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### The Implications of a Potential Single-Payer Healthcare System

Dr. Mackey: Throughout our country's political history, healthcare issues have always been top of mind for voters, and the upcoming 2020 Presidential Election will be no exception, especially since there has been a robust debate over whether the US should adopt a single-payer healthcare system. But, how would such a significant policy change affect patients and physicians? That's what we'll be talking about today.

This is a special episode of Inside Medicare's New Payment System on ReachMD. I'm Dr. Amy Mackey, and joining me is Cynthia Brown, Vice President of the Government Affairs at the American Medical Association. Cynthia, welcome to the program.

Ms. Brown: Thank you, glad to be here.

Dr. Mackey: So, right off the bat, Cindy, what is a single-payer healthcare system, and how is it different from Medicare for All?

Ms. Brown: Honestly, it depends somewhat on who you ask. A single-payer healthcare system generally refers to a government-sponsored and funded health insurance system that is accessible to all residents of the nation or state. Medicare for All is one proposed version of a single-payer system, although the type of coverage that will be provided under current proposals is not identical to Medicare. It's important to keep in mind that Medicare, as currently constructed, will not qualify as meaningful health coverage under the Affordable Care Act. There is no limit on annual or lifetime out-of-pocket costs, for example. In addition, important benefits like dental, vision, and long-term care are not included except under some Medicare Advantage Plans that are offered by private insurance under contract with the federal government. Prescription drug coverage must also be purchased separately except under some Medicare Advantage Plans. And, importantly, 81% of all Medicare beneficiaries have supplemental coverage that fills in the program's benefit gap. Simply expanding Medicare as currently constructed to all Americans would not eliminate the problems of personal bankruptcy caused by extraordinary out-of-pocket healthcare costs, nor would it eliminate the need for private insurance.

Dr. Mackey: As the AMA's Vice President of Government Affairs, Cindy, tell us, what is the AMA's position on a single-payer healthcare system?

Ms. Brown: Well, based on current AMA policy, we're committed to fixing the current system rather than shifting to a Medicare for All approach. Abandoning the ACA would threaten the stability of coverage for the vast majority of people who are generally satisfied with their coverage, including those who have employer-sponsored coverage, while doing little to satisfy concerns about cost.

Dr. Mackey: So, if the goal is to avoid a Medicare for All type of approach, how is the AMA working to improve the current system?

Ms. Brown: Well, first, the AMA remains committed to protecting coverage for the 20 million Americans who acquired it through the ACA and expanding coverage for those who currently do not have it. We support building on the foundation of our current system to

reach universal coverage through a pluralistic approach involving a strong competitive market, employer-sponsored coverage, a publicly financed safety net and consumer protection, such as the current prohibition against excluding coverage for preexisting conditions. In addition to taking steps forward in covering all Americans, the AMA supports policies that would improve the coverage options for many who are underinsured or who cite cost as a barrier to getting the care they need. This includes expanding eligibility through premium tax credits for younger and low-income adults, stabilizing and strengthening the individual market and improving the individual market risk pool. At the state level, we are working to ensure that Medicaid expansion is a priority to reduce the number of low-income uninsured individuals in nonexpansion states.

In addition, the AMA has joined a number of lawsuits aimed at preserving the current patient protections provided by the ACA. We led an amicus brief that was filed in June 2018 in the Texas vs Azar case which seeks to overturn all provisions of the ACA, file a Congressional repeal of the individual mandate to purchase insurance including such popular components of the law like its prohibition on preexisting condition coverage exclusions. We also filed an amicus brief challenging the US Department of Labor's rule that would make it easier to form Association Health Plans on the grounds it would enable discrimination against patients with preexisting conditions, destabilize the insurance market and increase the likelihood that patients would encounter fraudulent policies.

Dr. Mackey: For those just tuning in, you're listening to a special episode of Inside Medicare's New Payment System on ReachMD. I'm Dr. Amy Mackey, and I'm speaking with Cynthia Brown from the American Medical Association about the implications of a potential single-payer healthcare system.

Cindy, so now that we know more about the AMA's stance and preference towards avoiding this type of healthcare system, tell us, if the US was to implement a single-payer system, how would this affect patients, and what are some of the pros and cons?

Ms. Brown: Well, the positive points generally center on universal coverage, increased access, more uniform benefits and rules. A single-payer system would have to accept all Americans, so preexisting condition exclusions and the old problem of job lock should never return, nor should there be any problems with unexpected out-of-network costs, although there would still likely be copayments and deductibles. But I can think of several downsides. For example, political agendas often find their way into federal healthcare programs. Consider the Hyde Amendment, which forbids any federal funding for abortion or related services. The language of the Hyde Amendment is added routinely to many bills, even some that are related very narrowly to the procedure, and we could be sure that a single-payer healthcare system would not cover those services. Under the current administration, coverage for contraception, including sterilization, and for the medical needs of LGBTQ patients is also threatened. End-of-life care could also be subject of debate.

In addition, this would be tremendously expensive at a time when the Medicare trust fund is predicted to run out of money in 2026 and the federal deficit is approaching \$1 trillion, so taxes would increase and other programs would likely be cut. Innovations in care and delivery design would probably be stifled as well. Medicare has been very slow in adopting the Alternative Payment Models envisioned by the ACA and by the new Medicare Quality Payment Program apparently due to the complexity it would add to the payment system as well as to program integrity—that is antifraud and abuse efforts.

Dr. Mackey: And looking at this on the flipside, Cindy, how would a single-payer healthcare system affect physicians and their ability to treat patients?

Ms. Brown: Well, Medicare is a prompt payer, and certainly, physicians and the staff would realize some benefit from standardized payment rules even if they are complicated and changed frequently by Congress and the Administration. Further, the problems of uncompensated care should be eliminated, at least for patients who are American citizens or legal residents. Currently, traditional Medicare has no networks other than the participating physician program and has no prior authorization requirements, although Medicare Advantage Plans do act more like traditional insurers in these respects, and it is very possible that a single-payer program would adopt private-payer practices.

One could argue that the regulatory process would better focus organized medicine's ability to comment on and shape the rules

when compared to the current opaque policies and practices with so many private insurance plans. On the other hand, Medicare is one of three program categories—the others are defense and all nondefense discretionary programs—tied for second place as a percentage of federal spending at 15%. As a result, there is constant pressure to reduce costs, especially since Medicare enrollment is expected to increase by 50% over the next 30 years.

Medicare payment rates are also far below those paid by private health insurance plans. In fact, the Centers for Medicare and Medicaid Services, which administers the program, notes in its annual physician payment regulations that the practice expense component of the Medicare fee schedule actually covers only about half of direct practice costs incurred in providing physician services, so, under a single-payer system, we can anticipate a significant drop in physician revenue and income but also challenges in covered practice costs. This reduced investment in physician practices also runs contrary to policymaker calls for practice system redesign and innovation which require a new staffing arrangement and other investments. Lower Medicare payment rates could also result in reduced funding for physician training programs.

Finally, some policymakers are proposing to use global budgets or expenditure targets to keep a lid on spending under a single-payer system. Those who experienced the problems caused by the old sustainable growth rate expenditure target or who worked in the Indian Health Service during the 2019 federal government shutdown are familiar with the havoc that blunt cost control instruments and policy gridlock can cause.

Dr. Mackey: Well, thanks for breaking down those potential pros and cons. But before we get too far ahead of ourselves, Cindy, just how likely is it that the US will implement this kind of a healthcare system?

Ms. Brown: In the near term, this is not real likely. It would require an Act of Congress, and Speaker Nancy Pelosi has stated that there are not enough votes in the House of Representatives. Further, it's certain that Majority Leader Mitch McConnell would never schedule a vote in the Senate. In the highly unlikely event that a bill is passed by Congress, it would not be signed into law by President Trump. The 2020 elections could change prospects, although prognosticators are currently predicting that Senator McConnell will hang on to his leadership post. However, given even a unified government situation, experience with the ACA tells us that a single-payer law would face enormous criticism and likely be challenged by many in both the courts and in Congress. By last count, I believe there were over 50 votes held by the formerly republican-controlled House to repeal the market-based ACA in whole or in part. It is more likely that some kind of public option or Medicare buy-in could pass that would expand enrollment in government-sponsored plans. While such a change would be far less radical, it would raise its own concerns and challenges, such as adverse selection, with higher-cost patients switching to the government plan and driving up costs.

Dr. Mackey: And before we come to a close, Cindy, as I understand it, the AMA's House of Delegates addressed the issue of a single-payer healthcare system during its recent annual meeting. From your perspective, what impact will this have on your advocacy efforts?

Ms. Brown: The Council on Medical Service prepared a report at our annual meeting in 2019 in response to a referred resolution passed last year asking the AMA to remove references in its policy database to opposing single-payer health proposals. The report, which was adopted and supported by a large majority, 83% of the House of Delegates, calls on the AMA to support:

- 1) eliminating the subsidy cliff by expanding eligibility for premium tax credits beyond 400% of the federal poverty level,
- 2) increasing the generosity of the premium tax credits,
- 3) expanding eligibility for and generosity of the cost-sharing reductions for low-income enrollees,
- 4) reaffirming various policies, such as fixing the AMA family glitch that inappropriately skews premium affordability calculations for employer-sponsored plans.

The medical students offered an amendment reflecting the original goals of their resolution from last year, but 53% of the delegates voted against it. In addition, some resolutions were referred for study directing the AMA to issue a report on various approaches that

offer a public option for coverage, including a Medicare buy-in. The Council on Medical Service will be preparing a detailed report on the topic for the 2020 annual meeting.

Dr. Mackey: Well, you've certainly given us a lot to think about, Cindy, and it will be very interesting to see how these healthcare issues play out in future political discussions. But, unfortunately, we're out of time, so I want to thank my guest, Cynthia Brown, from the American Medical Association for joining me today. Cynthia, it was great having on the program.

Ms. Brown: Thank you.