



The Unfair Attack on Medicare Advantage

When does the failure to answer a phone call in 8 seconds cost the company receiving the call [\\$190 million](#)? When the caller is a spy working for the agency that runs Medicare and the receiving entity is a private insurance company.

According to documents filed in a recent lawsuit, there is a particular hearing problem that afflicts some elderly patients, and because of that when they want to contact their insurer, they have to use a computer device to do so. Under rules established by the Centers for Medicare and Medicaid Services (CMS), a Medicare Advantage (MA) plan requires these phone calls to be answered within 8 seconds.

To ensure compliance, CMS hires “[secret shoppers](#)” to place artificial calls to see if the rules are being followed. On 63 straight calls, the insurer Elevance Health (formerly Anthem) passed inspection. But the 64th call was not answered at all.

That last call is a matter of dispute. Elevance Health claims it was never received. Nonetheless, it caused the company to be given a lower “star” rating – a quality measure that affects how much MA plans get paid. That one missed call cost Elevance Health [\\$190 million](#).

If this doesn’t strike you as a bit over the top, you need to know that the Social Security Administration [takes 35 minutes](#) to answer its calls, on the average. As for the IRS, it doesn’t answer the phone at all most of the time, picking up [only 29 percent](#) of its calls. What penalty

do public employees suffer when they are unresponsive to customer queries? None that we know of.

What makes all this especially strange is that the Medicare Advantage program comes closer to meeting the standards the government wants health plans to meet than any other place in the health care system.

Numerous studies have found that MA plans are providing higher quality care at a lower cost. When enrollees with comparable characteristics are compared:

- [Health care spending is 25 percent lower for MA enrollees than for enrollees in traditional Medicare.](#)
- [MA enrollees experience 20-25 percent fewer hospitalizations and make 25-35 percent fewer emergency](#)

[room visits.](#)

- [They produce better outcomes for such conditions as knee and hip replacements, strokes, and heart failure.](#)

Good as Medicare Advantage plans are, they could be better if there were less regulation. For example, if an MA plan has its amputation rate down to 2 percent, it cannot advertise that fact during open enrollment. If these facts are established by an independent research organization with no financial interest in the study conclusions, that has to be kept secret as well.

One missed (disputed) phone call to Elevance Health from a Medicare “secret shopper” cost them \$190 million after Medicare lowered their quality rating.

What Neither Party Says About Our Fiscal System

Consider these two facts:

1. The American federal tax system is the [most progressive](#) in the entire developed world – largely because of Republican tax legislation. Yet Republicans never boast about this fact, and Democrats routinely accuse them of favoring the rich.
2. As recently as 2018, it was [virtually impossible for a parent with children to be poor](#) if he or she worked full time at the minimum wage – again because of Republican tax legislation. Yet Republicans never boast about this fact, and Democrats routinely accuse them of caring nothing about the poor.

Sixty years of tax reform.

For that reason, some readers may be surprised to learn that more than half of all households today [pay no income tax at all](#). That's because every Republican tax bill – going all the way back to Ronald Reagan – threw more and more people off the income tax rolls. Through this and other provisions, Republicans have been [shifting the tax burden](#) to the rich every time they have legislated.

Both [private](#) and [government](#) analyses confirm that the same is true of the 2017 (Trump) tax reform bill.

Sixty years of welfare reform.

Not only is our tax system more progressive than other countries, our [entire welfare system](#) is more progressive. That is, we distribute more from the top to the bottom than any other country. Other countries may have more social insurance, but we have more redistribution.

One of the most important vehicles for reducing

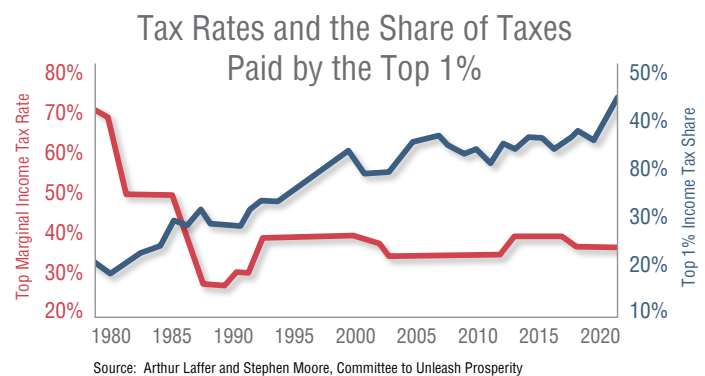
poverty is based on the idea of a [negative income tax](#), proposed by Milton Friedman in 1962. The legislative version, first introduced in 1975, is called the earned income tax credit. Closely related is the [child tax credit](#), created by a Republican Congress in 1997. Because of these two measures, it is [virtually impossible for a working mother to be poor](#) (in terms of cash income), even if she earns only the minimum wage!

Aid to the poor.

Under the War on Poverty – originated by Democrats in the 1960s – health care money goes to doctors and hospitals; housing money goes to landlords and developers; food stamp money goes to agribusiness; education money goes to school bureaucracies, etc. Very little War on Poverty cash ever went to people who were poor.

What difference does this make? Special interests use their political influence to shape and mold the structure of these programs for their benefit – not for the benefit of low-income families. Studies find that Medicaid enrollees, for example, value their coverage at as little as [20 cents on the dollar](#).

By contrast, every refundable tax credit dollar is worth a full dollar.





Alternatives to Obamacare

For millions of Americans health care has become unaffordable and the doctors and facilities they need are too often inaccessible.

We would have very few public policy problems if we followed this simple advice:

Goodman's Rule for Rational Public Policy: Let the markets handle all the problems markets can solve; and turn to government only to meet needs that competitive markets cannot or do not meet.

Federal Risk Pool Insurance

For the first four years of Obamacare, Goodman's Rule was actually federal policy. The

federal government made risk pool coverage available to any uninsured person who had been denied coverage because of a pre-existing condition.

These [pre-existing condition insurance plans](#) resembled a garden-variety Blue Cross plan, and the premium was the same premium a healthy

person would pay for such insurance. By the time these plans ended, roughly [135,000 people had enrolled](#). Only 4/100ths of 1% of the whole U.S. population faced this situation.

Don't Be Sick Under Obamacare

Obamacare these days is a boon to the healthy. Four out of every five people in the (Obamacare) exchanges are paying premiums of \$10 a month or less.

If you are sick and not getting a subsidy, however, things are very different. If you have an above-average income and don't get a subsidy, the average family premium last year was [\\$13,824](#). Plus, the annual out-of-pocket maximum

exposure for a family is [\\$18,900](#).

Short-Term and Indemnity Insurance Alternatives

Short-term insurance is not regulated by Obamacare or by most state mandates. For that reason, these policies often sell for as little as [one-half](#) of the price of Obamacare insurance. They also typically have [lower deductibles and broader provider networks](#).

Under Obamacare, these plans were restricted to three months' duration and no renewals. Under a [Trump administration ruling](#), however, short-term insurance can now last up to 12

months and it can be renewed for up to three years. Biden is about to reimpose the Obama regs. All this is being done by executive order with no input from Congress.

Another insurance option the Biden administration wants to restrict is called [indemnity insurance](#). Like

short-term insurance, these plans are sold to healthy people (they don't cover preexisting conditions), and they are not regulated by Obamacare. When combined with a short-term plan, a family can have first-dollar coverage for virtually every medical bill they are likely to incur and save from \$10,000 to \$15,000 in premium costs every year.

Suppose someone in the family gets sick (cancer, e.g.), and they are denied the opportunity to renew their short-term policy. As a result, they will have to turn to an (Obamacare) exchange plan. But since the indemnity policy is guaranteed renewable, it can travel with them to the exchange.

Let markets handle all the problems markets can solve; and turn to government only to meet needs that competitive markets cannot or do not meet.

Webinar for Debate Students

This year's high school debate topic is on redistributing income to reduce inequality. Since debaters have to debate both sides, this topic will require the debaters to become knowledgeable about every domestic policy area.

No organization has more up-to-date information on this topic than the Goodman Institute. For that reason, we are maintaining a debate site available free of charge to all high school debaters.

In an overview of the topic, Dr. Goodman notes that Goodman Institute scholar Prof. Laurence Kotlikoff and his colleagues have produced the most accurate estimates of inequality, the penalties for working and the penalties for marriage.

In March, Dr. Goodman conducted a webinar for the students – sorting through some very complicated issues the students are required to master.



Dr. Goodman conducts a webinar for debate students.



Dr. Goodman is a health advisor to Rep. Beth van Duyne.

HSA Reforms Make Headway in Congress

Congresswoman Beth van Duyne is a leader in the effort in the House of Representatives to make Health Savings Accounts (HSAs) available to more people and flexible enough to meet more health care needs. Among the changes in a bill that is likely to pass the House in the near future are:

- Allowing individuals to use their HSA funds to pay monthly fees to direct primary care doctors who provide 24/7 primary care.

- Removing the prohibition against individuals establishing an HSA if their spouse has a flexible spending arrangement (FSA).

- Permitting individuals to convert their FSA or health reimbursement arrangement (HRA) dollars into an HSA.



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