OSARC MONTHLY MEETING
1/10/2024 12:30pm
MINUTES

Greetings: Joan Borovoy, OSARC Chairperson, opened the meeting and welcomed attendees

Introductions: Joan introduced current board members:
Mark Lewis, Acting Vice Chair
Susan O'Brien, Secretary
Colleen Cox, Consultant to the Board
Judith Lovell, Volunteer
Jay Warshofsky, COMRO rep

OSA Staff members providing technical assistance/support on Zoom:
Rob Spencer, OSA Media Director
Megan Wofsy, OSA Asst to the Chairperson

Joan explained Zoom etiquette.

Presentation: "From The Privatization of Medicare to Health Care for All." Guest presenters Dr. Martha Livingston and Dr. Leonard Rodberg, long-time activists in the health care field, discussed how Medicare, our public health plan for seniors (and selected others) is rapidly being converted into a private, for-profit insurance scheme.

Retirees are losing the benefits they were promised. They explored why this is happening and what can be done to stop it and describe where we should be heading -- towards the New York Health Act and the Medicare for All Act, to provide access to health care for everyone in New York and the nation.

Martha Livingston, Ph.D., is Professor of Public Health at SUNY Old Westbury, a Board member of the New York-Metro chapter of Physicians for a National Health Program and of the Steering Committee of the Labor Campaign for Single Payer Health Care.

Leonard Rodberg, **PhD** is a retired Professor and Chair of the Urban Studies Department at Queens College/City University of New York, and earned a PhD in physics from MIT. He was one of the founders of Physicians for a National Health Program and is now on the Board of the NY Metro Chapter, is Research Director of the Chapter, and is on the Board of the Campaign for New York Health. He served as a consultant to Assembly member Richard Gottfried in the development of the New York Health Act.

<u>Overview:</u>
Dr. Livingston discussed the belief of the organization they represent, Physicians for a National Health Program (PNHP), that finance capital, that is the powerful money interests in this country, are stealing from the public Medicare program. They believe that healthcare cannot be a commodity and still meet the healthcare needs of Americans. Every other developed country views healthcare as a right and provides it for their citizens. In the US, big money interests use fear tactics to prevent the public from understanding how a "single payer" system would improve their lives.

History:

- 1930s-1940s ─ Employer-based hospital and medical insurance from Blue Cross, a private non-profit company begins
- 1950s ─ Start of commercial for-profit health insurance
- 1965 ─ Medicare and Medicaid, public insurance, is passed by the federal government
- 1985 ─ Private Medicare plans are started ("Medicare Choice+")
- 2003 ─ Private "Medicare Advantage" plans are introduced
- 2010 ─ Affordable Care Act =Obamacare is passed which extended private insurance
- 2019 ─ "Direct Contracting Entities" (DCE/ACO-REACH)-pilot program

Surveys indicate that 92% of American adults ages 19-64 agree that we all have a right to affordable health care.

However 30 million Americans, including 1 million New Yorkers, are uninsured and millions more are underinsured due to rising deductibles and copays -- and costs continue to rise. The Kaiser Family Foundation reports that between 1999 and 2018, the cost of healthcare rose two to three times faster than wages. Rising healthcare costs continue to limit possible wage increases.

The Organization for Economic Cooperation and Development (OECD), an internationally recognized advice and standard-setting organization with 40 member countries, looked at healthcare spending as a percentage of a country's GDP, between 1980 and 2017. They found that **every other developed country covers all their residents and spends half what the US does — and many have no cost-sharing.** These countries believe that the government has to oversee, regulate and sometimes fund healthcare.

In the US, the public Medicare and Medicaid systems both control costs. Private insurance does not. Medicare and Medicaid set reimbursement rates, but private insurance cannot. Yet, private insurance dominates.

How Medicare Works

Medicare uses a fee-for-service system. Patients with illnesses see their doctors. Doctors (and hospitals) file a claim with Medicare. *Fee-for-service* Medicare pays 80% of their bill according to its fee schedule. Medicare then forwards the claim to the supplemental (secondary or Medigap) carrier. The secondary carrier pays the rest of the bill.

That's our current form of public health coverage. While it is an excellent system, there are a number of things wrong with it:

- It doesn't cover dental, hearing, or vision.
- It has costly deductibles and copays.
- It has no limit on out-of-pocket expenses.
- The average Medicare recipient spends more than $6,000 per year on health care.

This leads to claims that the private sector can do better. ENTER PRIVATIZATION.

Medicare Privatization

In 2003, Congress created a private insurance option which it called *Medicare Advantage (MA).* Here's how it works:

- Medicare recipients choose a private MA plan.
- Medicare sends the insurer a fixed monthly payment to cover each member's costs.
- Patients pay copays (saves the insurer money & discourages seeking care).
- No supplemental insurance is allowed.
- As a result, MA plans have much less money to spend on health care than Traditional Medicare.

Private Medicare Advantage plans make money in the following ways:

- A federal subsidy is provided (~4% above Traditional Medicare cost)
- Patients share the cost through copays →less use
- The goal of MA plans is to attract healthy people, discourage sick ones.
- Making lower payments to doctors and hospitals, leading to limited choice for patients ("narrow networks")
- Requiring prior approval for costly care
- Fraud ("upcoding" of illness seriousness, e.g.)

Why do 50% of seniors choose Medicare Advantage? It costs less and is attractive to healthier people who don't use healthcare much.

Bottom line on Medicare Advantage plans:

- MA costs the government more than public Medicare, but
- MA gives patients less care than public Medicare
- Nevertheless, one-half of all Medicare recipients are now in Medicare Advantage because, as long as they're healthy, it costs them less.

New Privatization Steps

The U.S. Centers for Medicare and Medicaid Services (CMS), the federal agency that administers the Medicare and Medicaid programs has created a new "model" for those in traditional Medicare. It was called Direct Contracting but when complaints and concerns were made public they kept the program but changed the name to ACO Reach. It is currently in the testing phase, but the stated goal of CMS is to move away from fee-for-service.

How it works:

- Doctors choose to be in Direct Contracting with an entity such as an insurance company or venture capital firm, etc.
- Patients have no say in the decision their doctor makes to join this plan and may not even know about it.
- Medicare/CMS sends the Direct Contracting Entity (DCE) a monthly fee based on number of recipients.
- The DCE pays the doctors a monthly negotiated per-person payment.

The DCE makes money by paying the primary care doctors, specialists and hospitals less than it receives from CMS. All get a bonus if they save CMS money.

In other words, the less care doctors, hospitals and DCEs give to patients, the more money they make.

Why is Privatization Happening?

- The belief that the private sector is more efficient than the public sector (This is clearly false in health care!)
- Political influence of profitmaking interests

The Real Way to Control Costs

- Provide comprehensive benefits
- Have a public agency pay for all health care – a "single payer"
- Set physician and hospital prices through negotiation between government and representative organizations, as other countries do.

Publicly-funded single payer is the answer to cost control and privatization.

Medicare For All Act- bills in Congress sponsored by Sen. Bernie Sanders and Rep. Pramila Jayapal:

- Extend Medicare to everyone
- Comprehensive benefits including long-term care
- Free choice of provider
- No cost-sharing
- Public agency pays the bills
- Funded by progressive taxes

New York State - NY Health Act: many sponsors in the Assembly and Senate:

- A single State fund covers every resident and full-time worker
- Comprehensive benefits
- No deductibles, no co-pays
- No Medicare Part B & Part D premiums
- Funded by existing public funds & progressive tax on payroll and non-payroll ("investment") income
- Costs less than we are now spending!

Comprehensive Benefits include: primary and preventive care, Inpatient & outpatient hospital care, prescription drugs, dental, vision, hearing and long-term care

Advantages to NY Health Act:

- Guaranteed access to healthcare regardless of income, employment, or immigration status
- Leaving a job won't mean losing health care
- No financial barriers of any kind to receiving care
- No need to "spend down" to get long-term care
- Greater equality of access to health care
- Control of the society's spending on health care

Single payer, in general, creates big savings.

- Private insurance overhead is much higher than public programs. Medicare has a 2% administrative cost. Most private insurance plans have administrative costs of almost 20% due to marketing, CEO salaries, profits and staff to determine prior approvals.

- Administrative expenses for healthcare providers in countries with single payer programs such as Canada are almost four times less than what US providers pay.
- Every other country with a single payer plan controls drug prices and end up spending roughly half of what we pay in the US.

For more information:
Physicians for a National Health Program: www.pnhpnymetro.org
Campaign for NY Health: www.nyhcampaign.org, www.protectmedical.net

COMRO Report: by Jay Warshofsky
COMRO is the Council of Municipal Retiree Organizations (City and State).

Jay reported on a speaker, Rebecca Bratspies, a CUNY professor and environmental lawyer who discussed environmental justice, environmental law and human rights. She explained the history of redlining in NYC and how zones were determined historically. She is the author of Naming Gotham about attempts to get street names changed in NYC after exposing misdeeds of those for whom streets were named.

Michelle Robbins from the NYC Organization of Public Service Retirees reported on lawsuits being handled by her organization. The main one is the Aetna Medicare Advantage lawsuit which the organization won. It was appealed by NYC. They lost that appeal, so they have now appealed to the NY State Court of Appeals. An appeal is also pending on the lawsuit regarding co-pays which retirees on GHI Senior Care were required to pay in 2022.

Jay reported that changes are coming for the healthcare of active employees. The contract is still being negotiated but there is concern that the benefits of this plan will be reduced from employees' current options.

A letter was sent to President Biden and members of Congress urging them to oppose the expansion of Medicare Advantage. COMRO signed onto the letter, as did OSARC after discussion by the board.

On February 13th, there will be a special election in the 3rd Congressional District of New York to replace George Santos. Tom Suozzi is the designated Democratic candidate. Please vote.

Next Meeting: Wednesday, February 14th at 12:30pm. Our speaker will be accountant and retired NYC employee, Lloyd Feinberg. He will discuss updates in tax law about which our members need to be aware. In March, we will have a presentation about vision preservation.