



How Big Insurance Rigs the Rules — and What We Can Do About It

“Everyday voters and working people all want their healthcare to be more affordable. There is no one I've heard from that says, ‘I wanna pay more for my healthcare and I wanna have to talk to my health insurance company more on the phone.” – 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!** How are Big Insurance companies dodging the very rules meant to protect patients — and turning our health care system into a profit machine for Wall Street? What can we the people do to stop it? Join us as we dive into the dark side of corporate loopholes, for-profit health care, and policy failure with **Rachel Madley**, director of policy and advocacy at the Center for Health and Democracy. A former FDA staffer and health policy advisor to Congresswoman Pramila Jayapal, Rachel played a key role in crafting and reintroducing the House Medicare for All bill in 2023. With a PhD in Microbiology and Immunology from

Columbia University, she brings both scientific rigor and firsthand policy experience to this eye-opening conversation.

Q: Welcome back to Code WACK! Rachel. So tell us about your role as Director of Policy and Advocacy at the Center for Health and Democracy — an organization founded by health insurance executive-turned-whistleblower Wendell Potter that's working to transform the U.S. healthcare system to put patients before profits. What are you focused on these days, in particular?

Madley: Definitely. So these days I am focusing mainly on what Big Insurance is doing to get around the rules and regulations put in place because there are a lot of things that Congress has passed to make sure that health insurance companies provide us with the care that we're paying for. But unfortunately, they have teams of lawyers who have found loopholes in almost every one of those regulations.

For example, there is something called the medical loss ratio. Essentially, it just requires that health insurance companies spend 80% to 85% of the money that we pay them on our healthcare, which makes sense, right?

We have to be getting the care that we're paying for. Unfortunately, companies have found a way to make it look like on paper they're spending that money on our health care, but really they're moving the money around.

So sneaky!

One way they've done this is by vertically consolidating. So if a health insurance company owns a pharmacy benefit manager, a PBM, which you may have heard about before, they essentially handle prescription drug benefits, the PBM will buy the pharmacy that you get your drug from, and then they'll mark up the price of that drug. So it could be something that is as low as \$5 for a 30-day supply. Sometimes even to thousands of dollars for a 30-day supply.

Whoah. That's insane!

And then usually if they're all not owned by the insurer, that markup has to be reported as a fee, so they can't report it as something that they spent on your medical cost. If the insurance company owns everybody in the supply chain, they

can actually report that as a medical cost, even though they're pocketing thousands of dollars of their markup or the prescription drug, they're saying that they spent that on your medical care. So that's just one example of how they have figured out how to do that.

So what I'm working on is identifying places where they have done that, and then writing policy outlines for how we stop it and not only stop it, but prevent that from happening in the future, and so that's what really excites me because we have seen a lot of well-intentioned legislation, but health insurance companies keep getting around it.

And so even things like the Medicare for All Act, going through that with a fine-tooth comb and making sure that there is no way that for-profit entities can try and profiteer off of our health care. A lot has been in the Medicare Advantage space, but also unfortunately there are a lot of for-profit health insurance companies that are starting to run state Medicaid programs in the same way that they're doing Medicare Advantage plans and also United Healthcare has contracts with the Veterans Affairs Department.

They are running part of the Veterans Health Administration now too, and studies are showing they're using a similar playbook to try and get as much profit as they can out of those taxpayer-funded health programs. So I'm really taking a microscope to what health insurance companies are doing to identify where they are misusing or abusing the system, and then working to stop that from happening as we move towards Medicare for All.

Wow, this is so maddening. Do you know if anyone has looked at these loopholes before?

Madley: I don't think anyone has done this before, and partially because the system is so complex that one of the reasons that we're able to understand what insurance companies are doing is because our founder was an ex-insurance executive, but we also work with other ex-insurance executives who have that inside knowledge to know what's happening, whether it's things that they personally experienced or knowing what words to look for in shareholder meetings or in things like, financial reports or even forms that are filed with the

[Securities Exchange Commission] and [Centers for Medicare and Medicaid Services.] So knowing what happens on the inside is the only way that we can understand what they're doing.

Q: Got it. I think it's interesting that you're working with other former industry executives like Wendell. Did they recognize that the insurance industry was doing damage and maybe they were on the wrong side. Or why are they joining forces with you and Wendell?

Madley: Yeah, I think, at first when they join the insurance industry. They are sold that they are going to "improve health equity" and "improve health access and lower healthcare costs." And then they have these personal experiences that I mentioned, and yeah, they really see the inner workings and they see how wrong it is and how health insurance companies really work.

And then, they find folks like Wendell who have those shared experiences and also resources to fix the problems with our healthcare system, and they just want to put that knowledge to good use, and so it's been really exciting to work with them. We have a member, Dr. Seth Glickman, who was a physician, then went into the insurance field and now is working with us. And so he has seen pretty much every perspective in the healthcare industry, which has been so impressive and helpful to our work.

Q: That's amazing — I love that you also bring this insider perspective from working with Congresswoman Jayapal and I imagine you still have the chance to share your policy ideas with her.

Madley: And we have been doing that a lot and also, we will work with Democrats, but also Republicans because like you said, there are a lot of bipartisan efforts, especially on Medicare Advantage, and our thought is, if it's good policy that is going to increase care for patients, we'll push for it and we'll present it to you. We don't get scared away by the D [Democrat] or the R [Republican] after someone's name because we believe in the policies that we're pushing for. And so we'll meet with anybody who wants to work with us because we're gonna do whatever it takes to get these policies passed because patient lives depend on it.

Q: Absolutely. Can you share some of the most concerning ways you've seen this [corporate influence] dynamic play out recently, especially how it affects everyday people?

Madley: Definitely. I think one of the most concerning ways was the choice by Congressional Republicans to make cuts to Medicaid that will throw millions off their health insurance to find savings rather than reforming Medicare Advantage abuses and finding savings there, which would not throw anyone off their care.

And I think the reason that was so concerning is because if you look at the effects from both policies -- either cuts to Medicaid or reforms to Medicare Advantage, there is such a difference in the effect it will have on people and unfortunately the Republican members of Congress chose the policy option that is going to affect millions of people and will be, potentially a death sentence for a lot of people who rely on Medicaid.

I think that is really concerning because it shows the imbalance of power between corporate influence and the people and right now decisions are being made based on what corporate health insurers want and not based on what the people want. And that's another reason why I think it's so important for us to find common ground across parties for voters because the people should have more power and influence than corporations do, but we're not seeing that play out on Capitol Hill right now.

Since this interview, House Republicans narrowly passed a sweeping budget bill, dubbed the One Big Beautiful Bill Act that approved major cuts to Medicaid, including work requirements and more frequent eligibility checks. That could make it harder for people to stay enrolled. If this becomes law, more than 10 million people could lose their Medicaid coverage in the next decade and it would trigger automatic cuts to Medicare funds. This high-stakes fight, where millions of people's health care hangs in the balance, continues now in the Senate.

Rachel, what strategies have you been most effective in pushing back against corporate disinformation and lobbying power?

Madley: I think one has been sharing stories of how health insurance obstacles have affected real patients. One, it takes it out of the abstract. We share statistics often, like the 8.6 million people who could become uninsured if these Medicaid cuts pass, which is helpful. But then it's helpful to drill down and say, and this is how it affected this person who was going through cancer treatment and now can't afford their treatment and things like that.

And also it helps to simplify all of those wonky policy things that health insurance companies are doing in the weeds and behind the curtain. It makes it more understandable for members of Congress and people working on these issues. So I think that is one of the most successful ways that we can counter the mis-and-disinformation, because if a health insurance company says our enrollees are happy with coverage, they can get all the coverage they need.

The best way to counter that is to bring an enrollee on that plan, who had a prior authorization request denied, or who could not find a mental health provider in their network or who suffered with cancer that they couldn't get treatment for because the insurance company said, 'wait, we need you to do an X-ray before we allow you to do an MRI to figure out where your cancer has spread to.'

So, I think that's the No. 1 way to combat what health insurance companies are trying to claim about their plans is to bring a patient who's willing to share their story because there are so many patients who are being harmed by health insurance companies and there are thankfully so many brave advocates who are willing to share the story of what they've gone through with their health insurance plan and that's the No. 1 tactic that we can use.

Q: Got it. So how can advocates and everyday Americans build enough momentum to pressure Congress to reign in Big Insurance and stop treating health care as an investment tool for Wall Street?

Madley: Definitely. So the most important thing that I think advocates can do is continue to reach out to your lawmakers. I know that sounds like a broken record, but calling your members of Congress, visiting with them, telling them exactly how a certain health policy is affecting you is always very helpful and oftentimes

advocates share incredibly personal healthcare stories, which is so inspiring to see people sharing that.

And I think if advocates can then make the connection to why they went through that's even more powerful because then the lawmaker has to say if they're going to change that part of the law. When I had to pay out of pocket for my insulin when I was uninsured, if I was talking to a member of Congress, I would share that I had to use money from my student loans to pay for that insulin that was almost a thousand dollars a month. And then I would add, 'and that is because pharmaceutical companies are allowed to price gouge people because there are no laws preventing that.' And so I think making that connection to the policy problem is always powerful because then lawmakers have to tell you whether they would support that type of law or not. So I think that is something really powerful that advocates can do.

And then I would also say that when talking to folks, I think removing the party politics from talking about health care initially. Because like I said, everyone's frustrated with their health care, and so when we talk about Medicare for All, I like to talk about it with people and just ask them, 'have you had any struggles with health care, your health insurance, things like that,?' and hear from them and then introduce, 'there is a way that we can get rid of that, if we were to expand Medicare to everybody so that the government was the insurer, no shareholders, were egging them on to cut your care and decrease costs,' and then get into what the Medicare for All Act is, who leads it, things like that.

And I think everyone is fed up with their health insurance, and I think we see that on social media. We see that on the news, and so finding that common ground first and then getting into the solution is really helpful as well because despite what it may seem like from the political tensions between Republicans and Democrats, everyday voters and working people all want their healthcare to be more affordable. There is no one I've heard from, maybe there's someone that exists, but there's no one I've heard from that says, 'I wanna pay more for my healthcare and I wanna have to talk to my health insurance company more on the phone.' There's nobody who is in support of more prior authorizations that they're gonna have to send to their health insurance company and so I think

finding that common ground and then building from there, a system that we wanna see because on the voter level, everyone just wants it to be easier to get by and easier to afford their healthcare, and I think that is how we move forward to eventually get to Medicare for All.

Thank you Rachel Madley of the Center for Health and Democracy. We really appreciate everything you and Wendell are doing to fight corporatization in health care.

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