

Consequences of Medicare gaps with ACA repeal

The 57 million people enrolled in Medicare, (including, in 2015, 98.9 percent of adults age 65 or older), face cost and benefit uncertainties if the Affordable Care Act (ACA) is repealed without specific provisions enacted to replace the resulting Medicare gaps.

ACA significantly strengthened Traditional Medicare solvency by adding revenue sources to the Medicare Trust Fund and removing statutory impediments to lowering the expensive Medicare Advantage subsidies paid to private health insurers.

The current proposals to repeal the ACA would "reform" Medicare by expanding "Medicare Advantage" (built on private insurance companies with limited HMO/PPO networks), ultimately transforming Medicare from a "defined benefit" to a "defined contribution" membership plan.

The devil of the reform is in the details of nebulous terms like "choice," "flexibility," "modernization," "vouchers" and "premium support."

We are being told reform is necessary because of traditional Medicare's impending "insolvency."

These predictions ignore Medicare's long history of improving healthcare quality at reduced costs. According to a 2016 AARP finding, "The Medicare Part A Trust fund is solvent until 2028, due in large part to changes made in ACA ... without shifting costs to beneficiaries or cutting benefits..."

On a more immediate healthcare quality level, Medicare rules tying care quality to payments has effectively lowered hospital costs and improved the

quality of hospital care by imposing reimbursements cuts for high rates of patient injuries from infections, bed sores and falls. In 2015, 769 hospitals were penalized.

According to healthcare economist, Uwe Reinhardt, "Per capita, health costs for people with Medicare have grown [annually at] 1.5 percentage points less than private insurance from 1969 through 2012. Private insurers simply lack Medicare's leverage."

At the individual level, repeal of ACA would take with it the phased reduction of the prescription drug "doughnut hole" for prescription drugs (to be closed by 2020) that significantly lower the amount that seniors on Medicare have to pay for their medicines.

ACA's constraints on out-of-pocket drug prices will be eliminated and preventive health services no longer will be free.

In reforming Medicare with "premium support" vouchers to enable a "free market" for enrollees to shop among competing policies, Speaker of the House Paul Ryan's proposal would also increase Medicare eligibility age — and consequently instantly shrink the risk pool to a higher proportion of more costly, sicker members.

Basic insurance principles dictate that this would require premium increases to cover increased benefit costs.

Vouchers paid from the Medicare Trust Fund to subsidize Medicare Advantage

GUEST VIEWPOINT

BY ARNOLD BUCHMAN
RETIRED HEAD OF LEGAL SUPPORT FOR CIGNA HEALTHCARE'S WESTERN DIVISION

would attract the younger and healthier from traditional Medicare, exacerbating higher cost-sharing in a smaller risk pool — the definition of an insurance "death spiral" and collapse of the risk pool.

At the same time, ACA repeal would restore higher payments for services performed under Medicare Advantage managed care. The repeal of ACA's mandate that preventive services be provided free to patients could also raise premiums, out-of-pocket costs, or both.

All in all, Medicare enrollees are quite likely to receive less care and pay more for it.

The bottom line? An analysis by CNN Money said that ACA "slowed the growth of payment rates to hospitals and other providers, reduced payments to Medicare Advantage plans and improved benefits for enrollees."

According to the Congressional Budget Office (CBO), repealing ACA would increase Medicare spending by \$802 billion over 10 years. As a result of repeal, Medicare beneficiaries would pay more because premiums and deductibles are tied to the growth of federal outlays.

This would leave seniors to face higher deductibles and co-payments for Part A and higher premiums and deductibles for Part B. Enrollees would no longer have free screenings for breast and colorectal cancer, heart disease, diabetes and free

flu and pneumonia vaccinations.

Clearly, ACA is imperfect. As was Social Security and Medicare when they first were enacted. But as the flaws in these earlier programs became apparent, bipartisan fixes were enacted.

In ACA's eight years, there has been no such bipartisan approach. Instead, there has been a steady partisan effort to weaken, undermine and underfund it.

It's no wonder that exchanges are failing, premium

costs are increasing and insurers are bailing. Looking again to basic insurance principles, so far no replacement that has been proposed will be workable or affordable.

The "Repealers" have got themselves a tiger by the tail.

As for Medicare enrollees, I suspect they mostly are unaware that, without the enactment of a carefully tailored bullet proof vest, repeal of ACA's direct and indirect Medicare supports will likely bring the collapse of Traditional Medicare.

— Arnold Buchman retired as head of legal support for CIGNA Healthcare's western division. He is a Senior Advisor to The Margolin Group, a designer of integrated health care systems.



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Reno 'Select' at Westminster



PHOTO BY MARK BRENNAN/SIUSLAW NEWS

Reno, a Miniature American Shepard, and her owner Ginny Verville, recently went to New York to compete in the 2017 Westminster Club Dog Show. Reno recieved the ribbon for finishing 'Select,' or second place overall. Verville is the owner of Aloha Pet Grooming, located in Florence.

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If an emergency happens in your community, it may take emergency workers some time to reach you. You should be prepared to take care of yourself and your family for a minimum of 240 hours.

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- Scissors, needles, tweezers
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