance that makes health care equitable, accessible and affordable for everyone.