



Joining Forces on Health Care Messaging

The Goodman Institute and Americans for Prosperity have joined forces to propose a series of health policy reforms that should appeal to both major parties and to all voters. Chief among these is Obamacare reform to (1) let families have access to insurance that meets their medical and financial needs, instead of unaffordable deductibles and sky-high premiums; and (2) let families have access to the best doctors and the best hospitals, instead of narrow networks that deny them the care they need.

For millions of Americans, health insurance has become increasingly unaffordable and increasingly useless in meeting real health care needs:

- If you combine the average premium with the average deductible faced last year by people in the (Obamacare) exchanges, a family of four (not getting a subsidy) had to pay \$25,000 before getting any benefit at all from their health plan.
- All across the country, people with insurance purchased in the exchanges are denied access to the best doctors and the best hospitals, even though these providers accept private insurance and even Medicaid.
- Although Obamacare reform promised to replace “junk insurance” with “good insurance,” all too often the only insurance available looks like Medicaid with a high deductible; and the plan pays nothing if you go out-of-network and seek the medical care you most need.
- Parents of a child with special needs may comb through the published information

to find a plan with the right doctors, only to discover that while they are locked into their choice for the next 12 months, the health plan can change the doctors in its network every week.

Higher Interest Rates

Writing in the *Wall Street Journal*, Red Jahncke says that Treasury bills and notes maturing in just the next 12 months will push federal interest costs far past national defense spending and Medicare spending.

Inflation

Writing in the *Wall Street Journal*, Phil Gramm and Mike Solon say that inflation has been driven by an explosion of federal spending, which was set to average 20% of gross domestic product in 2020 and 2021. Instead, it doubled to 40% of GDP in a 12-month period as pandemic spending exploded. That’s when \$1.20 of income began chasing 93 cents of goods and services.

Protection from Inflation

Writing in *The Hill*, Laurence Kotlikoff and John Goodman say there are six things Congress can do to help us weather inflation, beginning with full inflation indexing of the tax code.

High Profile

A recent issue of the *American Thinker* high profiled John Goodman:

“For decades Dr. Goodman has participated in public and private forums debating the issues. He had many appearances on *Firing Line* with William F. Buckley and a series of TV debates that ranged far and wide on political and economic issues. Throughout his career Dr. Goodman has contributed to the public debates about many public issues, from school choice to the flat tax.”

Ideas for the Fall Election

The Goodman Institute has been sharing ideas with candidates, voters, editorial writers and others. These are bipartisan ideas that should appeal to everyone.

Seniors

Freedom to Work for Early Retirees

Early retirees should be able to reenter the labor market without losing their Social Security benefits. (Abolish the earnings limit and the earnings penalty.)

Freedom to Work for Our Oldest Citizens

Stop imposing the payroll tax on workers age 70 and above, since they have long since paid for their Social Security and Medicare benefits through the payroll tax.

Freedom to Save

The required minimum distribution from tax-favored savings accounts should be abolished. These funds provide the capital that creates jobs and helps the economy grow.

Freedom from Bureaucratic Mistakes

When seniors claim Social Security and Medicare benefits in ways that cost them tens of thousands of dollars by mistake, lack of knowledge, or misinformation supplied by government personnel, they should be able to correct those mistakes in a convenient way.

Freedom from Taxation by Inflation

The income thresholds for the Social Security benefits tax should be inflation-indexed.

Health Savings Accounts for Seniors

Seniors should have access to a Roth HSA, with after-tax deposits and tax-free withdrawals.

Freedom from High Drug Costs

Seniors should have access to the same low prices others are paying.



John Goodman with Nevada senatorial candidate Adam Laxalt

Freedom to Choose a Medicare Plan That's Right for You

Through continuous open enrollment, seniors in Medicare Advantage plans should be able to switch to plans that better meet their needs whenever their health condition changes.

Working Families

Flexible Working Hours for Parents and Caregivers

The wage and hour law should be amended so that employees can shift work and time off between pay periods – achieving the same workplace flexibility as federal employees have.

Flexible Employee Benefits for Two-Earner Couples

The tax law should be changed so that employees can choose between taxable wages and non-taxed benefits – e.g., allowing one spouse to opt for higher wages instead of obtaining duplicate health insurance.

Fairness for the Self-Employed

Gig workers and other self-employed individuals should have access to the same tax benefits regular employees enjoy when they purchase

health insurance, save for retirement, pay for day care and obtain other “employee benefits.”

Freedom to Work for Survivors

Widows with children should be able to enter the labor market without losing their benefits. (Abolish the earnings limit and the earnings penalty.)

Health Care

Freedom to Acquire Health Insurance that Meets Family Financial and Medical Needs

Codify the (Trump) executive order that frees the markets for short-term, limited-duration insurance and association health plans – these are unregulated alternatives to Obamacare.

Freedom to Have Personal and Portable Health Insurance

Codify the (Trump) executive order that allows employers to purchase insurance that employees own and can take with them from job to job and in and out of the labor market.

Freedom to Have Virtual Medicine

Codify the (Trump) executive orders creating nationwide access to telemedicine.

Lower Drug Costs for the Chronically Ill

Codify the (Trump) executive order that allows employers to provide free drugs to chronic patients, without employees losing their right to have a Health Savings Account.

Freedom to have 24/7 Primary Care

Allow employers to make deposits to employee-owned accounts – from which monthly payments can be made to a doctor of their own choosing who provides all primary care, including access at nights and on weekends. (This is Direct Primary Care medicine.)

Liberation for the Chronically Ill

Health and Human Services should impose a risk adjustment system on the exchanges similar to the Medicare Advantage system. This would allow plans to specialize in specific diseases



John Goodman with Ambassador Nikki Haley

(such as diabetes, heart disease and cancer care) and compete to meet the needs of the chronically ill instead of trying to avoid the sickest patients and denying them access to the care they need – as they are currently doing.

Inflation

Fully Index the Tax Code

We should protect capital income as well as Social Security income from taxation by inflation.

Tax Only the Real Return on Inflation-Indexed Securities

TIPS (Treasury Inflation Protected Securities) bonds can protect financial assets from inflation. Inflation adjustments should also be protected from the tax man.

Create Inflation-Indexed Annuities

This is what retirees most need so that their retirement income is not dissipated by inflationary government policies.

Sources: John Goodman, [Agenda for Seniors](#); Laurence Kotlikoff and John Goodman, [What Congress Can Do to Protect Us from Inflation](#); John Goodman, [The IRA Bill: What's Our Answer?](#); Nan Hayworth, [Modern Families; Outdated Laws](#); John Goodman, [Tax Reform for the Middle Class](#); John Goodman, [Is There a Republican Alternative to the Democrats' New Health Reforms?](#); Marie Fishpaw and John Goodman, [Pro-Patient, Pro-Family Health Reform](#).

Inequality. Writing in the *New York Times*, economic correspondent Peter Coy says that a new report by Goodman Institute Senior Fellow Laurence Kotlikoff and his colleagues “revolutionizes the study of inequality and fiscal progressivity.” Taxes and entitlement benefits are locking the poor into poverty. “They are doing so by placing large shares of the poor into 70-percent or higher marginal tax brackets and severely discouraging poor young females with children from marrying.”

How Medicare Fails Seniors on Prescription Drugs. Writing at *Forbes*, John Goodman says that (1) Medicare was the last major insurer to cover drugs; (2) to get coverage, seniors must pay three premiums to three plans – all with conflicting economic interests; and (3) Medicare drug plans have a perverse incentive to overcharge the sick and undercharge the healthy. (See below.)

In Defense of Medicare Advantage. Writing at *Forbes*, Goodman says seniors can usually enroll in a Medicare Advantage plan for no more than their Part B (outpatient) and Part D (drugs) premiums. That means they avoid almost \$2,000 a year for medigap insurance. They also receive such extra benefits as hearing, vision and dental care that are not available in regular Medicare. Also, two out of three eligible low-income Americans are in MA plans, along with more than half of all African Americans and more than 60% of Hispanics.

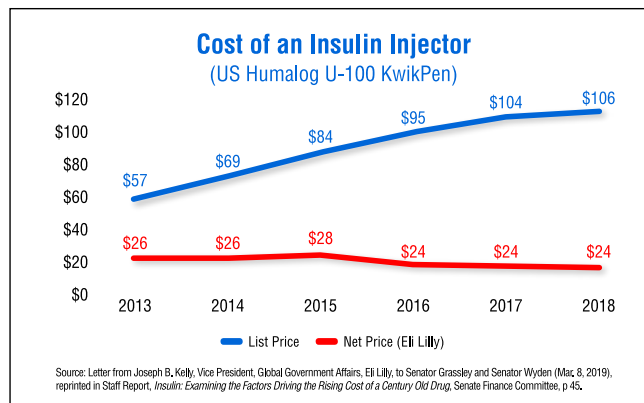
Why Seniors Pay So Much for Drugs. The Goodman Institute is the first think tank to explain why seniors pay more for drugs than others pay at places like GoodRX and Mark Cuban’s Cost Plus Drugs. Start with two insurers with conflicting economic interests. If a diabetic doesn’t take her insulin, the drug insurer actually gains by avoiding that expense. But when she shows up at the

emergency room or is hospitalized, the medical insurer loses money.

Then, there is the rebate system. As the accompanying chart shows, the price the drug manufacturer receives for insulin has been falling in real terms, while the list price faced by the patient has been soaring. Say the list price is \$100. Then, the patient’s copay is \$25. But, unbeknownst to the patient, his drug insurer is getting a \$76 rebate (kickback) from the manufacturer, making the real cost of insulin at the retail level \$24. In that case, the patient’s copay would be \$6. So, the patient is paying more than 4 times what he would have been charged in any kind of normal market.

What happens to the “profit” the drug insurer makes on this arrangement? It gets competed away in lower premiums for the drug insurance buyers. The net result: the sick (who need drugs) are overcharged so that the healthy (who pay premiums) are undercharged.

Here’s the general principle: Any time insurers are forced to community rate (charging the same premium regardless of risk) and there is inadequate risk adjustment, they will face perverse incentives to take from the sick (on whom they lose money) for the benefit of the healthy (on whom they make a profit).



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