



## We can save billions on health care — why won't Congress do it?

**"It's time for us to take a really close look at what our healthcare policy says about the priorities of our members of Congress. Right now it looks like the lobbying and the political donations from big health insurance companies unfortunately outweigh the desires of the people to have a better healthcare system." – Rachel Madley**

*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.

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This time on Code WACK! Are Americans finally waking up to the truth about single-payer health care? With new Medicare for All bills recently reintroduced in Congress, we're setting the record straight. Will it really save us money? Is it socialized medicine— or is that just another scare tactic? To unpack the facts and bust the myths, we're joined by **Rachel Madley**, Director of Policy and Advocacy at the **Center for Health and Democracy**. Rachel helped shape the House Medicare for All bill in 2023 as a former health policy advisor to Congresswoman Pramila Jayapal, the bill's lead sponsor. She's also a former FDA staffer with a PhD in

Microbiology and Immunology from Columbia University, where she was active with Physicians for a National Health Program and Students for a National Health Program.

***Welcome back to Code WACK!, Rachel.***

**Madley:** Thank you so much.

***Q: Last time, you explained how Medicare for All would rein in skyrocketing costs by cutting out the middlemen — those for-profit insurance companies that game the system and drain resources while denying care. But that's just one piece of the puzzle. How else would Medicare for All lower healthcare spending while guaranteeing comprehensive care for everyone?***

**Madley:** The other way that Medicare for All will reduce our spending on health care is making it a much simpler system. I have spoken to a lot of physicians and medical providers who talk about either struggling to stay in independent practice or who are having to join hospitals or large health systems because of the paperwork burden of private health insurance. So right now we have millions of prior authorizations that are required by health insurance companies every year for procedures that people need, and that means that doctors are having to hire extra people to complete that paperwork, or they're having to forgo their private practice work for a hospital.

On the health insurance end, the same thing is happening. These health insurance companies have huge amounts of employees who are doing all of this paperwork every day, and if you look at the technology that these health insurance companies are using, it was developed decades ago, and that's on purpose because they want to make it harder for you to get care.

However, that adds another layer of waste to the current system because you have antiquated technology that takes a lot more people to run it, and you're putting a lot more paperwork burden on patients and all of that adds up to tons and tons of money wasted in this bureaucratic mess that we have created.

With the Medicare for All Act, there is one single payer. It's the Medicare program from the government, and studies have shown that the administrative costs to

run the Medicare program through the government are much, much lower than running private Medicare Advantage plans, which are run through private insurance companies.

So there is so much money for us to save, and really we're saving by simplifying the system. There's one payer now, and you're not gonna have a flurry of prior authorization requests because under Medicare for all, if your doctor prescribes a specific treatment or a specific medication, you'll be able to get it.

It also is removing the waste and abuse from those for-profit companies who are just trying to grab money anywhere that they can.

***Q: Got it. What about people who think Medicare for All is socialized medicine or a government overreach?***

**Madley:** That's a great question, and I think that myth stems from a thought that Medicare for All would somehow make hospitals and doctors' offices into government-run practices, and every doctor would be an employee of the government and that is not what we're talking about here.

We are talking about only changing your health insurance, so only changing how we pay for health care. Again, you can keep your doctor if you like them. If you don't like them, you can go to a new doctor and you won't have a restrictive provider network like you do in your current insurance plan, but hospitals and doctors can remain practicing as they have, and almost all physicians and medical providers in the country currently accept Medicare.

This is only changing your insurance coverage and simplifying it. The government is actually not overreaching. They're gonna give you more freedom to see any doctor that you would like regardless of location.

There's not going to be those restrictive networks. They're also going to give you the freedom to get the care that you actually need. So you won't feel constrained into not getting medical care because of costs, because your health insurance company requires a prior authorization or denies the care that you need.

You will get to be the decision maker in your healthcare with your doctor. There will no longer be a middleman in an insurance company deciding what care you can and cannot get, so this is just going to change the insurance part of your life, it's not gonna change your doctor, your hospital, or how they operate.

***Q: Yeah. All those points are really important. When we talk about people losing their health insurance, people get uncomfortable, but when you really talk to them, they're most concerned about keeping their doctor and their hospitals, especially if their coverage is more comprehensive and includes vision, dental, hearing and long term care – all the things that Medicare for All would cover.***

**Madley:** I think that is something that we need to communicate to people because I know there are a lot of members of unions who have fought long and hard for the health plans that they have, and I can tell you I have not seen a health plan that covers more things than the Medicare for All Act does, because again, it puts dental and vision and hearing into your comprehensive health plan.

It includes prescription drugs, but I understand that concern from people who have had to fight decades to get the health plan that they have. So when we're talking about Medicare for All, I love highlighting that this is the most comprehensive healthcare plan that would exist in the country. And that is the reason that we are pushing for it, because we feel that it's gonna meet people's needs better than any other plan currently on the market.

***Q: Last time, you mentioned that even the nonpartisan Committee for a Responsible Federal Budget found the government is set to overpay private Medicare Advantage insurers by more than \$1 trillion over the next decade — all because they've figured out how to game the system. But instead of cracking down on that, Congress is going after public programs like Medicaid that provide health care to millions of people. Why do you think that is? Why aren't they focusing on the real waste?***

**Madley:** That's something I have been asking myself a lot lately, as well as someone who benefited from the Children's Health Insurance Program (ChiP) when I was growing up, to now see cuts to Medicaid and. Which is the acronym on the table, which will directly remove care from people. While, as you say, there is

the \$1 trillion to be saved by cutting down on this waste and abuse by health insurance companies.

Unfortunately, what it boils down to is the intense lobbying pressure from big health insurance companies. They are one of the highest, if not the highest spender for lobbying in Washington DC and The Center for Health and Democracy's founder, Wendell Potter, worked as someone who helped write talking points for those lobbyists.

So, he has inside knowledge of what they're saying, what they're going to tell these members of Congress and there is also a huge amount of money donated to political campaigns from big health insurance companies, big health insurance political action committees, or Super PACS, as well as health insurance executives.

And that's why when we look at health care, we also have to look at democracy and how we make sure that our democracy is really serving the people. Because right now, and I think this example is a huge cse of that where we have more money to be saved with no harm to patients if we cut down on Medicare Advantage abuse.

But instead, members of Congress chose to try to cut Medicaid and that has not been passed yet. But we will see what happens. But there was no mention of Medicare Advantage in their bill text to save money. There was only mention of cuts to Medicaid, which are estimated to make 8.6 million people uninsured over the next 10 years.

It's incredibly frustrating to see. And I also wanna note that when the Build Back Better Act was being negotiated. The Medicare Advantage abuse was also not included in that bill and there the Democrats had the pen. So I do think that it is time for us to take a really close look at what our healthcare policy says about the priorities of our members of Congress. Right now it looks like the lobbying and the political donations from big health insurance companies unfortunately outweigh the desires of the people to have a better healthcare system.

***Yes. In your recent Healthcare Uncovered article about the one trillion in overpayments, you also mentioned that upcoding and favorable selection are costing taxpayers billions annually without improving patient care. Why haven't these tactics sparked more outrage among lawmakers and the public? Is it just that the healthcare lobby is so powerful – or is there another reason?***

**Madley:** The other part is health insurance companies have made our system so complex for a reason, and that's so that they can do these things and people who are working full-time, taking care of their kids, just busy people do not have the time to look into what their health insurance company's doing.

And so things like upcoding are incredibly wonky, if you will, and it takes a lot of education to understand how they're actually doing it. And so for listeners who are not familiar, what happens is a Medicare Advantage company will have the medical diagnosis codes for their patients. But they have started to do things like chart reviews where they either use a medical provider or sometimes an AI algorithm to look at a patient's chart and find evidence to add even more diagnosis codes to the chart, and so this can be something like if a patient has Type 2 Diabetes and they also complained of foot pain, they could then add a code for Type 2 Diabetes with complications saying that foot pain is possibly neuropathy, things like that.

And so they do that to add more codes or “up code” and adding those codes gets them more money from the government. So I think it's so well hidden in the weeds of what they're doing that is part of why the outrage isn't there. Now I will say I have been really excited to work with the Center for Health and Democracy and so many other organizations that are trying to shine a light on what is going on and we have been able to build more public awareness of what's happening, and that has helped in recent years. More people and more members of Congress, it's still a minority, but more of them are willing to at least say, Hey, something's not right here in the Medicare Advantage program, whereas years ago, no one wanted to say anything bad about Medicare Advantage 'cause it was seen as the political third rail. So we're getting there slowly. But aside from the lobbying money and the political donations, it's also just a very wonky thing these health insurance companies are doing behind the scenes. That confusion and that

complexity is part of the problem in our system, but also part of the reason that people don't even notice that we have a problem.

***Yes, that's very true. It's even complicated for people who are in health care. I think -- you have done a beautiful job of explaining it simply to people, and that's so important. That's part of our job as advocates. We need to explain these issues in a way that people can understand and that ignites that passion in them to act.***

**Madley:** When I explain what upcoding is and what Medicare Advantage plans are doing to someone who is not in the health policy realm, it automatically does ignite that frustration because it's our tax dollars that should be going to care for seniors and people with disabilities, but instead the tax dollars are just going into the CEO's pocket. And so I have seen that happen, which is exactly what you said – One of the reasons that we just have to keep educating people about it.

***Q: And there's also something called favorable selection in Medicare Advantage when these insurance companies do things to attract people who are healthier and discourage people who are sicker from getting their insurance. Correct?***

**Madley:** Yes, through a lot of sinister ways. For example, they make it almost impossible for people with complex illnesses to stay in their Medicare Advantage plan. Studies show that almost none of the National Cancer Institute Centers of Excellence are in any Medicare Advantage Networks, meaning patients with cancer are either forced to go to a hospital that does not specialize in their type of cancer, or they're forced to drop out of their Medicare Advantage plan.

Similar things have been seen with patients who are at the end of life. So there's an overwhelming proportion of people who drop their Medicare Advantage plan in the last year of their life because the obstacles, like prior authorization, denials of care, or those narrow networks, make it impossible for them to get the care they need.

Aside from this just being a cruel thing for patients who really need their health care at that time, it also shifts costs back to the government. So not only are we overpaying Medicare Advantage companies for the patients, they do have when

the patients they do have get sicker, we, the traditional Medicare taxpayers are then paying for that more complex care.

Before 2003 when the Medicare Modernization Act was passed, which helped address some issues by introducing risk adjustment, and at the time it made sense because theoretically, if a patient's sicker, it costs more to care for them and so we wanted people to be able to get onto Medicare Advantage.

And before then, there was what was called cherry picking, which meant you picked the healthier patient and lemon dropping, which means you dropped the sicker patient and health insurance companies were able to do that more outright. They could deny you for things like conditions that you had, treatments that you needed, things like that.

The Medicare Modernization Act made it so that insurance companies could not be as outright about it, and instead of that law working as intended, insurance companies just now found a way around it. So they're still doing that. They're still getting rid of their sicker patients and getting the healthier patients, but now they're doing it by just putting up obstacles to your care.

***Thank you Rachel Madley of the Center for Health and Democracy.***

***Stay tuned for next time when we continue our discussion with Rachel about the work she and the center's founder Wendell Potter are doing to challenge corporate influence in health care.***

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