

EXTENDED MEDICARE FRAMEWORK

Universal Health Care
Equal Access

National Social Health Insurance

Current Medicare (65 +) ¹

Part A-Hospital Insurance	Federal Insurance Contributions* (FICA)
Part B-Medical Services Insurance	Premiums + General Revenue
Part D-Prescription Drug Coverage	Private Plan Premiums Medicare Premium Surcharge + General Revenue

*Actuarial Principles + Mortality Table = Premiums (aka Payroll Taxes including Social Security)

ADD

Under 65y/o Medicare ²

Hospital Insurance	Premiums + General Revenue
Medical Services Insurance (Under 65 & 65+)	Premiums + General Revenue No Private Plan Premiums
Prescription Drug Coverage	Medicare Premiums + General Revenue ³

Elimination of Private Health Insurers

Losses in the Economy

Financial Crisis of 2007–2008	\$613 billion default
Enterprise Value of Private Health Insurers*	\$714 billion default ⁴

*Enterprise Value = market value of common stock + market value of preferred equity + market value of debt + minority interest - cash and investments = Liquidation Value

Remedy

Governmental Proprietary Capacity*	Acquire Private Health Insurers at Enterprise Value ⁵
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*Example: U.S. government becoming the majority shareholder of the new GM.

What is insurance? Insurance is risk management. It uses actuarial methods to predict future costs to ensure that there are enough funds to cover those costs.

CMS Office of the Actuary calculates premiums and appropriations from general revenue based on their projections of the following year's medical claims and administrative costs for pools of individuals.

All premiums/contributions and appropriations are mandatory by law.

Resource materials at Health Care for All Colorado Foundation.

<https://www.hcacfoundation.org/>

Papers by

Eldon Van Der Wege, MBA

Thomas Billroth Gottlieb, MD

Expanding and Improving Medicare

U.S. Healthcare Financing Reform: The Consolidation of the Health Insurance Industry

Public Takings of Private Health Insurance

Comment: Personal communication by TP Conference - Gerald Friedman

Using the enterprise value is brilliant.

Endnotes

¹ Improved Medicare. No private Medicare supplement plans. Income-related premiums and general revenue cover all benefit costs. Reconciled on the annual federal income tax return. No cost sharing except for drug coverage.

² Affordable Care Act. Premiums based on federal poverty level (FPL) income and family size. General revenue covers premiums for those with lower incomes. Premiums and general revenue cover all benefit costs. Reconciled on the annual federal income tax return. No cost sharing except for drug coverage.

³ Coinsurance for brand drugs with multiple generic equivalents.

⁴ The estimate is in the high range since detailed information is not publicly available. The estimated investment of \$714 billion to acquire the private health insurers is offset by the estimated annual administrative cost savings of \$405B. This results in a payback period of two years.

⁵ The private health insurers are acquired well in advance to facilitate a smooth transition to social health insurance. Private health insurers continue until all pending claims are resolved.