‘Single-Payer’ Wall Street Bailout: More Fed Aid to Private Insurers

by Marcia Merry Baker

Dec. 9—While two Obamacare dates dominated the headlines this Fall—the Oct. 1 HealthCare.gov flop, and the Nov. 30 Obama decree that “problems are solved”—the Obama Administration meanwhile is proceeding with new plans to channel yet more funds to the private health insurance wing of Wall Street. A 30-day public-comment period began Dec. 2, when the Health and Human Services Department (HHS) posted in the Federal Register, its proposals for how to give private insurers more Federal funds to guarantee their profits, under current chaotic conditions—euphemistically termed, the 2014 “transition.”

“Obamacare Offers More Goodies for Insurers,” is the headline Dec. 3 on an article by Bloomberg’s insurance specialist, Megan McArdle. She has cranked through relevant statistics, to try to calculate how much new Fed monies might go to the insurance carriers. It ranges from a “mere” $1 billion, on up.

The Obama HHS move is simply the latest manifestation of the fact that the intent of the 2010 Patient Protection and Affordable Care Act (ACA), right from the start, is corporatist, that is to say, fascist: The government and the insurance wing of Wall Street are acting as one and the same.

As need-to-know documentation, we provide in this issue, a profile of the leading U.S. private insurance conglomerate, UnitedHealth Group, and also, the political-economic history of the predecessor and model for Obamacare, the health-care “reforms” of former UK Prime Minister Tony Blair (1997-2007), which have taken down the British National Health System to the point of increased rates of death and sickness.

This documentation, plus the blatancy of the current maneuvers by Obama and the Wall Street insurance wing, make clear the insanity of anyone—especially lawmakers—persisting in bleating for-or-against Obamacare according to the contrived Dem or GOP talking points. The Democrat-brand stupidity is that Obamacare gives “insurance to all”; all the while the ACA, of course, cuts both care and the system to deliver it.

The Republican brand of stupidity, is the charge that Obamacare is “single payer” or socialist; in fact, it is corporatist, meaning “single-payer to Wall Street!”

Whatever the partisan-brand of stupidity, what both the health-care crisis and general economic breakdown process demand, is the re-institution of *sovereign government*, on behalf of the general welfare. The immediate emergency measure required is to restore the Glass-Steagall banking system, issue credits, and launch big infrastructure and nation-building projects.

This was the context in the post-World War II years, in which the U.S. health-care delivery system itself was built up to high standards, from the time of the 1946 passage of the Hill-Burton Act (“Hospital Survey and Construction Act”), to the late 1970s, when counter-policies were deployed against it, beginning with the 1973 HMO Act. The build-up was characterized by the provision of hospitals with modern ratios of logistics (licensed hospital beds per 1,000, doctors, nurses, and diagnostic facilities per 100,000, etc.). During these decades (1940s-1970s), when the underlying economy still had agro-industrial capacity, the power-system was going nuclear and other advancements were underway, the U.S. private health insurance (both non-profit and for-profit) and medical care system “worked.”

Now, the Wall Street/Big Insurance nexus is the Big Government which is presiding over the destruction of the U.S. economy in general, and in health care, destroying the physical means to provide care, and case-by-case, denying even the right to seek it.

The tasks of lawmakers and leaders now, is to think

ahead to restoring nation-serving medicine and public health, after Obamacare and Obama himself are set aside, Glass-Steagall banking is restored, and the way is open.

Wall Street Formula: Insurance = Health Care

To begin with, Obamacare, by design, equates insurance with health care, and health care with money. This means guaranteed big bucks for the carriers, undergirded by the fact that Obamacare, just like the Blair "reforms" in Britain, is imposing drastic cutbacks in medical care. Obamacare is implementing some $700 billion in health-care cuts over 10 years, saying this will end "overtreatment," and "excessive" medical services.

At the same time, Obamacare provisions call for more loot to the private insuers. The volume of some $650 billion a year in premiums currently going to the private insurance companies, is supposed to—by government policy—rise another $200 billion or so because of Obamacare, as—according to design—millions more policy contracts are to be sold in the four main categories of health insurance (individual, large employer, small employer, and other groups).

In return, the private insurers are supposed to—Scout's honor—restrict their profits and overhead to 20% of their revenue, and pledge to spend 80% of their revenue on health-care services; plus add more coverage to policies.

The wrench in the works for the Obamacare scheme came in October/November, in the stall-out in online policy availability, at the same time that over 5 million individuals received policy cancellation notices from their private insurers.

The Obama "fix" to this, was to decree on Nov. 14, that insurers (and state insurance regulators) should continue individual policies, even if they are not "compliant" with the ACA, that is, do not contain the expanded features. The insurers then claimed they can't know who will be in their pools of premium holders. They project that few young, healthy cohorts of the population are joining the ranks of insurance pools, so the actuarial "math" shows that the insurers won't make their expected profits. Therefore, Obamacare must compensate them for the risk and uncertainty involved. This is what is now happening.

HHS 'Aid the Insurers' Report

The 254-page report ("Proposed HHS Notice of Benefit and Payment Parameters for 2015") is a document mandated by the 2010 Obamacare Act, to be issued annually, as of the new fiscal year (Oct. 1), which was done in 2011 and 2012, but under the latest chaos, was not completed until the end of November. It covers all manner of areas. But the case for Federal aid to Wall Street/insurers stands out.

A fact sheet, summary statement explains this succinctly, posted in November, on CMS.gov, the Centers for Medicare and Medicaid Services website. It states:

"Adjusting for the Transitional Plan Policy: On November 14, 2013, the Federal government announced a policy under which it will not consider certain individual and small group health insurance coverage renewed between January 1, 2014, and October 1, 2014, under certain conditions, to be out of compliance with certain 2014 market rules, and requested that States adopt a similar Policy. Because issuers' premium estimates assumed that individuals currently enrolled in the transitional plans described above would participate in the single risk pools applicable to all non-grandfathered individual and small group plans, respectively (or a merged risk pool, if required by the State), pursuant to the single risk pool requirement at 45 CFR 156.80, *the transitional policy may lead to unanticipated changes in premium revenue for issuers of plans that comply with the 2014 market rules. We announced that we are considering a number of approaches to potentially mitigate these effects, including a proposal for a state-by-state adjustment* to how administrative costs and profits are calculated under the risk corridors program. The adjustment would be larger in States in which enrollment in transitional plans is greater. *We seek comments* on whether this, or alternative ideas, are warranted..." (emphasis added).

What are the proposals for Fed aid to the insurers? The HHS has various proposals, including that of releasing insurers from the 80:20 rule in which they are to spend 80% of their premium revenue on medical costs, and hold their overhead and profits to 20%. (This rule is called the "medical loss ratio.")

Other proposals tweak the side payments already in place for Fed aid to insurers. For example, the government already is committed to pay for 80% of any expense the insurance company pays for an individual claim greater than $60,000; the HHS proposes to lower this threshold to $45,000.

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