

Medicare privatization, ACO REACH & the ethics of for-profit health care



IN THIS EPISODE

This time on Code WACK! **What's the latest threat to original Medicare? What could happen if we link health outcomes to physician compensation? How is it that a whole new program affecting millions of Americans on original Medicare can be rolled out without congressional oversight?**

To find out, we spoke to the new president of [Physicians for a National Health Program](#) (PNHP), [Dr. Philip Verhoef](#), an adult and pediatric intensivist and Clinical Associate Professor of Medicine at the John A. Burns School of Medicine at the University of Hawaii-Manoa.

Learn more about the new program called **ACO REACH**, and the issues it raises around physician compensation. ***Could ACO REACH threaten the trust between patients and their doctors?***

SHOW NOTES

WE DISCUSS

We're facing a new challenge to original Medicare. Talk about ACO REACH - what is it and why should we be concerned about it?

"ACO stands for [Accountable Care Organization](#) and we saw ACOs be introduced into the healthcare system with the Affordable Care Act (or the ACA) and the notion of an ACO is that it's an organization or a group where the outcomes for ... patients ... determine how much reimbursement doctors get..."

"...the idea is if your patients do well, then that's a good thing. If your patients don't do well, that may impact how much reimbursement that you get..."

"...a Medicare patient would become a part of an ACO as a function of their doctor and their doctor would be a part of this ACO and then that would determine the kind of care that patients get, at least at some level. Now, this is a pilot program that's been introduced through the Centers for Medicare and Medicaid Innovation and the reason that that's important is [that] programs introduced under CMMI are not subject to the same degree of congressional oversight." – **Dr. Philip Verhoef**

ACO REACH is supposed to hold physicians or providers accountable for patient outcomes. Does it do that?

"The short answer is potentially, but the problem is we're creating financial incentives that are linked to outcomes and I think that that's always going to be a problem, right? "

"...we would anticipate the same kinds of processes within these ACO REACHs that we see in Medicare Advantage, which is to say ... cherry picking. You pick only the healthiest patients to bring them into your ACO because of course if they're healthy, they're not going to cost you any money. And you get to keep all of the money that you get for having that patient.

"And then you do what we call lemon dropping, which is get rid of the patients who cost the most, right? Find ways to kick them out or not provide care for them because again, they cost too much money and so those kinds of incentives are not geared towards the health of the population on the whole, it's geared towards making money for somebody..." – **Dr. Philip Verhoef**

What are some of the pros and cons of original Medicare, and what improvements would PNHP like to see?

"The good thing about Medicare is it doesn't have prior authorizations. It doesn't have denial of care, it doesn't have narrow networks like commercial insurance does, but commercial insurance just pays a whole lot better."

"...so this is definitely something that PNHP thinks about too ... it's not just [about] fighting the privatization of Medicare, it's also how do we just make Medicare better? You know, how do we make it function more effectively for more people? You know, how do we make it so that you don't have to buy separate insurance for your hearing and your dental? How do we make it so you don't have to buy separate insurance to cover the co-payments, right? You know, Medicare doesn't provide first dollar reimbursement for all of your care. And so there are certainly ways that Medicare itself can be improved."

“We certainly don't think that privatizing Medicare is the key to that improvement, but there are a number of ways that we could make it better. These ACO REACH programs are not it though.” – **Dr. Philip Verhoef**

Helpful Links

[New ACOs Push CMS Closer to Accountable Care Goals](#), *Revcycle Intelligence*

[“REACHing” for Equity — Moving from Regressive toward Progressive Value-Based Payment](#), *New England Journal of Medicine*

[Lawmakers Ask CMS to Inspect ACO REACH Model to Prevent Fraud, Abuse](#), *Revcycle Intelligence*

[Physician Advocates for Equity See Built-In Problems in ACO Incentives](#), *Healthcare Innovation*

[Medicare REACH: Financial Incentives will Undermine Doctor-Patient Trust](#), *Health Justice Monitor*

[Why Capitation Sabotages ACO-REACH, Medicare Advantage Clients, and Medicare](#), *OnePayer States*

[Problems with ACOs, Shared Savings, and Global Payments](#), *Saving Rural Hospitals*

Episode Transcript

Read the full [episode transcript](#).

Dr. Philip Verhoef - *Biography*

Dr. Phil Verhoef is an adult and pediatric intensivist and Clinical Associate Professor of Medicine at the John A. Burns School of Medicine at the University of Hawaii-Manoa.

As a single-payer advocate, he is the current president (and a national board member) of Physicians for a National Health Program; past president of the Illinois Single Payer Coalition; past president of the PNHP-IL chapter; and was faculty advisor for the University of Chicago Pritzker School of Medicine SNaHP chapter since its inception, prior to moving to Hawaii in 2019. His health care reform and single-payer-related publications include letters, op-eds, and editorials in the *Annals of Internal Medicine*, *Chest*, the *Chicago Sun-Times*, the *Springfield Journal-Register*, and kevinmd.com.

Dr. Verhoef completed medical and graduate training at Case Western Reserve University, followed by residency in internal medicine and pediatrics at UCLA and subspecialty ICU fellowship training at the University of Chicago. He has led an NIH-funded research lab studying the immunology of sepsis in the ICU and his scientific work has been published in *Nature*, *PNAS*, *AJRCCM*, *AJRCMB*, *JCI-Insight*, and the *Journal of Immunology*. Dr. Verhoef is interested in improving the care of septic patients through a precise understanding of their immune systems in response to infection, using a range of translational and “big data” methodologies.

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