

Resolution pertaining to Medicare privatization and the ACO-REACH program.

Resolution calling on the Biden administration to protect the Traditional public Medicare Program from further privatization and profiteering by big Insurance, big PhRMA, and large hospital systems.

Adopted by the WVDP Senior Caucus on July 18, 2022. Submitted to WVDP July 19, 2022

WHEREAS, the Medicare and Medicaid Act was signed into law by President Lyndon Johnson on July 30, 1965, and, for the first time, all Americans, 65 or older, were guaranteed medical coverage regardless of income¹; and,

WHEREAS, in 2020, 61 million Americans were enrolled in Medicare; 37 million (60%) in Traditional public Medicare and 24 million (40%) in private Medicare Advantage plans²; and,

WHEREAS, private insurance forms of Medicare, began in the 1970's, and rapidly increased after the Medicare Modernization Act of 2003 and the Affordable Care Act of 2010¹; and,

WHEREAS, the Centers for Medicare and Medicaid Services (CMS) is promoting a Trump administration plan called "ACO-REACH," formerly called Direct-Contracting, that would place patients who chose Traditional Medicare into privately managed plans without their consent and with no oversight by Congress^{3,4}; and,

WHEREAS, private insurance forms of Medicare were originally introduced as cost-savings measures compared to traditional, public Medicare; but they have grown to be far more expensive than traditional Medicare. Traditional, government administered Medicare spends 2% on administration; private Medicare Advantage plans can keep 15% of government payments for administration and profits, and "ACO-REACH" plans are allowed to keep 40% of payments⁹; and,

WHEREAS, during the COVID pandemic private insurance companies reported record profits to Wall Street and shareholders, for example United Health Group reported 2021 4th quarter profits of \$4 billion⁷; and,

WHEREAS, during the COVID pandemic big PhRMA CEOs' 2020 annual compensation continued to grow in the 8 figure range, like Astra Zeneca Soriot's \$21 million, J&J Gorsky's \$25 million, and Moderna Bancel's \$12 million⁸; and,

WHEREAS, beside these bloated insurance profits and astronomic CEO compensation, patients were unable to afford overpriced medicines¹⁰ and were denied necessary care, with a government study showing that private Medicare Advantage plans denied appropriate care in up to 13% of audited referrals^{5,6}.

THEREFORE, BE IT RESOLVED BY THE WEST VIRGINIA STATE DEMOCRATIC EXECUTIVE COMMITTEE (WVSDEC) that WVSDEC Chair, representing the WVSDEC, will sign-on to a letter¹¹ to DHHS Secretary Xavier Becerra and Medicare Administrator Chiquita Brooks-Lasure expressing concern about the "ACO-REACH" pilot program which assigns Seniors with Traditional Medicare to care management by for-profit middleman companies without Seniors consent; and,

BE IT FURTHER RESOLVED THAT WVSDEC urge DHHS Secretary and the Biden Administration to terminate the ACO-REACH program immediately, because it accelerates the further privatization of Medicare and encourages profiteering by for-profit companies at the expense of Seniors and all U.S. taxpayers; and,

BE IT FURTHER RESOLVED THAT WVSDEC urge DHHS Secretary Xavier Becerra and the Biden Administration to exercise legally available executive authority, such as compulsory licensing, to lower prescription drug prices and thereby provide some protection to Seniors from the obscene price-gouging¹⁰ which is currently allowed.

BE IT FURTHER RESOLVED THAT this resolution shall be published on the WVDP website and released to the press within 5 days of adoption.

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References

1. Medicare Advantage: A Policy Primer.

<https://www.commonwealthfund.org/publications/explainer/2022/may/medicare-advantage-policy-primer>

2. <https://www.kff.org/medicare/state-indicator/total-medicare-beneficiaries/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

3. <https://protectmedicare.net/>

4. Direct contracting. Quietly handing Medicare to Wall Street.

https://pnhp.org/system/assets/uploads/2021/11/DCE_OnePagerFinal.pdf

5. <https://www.nytimes.com/2022/04/28/health/medicare-advantage-plans-report.html>

6. Denials of Care by Medicare Advantage Organizations.

<https://oig.hhs.gov/oei/reports/OEI-09-18-00260.asp>

7.

<https://www.forbes.com/sites/brucejapsen/2022/01/19/unitedhealths-medicare-growth-helps-weather-ongoing-pandemic/?sh=20a705c0312d>

8. <https://www.biospace.com/article/ceos-of-covid-19-vaccine-makers-see-boost-in-salaries/>

9. <https://www.healthinsurance.org/glossary/medical-loss-ratio/>

10.

<https://www.healthsystemtracker.org/chart-collection/how-do-prescription-drug-costs-in-the-united-states-compare-to-other-countries/#Per%20capita%20prescribed%20medicine%20spending,%20U.S.%20dollars,%20200>

11. <https://protectmedicare.net/health-justice-allies/>