

Yes, We Can Fix the Affordable Care Act (ACA). Remove Private Health Insurance from the System

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2017 is the make or break year for the Affordable Care Act (ACA). Seven years in, the flaws of the ACA are clear – tens of millions are still without health insurance, premiums and out of pocket costs are rising and causing people to either avoid and delay care or go into debt, and the US continues to rank poorly in health outcomes. There is one way to fix the ACA, and I call it the Private Extraction.

What are we to do?

The Republicans are seeking a way to keep their promise to repeal and replace the ACA, but they are finding that this is not very easy to do. There are deep divides within the party over cuts to Medicaid and subsidies for premiums. And the changes they are currently proposing will leave tens of millions more people without insurance. This is highly unpopular with the public, and the Republicans are being hit with widespread opposition. **President Trump** is so discouraged that he's calling for an all out repeal now with a replacement to be determined down the road. This would be political suicide if they can't come up with a solution.

Despite the Democratic base's overwhelming support for National Improved Medicare for All single payer health care, the Democrats are saying that we can't do that yet because first they want to fix the ACA. We hear Democrats and their supporters in the media and non-profit world saying that we just need to "stabilize the market" and suggesting the addition of a public insurance, which they call a public option, or allowing people to buy into Medicare as a way to insure more people.

This was the [same message](#) that the Democrats gave in 2009 when their base wanted single payer to be included in the health reform debate. Democrats said that the people were asking for too much and told them to work for something more practical, a public option, instead. This effectively divided and weakened single payer supporters. The saddest part of that story is that the public option was never intended to be in the final legislation. The White House and Congressional leadership actively worked to keep it out of the final bill when the tide of support was moving lawmakers to include it.

So, here we are again. Even Senator Sanders, considered to be a champion of Medicare for All after campaigning on it heavily in the presidential primary, is saying that we have to fix the ACA first **and then** we can work for single payer. We know how that works out, but in case you are not familiar with the scenario: if and when the ACA is tweaked, we will then be told that we have to wait and see if that worked, and when it doesn't, then another tweak will be proposed, and so on. Single payer's day will never come until we organize and work

specifically to make it a reality.

Let's look at the Democrat's proposals:

"Stabilizing the market" basically amounts to giving the private health insurance corporations more money through direct subsidies or tax credits so they will lower premiums and still make enough profits to satisfy their investors. The Center for American Progress, a Democratic Party think tank [funded by the health insurance industry lobby group AHIP](#), offered a "[bipartisan proposal](#)" this week "that proposes repairing Obamacare's exchanges through a mixture of new subsidies to help insurance companies cover their most expensive patients, and lower taxes to encourage insurers to set up shop in under-served markets."

Jeff Stein [goes on to describe](#) CAP's plan further:

"The second component is a \$15 billion 'reinsurance' fund. It calls for giving states federal money to give insurers funding for their most expensive, high-cost enrollees — which Spiro says would in turn reduce premium payments for everyone else on the exchanges."

Here is the translation: the plan would use public dollars to reimburse private insurers for actually having to pay for health care. If you step outside of the matrix for a moment, it becomes clear that is a ridiculous idea.

And while Democrats rail about the Republican's efforts to repeal the taxes in the ACA, the Democrat's proposal essentially does the same thing by funneling more public dollars into the pockets of the medical industrial complex and their Wall Street investors. Applying market language to health care, which is a public necessity, reveals that the Democrats view health care as a commodity and not a human right. It can't be both.

A public option is the term applied to a public health insurance that people could choose to purchase instead of private health insurance. It is often described as a way to compete with private insurers because theoretically it would be able to offer lower premiums since it would not have a requirement for profit. The reality is that adding another insurance to our already complex and heavily bureaucratic system just adds more complexity and bureaucracy. And thinking that it could effectively compete with private insurance, which already has [a large grip](#) on the market, is naive.

To create a public option, either each state or the federal government would need to set up a new health insurance plan, recruit health professionals to participate in it, negotiate rates for healthcare services, and then market the plan to customers as a lower cost viable alternative and hope enough people sign on to make it work. This is a big lift. And in the past, private health insurers have been willing to temporarily drop premiums to stifle just this kind of competition.

What is most likely to happen is that the public insurance becomes a relief valve for the private insurers by attracting people who actually need health care. I call it the [Profiteer's Option](#). Private insurers are very talented at finding ways to encourage people to leave them when they become sick. One way they do this is by severely restricting their provider networks so that when a person becomes ill and finds out that the doctor or hospital they need is not in their network, they seek an alternative. Or they can do it in a more passive-

aggressive way by offering lower quality service to people who start racking up high health bills.

A natural experiment in public-private competition is found in Medicare. There is a public Medicare, often referred to as traditional Medicare, and there are private Medicare plans, misnamed Medicare Advantage plans. People who enroll in Medicare Advantage plans are healthier overall than those in traditional Medicare. When a Medicare Advantage enrollee starts to need more care, they quickly find that the Advantage plan has less generous coverage or doesn't include the health professional they need to use and [they drop out](#). This leaves traditional Medicare to cover the sickest population.

A public option will, in the end, struggle to have enough healthy enrollees to cover the costs of covering people who need health care and it will end up either raising premiums, so it is no longer competitive with private plans, or dropping benefits. A Medicare buy-in would essentially be another form of public option that would attract people who have higher healthcare needs. With any form of public option, the overly-complex and expensive healthcare system in the United States remains essentially unchanged. It does nothing to address the fundamental flaws in our system.

The United States spends more than twice as much per person each year on health care as other industrialized nations, which are universal and have better health outcomes, because the US doesn't have a healthcare system that was designed for health. The US has the highest administrative costs, a third of our healthcare dollar goes to administration, and the US pays the highest prices for healthcare services and pharmaceuticals because we don't have an overall system that negotiates the prices. There is no rationale for the costs of care; it is based on what the market will bear.



[Dark blue is public spending and light blue is private spending. The red bar is the average.] Source: Health Over Profit

The United States is also unique because private health insurers are not designed to pay for healthcare; they are financial services designed to make a profit for their investors. They do this by charging the highest premiums they can, shifting as much of the cost of care onto the individual through co-pays and deductibles and restricting coverage. Let that sink in for a moment. Private health insurers are predators designed to suck money out of our healthcare system.

A fix for the Affordable Care Act

There is one way that we can fix the ACA, and I call it the Private Extraction. A private extraction means that we would remove the private health insurance industry from the system. No more tax credits for private plans. No more subsidies or re-insurance to private health insurers. No more government marketplaces and employees to sell their plans to the public. This would save hundreds of billions of taxpayer dollars every year.

The Congressional Budget Office [estimated](#) that more than \$300 billion would be spent on federal subsidies for the purchase of private insurance in 2016. That's more than 300 billion of taxpayer dollars that are feeding the industry's high CEO salaries and Wall Street investor's bank accounts instead of paying for care. Since the ACA was passed in 2010, health insurance stock has performed two times better than all stocks. The [New York Times](#)

[reported](#) this year that:



“The numbers are astonishing. The Standard & Poor’s stock index returned 135.6 percent in those seven years through Thursday, a performance that we may not see again in our lifetimes. But the managed care stocks, as a whole, have gained nearly 300 percent including dividends, according to calculations by Bespoke Investment Group. UnitedHealth, the biggest of the managed care companies, with a market capitalization that is now more than \$160 billion, returned 480 percent, dividends included. An investment of \$100 in the company’s stock when Obamacare was signed into law would be worth more than \$580.50 today.”

If we want to fix the ACA, we can’t spend more federal dollars trying to out-compete an industry that is more than twice as strong as it was when the ACA was passed. We can’t give them more money and hope they’ll cover more care for people who are sick or create a public insurance to take people with healthcare needs off their hands. We need to perform a curative procedure: a private extraction.

Then, what could we do to make sure that every person living in the United States has their health needs covered? The answer is simple and it already has the support of the majority of the population. It is National Improved Medicare for All as embodied in HR 676: The Expanded and Improved Medicare for All Act. For those who are unfamiliar, I describe it in [more depth here](#).

The sooner we do this, the sooner we will be on track to healing our ailing healthcare system. This must be our demand to all political parties. The winning solution is Medicare for All.

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