'Absolutely ruthless':
The brutal privatization of U.S. health care

“Private equity firms are moving in a big, big way into the healthcare field, just like they're doing in real estate, because it's a great place where you can move in there, buy up a troubled asset, downsize it, increase its value, and sell it at a huge profit.” - Peter Shapiro

911. What's your emergency?

America's healthcare system is broken and people are dying.

Welcome to **Code WACK!,** where we shine a light on America's callous healthcare system, how it hurts us and what we can do about it. I'm your host, **Brenda Gazzar.**

(music)

This time on **Code WACK!** What damage is private equity doing to our healthcare system and what’s being done to curb it? And what cues can California single-payer activists take from the state’s active immigrant community? To find out, we spoke to **Peter Shapiro,** a retired letter carrier and author of ***Song of the Stubborn One Thousand: the Watsonville Canning Strike*** (Haymarket Books 2016). He represented his union at the founding conference of the Labor Campaign for Single Payer in 2009 and has been involved with the issue ever since. He currently represents the Alameda Labor Council on the board of **Healthy California Now,** a

single-payer advocacy coalition. This is the first episode in a two-part series with Peter Shapiro.

Welcome to Code WACK! Peter!

Shapiro: Thank you. Glad to be here.

Q: Glad to have you! First tell us a little bit about yourself and your work in the single-payer movement in California.

Shapiro: My work in the single-payer movement started when we were living up in Oregon. It was right around the time the Affordable Care Act passed. I was an active working letter carrier at the time, and my union sent me back to the founding conference of the Labor Campaign for Single Payer. I was supposed to write a report and send it to the national office, which I did, but I also just became a convert on the spot. I mean, I felt strongly for a long time, you know, this is something that we needed.

I mean, my wife back in the '80s was in billing, medical billing for a medical oncology clinic in Berkeley. And, you know, she would come home with horror stories every night. I'd listen to her talking over the dinner table and I would just get, the blood would drain from my face. I would be so angry about people who were fighting for their lives and having to hassle with their insurance companies at the same time. 'Do you really need that fourth round of chemo? I mean, the first three rounds didn't do any good.'

I mean, how do you stomach something like that? But I came away from the founding conference of the Labor Campaign, and by the way, I really recommend that people look it up, Labor Campaign for Single-Payer Healthcare, I came away from there convinced of two things. One is that unions have a huge interest in relieving themselves of this burden of having to negotiate health benefits for their members at the time when the cost of health care is going through the roof. And the second thing is that given what we're up against in trying to win single-payer, we're up against a very, very well-heeled industry with a huge lobbying apparatus and in a lot of ways, it's a fairly technical issue. And when you get into the weeds, people can get very easily confused if we don't do a good job of educating them

beforehand. So you really need organized labor behind this because they have the resources, they have the clout, they have the organization, and theoretically at least they have the interest of all working people at heart. So they've got that motivation too. You know, everybody in nobody out. Solidarity that's what's supposed to be what it's about. So that was how I got involved.

I got down to California and Pilar Schiavo, who was working for the Nurses Union at the time, is now our state assembly person from Southern California, she pretty much recruited me into the coalition then – it eventually became Healthy California Now and I represent the Alameda Labor Council right now on their board.

Q: So let's start with a brief review of what's wrong with the U.S. healthcare system. For one thing, it's a market driven system that consumes about 18% of our Gross Domestic Product. Briefly, what is its financial impact on patients, families, business, and government?

Shapiro: Well, God, where to begin? I mean, first of all, we spend $4.5 trillion dollars a year on health care in this country. That's about twice as much as the rest of the world and yet our outcomes stink. We have lower life expectancy, higher infant mortality, higher maternal mortality, more people dying of diabetes who could be saved if they had proper and timely care, on and on. I mean, by most markers, we lag way behind most of the developed world and even some underdeveloped countries. I mean, Cuba actually has, I think, a better healthcare system than we do. It's certainly more accessible. They help a lot more trained doctors there, so much so that they send them out to other countries who need help. But in terms of personal stuff, I think there are a hundred million people in this country carrying some kind of medical debt.

And those are not just poor people. These are people, a lot of 'em are people who make over $90,000 a year. Medical bills are still the leading cause of personal bankruptcy. It's been that way for a long time. It shows no signs of letting up. You have a whole industry that's grown up around basically helping people finance their medical debt. You know, hospitals can't collect on their bills, so they bring collection agencies into it, and it's become a really big business. And of course, it just, you know, because of interest payment and stuff, it raises the cost. Frankly, I think most of us are probably one medical emergency away from being in that kind of a

situation. And I think it probably contributes a lot to the homeless crisis, you know, in a lot of our cities. I mean, I can cite a bunch of personal examples.

You know, I have a close friend who's battling Parkinson's, and she makes a little too much money to qualify for Medi-Cal, but not enough to pay for the care that she needs. And we've been struggling for weeks to try to figure out how to help her out. And it's just like walking through a labyrinth to see what's available, what's not available, and so on. And some of the long-term board and care facilities that she's been recommended to or steered to are just, they're clip joints, you know, they're, they're not properly run. They're not safe. They're not clean. They just can't wait to get their hands on that, you know, on those Medicare and Medi-Cal dollars. And as soon as they're not available anymore out the door you go. The state of nursing homes is really disgraceful in this country and you've got some of the lowest paid workers there as well and they're understaffed.

Q: And what about private equity?

Shapiro: Private equity firms are moving in a big, big way into the healthcare field, just like they're doing in real estate, because it's a great place where you can move in there, buy up a troubled asset, downsize it, increase its value, and sell it at a huge profit. And I think the nursing homes industry was one of the first places they went. Now they're getting to a lot of other areas too, like primary care and dentistry, hospitals in underserved areas. They buy them up and they shut down the maternity wards and the OB/GYN wards and whatever, just because it's (an) undue expense. And as a result, you've got healthcare deserts that are just proliferating all over the country.

Q: Yeah, that was exactly my next question about the concern of the role of private equity that it plays. As we're saying, it's an increasingly dominant role in our healthcare system. How else do you think it's affecting the experience of getting health care in the U.S.?

Shapiro: Well, what it really boils down to, I mean, the problem with private insurance has always been that you've got people making decisions about care who know nothing about medicine, and doctors have to expend a huge amount of time and energy and expense just haggling with claims adjusters. Well, you bring private

equity into it, they're not even in the health insurance business, they're just there to sort of buy up an asset and flip it, you know, and sell it to somebody else at a profit. And they've been absolutely ruthless in the way they've done this. And, you know, I think it's extremely damaging, and especially because the whole trend in terms of health policy makers and government has been to take viable public programs like Medicare and privatize them and the Veterans Health Administration just to sort of relieve some of the expense on the federal budget.

And I think half the people on Medicare now are in private plans, which restrict who they can see. You know, if you go out of network, you get stuck with a huge bill. This is why so many people go broke, you know, over their medical bills and private equity, it's simply ramping up that whole process because they are moving into the field, they're making their investments. And I think the more private capital drives our healthcare system, the worse conditions are gonna get and the more people are gonna suffer. And that's what we have to reverse.

Q: Right. And aren't we also being forced to pay more because of this role that private equity is playing in our healthcare system?

Shapiro: Well, you know, here's just one statistic I ran across. Medicare Advantage, which is sort of the privatized version of Medicare, I mean I got sucked into it rather against my will. I've always had Kaiser, you know, as my health insurer and once you hit 65, if you want to stay in the Kaiser system, you have to be in their Medicare Advantage plan, which wipes out one of the big advantages of Medicare, which is that you can see whatever doctor you want. You don't need to be preauthorized or anything like that. You don't get stuck with an out-of-network fee, which can run into the thousands and thousands of dollars. Well Medicare Advantage is supposed to save the government money, but actually is overpaid by $140 billion the last time statistics were taken. That's the sum total of all of the payments that people make for their (Medicare) Part B premiums.

It's enough to cover hearing and dental and vision, all the stuff that Medicare doesn't cover. Most people enroll in Medicare Advantage plans because they need those things. I do. I wear hearing aids and they're not cheap. If traditional Medicare covered those things, there would be no need for Medicare Advantage from, you know, from my point of view. And there was an effort, you know, I think, what was it

the IRA – Biden's signature Economic plan came in early in his administration. There was an effort made by Bernie Sanders to try to get Medicare, expand traditional Medicare coverage expanded to include those things. It didn't take, but if it had, nobody would be on Medicare Advantage now.

Q: That's so unfortunate 'cause I know Medicare Advantage lures a lot of people in with these inexpensive plans, gym membership, dental, I think and vision but then when people get sick, they realize that they can't get the care that they need, They can't go to the doctor that they want. They're really kind of trapped.

Shapiro: Yeah, you are, and actually I should mention that there is a bill before the (California) legislature that would allow people who have been enrolled in Medicare Advantage plans to shift back onto traditional Medicare once a year. You cannot do that now.

That's California Senate Bill 1236 that was introduced by Senator Blakespear, and it just passed the Senate Health Committee on April 24.

Shapiro: One of the leading sponsors of that bill is the organization that advocates for people with lymphoma and, you know, leukemia, which are really highly specialized treatment that involves really highly specialized care that's not always available in your in-network plan and you're likely to have to go out of network to get that stuff treated. But if you're stuck in a Medicare Advantage plan, you got to pay for that out of pocket. Most seniors are living on fixed incomes. You know, what are you supposed to do?

Q: So even though the problem is national, many people think we can't win a national solution. Instead they say, we should try to win single payer in individual states like what California's trying to do. Why is that?

Shapiro: Well, I mean, ideally we should have national legislation. Unfortunately, Congress is a mess. It's gridlocked. The Republican party has taken to nominating people for Congress who have no interest in governing. To them, it's just a kind of performance art. They act like they're on Fox News 24 hours a day, you know, preening and strutting around and trying to impeach this or that person. So, you know, it's very difficult to get anything done at the national level. And it's always

been difficult because, you know, I think it's a lot more difficult to mount a national campaign for something than to do it at a local level where conditions might be more favorable. And that's always been the big argument for state legislation.

On the other hand, the healthcare system is a national system, and a lot of it depends on getting... a state needs to get a lot of those federal dollars that go into health care incorporated into its own healthcare system to make it work. And that involves, you know, dealing with the federal bureaucrats who control the purse strings. It involves getting certain policies waived and stuff like that.

So, you know, the state strategy is in a lot of ways it's a lot more viable in a lot of ways. It's, you're never gonna be able to get the level of reform that you need at the national level. It does involve some compromises, and it also means that states that don't have the favorable political conditions are gonna continue to suffer. But I think federal legislation is what we really need. It's much more difficult to get. State legislation is never really going to be able to solve all the problems because there are just too many strings attached in terms of federal programs, federal funds coming into the state of California.

You know, I mean, it's interesting. We have a privately run system and yet 70% of the money that funds it in California comes from our tax dollars, mainly from, you know, Medicare and Medicaid and other federal programs and we have to figure out a way to persuade the feds to let us have access to that money so we can fund our system. You know, and that's a struggle in itself. Question of how to do it. You know, so much of this is like playing chess and trying to figure out where to put your rook or ... when to castle your king or that kind of thing. I don't think there are any hard and fast answers to it. I'm willing to try anything. And I think most people involved in the single payer movement, if there's an opportunity at the federal level, we're gonna go for it. If we can make some headway at the state level, we'll go for that. You know, strategy is not something you raise to the level of principle. You just do whatever works.

Right. Yeah, good point. And sometimes it takes a lot of experimentation to know what could work.

Shapiro: Yeah, yeah. One thing to bear in mind is that when you're going for state legislation, nothing's perfect. I mean, no matter what we do, they're are going to be shortcomings. And frankly, if I had my druthers, we wouldn't even be talking about simply how we finance health care. We'd be talking about making delivery of healthcare a public responsibility as well, and making sure that it got adequate funding. Because they had a great system over in England for quite a while, and then the Tories came in and the Neoliberals came in and they defunded it, and it's a train wreck now. But the point is, when it was working, it worked beautifully. And they didn't just, you know, they didn't just finance it with public funds. Doctors actually worked for the state, you know, and they worked where they were needed and, you know, care was much better distributed, you know, now there's like, from what I understand, they're like rampant inequalities, you know, over there in who gets access to care and what kind of care they get. And it all started with Maggie Thatcher, but that's another story.

Q: Right. Interesting. It would seem that when it comes to winning single payer, California has a lot of advantages over other states. Do you agree?

Shapiro: It does, and for a couple of reasons. One is that we're the fifth largest economy in the world. We're slipping a little bit, I'm told, these days after Covid, you know, and because the tech industry is sort of having a rolling readjustment, but there's a tremendous amount of money in the state, and a lot of it is related to high tech. Also, in terms of population, you know, we're the largest and that matters because the whole question of how you finance, health insurance is all about pooling the risks. The more people you have in the risk pool, the cheaper it is to ensure everybody. And one of the problems that we have, one of the reasons our healthcare system is so irrational, is because you have 57 different varieties of ways of accessing health care in this country. You know, maybe half of them are different government programs, each of which caters to a different demographic, or then people go to private insurers and they're competing with each other, even they compete against themselves.

I mean Kaiser (Permanente) has 24 different health plans available offered on the Covered California Insurance Exchange. I mean, it's insane. Not only because it raises the administrative costs, and not only because it just makes the system a

nightmare to navigate for just ordinary folks who are just trying to get coverage, but also because you're breaking the risk pool up into these teeny little pieces. And the whole advantage of sharing the risks is lost. Now, California has potentially a huge risk pool, and that would make it much easier to make it pay. When I was in Oregon, you know, we were trying to do this, one of the arguments I heard is, well, we don't have enough people up here to make a risk pool. It's gonna be, 'oh, it's gonna be too costly and it's not gonna work.' I'm not sure that's true, but it's certainly a consideration. That was an issue in Vermont too, where they actually did pass a single-payer bill and then they abandoned it because they didn't think they could pay for it. But California doesn't have to worry about that, you know? So that's one reason it's favorable here.

The other reason politically, I think, you know, we're a blue state, you know, we've got a governor who got elected as a single payer....He made single payer (health care) the centerpiece of his campaign when he was first elected in 2018. Of course, in my opinion, the guy's a total flake and you can't count on him for anything, but at least if you lean on him hard enough and say, 'Hey Jack, we put you in office to get single payer, where are you these days?' How's the constituency that he has to respond to?

We've also got a very strong, very powerful immigrant rights movement in this state. And that's important. They were able to do something nobody else has been able to do, which is get Medi-Cal benefits extended to all people, all residents, whether they're documented or not. I don't think any other state in the country's been able to accomplish that and that's because people organized for it. And because the immigrant population of California is enormous, it's a huge portion of the population and they know what it means to struggle, not just personally, but in the political arena and they've had a lot to overcome and they've done it. This is why I think the single-payer movement needs to learn from them. You know, <laugh>. They're giving us a lot of positive examples to work from because if they can do what they did, we should be able to get single payer through in this state, too.

Thank you, Peter Shapiro. Stay tuned for next week's episode when we dive into the various strategies California single-payer activists are employing to revolutionize health care in the state.

Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at www.heal-ca.org.

And don't forget to subscribe to Code WACK! wherever you find your podcasts. You can also find us on ProgressiveVoices.com and on Nurse Talk Media.

Code WACK!'s powered by HEAL California, uplifting the voices of those fighting for healthcare reform around the country. I'm Brenda Gazzar.