

**Resolution to Stop the Privatization of Medicare and a New Program in Traditional Medicare Launched by the Trump Administration and Greenlighted by the Biden Administration Called Medicare ACO REACH**

**WHEREAS**, For 57 years Medicare has been a vital part of the social safety net in this country, providing government-paid health care for millions of seniors and people with disabilities who might otherwise be reduced to poverty by medical bills, and

**WHEREAS**, when seniors and retirees become eligible to apply for Medicare, the majority choose Traditional Medicare (the original program where Medicare pays the participating doctor directly) versus the Medicare Advantage Program, a third party, mostly for-profit middleman insurance company that is paid monthly by Medicare to manage a beneficiary's care and authorizes payment for medical services according to the company's proprietary rules; and

**WHEREAS**, after the Trump administration launched a new pilot program in Traditional Medicare called Direct Contracting, created by a separate section of Center for Medicare and Medicaid Services (CMS) called Center for Medicare & Medicaid Innovation (CMMI), the Biden administration rebranded Direct Contracting as ACO REACH (Accountable Care Organization: Realizing Equity, Access, and Community Health), a Medicare value-based payment demonstration model that inserts a third party for-profit middleman between Medicare and the patient rapidly draining the Medicare Trust Fund; and

**WHEREAS**, ACO REACH was launched on January 1, 2023, with no current Congressional oversight; and

**WHEREAS**, ACO REACH allows CMS to convert a patients' Traditional Medicare choice into ACO REACH coverage without first informing beneficiaries about the change nor getting beneficiaries' consent eliminating their free choice; and

**WHEREAS**, many ACO REACH middlemen are health insurance companies, Medicare Advantage companies, private equity firms, venture capital firms, and other publicly traded corporations; and

**WHEREAS**, ACO REACH middlemen will be allowed to keep from 25% up to 40% of Medicare's capitated upfront payments that they don't spend on healthcare services as overhead and profit, resulting in a "windfall profit" from dollars paid into Medicare by workers their entire working life, versus Traditional Medicare, which operates with 2% overhead; and

**WHEREAS**, Doctors and their offices will have financial incentives to skimp on care as they will be eligible to receive the “shared savings” not spent on beneficiaries, further incentivizing “up coding”, a practice that has led to fraud by exaggerating or including related, but unnecessary, diagnoses, leading to higher costs without increased medical care; and

**WHEREAS**, if the Biden/Harris Administration does not STOP Medicare ACO REACH by HHS/CMS now, ACO REACH will add to the growing threat of insolvency of Medicare. According to the 2022 [Annual Report](#) of the Board of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, the Hospital Insurance Fund will be depleted by 2028 affecting 52.6 million seniors whose care is provided by the Trust Fund. The urgency is already upon us: 2023 represents the first year of excess outlays over income for the Hospital Insurance Fund. In 2023, the total income will be \$412.6 B, while expenses are projected to be \$415.6 B. ACO REACH will add to the burden imposed by Medicare Advantage, which forces CMS to pay [millions of dollars in rebates and tax subsidies](#), pay private insurers [4% more per beneficiary than Traditional Medicare](#), all of which results in CMS & CMMI continuing to privatize Medicare, raising the possibility that seniors’ children and their children may never be able to afford our public, taxpayer-funded, Medicare program.

**NOW THEREFORE BE IT RESOLVED** that the Austin Chapter of the Alliance for Retired Americans opposes CMMI’s Medicare ACO REACH Program and all Medicare value-based payment demonstration models and asks the Biden/Harris Administration to immediately STOP and dismantle the ACO REACH Program, and instead, immediately protect and preserve Traditional Medicare and add coverage for hearing, vision and dental care; and

**NOW THEREFORE BE IT ALSO RESOLVED** that we encourage the Alliance for Retired Americans (ARA) to also adopt this Resolution.